Ayrshire and Arran Health Board
Annual Report and Accounts for the year ended 31 March 2023

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 2022/2023, 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

The impacts of the COVID-19 pandemic include longer length of stay in hospital, 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. Cycles of infection continued in 2022/2023 with higher staff absence, agency use and up to 100 beds occupied by COVID-19 positive patients. A detailed account is given in the Performance Analysis section, but the costs of staffing the additional 150 beds open during the pandemic, the vaccination programme, test and protect capacity and other COVID-19 costs in 2022/2023 were mostly 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. All three Integration Schemes will be formally reviewed in 2023/2024.

In 2022/2023, 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.

Integration Joint Boards held significant reserve balances relating to COVID-19 funding at 1 April 2022. Scottish Government therefore reduced the allocations provided to the health board by £24.9 million in 2022/2023 which the health board passed on to the IJBs in order to recover this funding.

The Scottish Government has announced that a National Care Service will be established during this Parliamentary term however the details 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. In 2022/2023 inpatient vascular services moved from UHA to Hairmyres Hospital, East Kilbride to consolidate expertise from Ayrshire, Lanarkshire and Dumfries and Galloway.

Waiting times for elective care have grown during the pandemic largely due to our limited resources having to be targeted to the priority areas of emergency and unscheduled care. The remobilisation position as at March 2023 is shown in the following table:

Area (all specialties)	**March 2023 % Remobilisation (compared to the same month in 2019)**
Inpatients and daycase	82%
Outpatients	102%
Endoscopy	90%

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 outlines the governance committees of the Board.

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.

The North Ayrshire Health and Social Care Partnership are the lead partnership for inpatient mental health services. National Services Scotland have commissioned a national secure adolescent inpatient unit for Scotland to be built in Irvine.

Capital Schemes
During 2022/2023 circa £7.3 million was funded by Scottish Government to build a national secure adolescent unit at Ayrshire Central Hospital, Irvine. This is scheduled to be completed in late 2023 and will receive patients from across Scotland.

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 into a National Treatment Centre for elective orthopaedic activity. In 2022/2023 most of the expenditure was on design and full business case preparation.

Three staff wellbeing suites at (UHC, UHA and Ayrshire Central Hospital) were created during the year with a capital spend of £1.5 million in the year (on top of £0.5 million spend last year).

Significant inadequacies in the Board digital infrastructure were highlighted by an external review in early 2022. This has required capital investment of £5.3 million in 2022/23 and a further £4.8 million capital spend is planned for 2023/2024.

The purchase at a cost of around £500,000 of two newly built townhouses in Kilmarnock for undergraduate medical students was also completed in April 2022 and March 2023.

All of these property transactions were reviewed by the Board internal auditors during May 2023 as part of the 2023/2024 internal audit plan to ensure compliance with the Scottish Government Property Transaction handbook.

Capital Spend as at 31 March 2023

	£000
Digital infrastructure and systems	5,327
Electromedical equipment (including two MRIs and one robot)	6,352
National Secure Adolescent Unit	7,288
Endoscopy Decontamination and discharge lounge, Ayr	732
National Treatment Centre, Carrick Glen	2,085
Wellbeing suites	1,488
Intensive Care Unit	419
Clinical Decontamination unit disinfector	214
Value Adding from Estates Formula Revenue	1,338
Endoscopy Fourth Room, Ayr	873
Electric Vehicle Infrastructure	596
Student Accommodation	675
Orthopaedic Theatre Instrumentation	277
Aggregate schemes under £200,000	859
Total	**28,524**

Note 7a to the accounts shows additions of fixed assets of around £28.5 million for purchased assets.

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. Counter Fraud Services recovered £66,000 from NHS Ayrshire and Arran patients who had incorrectly claimed exemption during 2022/23.

Risks
The Governance Statement outlines the high risks within the strategic risk register. During 2022/2023 the Risk and Resilience Scrutiny and Assurance Group, chaired by the Chief Executive, met regularly to review risks and in addition Governance Committees of the Board considered their risks on a quarterly basis. Robust risk management processes are in place to identify and manage risk effectively.

Chief Executive Summary
In 2020/2021 and 2021/2022, no brokerage was required as the Board had a small surplus due to COVID-19 funding which covered additional costs related to the management of the pandemic and this, combined with a reduced spend in acute settings as a result of the planned reduction of the elective care programme, resulted in a small underspend. Lower costs were experienced throughout medicines and hospital supplies as a result of the cancellations throughout elective care. However, there remained an underlying deficit of £11.3 million and this combined with the essential funding uplift and efficiency savings for 2022/2023 were insufficient funding to cover the 2022/23 cost pressures which resulted in a deficit budget of £26.4 million being set for 2022/2023. Scottish Government have provided brokerage of £25.4 million in 2022/2023 to cover the outturn deficit of around £25 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.

Since March 2021 an additional 150 unfunded acute beds have remained open throughout 2022/2023. This has resulted in the high use of agency staff at £10.6 million for nursing agency (compared to £6.7 million in 2021/2022 and £3.5 million in 2020/2021) and £6.7 million for medical agency (in 2021/2022 this was £6.2 million and in 2020/2021 this was £4.85 million). As staff short falls impacted hospital efficiency, the length of stay of patients in hospital increased. Despite ambitions and plans to reduce the length of stay for patients in our acute and community hospitals no reductions in length of stay were achieved and the unfunded beds, and their associated staffing were required.

Factors increasing the length of stay include the spread of core resources over additional wards and the lack of continuity of care that bank and agency staffing can cause. Additionally, there has been a constant pressure held within the acute setting for patients in our hospitals due to delayed transfer of care to social care setting and/or care at home. At its best the delayed transfers for care were 110, at its worst, the delayed discharges peaked at 261 in December 2022, with residents of South Ayrshire accounting for >50% of these delays. A significant factor for South Ayrshire Council was the withdrawal of the private sector from the care market between March and December 2022. In first quarter of the year South Ayrshire Council reported the provision of 9,750 hours of care in the community per week, by December 2022 this reduced to 6,700 hours per week in the last quarter. Additional funding provided by Scottish Government to Health and Social Care Partnerships to increase care at home capacity was not able to be fully utilised due to South Ayrshire Council being unable to recruit to additional posts and the deficit in home care capacity continues.

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. Digitally enabled care has continued with virtual clinics, sign posting through the flow navigation hub and introduction of condition specific apps continue to be developed. Partnership working continues also through the relaunch of our Caring for Ayrshire ambitions. However, the disruption and impact of the pandemic has continued to be felt in 2022/2023, as COVID-19 infection rates and outbreaks remained high in our local communities. The funding available to support additional activity, related to COVID-19, reduced significantly in 2022/2023 and will reduce further in 2023/2024 as prevalence and the impact of outbreaks lessen.

2. Performance Analysis

Financial performance and position

	2022/23 Resource Limit	2022/23 Actual Outturn	2022/23 Variance (Over)/Under	2021/22 Variance (Over)/Under
	£000	£000	£000	£000
Core Revenue Resource Limit	**965,101**	**964,669**	**432**	**510**
Non-core Revenue Resource Limit	**30,845**	**30,845**	**0**	
Total	**995,946**	**995,514**	**432**	**510**
Core Capital Resource Limit	**30,177**	**30,177**	**0**	**0**
Non-core Capital Resource Limit	**203**	**203**	**0**	**0**
Total	**30,380**	**30,380**	**0**	**0**
Cash Requirement	**1,143,451**	**1,143,451**	**0**	**0**

Memorandum for in-year outturn	2022/23 £000	2021/22 £000
Core Revenue Resource Variance (Deficit)/Surplus in 2022-23	432	510
Financial flexibility: funding banked with/(provided by) Scottish Government	-25,400	0
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	**-24,968**	**510**
Percentage	**-2.6%**	**0.1%**

A one year financial plan was submitted to Scottish Government by NHS Ayrshire & Arran in March 2022. Due to the impact of the COVID-19 pandemic, the Scottish Government paused the formal three year annual operating and financial planning process. However NHS Boards have taken steps to return to medium term financial planning by preparing draft three year plans in 2022/2023 that were shared with Scottish Government prior to return of formal three year financial planning from 2023/2024.

NHS Ayrshire & Arran required £25.4 million from Scottish Government in order to achieve financial balance in 2022/2023. Without this additional support, the Board's final outturn would have been an overspend of £25 million (equivalent to 2.6% of the Revenue Resource Limit). This brokerage is repayable once the Board is in financial balance along with £14.7 million brokerage from 2019/2020. A Whole System Plan will be developed in 2023/24 setting out how the Board plans to get to sustainable financial balance over the longer term.

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 £26.4 million was set for 2022/2023, however, due to additional funding from Scottish Government received late in the financial year for New Medicines, the need for brokerage reduced.

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 2022/2023 was £2.71 million (previous year £2.68 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 2022/2023, payments of £1.93 million were made to the SPV (previous year £2 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 2022/2023 was £5.13 million (£5.1 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 £ 89 million (prior year £99 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 £32 million estimated future liability for NHS Ayrshire & Arran claims and there is a corresponding debtor due from CNORIS in note 9 in the amount of £30.6 million. In addition, note 13a reflects NHS Ayrshire & Arran’s share of the national future CNORIS liability which amounts to around £50 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 2022/2023 average credit taken was 9 days (2021/2022 = 8 days)
- In 2022/2023, the Health Board paid 94% by volume and 95% by value of non-NHS suppliers within 30 days of the invoice being received, (compared to 93% and 96% in 2021/2022).
- Based on the date of invoices being received, 84% by volume and 89% by value were paid within 10 days in 2022/2023 (compared to 85% and 88% in 2021/2022).

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 2022/2023, the Board employer contribution was 20.9% of relevant pay costs and amounted to £75.7 million (previous year £70.4 million). This reflects an increase in workforce whole time equivalent staff as extra staff were employed over the last three years from 9,500 whole time equivalent to almost 10,500 with extra staff for the vaccination programme, contact tracers and extra COVID-19 acute wards opened.

Performance against Key Non-Financial Targets

Annual Accounts – Performance Report

1. Background

During 2021/2022, NHS Ayrshire & Arran moved to reporting against the aims and trajectories outlined in our Remobilisation Plans (RMP) 3 and 4. At the end of April 2022, correspondence was received from Scottish Government highlighting a revised approach for 2022/2023. All NHS Boards were asked to produce an Annual Delivery Plan (ADP) for 2022/2023 in place of an RMP 5 and focus this plan on a limited set of priorities in recognition that our health and social care system needs to recover from the challenges and pressures experienced during the pandemic.

Our Annual Delivery Plan (ADP) was submitted to Scottish Government (SG) on Friday 12 August 2022 and included our wider key priorities for 2022/2023 and our plan to deliver the new long waiting list targets, reduce delayed transfers of care and improve patient flow. An update on progress for quarter 3 was submitted to Scottish Government at the end of January 2023, with progress against quarter 4 submitted at the end of April 2023. Through our ADP and winter plans we planned how we would safely prioritise service delivery, whilst also maintaining COVID-19 capacity and resilience. Our plans were prepared collaboratively with our partners.

Similar to other NHS Boards across Scotland, we experienced a rise in flu and COVID-19 admissions over the festive season at much higher levels that predicted. This also resulted in an increase in outbreaks in community care and care home settings, which limited patient movements, discharges from hospital and flow within our acute hospital sites. We also saw an increase in our core occupancy rates at our acute hospitals and a rise in our sickness absence rates. Although the rapid increase in flu admissions had abated by early January 2023, and the increase in COVID-19 patients in hospital had subsided by the end of March 2023, our whole Health and Social Care System continues to experience extremely high demand across our services in urgent and emergency care, primary care services, acute hospital services, as well as in community and social care services. This is due to a combination of high bed occupancy levels in our acute and community hospitals, delayed transfers of care and high volumes of frail patients whose recovery includes complex care.

To address these issues, a whole system response was implemented, where we are working with our partners to ease some of those pressures and improve services for people living in Ayrshire and Arran. To support our system, our health and social care teams are working together to ensure the available capacity across our health and social care system is aligned as well as it can be.

On 9 January 2023, a decision was made to temporarily ‘pause’ all routine inpatient elective surgery for a period of three weeks to help alleviate some of the pressure on our unscheduled care services. Despite the pressures across the whole Health and Care system, we were able to maintain many of the surgical services over those three weeks. Rather than a ‘pause’ in overall surgical activity, there was a refocus on what could maximally be achieved under the constraints.

The COVID-19 pandemic has resulted not only in significant backlogs of patients awaiting assessment and treatment for planned care, but has been impacted by a number of practical constraints which are restricting our ability to return to pre-pandemic levels. All services have re-mobilised and have been working towards the new waiting times targets announced by the Cabinet Secretary for Health in July 2022, as well as prioritising patients deemed to have high clinical urgency.

Despite the challenge in diagnostics, which have been significantly impacted by social distancing requirements and reduced patient throughput due to national infection control protocols, there has been a substantial improvement in compliance in 2022/2023 against the waiting times target for Imaging, with levels now at pre-COVID-19 although do remain below the target. There has also been a fall in overall waits for Endoscopy.

Some waiting times measures have continued to generally achieve the national standard such as Drug or Alcohol Waiting Times, and treatment targets for patients with Cancer within 31 days. Across CAMHS, there have been periods during 2022/2023 where compliance has fallen below target but have shown improvement in the last quarter and achieved the target over the last four consecutive months to March 2023. Performance for Psychological Therapies achieved the target of 90% on three occasions in 2022/2023 but compliance has been on a reducing trend more recently.

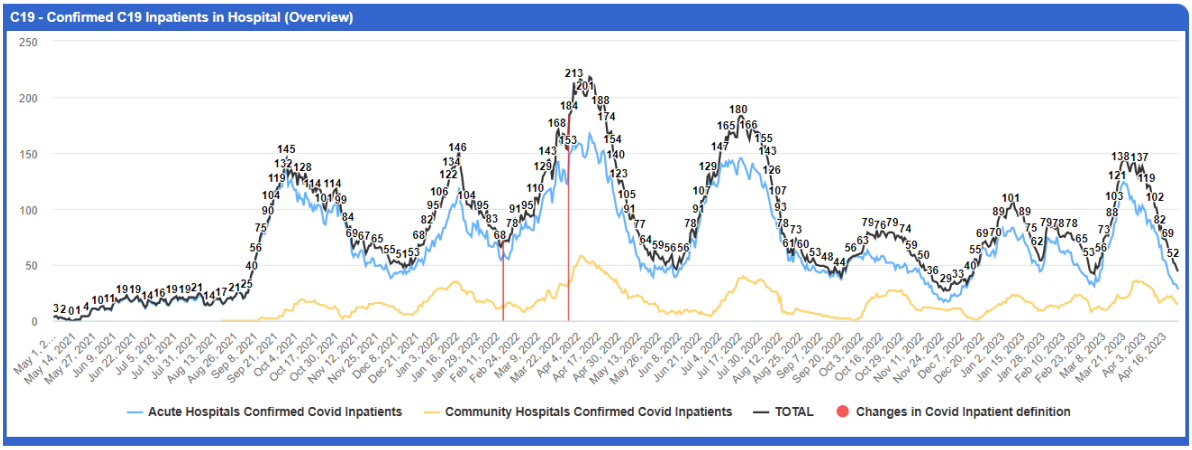
Our three Health and Social Care Partnerships (HSCPs) experienced significant demand for Care at Home in 2022/2023, which was increasingly challenged by various workforce issues leading to delayed transfers of care, particularly in South Ayrshire HSCP.

2. COVID-19 and Flu

Since the early part of 2022/23, routine and regular testing for COVID-19 has no longer been required for most people in the community.

In a hospital setting, we continue to test symptomatic patients on admission. Following waves of increased community transmission at various points during 2022/2023, we saw a corresponding rise in the number of COVID-19 positive patients in our hospitals, particularly at the start of April 2022, July 2022, January 2023 and again March 2023 (Figure 1). Despite an increase in overall COVID-19 positive inpatients, the numbers of confirmed COVID-19 patients in our Intensive Care Units have remained below 5 since November 2021.

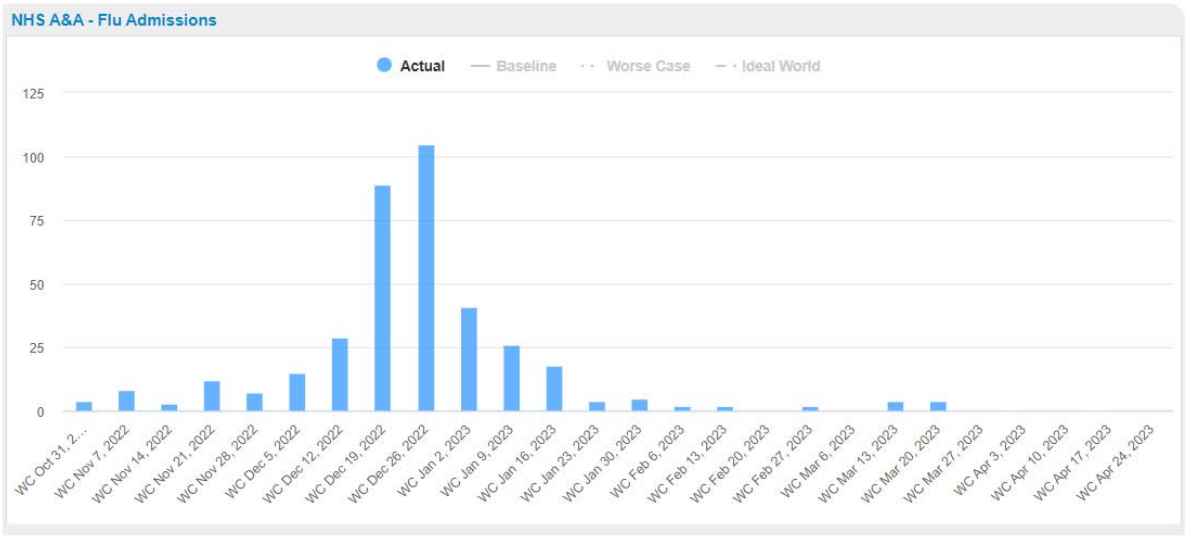
Figure 1 – Daily numbers of COVID-19 positive patients occupying a hospital bed across NHS Ayrshire & Arran



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

Flu levels were lower than expected in the lead up to the festive period but accelerated rapidly over Christmas and New Year before falling over January 2023 (Figure 2). This, coupled with an increase in COVID-19 admissions and increased infection control measures over the same period, resulted in additional pressure on our services.

Figure 2 – Flu Admission Numbers across NHS Ayrshire & Arran hospitals



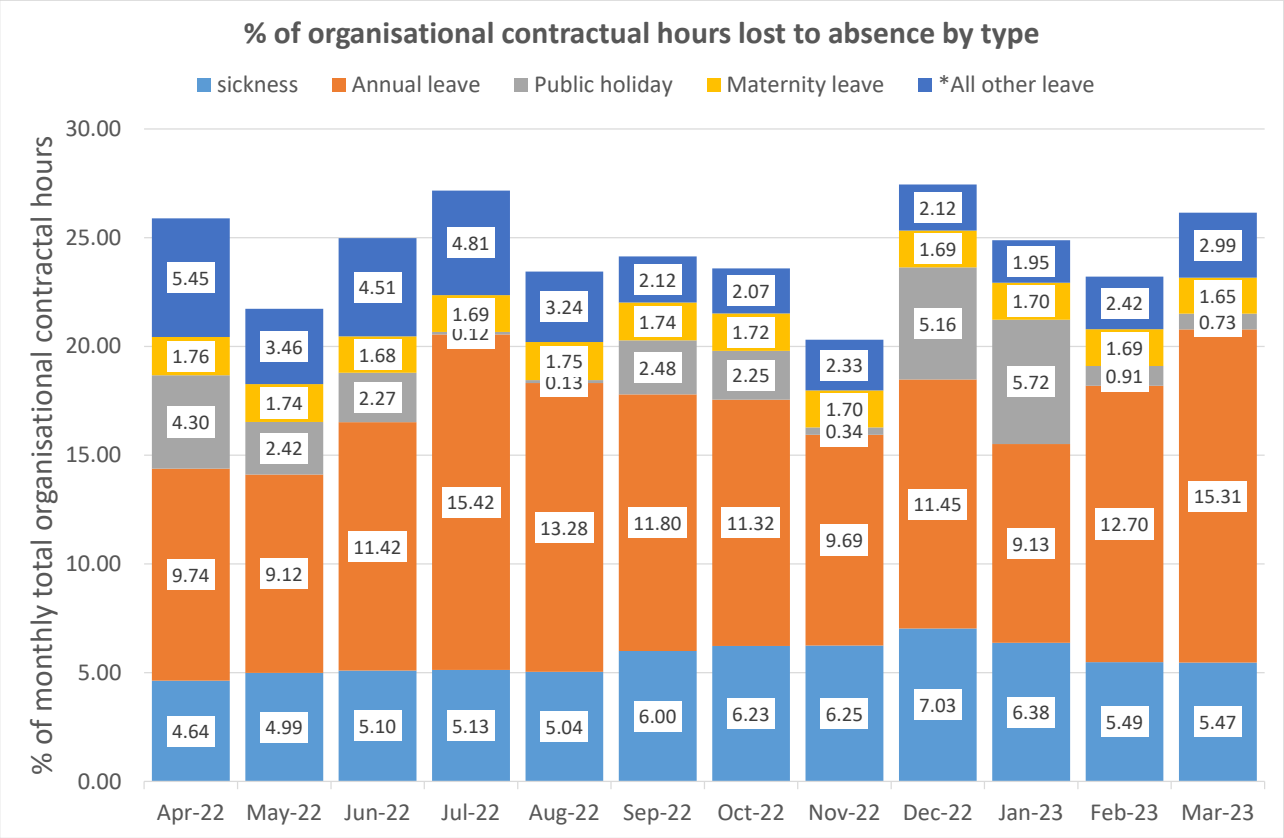
Source: Public Health Scotland

3. Workforce

Workforce availability

Workforce availability has remained challenging throughout 2022/2023 with fluctuations in all absence (planned and unplanned) as illustrated in Figure 3. The impact of absence, coupled with latent vacancies, supply issues, and ongoing provision of additional beds beyond our funded base bed complement on our Acute sites stimulates the requirement for supplemental staffing solutions (bank, agency, overtime, and excess part time hours) throughout the year to ensure service sustainability and safety.

Figure 3 – % of contractual hours lost monthly for all absence types



Source: NHS Ayrshire & Arran HR services

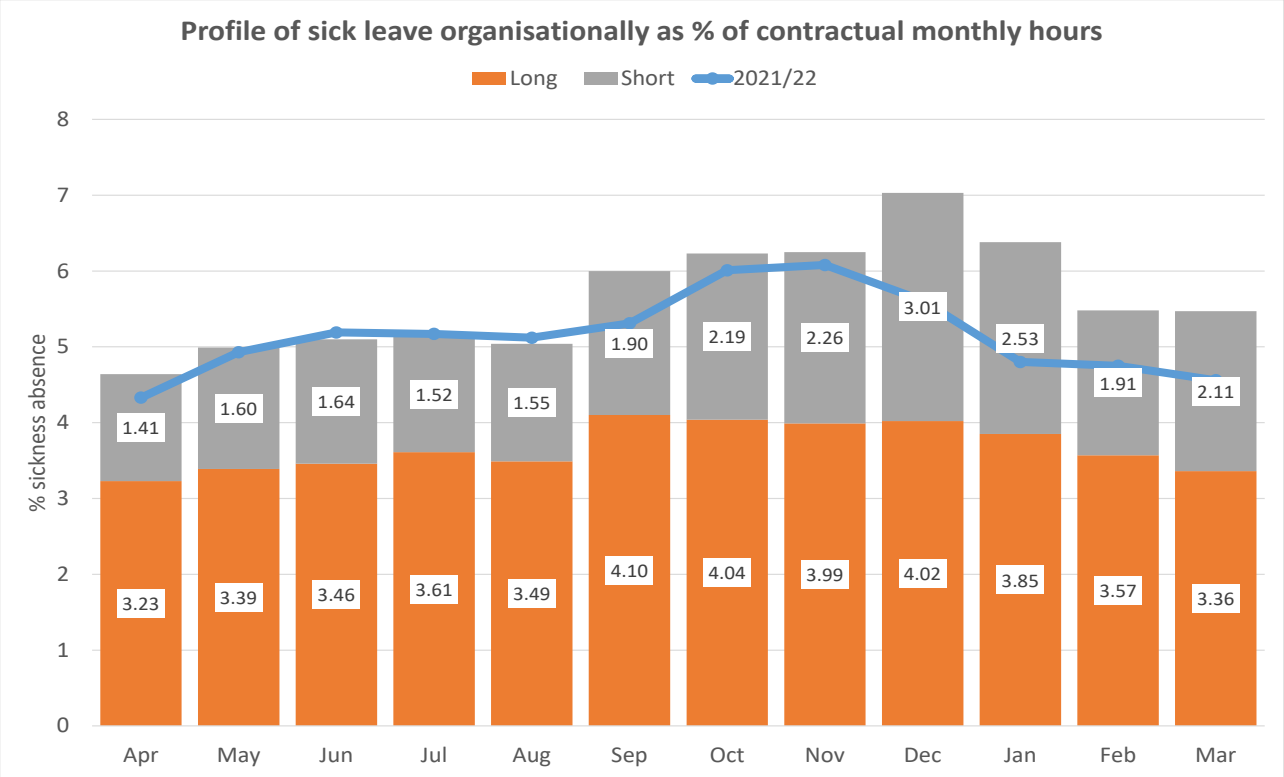
From September 2022, there is a notable change in the 'All other leave' category (which encompasses special leave) which is attributable to the nationally directed change to COVID-19 absence categorisation moving from special leave to sick leave.

Sickness Absence

As aforementioned the nationally directed change of categorisation of COVID-19 absence from September 2022 notably impacted on sickness absence rates (Figure 4). There has been fluctuation in both the long and short term absence with a significant spike in December 2022. The overall organisational sickness absence rate for financial year 2022/2023 was 5.64%. By way of contrast to the pre-

pandemic position the absence rate for financial year 2019/2020 was 4.42%. NHS Ayrshire & Arran routinely has sickness absence rates below the NHS Scotland average.

Figure 4 - Sickness absence on monthly basis



Source: NHS Ayrshire & Arran HR services

ASDOM (anxiety, stress, depression and other mental illness) remains the most prevalent reason for absence regardless of duration of absence, accounting for 25.71% of all organisational sickness absence.

Annual leave

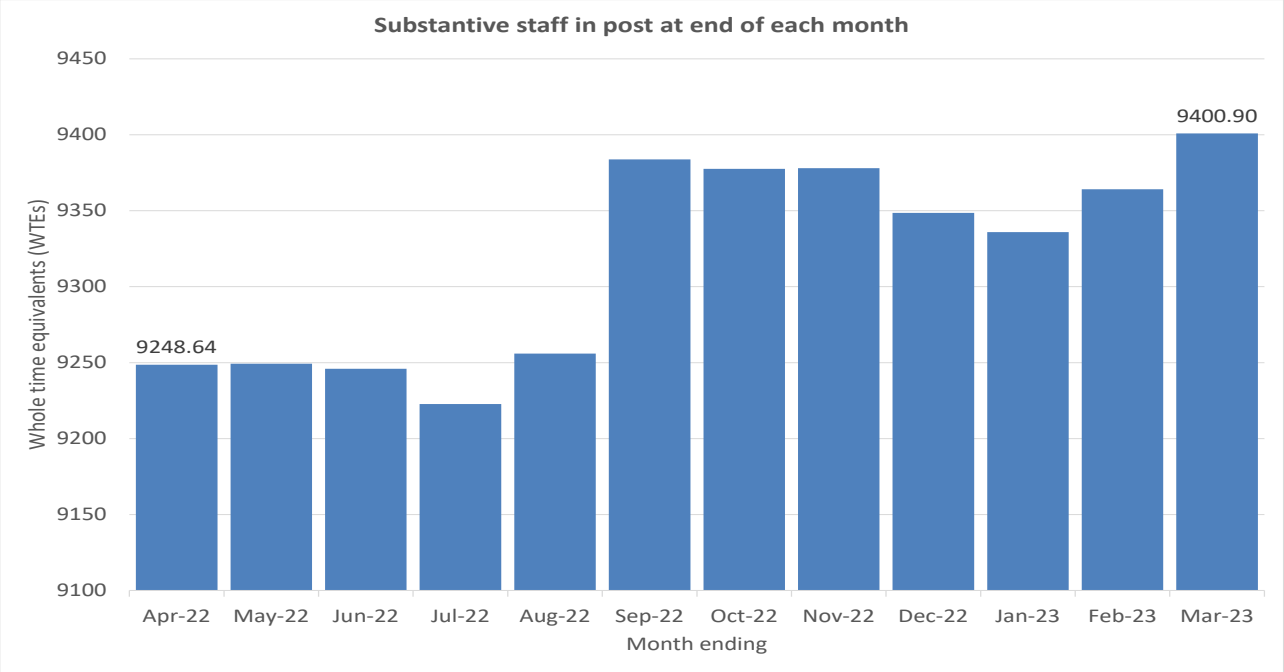
As part of our approach to staff wellbeing, staff are encouraged to utilise their annual leave to ensure rest and recuperation. The profile of annual leave, as illustrated in Figure 3 above, has normalised to the pattern of usage pre-pandemic. Fluctuations in unplanned absence and overall activity in the system necessitates the need for staff to sometimes delay planned annual leave, thus potentially resulting in the need for carry forward of leave at year end into the next leave year.

Staff in post

Figure 5 illustrates the movement in whole time equivalent substantive staff (i.e. excluding bank staff) employed by NHS Ayrshire & Aran on a monthly basis. As at the 30 April 2022 we employed 9248.64 WTE and as at 31 March 2023 this has risen to 9400.90 WTE. There is a notable rise in September 2022 and this is largely associated with the commencement of newly qualified nurses (NQNs) following a block recruitment exercise of nursing and midwifery students. This is the predominant output point of NQNs graduating during the year and given the

challenge of supply outwith this period for Band 5 nursing roles the organisation effectively has a large number of latent nursing vacancies throughout the year associated with ongoing staff turnover.

Figure 5 – Staff in post at end of each month (WTE)



The largest increases in workforce in year by job family (of all grades of staff) have been within administrative services (+53.69 WTE), allied health professions (+42.72 WTE), nursing and midwifery (+50.20 WTE), and other therapeutic – pharmacy & psychology (+33.93 WTE). It should also be noted that during 2022/2023, in line with Scottish Government direction, the Board successfully managed the scale down of the Test & Protect Service supporting those staff employed on a fixed term basis whose contracts were ending. This was delivered without the requirement for any redundancies and a large proportion of staff were successfully redeployed into other roles.

Turnover

The organisational turnover rate in 2022/2023 was approximately 9.31%, this was slightly lower than the turnover for 2021/2022 of 9.72% but remains significantly higher than the pre-pandemic turnover rate of 6.97% (from local data). This position in not unique to NHS Ayrshire & Arran as overall NHS Scotland turnover rates have also increased compared to pre-pandemic (6.3% in 2019/2020 to 8.1% in 2021/2022 from national statistics). The challenge we face with elevated turnover levels relates to demand outstripping supply particularly within the clinical registrant workforce with latent vacancies within a number of our clinical staff groups and the Board has a corporate risk in relation to clinical registrant supply and capacity.

4. Urgent Care

Work has continued to progress key deliverables across Primary and Urgent Care despite service demand increasing across all services and the wider support to the whole health and care system.

The COVID-19 Therapeutic pathway continues to successfully support the most vulnerable people with COVID-19. At end of December 2022, 914 patients have been treated within the service with only 10 patients going on to be admitted to secondary care for further care specifically for COVID-19.

Following the introduction of the Urgent Care Pathway in November 2020 a proportion of ED attendees are since routed via the Flow Navigation Centre (FNC) and appointed to a scheduled time slot to attend the Emergency Department or Minor Injury Unit. The FNC continues to receive calls from both new and established pathways, with an average 1,901 calls per month, offering decision support between other services and staff within Ayrshire Urgent Care Service (AUCS). This has grown month on month, with the biggest increase of 400 additional patients being experienced in December 2022. Data shows current FNC pathways have delivered significant numbers in avoided ED attendance and hospital admissions, with only 21% of patients attending/being admitted to hospital.

Following the considerable work done to date to establish a robust shared pathway between AUCS and Scottish Ambulance Service (SAS) and a specific focus during September 2022, the "Call before Convey" approach was implemented as business as usual. This provided alternative pathways and decision support throughout the remainder of 2022, especially over the festive period where demand was significantly higher. The number of patients being conveyed to hospital continues to reduce as a result of this pathway with approximately 13% of the patients phoning being conveyed between September 2022 and December 2022.

5. Unscheduled Care

Unscheduled Care			
National Performance Measures			
7,388 Mar 2023	7,947 Mar 2022	unscheduled attendances at Emergency Departments	
64.7% Mar 2023	67.7% Mar 2022	of unscheduled ED attendees were treated, admitted or discharged within 4 hours of arrival	95%
907 Mar 2023	788 Mar 2022	ED attendees waited over 12 hours to be treated, admitted, or discharged	
Local Performance Measures			
3,180 Mar 2023	3,019 Mar 2022	presentations to Combined Assessment Units	
National Benchmarking			
64.7% Mar 2022	64.5% Scotland	of unscheduled ED attendees were treated, admitted or discharged within 4 hours of arrival	95%

Emergency Department (ED) Attendances

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

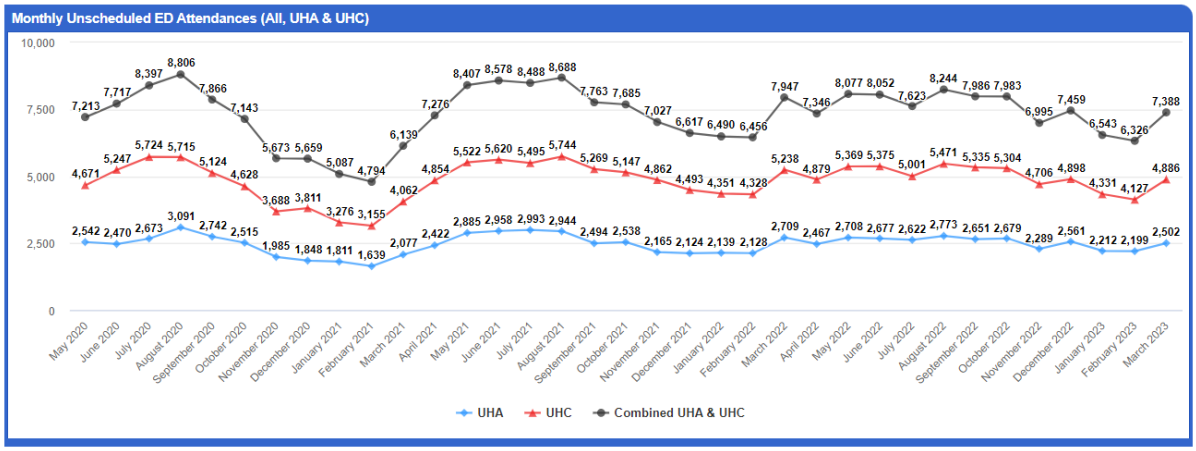
Unscheduled ED Attendances	2019/20	2020/21	2021/22	2022/23
NHS Ayrshire & Arran	111,008	79,808	91,422	90,023
UHA	38,366	27,221	30,499	30,340
UHC	72,642	52,587	60,923	59,683

Source: Local Information Team Reports

Overall, there were 90,023 unscheduled ED attendances across UHA and UHC in 2022/2023, a decrease of 1,399 (-1.5%) from the previous year. This decrease was greatest at University Hospital Crosshouse, which saw 1,240 (-2.0%) fewer attendances in 2022/2023 than in 2021/2022, compared to 159 (-0.5%) fewer at Ayr. (Figure 6 and Table 1).

It should be noted that, prior to the introduction of the Urgent Care Pathway in November 2020, all ED attendances were classified as "unscheduled". Since its introduction, a proportion of ED attendances that would otherwise have been recorded as "unscheduled" are now recorded as "scheduled" attendances. As such, current data around unscheduled ED attendances is not comparable with figures prior to November 2020 as we are no longer comparing like with like.

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



Source: Local Information Team Reports

Table 2 - Annual number of ED Attendances (scheduled and unscheduled) (April to March)

All ED Attendances	2019/20	2020/21	2021/22	2022/23
NHS Ayrshire & Arran	111,008	82,366	97,609	93,076
UHA	38,366	28,078	32,760	31,276
UHC	72,642	54,288	64,849	61,800

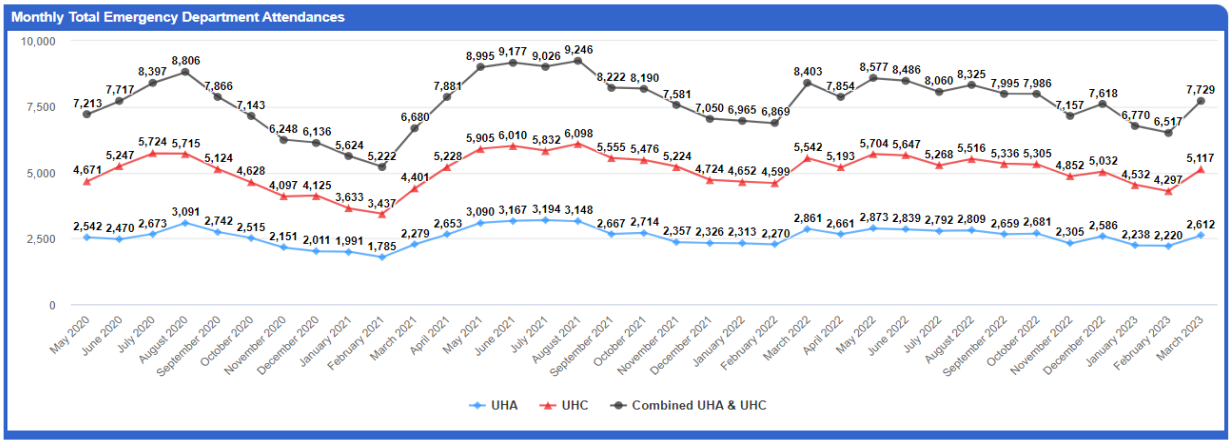
Source: Local Information Team Reports

Note – Between early August 2022 and mid-November 2022, a technical issue with the national Adastra system affected the accurate recording of scheduled ED attendances.

As such, the majority of attendees who would otherwise have been categorised as 'scheduled' were captured as 'unscheduled' attendances. For information purposes, between January 2022 and July 2022, there were an average of 461 scheduled attendances across NHS Ayrshire & Arran each month.

When considering the total volume of activity within the emergency departments (Figure 7 and Table 2), including all scheduled and unscheduled attendances, there were a total of 93,076 attendances at EDs in 2022/2023, a decrease of 4,533 (-4.6%) from the previous year, and a decrease of 17,932 (-16.2%) when compared with pre-COVID-19 (2019/2020). This decrease has been proportionally equal across both sites, with University Hospital Ayr recording 1,484 (-4.5%) fewer attendances in 2022/2023 than in 2021/2022, whilst University Hospital Crosshouse recorded 3,049 (-4.7%) fewer over the same time period.

Figure 7 – Monthly scheduled and unscheduled ED Attendances - NHS Ayrshire & Arran, UHA & UHC



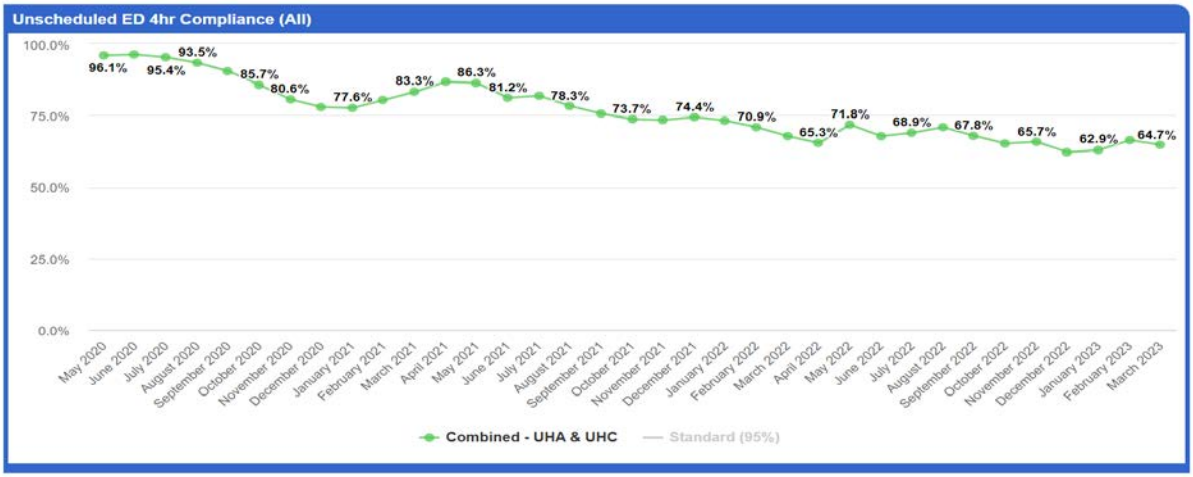
Source: Local Information Team Reports

ED 4-Hour Wait

ED 4-Hour Wait – NHS Ayrshire & Arran Compliance

Local management information reports indicate that compliance against the ED 4-Hour standard has continued on a long term downward trend throughout 2022/2023. Compliance against the ED 4-Hour standard did show some improvement from a low in December 2022 of 62.1%, to 66.3% in February 2023. However, levels have fallen to 64.7% in March 2023 (Figure 8).The latest published benchmarking data for February 2023 shows compliance for NHS Ayrshire & Arran was the same as the national average.

Figure 8 – Monthly Unscheduled ED 4 Hour Compliance - NHS Ayrshire & Arran

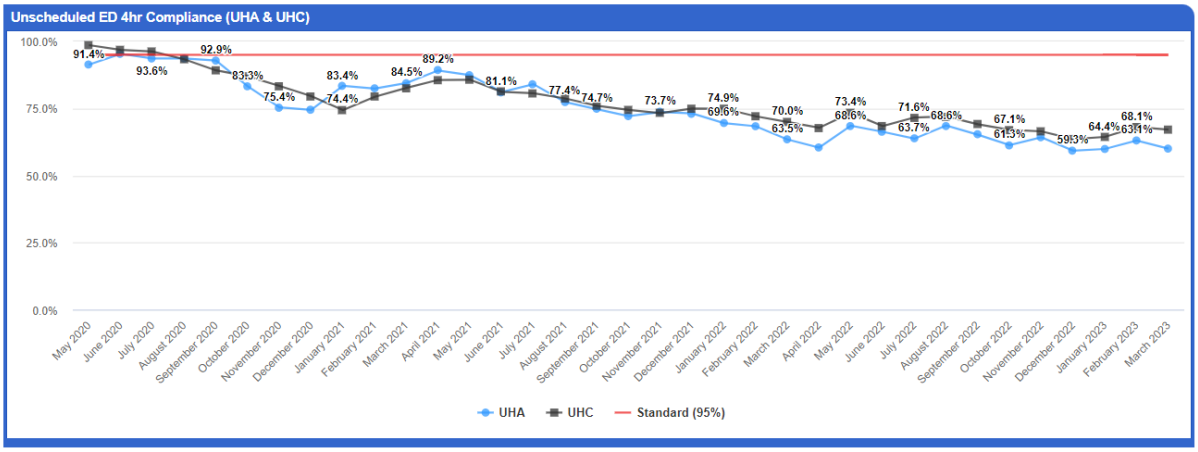


Source: Local Information Team Reports

ED 4-Hour Wait – UHA and UHC Compliance

ED 4 hour compliance continues to remain lower at UHA than at UHC, and although both sites experienced a slight increase in performance between January 2023 and February 2023, there was a decrease in March at both sites (Figure 9).

Figure 9 – Monthly Unscheduled ED 4 Hour Compliance – UHA and UHC

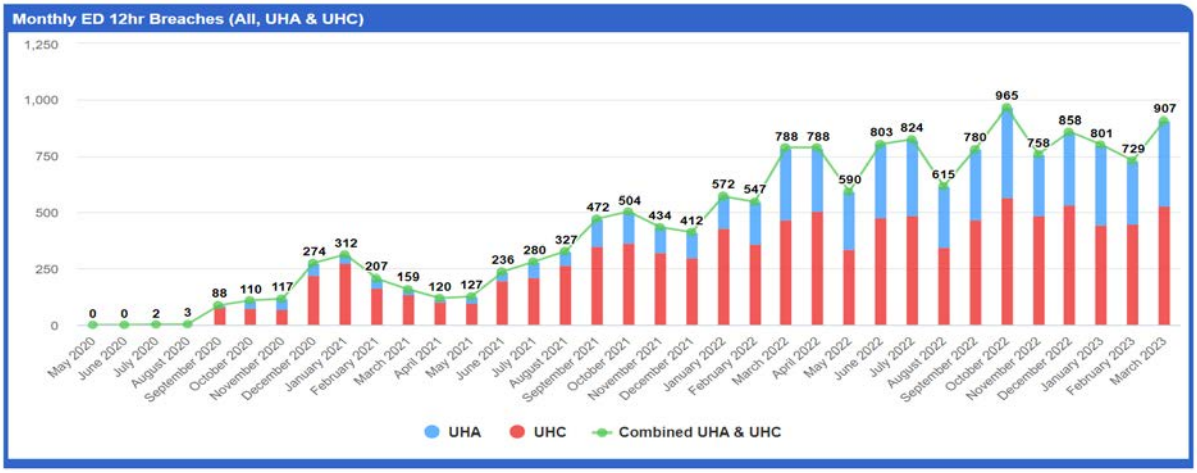


Source: Local Information Team Reports

ED 12 Hour Breaches

The numbers of ED 12 Hour Breaches at Board level increased to an all-time high of 965 in October 2022 before reducing to 729 by February 2023. Numbers have increased again in March 2023 to 907, the second-highest recorded position (Figure 10).

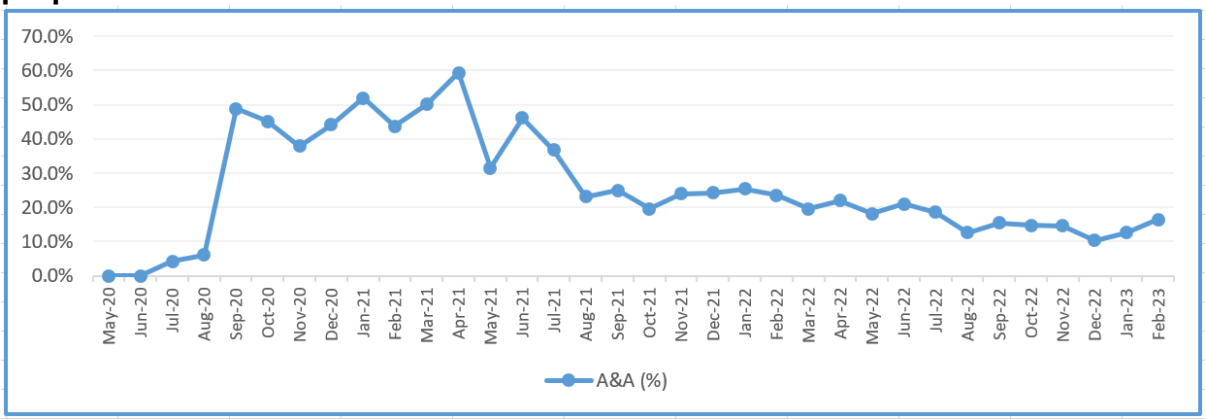
Figure 10 – Monthly ED Waits Over 12 Hours - NHS Ayrshire & Arran, UHA, and UHC



Source: Local Information Team Reports

National published data indicates that ED 12hr breaches for NHS Ayrshire & Arran expressed as a proportion of the total 12hr breaches across the whole of Scotland rose to a peak of 59.3% in April 2021 and has noticeably decreased since, down to 15.7% as at March 2023 (Figure 11). Despite reducing, this proportion remains higher than expected given that the NHS Ayrshire & Arran population is around 6.9% of the total population in Scotland. Over the past 12 months, this measure had been on a very gradual downward trend, indicating that NHS Ayrshire & Arran was becoming less of an outlier, although it has been rising again in recent months.

Figure 11 – % Monthly ED waits over 12 Hours across NHS Ayrshire & Arran as a proportion of Scotland 12 Hour waits



Source: Public Health Scotland

Combined Assessment Unit (CAU) Presentations

Patients who have been seen by a GP and referred by them to hospital bypass the ED department and go directly to the CAU. There were a total of 19,358 presentations to CAU in 2022/2023 financial year (Table 3 and Figure 12), an increase of 213 (+1.1%) from the previous year, and an increase of 704 (+3.8%) when compared to pre-COVID-19 activity in 2019/2020. This increase has been predominantly at University Hospital Ayr, which has seen 205 (+2.2%) additional

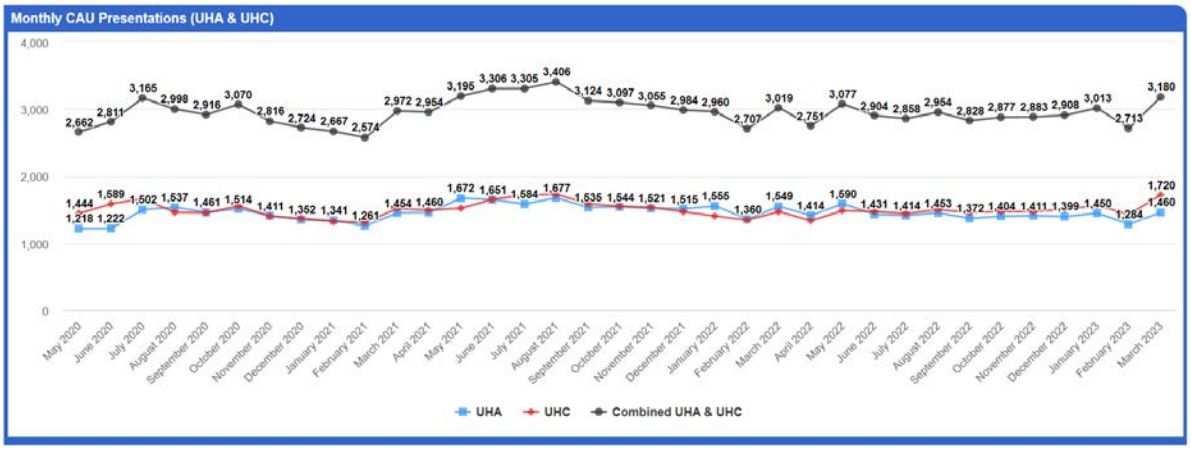
presentations in 2022/2023 when compared to 2021/2022, and an additional 541 (+6.1%) when compared to 2019/2020.

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

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

Source: Local Information Team Reports

Figure 12 – Monthly CAU Presentations - NHS Ayrshire & Arran, UHA, and UHC

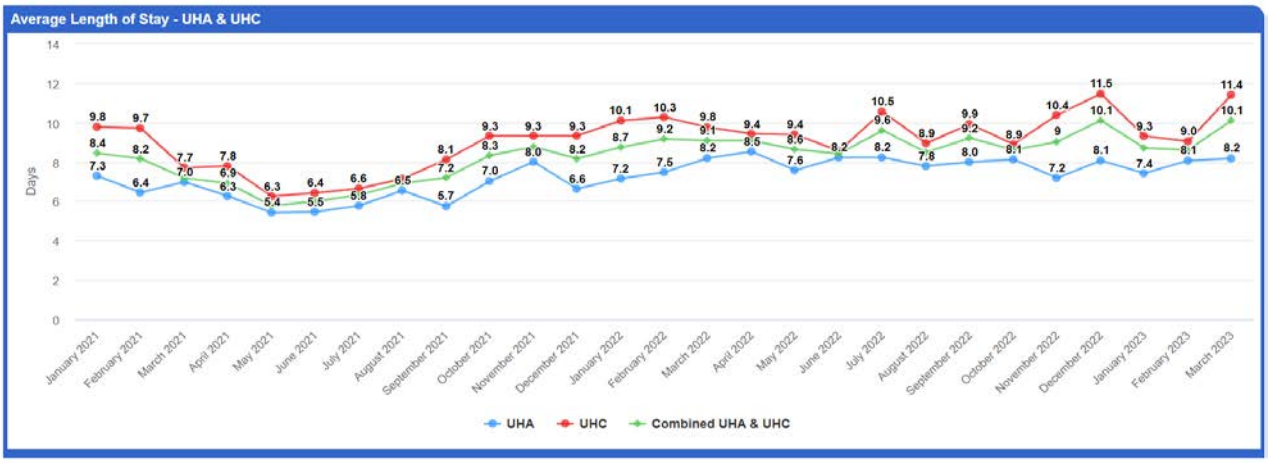


Source: Local Information Team Reports

Average Length of Stay

The average length of stay (ALOS) at both sites has remained at the higher levels experienced throughout 2022, and in recent months has risen further. ALOS (in days) across our Core wards increased to 11.4 at UHC in March 2023, its second highest level. There was also a rise in ALOS at UHA, reaching 8.2, its highest level since July 2022. The overall ALOS across both sites has increased to 10.1 in March 2023 which is significantly higher than the level throughout 2021 (Figure 13).

Figure 13 - Average Length of stay in core wards at UHC and UHA



Source: Local Information Team Reports

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

The longer length of stay is due to higher acuity of patients, speed of diagnostic testing, availability of rehabilitation capacity and delayed transfers of care to social care. Extra care at home funding was provided by Scottish Government, however Health and Social Care Partnerships have found it difficult to recruit staff or purchase services to increase this capacity. Some initiatives introduced during the year are detailed below;

- Hospital at Home (H@H) is now established across South and East Ayrshire HSCPs with a workforce in place for 12 virtual beds. We will continue to expand the service to 28 virtual beds as workforce allows. The service is now supporting all 'in hours' nursing home patient referrals and expanding to support delivery of intravenous antibiotic service.

- The continuous patient flow model – based on the 'Bristol Model' was implemented at UHC from December 2022 with relevant triggers to enact. There has been some infection control and workforce gaps that have not enable continuous flow to be in place every day. This is under review and a dedicated patient flow lead for UHC has been seconded since March 2023 to have leadership and oversight of this initiative.

6. Delayed Discharges/Transfers of Care

Delayed Discharges

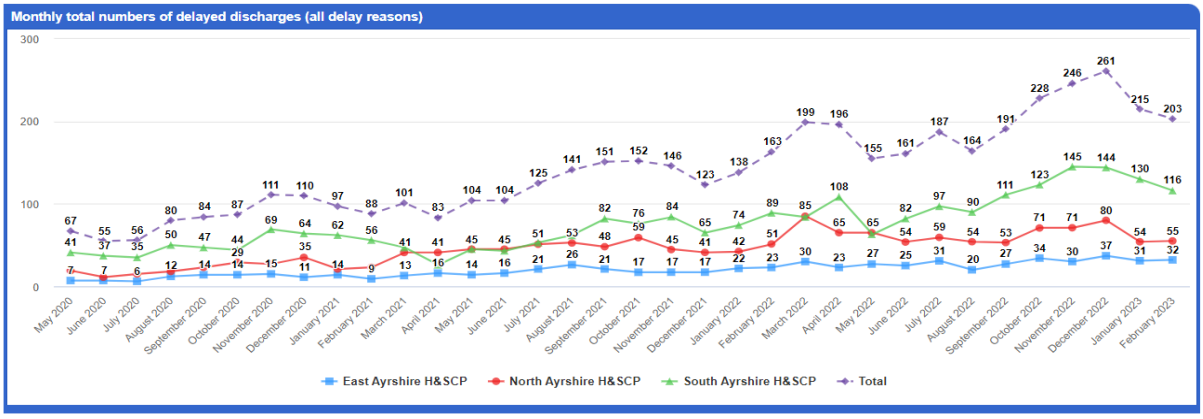
National Performance Measures

	North Ayrshire HSCP		East Ayrshire HSCP		South Ayrshire HSCP	
Total Number of Delayed Discharges (all delay reasons and lengths) by HSCP	**56** Mar 2023	**85** Mar 2022	**22** Mar 2023	**30** Mar 2022	**107** Mar 2023	**84** Mar 2022
Numbers of patients whose discharge from hospital was delayed by 2 weeks or more for non-clinical reasons (excluding code 9 reasons)	**15** Mar 2023	**17** Mar 2022	**0** Mar 2023	**0** Mar 2022	**55** Mar 2023	**44** Mar 2022
Total number of hospital bed days occupied during the month by patients whose discharge from hospital was delayed for non-clinical reasons	**1,852** Mar 2023	**1,776** Mar 2022	**782** Mar 2023	**699** Mar 2022	**3,131** Mar 2023	**2,615** Mar 2022

Delayed Discharges/Transfers of Care – All Delays

At the outset of the COVID-19 pandemic, in preparation for the anticipated demand of people being treated for COVID-19, additional community bed capacity and adaptation of other services enabled patients defined as medically fit for discharge to be transferred to more suitable settings. This reduced the total number of delays to a low in April 2020. Following this, numbers of delays had then been consistently increasing to an eventual all-time high of 261 by December 2022, however have since been falling, down to 185 as at March 2023 (Figure 14). The majority of delays (107, 57.8%) remain in South Ayrshire HSCP.

Figure 14 – Monthly Delayed Discharges (all delay reasons and lengths) by HSCP



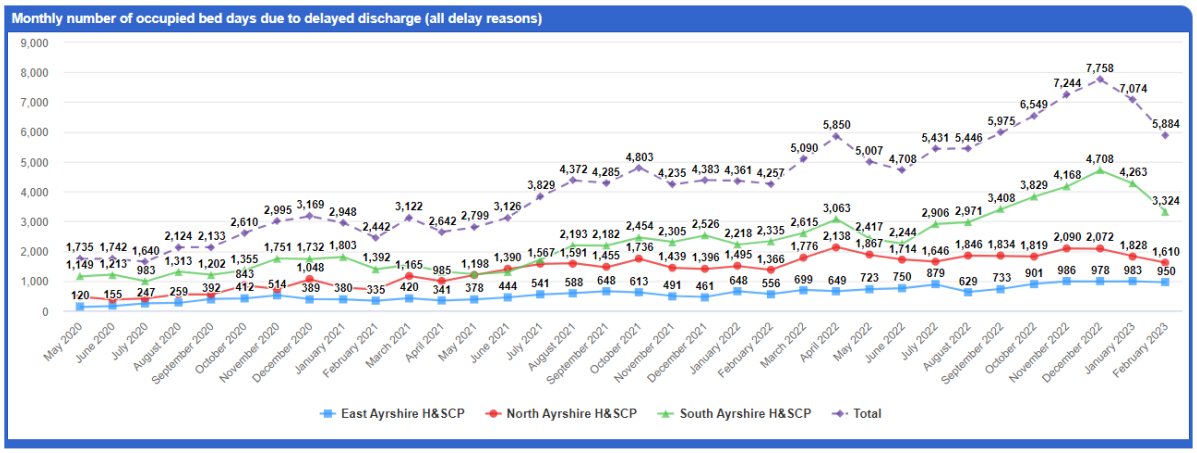
Source: Public Health Scotland

Delayed Discharges/Transfers of Care – Occupied bed days

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

Delayed Discharge Occupied Bed Days (OBDs) for all delay reasons (Figure 15) increased each month to a record high of 7,758 in December 2022, although have subsequently fallen to 5,765 in March 2023, a decrease of 25.7% since December 2022, and the lowest figure recorded since August 2022.

Figure 15 – Monthly bed days occupied due to delayed discharge (all reasons) by HSCP



Source: Public Health Scotland

Within South Ayrshire Health and Social Care Partnership (HSCP) the key challenge remains Care at Home capacity. From June 2021 to December 2022 recruitment and retention into both in house and commissioned care at home became extremely challenging with a 30% vacancy rate within the in house service during summer of 2022 and a number of private companies handing hours back. This coincided with an increase in demand of almost 30%.

During autumn of 2022 these challenges culminated in two large providers collapsing and handing all of their hours back, a sudden loss of 2500hrs/week. The overall number of commissioned hours provided has fallen from a high of 12000/week in April 2021 to a current level of 6700/week, a reduction of 44%. Traditionally 80% of care at home has been delivered by the private sector within South Ayrshire, so the impact has been significant and resulted in the rapid increase in the number of delayed transfers of care to a high of 145 in November 2022.

North Ayrshire HSCP, continue to prioritise supporting transfers of care from hospital to community settings and are working alongside acute and community colleagues to implement the ethos of the Discharge without Delay (DwD) programme; regular scrutiny and review of performance remains in place with daily assurance around the position and actions required.

Within East Ayrshire HSCP, the Hospital at Home service is now operational across all seven days; been approved as a GIFRE (Getting it Right for Everyone) Pathfinder pilot.

7. Planned Care

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

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

- two year waits for inpatient/day cases in most specialities by September 2022;
- 18 month waits for inpatient/day cases in most specialities by September 2023; and
- one year waits for inpatient/day cases in most specialities by September 2024

Access funding of £7.5 million for 2022/2023 was significantly lower than our request to Scottish Government which presented significant challenge to meet these new targets. However we have been working closely with the new National Elective Coordination Unit (NECU) and Centre for Sustainable Delivery (CfSD) to support delivery of the new targets, including opportunities for insourcing, outsourcing and accelerating planned improvements.

New Outpatients

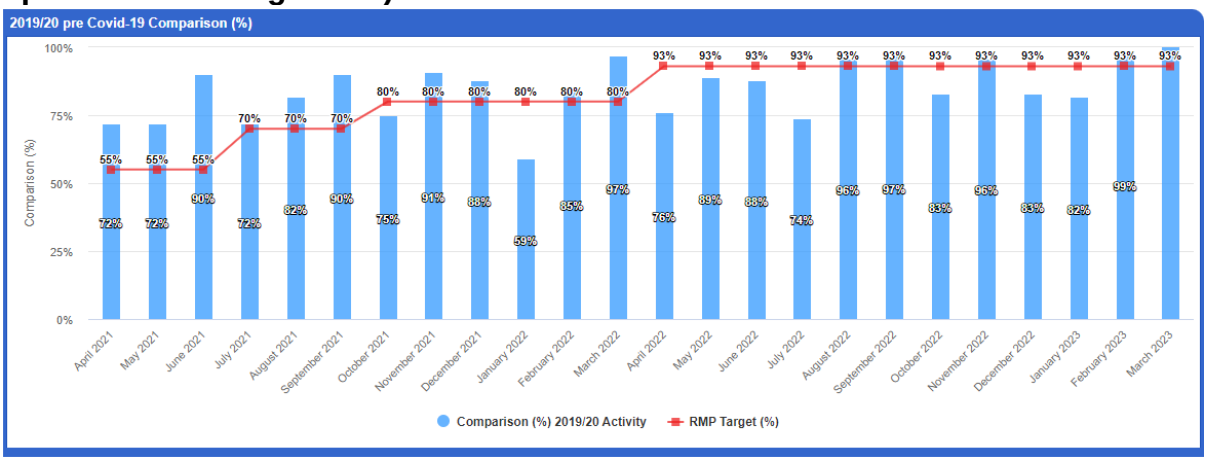
Our outpatient services for new patients have remobilised to close to pre-COVID-19 levels as at March 2023 (Figure 16), with our performance against the long waits targets below (as at week commencing 24 April 2023 – Figure 17):

- 104 week waits have been eliminated (less than 10) in 22 out of 25 specialties with waits remaining in General Medicine (30), Neurology (40) and Diabetes/Endocrinology (377).

- 78 week waits have been eliminated (less than 10) in 19 out of 25 specialties with waits remaining in Ophthalmology (11), Plastic Surgery (13), General Medicine (72), Respiratory (87), Neurology (113) and Diabetes/Endocrinology (528).

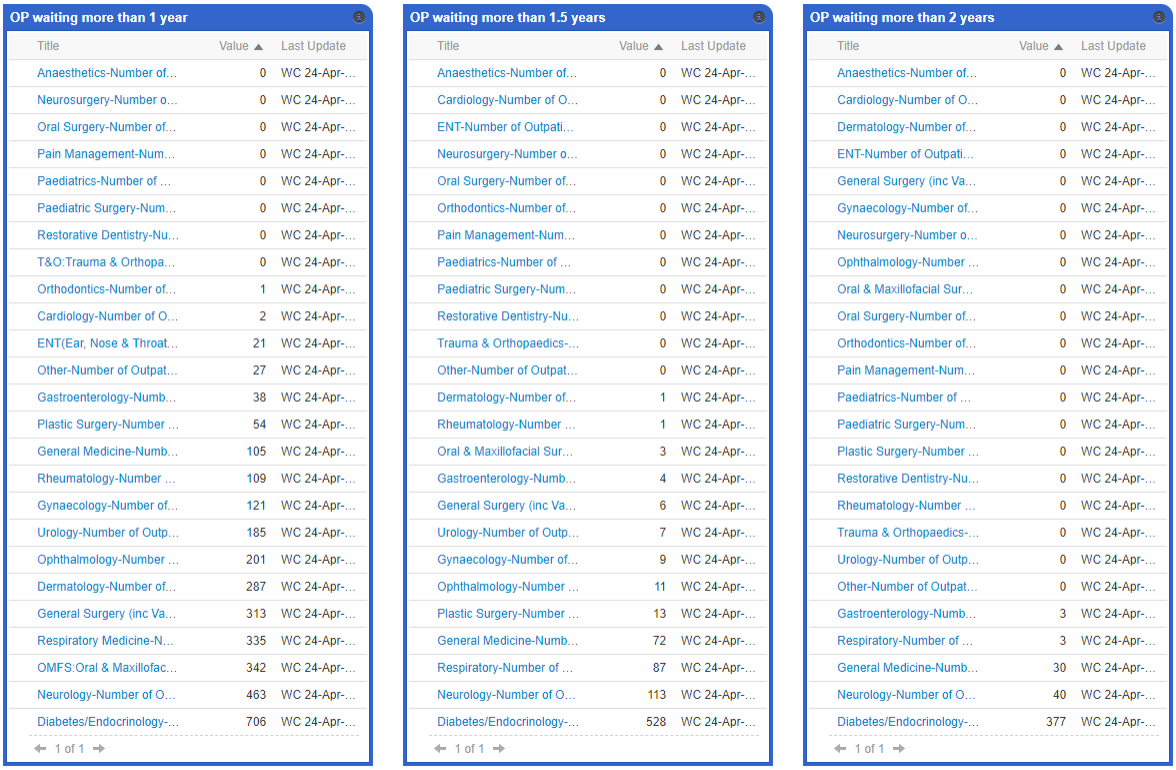
- 52 week waits have been eliminated (less than 10) in 10 out of 25 specialties.

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



Source: Local monthly management reports, Information Team

Figure 17 – New Outpatient 1 year (52 weeks), 1.5 year (78 weeks) and 2 year (104 weeks) waits by specialty as at w/c 24 April 2023



OP waiting more than 1 year

Title	Value ▲	Last Update
Anaesthetics-Number of...	0	WC 24-Apr-...
Neurosurgery-Number o...	0	WC 24-Apr-...
Oral Surgery-Number of...	0	WC 24-Apr-...
Pain Management-Num...	0	WC 24-Apr-...
Paediatrics-Number of ...	0	WC 24-Apr-...
Paediatric Surgery-Num...	0	WC 24-Apr-...
Restorative Dentistry-Nu...	0	WC 24-Apr-...
T&O:Trauma & Orthopa...	0	WC 24-Apr-...
Orthodontics-Number of...	1	WC 24-Apr-...
Cardiology-Number of O...	2	WC 24-Apr-...
ENT(Ear, Nose & Throat...	21	WC 24-Apr-...
Other-Number of Outpat...	27	WC 24-Apr-...
Gastroenterology-Numb...	38	WC 24-Apr-...
Plastic Surgery-Number ...	54	WC 24-Apr-...
General Medicine-Numb...	105	WC 24-Apr-...
Rheumatology-Number ...	109	WC 24-Apr-...
Gynaecology-Number of...	121	WC 24-Apr-...
Urology-Number of Outp...	185	WC 24-Apr-...
Ophthalmology-Number ...	201	WC 24-Apr-...
Dermatology-Number of...	287	WC 24-Apr-...
General Surgery (inc Va...	313	WC 24-Apr-...
Respiratory Medicine-N...	335	WC 24-Apr-...
OMFS:Oral & Maxillofac...	342	WC 24-Apr-...
Neurology-Number of O...	463	WC 24-Apr-...
Diabetes/Endocrinology-...	706	WC 24-Apr-...

1 of 1

OP waiting more than 1.5 years

Title	Value ▲	Last Update
Anaesthetics-Number of...	0	WC 24-Apr-...
Cardiology-Number of O...	0	WC 24-Apr-...
ENT-Number of Outpati...	0	WC 24-Apr-...
Neurosurgery-Number o...	0	WC 24-Apr-...
Oral Surgery-Number of...	0	WC 24-Apr-...
Orthodontics-Number of...	0	WC 24-Apr-...
Pain Management-Num...	0	WC 24-Apr-...
Paediatrics-Number of ...	0	WC 24-Apr-...
Paediatric Surgery-Num...	0	WC 24-Apr-...
Restorative Dentistry-Nu...	0	WC 24-Apr-...
Trauma & Orthopaedics-...	0	WC 24-Apr-...
Other-Number of Outpat...	0	WC 24-Apr-...
Dermatology-Number of...	1	WC 24-Apr-...
Rheumatology-Number ...	1	WC 24-Apr-...
Oral & Maxillofacial Sur...	3	WC 24-Apr-...
Gastroenterology-Numb...	4	WC 24-Apr-...
General Surgery (inc Va...	6	WC 24-Apr-...
Urology-Number of Outp...	7	WC 24-Apr-...
Gynaecology-Number of...	9	WC 24-Apr-...
Ophthalmology-Number ...	11	WC 24-Apr-...
Plastic Surgery-Number ...	13	WC 24-Apr-...
General Medicine-Numb...	72	WC 24-Apr-...
Respiratory-Number of ...	87	WC 24-Apr-...
Neurology-Number of O...	113	WC 24-Apr-...
Diabetes/Endocrinology-...	528	WC 24-Apr-...

1 of 1

OP waiting more than 2 years

Title	Value ▲	Last Update
Anaesthetics-Number of...	0	WC 24-Apr-...
Cardiology-Number of O...	0	WC 24-Apr-...
Dermatology-Number of...	0	WC 24-Apr-...
ENT-Number of Outpati...	0	WC 24-Apr-...
General Surgery (inc Va...	0	WC 24-Apr-...
Gynaecology-Number of...	0	WC 24-Apr-...
Neurosurgery-Number o...	0	WC 24-Apr-...
Ophthalmology-Number ...	0	WC 24-Apr-...
Oral & Maxillofacial Sur...	0	WC 24-Apr-...
Oral Surgery-Number of...	0	WC 24-Apr-...
Orthodontics-Number of...	0	WC 24-Apr-...
Pain Management-Num...	0	WC 24-Apr-...
Paediatrics-Number of ...	0	WC 24-Apr-...
Paediatric Surgery-Num...	0	WC 24-Apr-...
Plastic Surgery-Number ...	0	WC 24-Apr-...
Restorative Dentistry-Nu...	0	WC 24-Apr-...
Rheumatology-Number ...	0	WC 24-Apr-...
Trauma & Orthopaedics-...	0	WC 24-Apr-...
Urology-Number of Outp...	0	WC 24-Apr-...
Other-Number of Outpat...	0	WC 24-Apr-...
Gastroenterology-Numb...	3	WC 24-Apr-...
Respiratory-Number of ...	3	WC 24-Apr-...
General Medicine-Numb...	30	WC 24-Apr-...
Neurology-Number of O...	40	WC 24-Apr-...
Diabetes/Endocrinology-...	377	WC 24-Apr-...

1 of 1

Source: Local monthly management reports, Information Team

A number of clinical specialties have already introduced new ways of working, including Enhanced Triage/Active Clinical Referral Triage (ACRT) and Patient Initiated Review (PIR), in an attempt to maximise capacity as far as possible.

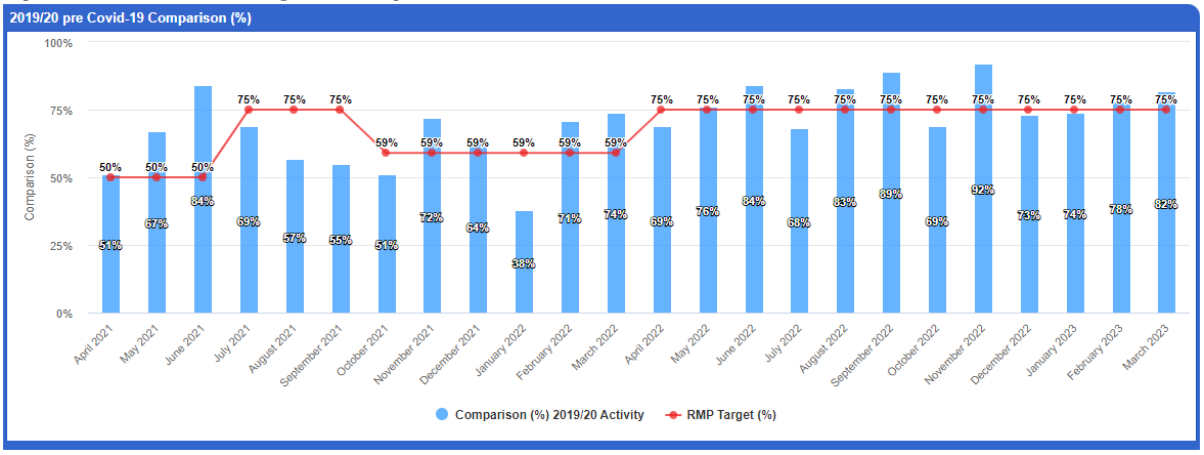
Inpatients and Daycases

Our inpatient services have remobilised to 82% of pre-COVID-19 levels as at March 2023 (Figure 18), with our longest waits performance detailed below (as at week commencing 3 March 2023 (Figure 19)):

- 104 week waits have been eliminated in 11 out of 16 specialties with waits remaining in Gynaecology (24), Trauma & Orthopaedics (46), ENT (52), Urology (57) and General Surgery (84).

- 78 week waits have been eliminated in 10 out of 16 specialties with waits remaining in OMFS (43), Urology (71), Gynaecology (71), ENT (173), General Surgery (265) and Trauma & Orthopaedics (274)

Figure 18 – Inpatients/Daycases Activity Comparison (% pre-COVID-19) – (All Specialties and urgencies)



Source: Local monthly management reports, Information Team

Figure 19 – Inpatient/Daycase 1.5 year (78 weeks) and 2 year (104 weeks) waits by specialty as at w/c 21 April 2023

IP/DC waiting more than 1.5 years (Speciality detail)

Title	Value ▲	Last Update
Gastroenterology-Number of In...	0	WC 21-Apr-2023
Neurology-Number of Inpatient/...	0	WC 21-Apr-2023
Oral Surgery-Number of Inpatie...	0	WC 21-Apr-2023
Orthodontics-Number of Inpatie...	0	WC 21-Apr-2023
Paediatric Surgery-Number of I...	0	WC 21-Apr-2023
Paediatrics-Number of Inpatient...	0	WC 21-Apr-2023
Rheumatology-Number of Inpati...	0	WC 21-Apr-2023
Other-Number of Inpatient/Dayc...	0	WC 21-Apr-2023
Ophthalmology-Number of Inpat...	1	WC 21-Apr-2023
Plastic Surgery-Number of Inpat...	1	WC 21-Apr-2023
Oral & Maxillofacial Surgery-Nu...	43	WC 21-Apr-2023
Urology-Number of Inpatient/Da...	71	WC 21-Apr-2023
Gynaecology-Number of Inpatie...	77	WC 21-Apr-2023
ENT-Number of Inpatient/Dayca...	173	WC 21-Apr-2023
General Surgery (inc Vascular)-...	265	WC 21-Apr-2023
Trauma & Orthopaedics-Numbe...	274	WC 21-Apr-2023

1 of 1

IP/DC waiting more than 2 years (Speciality detail)

Title	Value ▲	Last Update
Gastroenterology-Number of In...	0	WC 21-Apr-2023
Neurology-Number of Inpatient/...	0	WC 21-Apr-2023
Oral Surgery-Number of Inpatie...	0	WC 21-Apr-2023
Orthodontics-Number of Inpatie...	0	WC 21-Apr-2023
Paediatric Surgery-Number of I...	0	WC 21-Apr-2023
Paediatrics-Number of Inpatient...	0	WC 21-Apr-2023
Plastic Surgery-Number of Inpat...	0	WC 21-Apr-2023
Rheumatology-Number of Inpati...	0	WC 21-Apr-2023
Other-Number of Inpatient/Dayc...	0	WC 21-Apr-2023
Ophthalmology-Number of Inpat...	1	WC 21-Apr-2023
Oral & Maxillofacial Surgery-Nu...	9	WC 21-Apr-2023
Gynaecology-Number of Inpatie...	24	WC 21-Apr-2023
Trauma & Orthopaedics-Numbe...	46	WC 21-Apr-2023
ENT-Number of Inpatient/Dayca...	52	WC 21-Apr-2023
Urology-Number of Inpatient/Da...	57	WC 21-Apr-2023
General Surgery (inc Vascular)-...	84	WC 21-Apr-2023

1 of 1

An increased number of urgent patients requiring surgery has reduced capacity for routine long waiting patients. Staffing challenges have added to this, resulting in an inability to staff all available theatres, which in turn has had an impact on the number of sessions available for each specialty.

8. Diagnostics

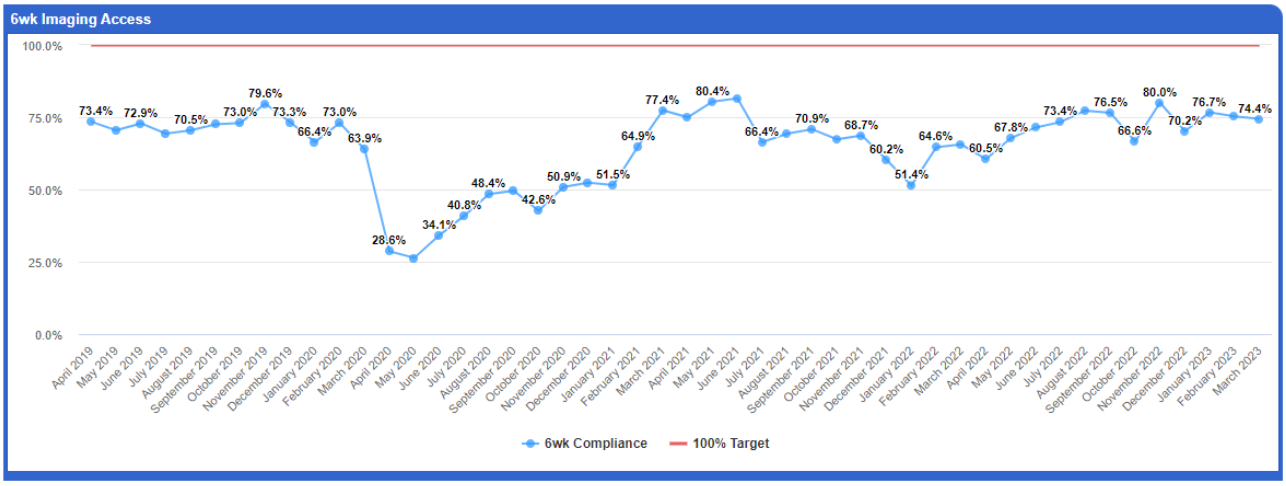
Although imaging and endoscopy performance has improved over the year and is better than the Scottish average, diagnostic services have continued to be significantly impacted by social distancing requirements and reduced patient throughput due to national infection control protocols.

Diagnostics			
National Performance Measures			
74.4% Mar 2023	**65.6%** Mar 2022	of patients were waiting fewer than 6 weeks for Imaging	**100%**
40.9% Mar 2023	**26.6%** Mar 2022	of patients were waiting fewer than 6 weeks for Endoscopy	**100%**
National Benchmarking			
70.2% Dec 2022	**48.5%** Scotland	of patients were waiting fewer than 6 weeks for Imaging	**+ 21.7**
42.6% Dec 2022	**37.1%** Scotland	of patients were waiting fewer than 6 weeks for Endoscopy	**+ 5.5**

Imaging

During 2020 the percentage of outpatients requiring imaging who received it within 6 weeks dropped, however has now recovered to pre-pandemic levels as shown below.

Figure 20 – Imaging compliance Performance



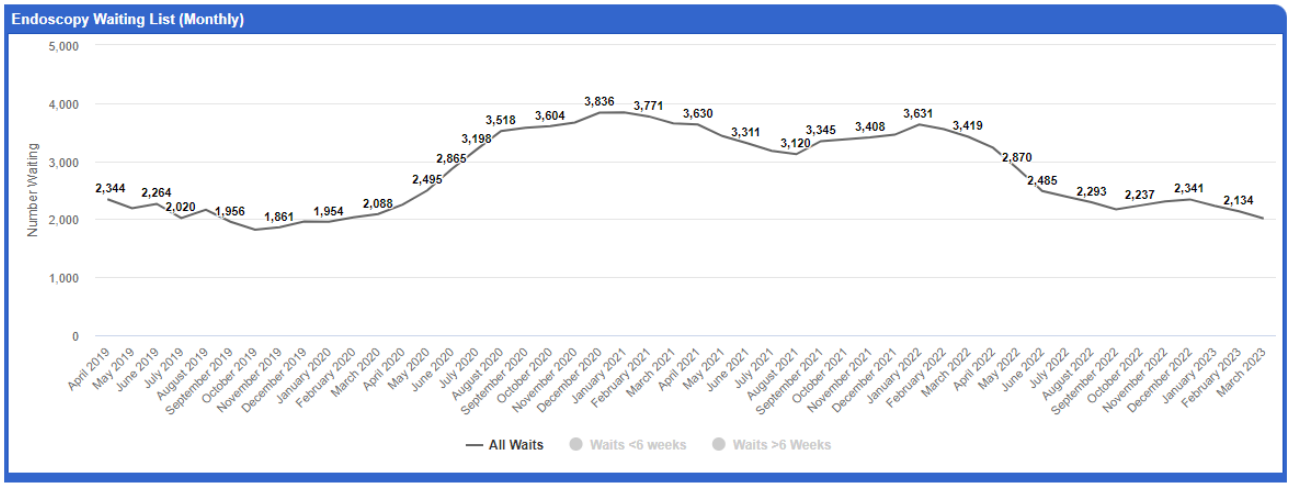
Source: Local monthly management reports, Information Team

- The MRI scanners at both UHA and AHC were upgraded during 2022/2023 and an additional mobile MRI scanner has been contracted for 2023/2024.
- Ultrasound are suffering from significant staffing pressures which has restricted activity, as obstetric ultrasound has been prioritised over the non-obstetric patients.
- CT allocation at Golden Jubilee National University Hospital (GJNUH) has been reduced to help other boards with their waiting times pressures.
- Five international radiographers have commenced post, with a further five preferred candidates due to start in summer 2023.

Endoscopy

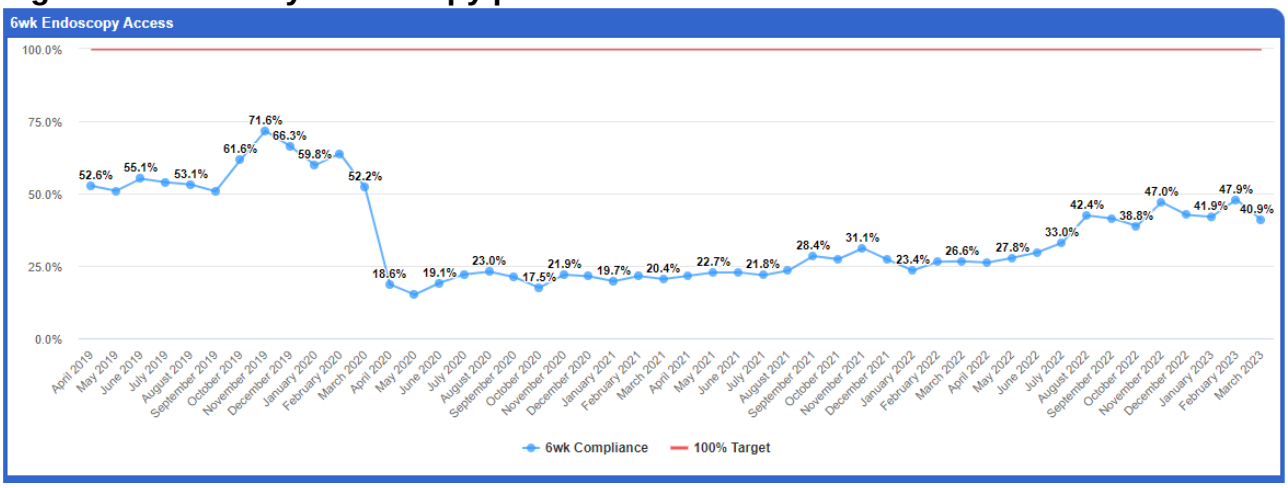
Overall waiting lists for Endoscopy have shown a further reduction during 2022/2023, to 2,012 at March 2023, the lowest number of waits since February 2020 (Figure 21). Local management information highlights that compliance against the 6 week Access Target for Endoscopy is 40.9% at March 2023, and during 2022/2023 remained lower than pre-COVID-19 levels (Figure 22). During 2022/2023 there was capital investment at UHA in a fourth endoscopy room and endoscopy decontamination.

Figure 21 – Endoscopy Waiting List at month end



Source: Local monthly management reports, Information Team

Figure 22 – Monthly Endoscopy performance



Source: Local monthly management reports, Information Team

9. Cancer

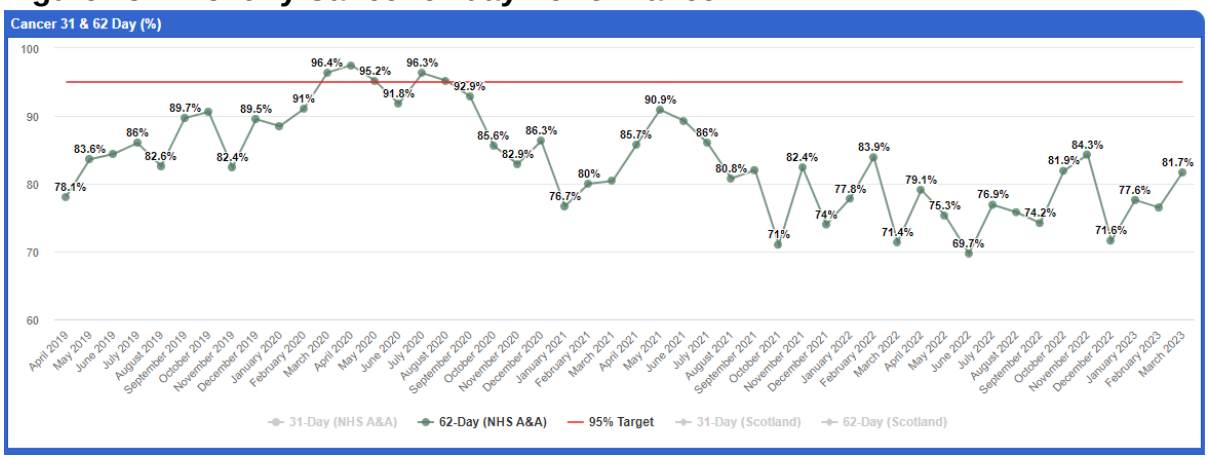
Cancer			
National Performance Measures			
81.7% Mar 2023	71.4% Mar 2022	of patients with suspicion of cancer started treatment within **62 days** of initial referral	95%
98.2% Mar 2023	96.7% Mar 2022	of patients with a Cancer diagnosis started treatment within **31 days** following decision to treat	95%
National Benchmarking.4			
79.1% QE Dec 2022	71.7% Scotland	of patients with suspicion of cancer started treatment within **62 days** of initial referral	+ 7.4
98.8% QE Dec 2022	94.1% Scotland	of patients with a Cancer diagnosis started treatment within **31 days** following decision to treat	+ 4.7

62 Day Urgent Suspicion of Cancer

The target is 95% of those referred urgently with a suspicion of cancer should begin treatment within 62 days of receipt of referral. System and staffing pressures which has reduced diagnostic capacity and resulted in delays in pathology has contributed to lower levels of performance in 2022/2023. Performance has generally fluctuated each month since October 2021, with recent levels increasing from 76.5% in February 2023 to 81.7% at March 2023 (Figure 23). For quarter ending December 2022, compliance was higher across NHS Ayrshire & Arran compared to the Scotland average.

Performance continues to be challenged by the sustained and notable increase in the number of Urgent Suspicion of Cancer (USC) referrals which increased by approximately 35% since before the pandemic. Despite this rise in referrals, there has been no increase in the diagnosis of cancer being recorded at this time.

Figure 23 – Monthly Cancer 62 day Performance

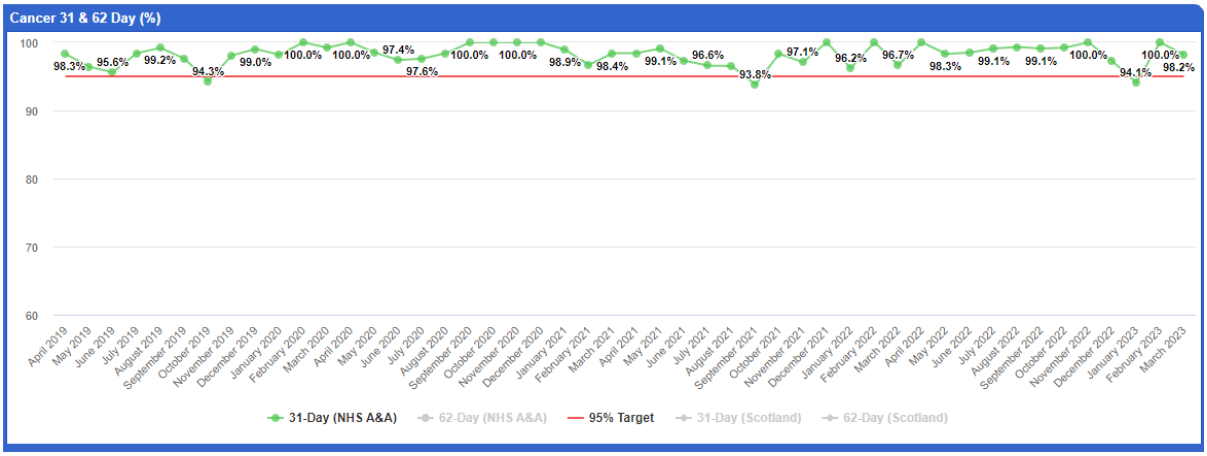


Source: Public Health Scotland

31 Day Cancer Treatment – Compliance

The target is that 95% of all patients diagnosed with cancer should begin treatment within 31 days of decision to treat. Local management information indicates that performance against the 31 day Cancer target has generally been consistently met and maintained throughout the COVID-19 outbreak, however did fall below the target at January 2023 for the first time since September 2021. Following an increase to 100% at February 2023, compliance has since reduced slightly to 98.2% at March 2023 (Figure 24). This is higher than the Scotland average at quarter ending December 2022.

Figure 24 – Monthly Cancer 31 day Performance



Source: Public Health Scotland

10. Mental Health

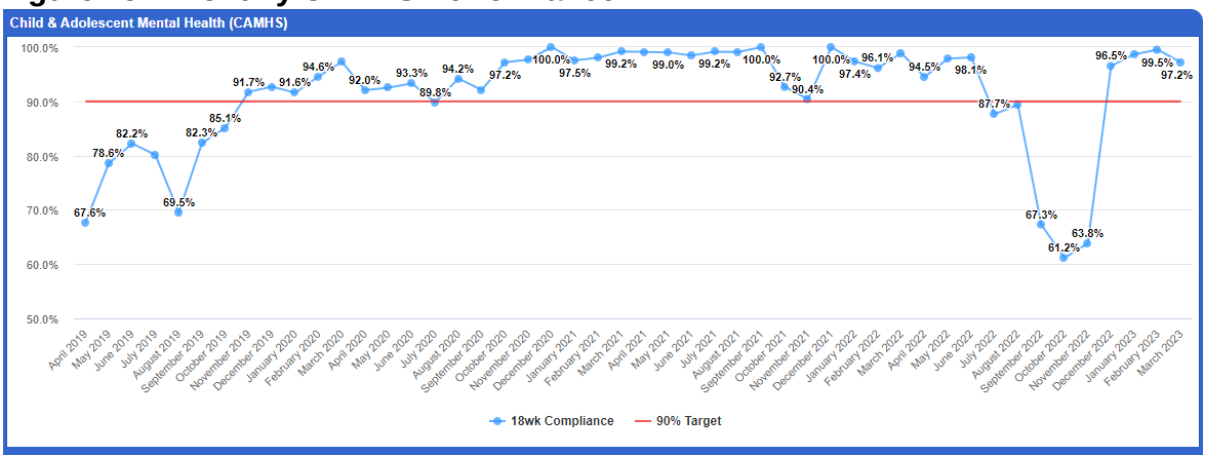
Mental Health			
National Performance Measures			
97.2% Mar 2023	**98.9%** Mar 2022	of children and young people started treatment within 18 weeks of initial referral to CAMH services	90%
83.1% Mar 2023	**92.5%** Mar 2022	of patients started treatment within 18 weeks of their initial referral for psychological therapy	90%
97.2% Mar 2023	**99.0%** Mar 2022	of clients waited less than 3 weeks from referral to appropriate drug or alcohol treatment that supported their recovery	90%
National Benchmarking			
73.3% QE Dec 2022	**70.1%** Scotland	of children and young people started treatment within 18 weeks of initial referral to CAMH services	+ 3.2
89.5% QE Dec 2022	**81.1%** Scotland	of patients started treatment within 18 weeks of their initial referral for psychological therapy	+ 8.4
99.4% QE Dec 2022	**91.3%** Scotland	of clients waited less than 3 weeks from referral to appropriate drug or alcohol treatment that supported their recovery	+ 8.1

CAMHS

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

Local management information shows that following a reduction in compliance to 61.2% at October 2022, the lowest level of compliance recorded in the last 3.5 years, performance has improved and continues to exceed the 90% target for the fourth consecutive month, with compliance of 97.2% at March 2023 (Figure 25).

Figure 25 – Monthly CAMHS Performance

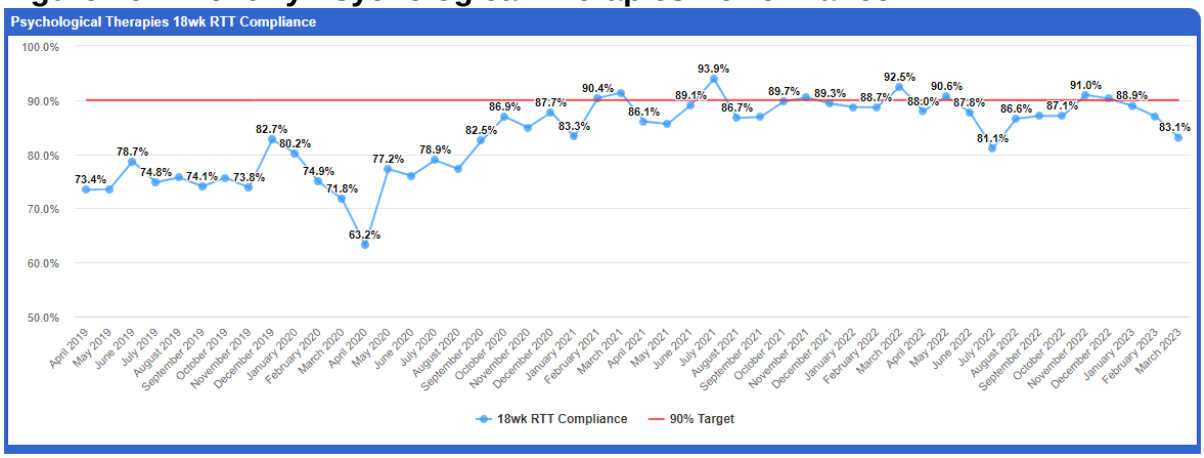


Source: Local Information Team Reports, Mental Health

Psychological therapies

Local management information shows that waiting-times compliance for Psychological Therapies continues on a reducing trend, from being above target with levels of 91.0% at November 2022, to 83.1% at March 2023 (Figure 26), the lowest compliance since 81.1% at July 2022. Prior to the impact of COVID-19, performance in February 2020 was 74.9%.

Figure 26 – Monthly Psychological Therapies Performance



Source: Local Management Information Team Reports

Drug or Alcohol treatment

Compliance levels at March 2023 for Drug or Alcohol treatment continue to exceed the target of 90% with performance of 97.2%.

Social matters

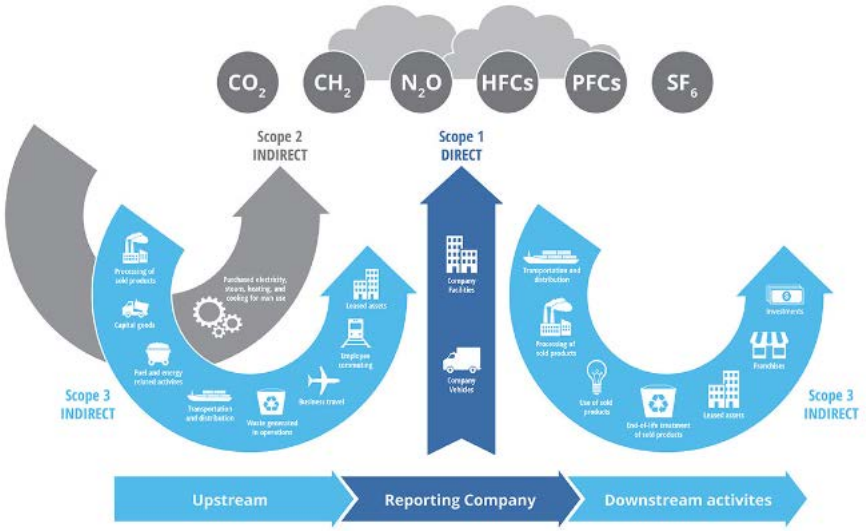
There are policies in place to safeguard the rights of employees and respect for human rights. The Board works with the NHS Scotland Counter Fraud Services to minimise fraud and corruption and has a zero tolerance approach to bribery and corruption.

Sustainability and Environmental reporting

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.

Our net zero emissions targets are based on all greenhouse gasses including our medical gasses which are used every day to enable theatre operations to take place. We report on our emissions in terms of CO2e converting the emissions source to carbon dioxide equivalent tonnes. We will achieve net zero scope 1 and 2 emissions with no offsetting where practically possible. Scope 3 will be net zero by 2040.

All buildings will be heated with low carbon renewable heating sources by 2038. All fleet vehicles will be zero emissions by 2030 (small and medium vehicles by 2025)



In Scope Reporting	Now	Future
Scope 1		
Fuels (liquid and solid)		
Fleet		
F-Gasses		
Medical Gasses		
Scope 2		
Grid Electricity		

Scope 3 – upstream		
Electricity Losses		
Water		
Business Travel		
Waste		
Inhalers		
Working from Home		
Leased Assets		
Purchased Goods and Services		
Capital Goods		
Transport and Distribution		
Employee Commuting		

Scope 3 – downstream		
Transportation and distribution		
Processing of sold products		
Use of sold products		
End of life treatment		
Leased Assets		
Franchises		
Investments		

2. What operation can be reduced, and what offsets can be used?

At present our Net Zero plan is based on conformance with the Greenhouse Gas (GHG) Protocol Corporate Standard where we report our scope 1 and 2 emissions along with some scope 3 emissions. We have set out our targets for the short, medium, and long term in achieving these targets. Our emissions are based on absolute emissions and are converted using factors to show a tonnes of carbon equivalent for each of the various emissions sources. Our boundary includes all the owned estate, PFI (private finance initiatives) sites, and leased accommodation and premises. We are looking to ensure we collect leased inward data from our GP (General Practitioner) buildings this year, since we pay their rent or mortgage through a payment mechanism which brings them into scope 3 emissions reporting. We have committed to reducing our scope 3 emissions by half by 2032 for our supply chain with any other left-over emissions being removed through schemes by 2040.

We will not be purchasing carbon credits especially when addressing carbon within building and supply chain materials. We would prefer the company manufacturing these to not include this within their reporting figures to give an accurate presentation of the actual carbon associated with that material / good or service. Compensation credits can just allow business as usual therefore will not help us on the route to net zero. Any offsetting we will do, will be undertaken within Scotland and not out with our own borders to ensure that we are not pushing problems overseas inadvertently.

3. What interim targets need to set?

- **Short term targets are outlined**

Year	Reduction since 1990
2023/24	61.7%
2024/25	63.6%
2025/26	65.6%

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

- **Medium Term Targets – Interim Target**

These are set out to 2030 where we must achieve a 75% reduction in emissions on a 1990 baseline. Our complete fleet vehicles will be all zero emissions vehicles.

- **Long terms Targets**

2035 we must achieve an 87.5% reduction
2038 all buildings to be heated from low carbon emissions technologies
2040 net zero achieved.

Scope 1 and 2 emissions will be zero (granted we can capture and destroy/reuse all medical gasses for surgery).
Scope 3 emissions will be as low as we can drive them, with any residual amounts offset.

Scope 3 emissions include 15 main topic areas where we will be addressing these in the coming years. Given the NHS sits at the bottom of the carbon and supply chain, all our 6,000+ suppliers feed directly into the organisation and we must work with them to help them achieve net zero, as in turn will make us net zero.

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

Value chain targets:
- All suppliers to the NHS will provide a net zero route map by 2028.
- All suppliers to the NHS will half their emissions by 2032.

4. How will the goals be communicated internally?

There are Climate Emergency and Sustainability Operational and Strategic Groups with broad membership. Each year a carbon emissions report is produced to show progress in each of the areas we report on at present through the Corporate Greenhouse Gas protocol. This is communicated to staff and the wider partners through various forums and reporting groups set up in the organisation and across our partnership working groups.

We report progress on carbon emissions on our Pentana Performance platform which is seen across the organisation for tracking of progress against targets. This allows data to be presented in a high-level format for oversight by the corporate management team and all NHS staff.

We publish our reports on our internet and we also have information published on our website.

Assess the impact

1. How will the business model and strategy need to change?

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

2. What resources are needed? What gaps are there?

Financial funding from government is duly forth coming for buildings decarbonisation but we have other areas of decarbonisation to fund out with this. Transportation decarbonisation will see investment required for infrastructure which we cannot fund at present through current streams. Joint working is being undertaken addressing the use of third party investors and organisations to progress this work. Medical gasses will require funding for technologies to capture, storage, destruction or reuse of agents which would otherwise pollute the atmosphere and contribute to greenhouse gas emissions. Theatre anaesthetics along with nitrogen oxide and Entonox gasses which we will use technology interventions to address their usage, along with reducing waste from the systems that we inherently have at present.

In order to meet the short-term targets resources will be needed as we strive to meet the targets. The Scottish Governments spending for decarbonisation has now increased from £2million per project up to £5million this year, however availability of funding will be based on national economic condition, our energy team need to address projects and carbon reduction, project managers to take forward large projects in house, our procurement team to take forward challenges in our scope 3 emissions reporting and supplier sustainability requirements, and estates staff to enable the scheme of works can take place at the challenging pace that is required as we work towards our 2030 interim target. Joint working with third party investors and organisations will be required in areas such as changing infrastructure for electric vehicles and joint working with local authorities and other public sector bodies.

3. What new policies need to be put in place on business travel or new supplier relationships?

New polices are required in many areas of the organisation. Our energy policy is updated every few years, along with a new revision of our environmental policy linking this directly with ISO14001 and the Scottish Governments policy DL38(2021)

for NHS Scotland. We are addressing a sustainable procurement policy at this time using a healthcare framework to put this into a more relevant context. We are driving down carbon through our policies ensuring no “like for like” purchases are being undertaken and the most efficient equipment is being procured. A realistic medicine policy is also in the pipeline to be approved, along with our electric vehicle car management policy as we migrate from ICE (Internal Combustion Engine) engines to electric. We are currently updating our master overarching active travel plan and subsequent site based green travel plans with our new active travel lead.

4. How will the commitment embed into decision making?

Our commitment to net zero and sustainable practices will embed into the organisation through changes in our corporate strategies, plans and vision statement. This year is the first year we are reporting net zero and sustainability through our board delivery plans setting out our short- and medium-term ambition for the current and next two to three years ahead. These delivery plans will put forward our actions that we are undertaking to make progress in this area of climate change mitigation. We have a group set up internally called the Integrated Joint Program Board which oversees all capital spend. As part of the process for capital funding sustainability and climate change are areas within the application process to ensure all capital applications consider these areas and capture any information around how they will impact the board. We are looking to start collating this information and reporting on this annually through our public sector duties climate change reporting. Our sustainable procurement policy will help drive changes in the way we procure goods and services and push for low carbon options, with a net zero focus. We already have guidance in our energy policy which addressed whole life carbon of goods and services, and addresses end of life options, recycling, upcycling, and disposal routes to consider for the purchasing of goods and services.

5. How much will it cost?

We have had an initial net zero pathway report completed for the board which sets out the scope and scale of the challenges we face ahead of us and the timescales in which we should be working towards. Our pathway for investment currently sits with Scottish Government and we can participate in the Green Public Sector Estates Decarbonisation Scheme for funding.

Quick uptake and investment in technologies is the best outcome for the board to become net zero the report finds. Spend for achieving this is still very uncertain given today’s current market costs, and availability for materials. An estimated range of capital investment of £80-120 million required from this initial pathway report. However much more in-depth work is required per building to understand the cost implications. £150,000 has been prioritised within the 2023/2024 local capital plan.

Measure Progress

1. What internal targets and measures need to be in place?

Our targets and methodology are in line with the Scottish Governments DL (2021)38 policy for the NHS Scotland. We have aligned ourselves as an organisation to limit

global warming by 1.5 degrees as part of our CoP21 commitments (2015) Paris Agreement, and we are using the GHG (greenhouse gas) protocol standard as a means of reporting our emissions. Granted we are using the Corporate Standard at present but are looking to widen our reporting out to include all our scope 3 emissions including our value chain.

At present as an organisation, NHS Scotland has not made Science Based Target commitments, but we are looking to these in the future for alignment and certification of our greenhouse gas emissions targets.

2. Are the systems, controls and processes in place to measure and monitor progress?

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

We have established operational groups which each address specific areas of net zero carbon, building decarbonisation group, green prescribing group, green theatre group, waste management groups, all set up to feed into the boards “Climate Emergency and Sustainability Operational Group.” This is the main group which sets the activities, polices, and strategies, develops the work plans, and gets actions underway. This group is supported by the “Climate Emergency and Sustainability Strategic Group” which is chaired by a Non-Executive Director. They track progress and report into the corporate management team, upwards to the Board.

3. Is there access to sufficient data?

For our current reporting requirements data flows are met with some degree of accuracy which will be improved upon over time as we develop process and put in place the proper management systems and auditing required to ensure robust data collection and reporting mechanisms are in place.

Scope 3 emissions include 15 main topic areas where we will be addressing these in the coming years. Given the NHS sits at the bottom of the carbon and supply chain, all our 6,000+ suppliers feed directly into the organisation and we must work with them to help them achieve net zero, as in turn will make us net zero. All suppliers to the NHS will provide a net zero route map by 2028. All suppliers to the NHS will half their emissions by 2032.

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

In the future we will be addressing a full scope 3 reporting emissions, as this will be addressing where 93% of our footprint sits (according to recent carbon accounting CO2A software) will be and suppliers are increasing being asked for more information as we tender goods and services. This will drive further information and more data for reporting. At present applying metrics to our spend data will never

ensure any accurate carbon reporting for goods and services. As costs increase our carbon emissions would also increase, which is not necessarily the case as companies decarbonise so do their products and services, so another method of data collection and carbon accounting from our supply chain needs to be devised nationally.

4. What internal review processes are needed?

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

Annual in-house checks are carried out on the management systems in place for the monitoring and reporting of our emissions, and these are stored within our management systems. We did have external auditing, but this has not taken place for several years since CRC (Carbon Reduction Commitment) ended. However, this is something we are keen to get put in place to show that we have robust systems in place for the monitoring and reporting of our greenhouse gas emissions.

Ideally, we should be audited to the ISO50001, 14001, 140046 standards for energy, environment, and carbon accounting. These are the standards to which we are working towards, mandated in our current DL38(2021) policy. This external auditing would allow us to show progress in how we are meeting the requirements and give the board assurances that our processes and governance is robust in terms of meeting the net zero challenges.

5. How do measures link to individual objectives?

Key senior managers are starting to have sustainability objectives. The range of contributions to our objectives include estates, procurement, transport, theatres, energy, waste etc and relevant individuals have within their individual objectives.

Refine the Approach

1. What lessons have been learned to date?

Key lessons have been the issues around data collection across the organisation. This is by far the most challenging part of our annual reporting, and this data comes from a great number of sources. This sheer volume of work has pushed back our report completion dates so we miss key governance time slots to progress our report up through governance. This year a Carbon Reporting Group was created containing all the pertinent people required to produce our annual emissions reporting, and have provided expectations on all in order to attempt to get all our data in, prior to the report being submitted through the required governance routes.

2. Are there areas that could be improved on?

Data gaps can be improved upon. The organisation must put in place systems to manage and collate the various data sources using the appropriate ISO standard for that emissions category. These should be regularly audited to ensure compliance is in place, and the correct data is being collected and processed. Without this, we rely on various parties producing information with no validation or checks being made, and this can lead to under or over reporting.

3. Do any commitments need to be redefined?

Our vision statement and values need to be re-aligned with sustainability and climate change at their heart to show that this is a key aspect for the organisation, which is embedded into all of our plans, service provision, and patient pathways.

4. Is any external review needed?

Ideally all management systems for data should be audited to ensure compliance. We work towards ISO140046 for carbon management which falls under IS014001 – along with ISO50001 for energy, ISO 13030 for waste, etc.

This auditing would help ensure we are meeting the requirements in policy and the board is in line with the current standards for climate change, environmental legislation, and reporting.

5. How will lessons be shared with the wider workforce?

We routinely share lessons learned with our various wider stakeholders through regular update meetings for climate change and sustainability. We have a pan Ayrshire “Officers Network” in place which is made up of practitioners across the three Ayrshires including public sector bodies, universities, and social enterprises. These allow for wider discussions on climate change and how we are meeting the reporting challenges and targets

We also sit on local council climate change groups where progress and updates are discussed which NHS Ayrshire & Arran feeds into and shares best practice.
At present we have the most robust NHS reporting outputs for climate change, but we understand the shortfalls and lack of scope we report on and are looking to increase this in the years ahead.

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

Signed Claire Burden ……. Date 27 June 2023 …….
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 27 June 2023.

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

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

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

Mrs L Bowie, Chair
Ms C Burden, Chief Executive
Mrs M Anderson, Non-Executive Director
Cllr M Burns, Non-Executive Director (from 30 May 2022)
Mr M Breen, Non-Executive Director (until 30 October 2022)
Councillor L Brennan-Whitefield, Non-Executive Director (until 30 April 2022)
Mr A Carragher, Non-Executive Director
Ms S Cowan, Non-Executive Director
Councillor J Cullinane, Non-Executive Director (until 30 April 2022)
Dr S Das, Non-Executive Director
Ms C Fisher, Non-Executive Director (from 1 August 2022)
Mrs J Ford Non-Executive Director
Mr E Hope, Employee Director
Cllr L Lyons, Non-Executive Director (from 1 August 2022)
Mr D Lindsay, Director of Finance
Mr R Martin, Non-Executive Director (until 30 April 2023)
Dr C McGuffie, Medical Director
Mrs L McNiven, Director of Public Health
Councillor D Reid, Non-Executive Director
Ms L Semple, Non-Executive Director
Mr M Mazzucco, Non-Executive Director

Mrs J Wilson, Nurse Director (from 1 April 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 2023 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers;
- Make 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/13732/register-of-interests-board-members-2022-2023-published-2023-05-19.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
In last year's statement, it was reported that the Board was still waiting for the Information Commissioner's Office (ICO) decision in respect of the two outstanding data breaches reported in 2021/2022. In both cases the ICO's decision was to take no further action. In 2022/2023, three personal data breaches were notified to the ICO which equates to 2.5 percent of all reported personal data breaches. All incidents were closed by the ICO with no regulatory action taken. No complaints were raised by patients of NHS Ayrshire & Arran to the ICO with regards to the processing of personal data in 2022/2023.

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

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 2022/2023.

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.

The Board has considered their minutes and has received their annual reports. 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 2022/2023, the Board met in a hybrid manner (in person and virtually using Microsoft Teams). The Board has strong and effective relationships with stakeholders and is a key participant within community

planning, community wealth building and public protection meetings with the three councils and other partners.

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

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

The function of the Board and its committees during the year was considered effective due to it having an appropriate balance of skills, experience, 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. Progress against the Corporate Governance Improvement Plan is regularly discussed at the Integrated Governance Committee. A second edition of the Blueprint for Good Governance was issued in November 2022.

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 2022 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 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;
- 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. Delayed discharges, the private sector withdrawal from residential and home care in the community and the impact of national pay deals for NHS staff that are not applicable to other allied sector partners were escalated for note in 2022/2023.

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 2022/2023 internal audit programme was recommended by the Audit and Risk Committee and approved at the March 2022 Board meeting. Each report produced by internal audit is considered by the Audit and Risk Committee, but in addition is referred to the most relevant governance committee (Staff, Healthcare, Information, Performance, and Integrated) for detailed scrutiny.

The internal audit programme gives assurance on a broad range of internal controls and in addition a focused review of key financial controls. The overall internal audit opinion for the period 1 April 2022 to 31 March 2023 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.

The NHS Board receives a Financial Management Report at every Board meeting. In addition the Performance Governance Committee receives a range of finance and performance reports to ensure effective scrutiny. In March 2022 the Board approved the Revenue Plan for 2022/2023 which was a £26.4 million deficit. The financial position at the end of the year was slightly better and the Board received £25.4 million of additional financial support from Scottish Government. In recognition of financial challenges, the

Board has remained at level 3 of the Scottish Government escalation ladder throughout the year.

Risk Assessment

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

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

As at March 2023, there are two strategic risks which are rated as “very high risk”:

- Financial outturn;
- Emergency Department crowding.

The financial outturn for 2022/2023 is a deficit of almost £25 million and the budget set for 2023/2024 is a £56.4 million deficit. Financial sustainability requires extensive clinically led service design which will take considerable time to implement.

Emergency department crowding results from a lack of flow through the hospital and delayed discharge from hospital. It results in long waits for assessment, long stays in emergency department, ambulances unable to offload and high use of additional agency nurses. An unscheduled care recovery plan is in place and monitored by Scottish Government.

An independent assessment by CGI highlighted inadequacies in the Board digital infrastructure and over £5 million was invested non-recurringly in 2022/2023 to address immediate priorities. The Revenue Plan for 2023/2024 includes over £5 million of recurring investment in digital. The January 2023 Board meeting approved a digital strategy which included the establishment of a Strategic Digital Delivery Group chaired by the Chief Executive. A review on 27 March 2022 of the risk of failure of digital services downgraded the risk from very high to high.

A review on 7 April 2023 of the risk to planned care waiting times downgraded the risk from very high to high due to additional funding provided and monitoring of the Access Plan.

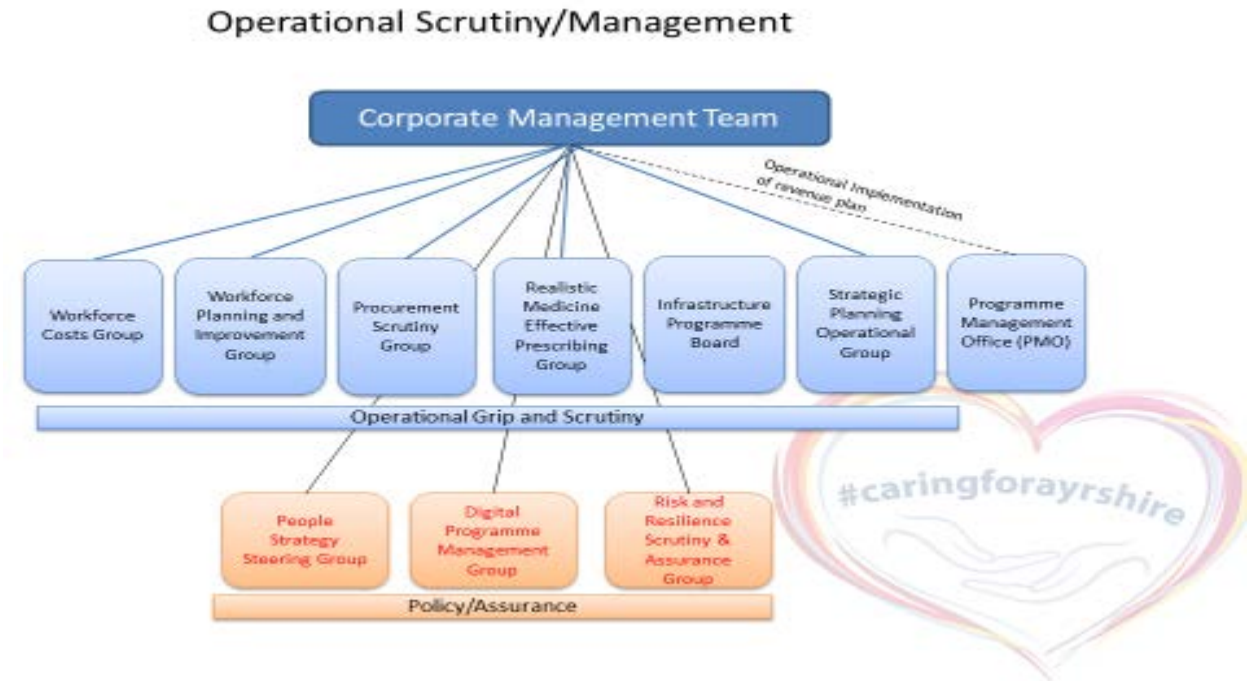
The strategic risk register also contains nineteen other high risks in the following areas:

- inform, communicate and engage with stakeholders;
- general practice sustainability;
- transformational change programme (2);
- promoting attendance;
- personal development review;
- mandatory and statutory training;

- cyber security;
- statutory management of the estate;
- statutory management of occupational road risk;
- competent health and safety provision;
- employing permanent staff using non-recurrent funding source;
- care homes;
- infection prevention and control;
- immunisation programmes;
- information governance;
- staff support; and,
- provision of data and intelligence for the purposes of planning.

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

The following operational scrutiny arrangements were put in place and have remained in place from 2018/2019 until 2022/2023 as shown in the diagram below.



During 2022/2023 the following four collaboratives with remits were established:

- Rightsizing the bed footprint – closing additional acute beds opened during the pandemic
- Rightsizing the workforce – reducing the use of agency staff and reducing substantive staff vacancies
- Distributed working and estate rationalisation – reflect new working patterns for some back office staff
- Electronic patient record – take forward upgrade of Trakcare patient management system.

The first two collaboratives are closely linked as extra staff are needed to staff extra beds. Due to unscheduled care demand and longer length of stay in hospital (due to activity of patients and increased delayed transfer to social care), few beds were closed and agency spend increased in 2022/2023. The Chief Executive hosted regular "ask me anything" sessions which are open to all staff.

Disclosures

On 3 May and 4 May then 24 May 2022, Healthcare Improvement Scotland (HIS) carried out an unannounced inspection of University Hospital Crosshouse. The report raised thirteen requirements to be addressed, including mixed sex wards due to service pressures. Staff shortages on occasions led to sub-optimal nutrition and personal care needs and service pressures resulted in "corridor waits" and full capacity protocol. An Improvement Action Plan was agreed in July and all were completed during the financial year with the exception of the planned capital expenditure to upgrade a ward which could not be completed as no decant ward was available.

On 10-11 May 2022, HIS carried out an announced inspection of Ionising Radiation at University Hospital Crosshouse which contained one requirement and three recommendations. The requirement was to ensure that referring general practitioners are appropriately entitled to do so.

Responding to a finding around staff feeling unsupported to raise concerns, in December 2022 an announced inspection by HIS of infection prevention and control within mental health services on the Ailsa Hospital site resulted in two improvements and three recommendations with the report and action plan being published in March 2023.

In last year's statement, it was reported that the Board was still waiting for the Information Commissioner's Office (ICO) decision in respect of the two outstanding data breaches reported in 2021/2022. In both cases the ICO's decision was to take no further action. In 2022/23, three personal data breaches were notified to the ICO which equates to 2.5 percent of all reported personal data breaches. All incidents were closed by the ICO with no regulatory action taken. No complaints were raised by patients of NHS Ayrshire & Arran to the ICO with regards to the processing of personal data in 2022/2023.

A cyber-attack on 4 August 2022 of a national key patient referral and management system (Adastra) provided by Advanced, rendered the system completely unusable. Adastra is the main system used by Ayrshire Urgent Care Service (AUCS) for receiving patient referrals from NHS 24, including referrals for out of hours General Medical Services, Flow Navigation Centre and Minor Injuries Unit, and recording and managing the patient's journey through to conclusion, with outcomes reported back to the patient's GP.

Business continuity arrangements were quickly put in place utilising manual processes and email. This required the number of operational staff within AUCS to be significantly up-scaled, with support provided from across the wider primary and urgent care teams including staff from General Practice. These processes evolved over the first few weeks through internal shared learning and engagement with other Boards. Enhanced senior management oversight was also introduced to ensure manual processes were being

adhered to and to provide quality control and patient safety checks. Through continual checks and monitoring, the majority of referrals received from NHS 24 were processed and managed within normal response timescales with outcomes routinely reported back to GP Practices to allow continued communication and follow-up where appropriate. AUCS investigated five complaints out of approximately 3000 cases per week from patients due to their referral from NHS 24 being incorrectly managed or missed during the temporary arrangements, with learning taken from each case and improvements made.

Led by Scottish Government and National Services Scotland, a programme to safely reinstate the Adastra system commenced with NHS Ayrshire & Arran testing and then re-introducing limited functionality of the system to AUCS clinicians with a soft launch on 9 September 2022. Business continuity plans remained in place should there have been a need to urgently reverting to manual processes. Enhanced senior management oversight arrangements were also put in place to support clinicians and operational staff with the reintroduction of the system, ensure functionality and escalation of issues as well as continue quality control oversight of the manual processes that remained in place. Full functionality of Adastra resumed late November 2022. As a result of the arrangements put in place by AUCS during the time Adastra was down, the service can evidence robust processes and assurance of all clinical outcomes returned back to the GP Practice clinical record.

Subject to the above, during the 2022/2023 financial year, no significant control weaknesses or issues have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control.

Remuneration and Staff Report

Board members' and senior employees' remuneration

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

The Remuneration Committee membership is as follows:
Mrs Leslie Bowie, Chair
Mrs Margaret Anderson
Councillor Douglas Reid
Mr Ewing Hope

The committee met once during 2022/2023. The meeting scheduled for early 2023 had to be cancelled due to long term absence meaning it would not be quorate. 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 8.7% (2021/2022).

Staff Engagement

The most recent staff survey was carried out in 2022, and the employee engagement index from the survey was 77, on a scale of 0 - 100. The previous survey was in 2021, when the employee engagement index was 75.

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

The following tables provide a breakdown of Non-Executive Directors' and Executive Directors' remuneration 2022/2023.

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

(i) The above column for pension benefits is net of employee pension contributions to their pensions whereas the pension benefits below include employee contributions. Where there has been a decrease in the pension benefit due to the high inflation rate, the benefit has been shown as zero.
(ii) Dr Crawford McGuffie is the Medical Director, and £35,000 - £40,000 of his salary is in respect of non-Board duties.

(iii) Adrian Carragher is a stakeholder director for the Area Clinical Forum, and £65,000 - £70,000 of his salary and all pension benefits are in respect of non-Board duties.
(iv) Ewing Hope is the employee director, and £40,000 - £45,000 of his salary and all pension benefits are in respect of non-Board duties.
(v) There were no bonus payments in 2022/23

Pension Benefits							
Board Members	**Accrued pension at pension age as at 31/03/2022 (Bands of £5,000)**	**Accrued lump sum at pension age as at 31/03/2022 (Bands of £5,000)**	**Real increase in pension at pension age (Bands of £2,500)**	**Real increase in lump sum at pension age (Bands of £2,500)**	**Cash Equivalent Transfer Value (CETV) at 31/03/2022 £'000**	**(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2023 £'000**	**Real increase in CETV £'000**
Claire Burden, Chief Executive	0-5	0	2.5-5.0	0	8	43	35
Derek Lindsay, Director of Finance	50-55	95-100	0-(2.5)	(12.5)-(15)	1,057	1,014	(43)
Dr Crawford McGuffie, Medical Director	75-80	170-175	0-2.5	(10)-(12.5)	1,540	1,552	12
Jennifer Wilson, Nurse Director	30-35	0	0-2.5	0	374	388	14
Lynne McNiven, Director of Public Health	50-55	105-110	0-(2.5)	(7.5)-(10)	1,173	1,142	(30)
Adrian Carragher, Non-executive Director	25-30	40-45	0-2.5	(2.5)-(5.0)	447	453	6
Ewing Hope, Non-executive Director	10-15	30-35	0-(2.5)	(5)-(7.5)	315	281	(34)

(vi) 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 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/	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 rejoined 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**	**(viii) Cash Equivalent Transfer Value (CETV) at 31/03/2022**	**Real increase in CETV**
					£'000	**£'000**	**£'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 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)

	2023	2022	% Change
Range of staff remuneration	21,831 - 311,230	19,012 - 305,702	
Highest earning Director's total remuneration (£000s)	215,000- 220,000	215,000- 220,000	
Median (total pay & benefits)	35,495	33,366	6
Median (salary only)	35,470	33,352	6
Ratio	6	7	-6
25th Percentile (total pay & benefits)	27,993	26,127	7
26th Percentile (salary only)	27,954	26,096	7
Ratio	8	8	-7
75th Percentile Pay (total pay & benefits)	45,077	43,137	4
76th Percentile Pay (salary only)	44,855	42,938	4
Ratio	5	5	-4

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 2022/2023 was the Medical Director at £215,000 - £220,000 (2021/2022 was the Medical Director at £215,000-£220,000), an increase of 0.1%. In 2021/2022 this was 6.18 times the median remuneration (salary only) of the workforce, which was £35,470 while in 2021/2022 this was 6.52 times the median remuneration (salary only), which was £33,352.

In 2022/2023, the 25th Percentile Pay (salary only) was £27,953 and the 75th Percentile Pay (salary only) was £44,855. The remuneration of the highest paid director was 7.85 times the 25th Percentile Pay, and 4.89 times the 75th Percentile Pay.

There was an increase of 6% year on year in the median remuneration of the workforce. During 2022/2023, there were 11 clinical members of staff whose remuneration was higher than the highest earning director. During 2021/2022, there were 5 clinical members of staff whose remuneration was higher than the highest paid director.

The average salary (including inward secondees) increased from £39,934 in 2021/2022 to £41,926 in 2022/2023, an increase of 5.0%.

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:

	2023 Number	2022 Number
Employees whose remuneration fell within the following ranges:		
Clinicians		
£ 70,001 to £ 80,000	63	60
£ 80,001 to £ 90,000	46	46
£ 90,001 to £100,000	41	41
£100,001 to £110,000	38	33
£110,001 to £120,000	37	49
£120,001 to £130,000	48	40
£130,001 to £140,000	30	41
£140,001 to £150,000	31	34
£150,001 to £160,000	24	19
£160,001 to £170,000	23	17
£170,001 to £180,000	14	13
£180,001 to £190,000	17	10
£190,001 to £200,000	8	4
£200,001 and above	23	10
Other		
£ 70,001 to £ 80,000	10	12
£ 80,001 to £ 90,000	9	10
£ 90,001 to £100,000	7	8
£100,001 to £110,000	5	3
£110,001 to £120,000	3	2
£120,001 to £130,000	1	1
£130,001 to £140,000	1	0
£140,001 to £150,000	0	0
£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	2023 TOTAL	2022 TOTAL
	£000	£000	£000	£000	£000	£000	£000	£000
EMPLOYEE EXPENDITURE								
Salaries and wages	664	157	418,848			(1,769)	**417,900**	385,421
Taxation & Social security costs	95	5	47,764			(169)	**47,695**	42,362
NHS scheme employers' costs	129		75,567				**75,696**	70,463
Other employers' pension costs							**0**	0
Inward secondees				26,345			**26,345**	23,324
Agency and other directly engaged staff					18,660	0	**18,660**	14,150
	888	162	542,179	26,345	18,660	(1,938)	**586,296**	535,720
Compensation for loss of office/early retirement							**0**	
Pensions to former Board members							**0**	
Total	**888**	**162**	**542,179**	**26,345**	**18,660**	**-1,938**	**586,296**	**535,720**

Included in the total employee expenditure above were costs of staff engaged directly on capital projects, charged to capital expenditure of:	273	376

STAFF NUMBERS								
Whole time equivalent (WTE)	5	4	10,323	249	117		**10,698**	**10,230**

Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:	4	5
Included in the total staff numbers above were disabled staff of:	94	124
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

	2023				2022			
	Male	**Female**	**Prefer not to say**	**Total**	**Male**	**Female**	**Prefer not to say**	**Total**
Executive Directors	2	3		5	2	2		4
Non-Executive Directors and Employee Director	7	7		14	8	6		14
Senior Employees	295	184		479	273	176		449
Other	1,479	9,371		10,850	1,514	9,167		10,681
Total Headcount	1,783	9,565	0	11,348	1,797	9,351	0	11,148

A Mainstreaming Report including Equality Outcomes Progress was considered at the March 2023 public board meeting.

D Sickness Absence (Not audited)

	2023	2022
Sickness absence rate	5.6%	5.2%

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

	2023		2022	
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	1	30	0	0
£50,001 - £100,000	0	0	0	0
£100,001- £150,000	0	0	0	0
£150,001- £200,000	0	0	0	0
£200,001- £250,000	0	0	0	0
>£250,000	0	0	0	0
Total	**1**	**30**	**0**	**0**
			0	0

There were no compulsory redundancies in 2022/2023 or 2021/2022.

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. 2022/2023 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
5	**3**

Table 2 Percentage of time spent on facility time

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

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

First Column	Figures
Total cost of Facility time	£169,000
Provide the total pay bill	£587,961,000
Provide the percentage of the total paybill spent on facility time	0.03%

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 two individual losses or special payments over £300,000 totalling £1.595 million in 2022/2023. In 2021/2022 there were no individual payments or special losses over £300,000.

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 £3.0 million (2021/2022 £3.2 million) offset the costs for the year of £3.0 million (2021/2022 £3.2 million).

Signed Claire Burden ……. Date 27 June 2023 ……..
Chief Executive

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Ayrshire and Arran NHS Board and its group for the year ended 31 March 2023 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity and notes to the financial statements, including 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 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the affairs of the board and its group as at 31 March 2023 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 2022/23 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

These conclusions are not intended to, nor do they, provide assurance on the current or future financial sustainability of the board and its group. However, I report on the

board's arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness

of the board's controls, and the nature, timing and extent of the audit procedures performed.

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

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

Reporting on regularity of expenditure and income Opinion on regularity

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

Responsibilities for regularity

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

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

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

Fiona Mitchell-Knight FCA, Audit Director, Audit Scotland, 4th Floor, South Suite
The Athenaeum Building
8 Nelson Mandela Place
Glasgow G2
1BT

27 June 2023

NHS Ayrshire and Arran

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31st March 2023

2022 £000		Note	2023 £000
537,420	Employee expenditure	3a	583,183
127,384	Independent Primary Care Services	3b	138,119
160,794	Drugs and medical supplies	3b	162,204
798,299	Other health care expenditure	3b	752,057
1,623,897			**1,635,563**
(529,202)	Less: operating income	4	(579,916)
(29,758)	Associates and joint ventures accounted for on an equity basis		17,221
1,064,937	**Net expenditure for the year**		**1,072,868**
	Other Comprehensive Net Expenditure		
(16,458)	Net (gain) / loss on revaluation of property, plant and equipment		(18,867)
166	Net (gain) / loss on revaluation of available for sale financial assets		824
(16,292)	**Other Comprehensive Expenditure**		**(18,043)**
1,048,645	**Comprehensive Net Expenditure**		**1,054,825**

NHS Ayrshire and Arran

Consolidated Statement of Financial Position

for the year ended 31st March 2023

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
441,111	441,111	Property, plant and equipment	7a	468,966	468,966
-	-	Right of Use assets		8,309	8,309
		Financial assets:			
8,960	150	Investments	10	8,241	229
46,052	-	Investments in associates and joint ventures	26	28,831	-
33,329	33,329	Trade and other receivables	9	30,609	30,609
529,452	**474,590**	**Total non-current assets**		**544,956**	**508,113**
5,441	5,441	Inventories	8	5,809	5,809
		Financial assets:			
31,219	31,219	Trade and other receivables	9	33,826	33,826
1,937	136	Cash and cash equivalents	11	379	136
40	40	Assets classified as held for sale	7	340	340
38,637	**36,836**	**Total current assets**		**40,354**	**40,111**
568,089	**511,426**	**Total assets**		**585,310**	**548,224**
(24,562)	(24,562)	Provisions due within one year	13a	(16,034)	(16,034)
-	-	Financial liabilities:		-	-
(183,266)	(182,780)	Trade and other payables	12	(118,144)	(117,900)
(207,828)	**(207,342)**	**Total current liabilities**		**(134,178)**	**(133,934)**
360,261	**304,084**	**Non-current assets less net current liabilities**		**451,132**	**414,290**
(74,634)	(74,634)	Provisions due outwith one year	13a	(72,860)	(72,860)
		Financial liabilities:			
(54,618)	(54,618)	Trade and other payables	12	(54,383)	(54,383)
-	-	Liabilities in associates and joint ventures		-	-
(129,252)	**(129,252)**	**Total non-current liabilities**		**(127,243)**	**(127,243)**
231,009	**174,832**	**Assets less liabilities**		**323,889**	**287,047**
		Taxpayers' Equity			
46,742	46,742	General fund	SoCTE	144,373	144,373
128,090	128,090	Revaluation reserve	SoCTE	142,674	142,674
46,052	-	Other reserves - associates and joint ventures	SoCTE	28,831	-
10,125	-	Fund held on Trust	SoCTE	8,011	-
231,009	**174,832**	**Total taxpayers' equity**		**323,889**	**287,047**

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

The Accounting Officer authorised these financial statements for issue on 27th June 2023

Adopted by the Board on 27 June 2023

Director of Finance Derek Lindsay

Chief Executive Claire Burden

2022 £000		Note	2023 £000	2023 £000
	Cash flows from operating activities			
(1,064,937)	Net operating cost	SoCTE	(1,072,868)	
(948)	Adjustments for non-cash transactions	2b	37,087	
4,909	Add back: interest payable recognised in net operating cost	2b	4,944	
(333)	Investment income		(316)	
72,868	Movements in working capital	2b	(75,282)	
(988,441)	**Net cash outflow from operating activities**	**26c**		**(1,106,435)**
	Cash flows from investing activities			
(29,562)	Purchase of property, plant and equipment		(30,482)	
(12,565)	Investment Additions	10	(938)	
844	Transfer of assets to / (from) other NHS Scotland bodies		0	
39	Proceeds of disposal of property, plant and equipment		40	
323	Receipts from sale of investments		790	
333	Interest received		316	
(40,588)	**Net cash outflow from investing activities**	**26c**		**(30,274)**
	Cash flows from financing activities			
1,041,082	Cash drawn down	SoCTE	1,143,451	
(6,115)	Capital element of payments in respect of finance leases and On-balance sheet PFI contracts	2b	(1,865)	
0	IFRS 16 - 2022-23 cash lease payment	17a	(1,491)	
(4,909)	Interest element of finance leases and On-balance sheet PFI/PPP contracts	2b	(4,944)	
1,030,058	**Net Financing**	**26c**		**1,135,151**
1,029	Net Increase (decrease) in cash and cash equivalents in the period	11		(1,558)
908	Cash and cash equivalents at the beginning of the period			1,937
1,937	**Cash and cash equivalents at the end of the period**			**379**
	Reconciliation of net cash flow to movement in net debt/cash:			
1,029	Increase (decrease) in cash in year			(1,558)
908	Net cash at 1 April			1,937
1,937	**Net cash at 31 March**			**379**

The Notes to the Accounts, numbered 1 to 26 , 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 2022		46,742	128,090	46,052	10,125	231,009
Prior year adjustments for changes in accounting policy and material errors	21	-	-	-	-	-
Balance at 1 April 2022		**46,742**	**128,090**	**46,052**	**10,125**	**231,009**
Changes in taxpayers' equity for 2022-23 :						
Net gain on revaluation of property, plant and equipment	7a	-	18,867	-	-	18,867
Net gain / (loss) on revaluation / indexation of intangible a	6	-	-	-	-	-
Net loss on revaluation of investments	10	-	-	-	(824)	(824)
Net gain on revaluation of Right of Use Assets	17a	-	35	-	-	35
Impairment of property, plant and equipment		-	(1,701)	-	-	(1,701)
Impairment of intangible assets		-	-	-	-	-
Revaluation and impairments taken to operating costs		-	1,701	-	-	1,701
net expenditure		-	-	-	-	-
Transfers between reserves		4,318	(4,318)	-	-	-
Pension reserve movements		-	-	-	-	-
Other non cash costs -IFRS 16 Opening Balance	2b	4,481	-	-	-	4,481
Net operating cost for the year	CFS	(1,054,357)	-	(17,221)	(1,290)	(1,072,868)
Total recognised income and expense for 2022-23		**(1,045,558)**	**14,584**	**(17,221)**	**(2,114)**	**(1,050,309)**
Funding:						
Drawn down	SCCF	1,143,451	-	-	-	1,143,451
Movement in General Fund (creditor) / debtor	CFS	(262)	-	-	-	(262)
Balance at 31 March 2023	**SoFP**	**144,373**	**142,674**	**28,831**	**8,011**	**323,889**

Changes in taxpayers' equity for 2021-22 :

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 2021		96,540	115,359	16,294	9,621	237,814
Prior year adjustments for changes in accounting policy and material errors	21	-	-	-	-	-
Balance at 1 April 2021		**96,540**	**115,359**	**16,294**	**9,621**	**237,814**
Changes in taxpayers' equity for 2020-21						
Net gain on revaluation of property, plant and equipment	7a	-	16,458	-	-	16,458
Net gain / (loss) on revaluation / indexation of intangible a	6	-	-	-	-	-
Net gain / (loss) on revaluation of investments	10	-	-	-	(166)	(166)
Impairment of property, plant and equipment	17a	-	(2,134)	-	-	(2,134)
Impairment of intangible assets		-	-	-	-	-
Revaluation and impairments taken to operating costs		-	2,048	-	-	2,048
Release of reserves to the statement of comprehensive net expen		-	-	-	-	-
Transfers between reserves		3,641	(3,641)	-	-	-
Pension reserve movements		-	-	-	-	-
Other non cash costs [please specify]	2b	844	-	-	-	844
Net operating cost for the year	CFS	(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	-	-	-	-
Movement in General Fund (creditor) / debtor	CFS	-	-	-	-	231,009
Balance at 31 March 2022	**SoFP**	**46,742**	**128,090**	**46,052**	**10,125**	**231,009**

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

Note 1 – Accounting Policies

1. Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards 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

IFRS 16 is the new standard which has been issued and adopted for the year 2022-2023.

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

There are no new standards, amendments or interpretations early adopted in 2022-23 financial year.

c) Standards, amendments and interpretations early 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 14**: Regulatory Deferral Accounting. Not applicable to NHS Scotland Bodies
- **IFRS 17:** Insurance Contracts. Expected adoption from April 2025.

2. Basis of Consolidation

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

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

Ayrshire and Arran Health Board Endowment Fund is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to

prepare and submit Audited Financial Statements to OSCR on an annual basis.

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

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

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

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

Note 26 to the Annual Accounts 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 NHS Board will continue in operational existence for the foreseeable future, unless informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity.

5. Accounting Convention

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

6. Funding

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

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

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

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

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

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

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

7. Property, plant and equipment

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

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

7.1 Recognition

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

All assets falling into the following categories are capitalised:

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

2) In cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.

3) Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable).

7.2 Measurement

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

Thereafter, valuations of all land and building assets are reassessed by valuers annually. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual (Red Book) insofar as these terms are consistent with the agreed requirements of the Scottish Government.

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).

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

Specialised NHS Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as specified in the FReM.
Non specialised land and buildings, such as offices, are stated at fair value.

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

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

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

Permanent decreases in asset values and impairments arising from a reduction in service potential or consumption of economic benefit are charged gross to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

7.3 Depreciation

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

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

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

Depreciation is charged on a straight line basis.

The following asset lives have been used:

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

8. Intangible Assets

8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Board's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Board and where the cost of the asset can be measured reliably.

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

The main classes of intangible assets recognised are:

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

Expenditure on research is not capitalised.

Expenditure on development is capitalised only where all of the following can be demonstrated:

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

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

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

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

8.2 Measurement

Valuation

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets that are not held for their service potential (i.e. assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured at fair value. Where an active (homogeneous) market exists, intangible assets are carried at fair value. Where no active market exists, the intangible asset is revalued, using indices or some suitable model, to the lower of depreciated replacement cost and value in use where the asset is income generating. Where there is no value in use, the intangible asset is valued using depreciated replacement cost.

Revaluation and impairment

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

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

Temporary decreases in asset values or impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

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

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

8.3 Amortisation

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

1) Internally generated intangible assets. Amortised on a systematic basis over the period expected to benefit from the project.

2) Software. Amortised over their expected useful life

3) Software licences. Amortised over the shorter term of the licence and their useful economic lives.

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

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

Amortisation is charged on a straight line basis.

The following asset live have been used:

Asset Category	**Useful Life**
Software Licences	5 to 8 Years
InformationTechnology Software	5 to 8 Years

9. Non-current assets held for sale

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

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales;
- the sale must be highly probable 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. Donated Assets

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

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

Disposal of non-current assets is accounted for as a reduction to the value of assets equal to the net book value of the assets disposed. When set against any sales proceeds, the resulting gain or loss on disposal will be recorded in the Statement of Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

12. Leasing

Accounting Policies

IFRS 16 Leases became effective for periods beginning on or after 1 January 2019, however the FReM deferred adoption until 2021. The cumulative catch-up method has been mandated by the FReM. Consequently, the comparatives for 2021-22 reflect the requirements of IAS 17 Leases.

Leases

Scope and classification

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

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

The following are excluded:

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

Initial recognition

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

measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

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

Lease expenditure

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

Transitional arrangements

The following determinations have been made:

- To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of Financial Position for 2021-2 reflect the requirements of IAS 17;

- Not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and IFRIC 4. However, new contracts entered into from 1 April 2022 have been classified using the IFRS 16 criteria;

- For leases previously treated as operating leases:
- To measure the liability at the present value of the remaining payments, discounted by the discount rate issued by HM Treasury;
- To measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for that lease;
- To exclude leases whose term ends within twelve months of first adoption;
- To use hindsight in assessing remaining lease terms;
- For leases previously identified as onerous and provided for, to use the practical expedient of adjusting the right-of-use asset by the amount of that provision.

- For leases previously treated as finance leases:
- To use the carrying amount of the lease asset and liability measured immediately before first adoption under IAS 17 as the carrying value of the right-of-use asset and lease liability as at first adoption.

The 2023-2024 FReM has been amended to require reporting entities to record indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2023-2024. The 2022-2023 FReM has not been amended to clarify that this specific aspect of IFRS 16 has been deferred until 2023-2024 and therefore does not apply in 2022-2023. Where entities have in the past applied the principles of IAS 17 to account for the impact of changes in the relevant indices (e.g. CPI or RPI) in respect of on-balance sheet PPP/PFI contracts with index-linked payments, the application of IFRS 16 requirements is deferred to 1 April 2023.

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

Accounting for leases under IAS 17 (2021-22)
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.

13. **Impairment of non-financial assets**
Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure (SOCNE) are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

14. General Fund Receivables and Payables
Where the Health Board has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

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

16. Losses and Special Payments
Operating expenditure includes certain losses which would have been made good through insurance cover had the NHS not been bearing its own risks. Had the NHS provided insurance cover, the insurance premiums would have been included as normal revenue expenditure.

17. Employee Benefits
Short-term Employee Benefits
Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual

leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

Pension Costs

The Board participates in the NHS Superannuation Scheme 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.

18. Clinical and Medical Negligence Costs

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.

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

NHS Ayrshire & Arran also provides for its liability from participating in the scheme. The participation in CNORIS provision recognises the Board's respective share of the total liability of NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between

financial years is matched by a corresponding adjustment in Annually Managed Expenditure provision and is classed as non-core expenditure.

19. Related Party Transactions

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

20. Value Added Tax

Most of the activities of the Board are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of noncurrent assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

21. PFI /HUB/NPD Schemes

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

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

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-balance sheet' by the Board. The underlying assets are recognised as Property, Plant and Equipment and Intangible Assets at their fair value. An equivalent liability is recognised in accordance with IAS 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.

22. Provisions

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the

time value of money is significant, the estimated cash flows are discounted using the discount rate prescribed by HM Treasury.

23. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in note 14 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 14, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

- present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

24. Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the financial statements. Where the corresponding amounts are not directly comparable with the amount to be shown in respect of the current financial year, IAS 1 'Presentation of Financial Statements', requires that they should be adjusted and the basis for adjustment disclosed in a note to the financial statements.

25. Financial Instruments

Financial Assets

Business model

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

Classification

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

a) Financial assets at fair value through profit or loss
   This is the default basis for financial assets.
b) Financial assets held at amortised cost.
   A financial asset may be held at amortised cost where both of the following conditions are met:

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

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

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

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

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

Recognition and measurement

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

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

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

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

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

(b) Financial assets held at amortised cost

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective

interest method. This is calculated by applying the effective interest rate to the gross carrying amount of the asset.

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

Financial Liabilities

Classification

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

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

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

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

(b) Financial liabilities held at amortised cost

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

Recognition and measurement

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

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

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

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

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

(b) Amortised costs

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

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

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

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

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

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

(b) Amortised costs

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

26. Segmental reporting

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

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

27. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the 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.

28. Foreign exchange

The functional and presentational currencies of the Board are sterling. A transaction which is denominated in a foreign currency is translated into the

functional currency at the spot exchange rate on the date of the transaction. Where the Board has assets or liabilities denominated in a foreign currency at the 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.

29. Third party assets

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

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

30. Key sources of judgement

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 subjective and complex 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.

31. 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 £32,958,000 for negligence claims, with an offsetting debtor of £32,444,000 for reimbursement under CNORIS. There is also a provision of £50,077,000 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 £469.6 million (2021/2022: £439.9 million) for the year ended 31 March 2023. The Board commissioned a valuation for 31 March 2023 which was performed in January to March 2023.

Note 2a Summary of Resource Outturn (SORO)

	Note		2023 £000
Summary Of Core Revenue Resource Outturn			
Net Operating Costs	**SoCNE**	**1,072,868**	
Total Non-Core Expenditure (see below)		(30,845)	
Family Health Services Non-Discretionary Allocation		(58,843)	
Endowment Net Operating Costs		(1,290)	
Associates and Joint Ventures accounted for on an equity basis		(17,221)	
Total Core Expenditure			**964,669**
Core Revenue Resource Limit			965,101
Saving against Core Revenue Resource Limit (RRL)			**432**
Summary Of Non-Core Revenue Resource Outturn			
Capital Grants to Other Bodies		4,000	
Depreciation / Amortisation		16,086	
Annually Managed Expenditure - Impairments		2,287	
Annually Managed Expenditure - Creation of Provisions		4,311	
Annually Managed Expenditure - Depreciation of Donated Assets		375	
Annually Managed Expenditure - Pension Valuation		(2,129)	
Annually Managed Expenditure - fair value adjustments		98	
Additional SGHSCD non-core funding		2,800	
Donated assets income		(81)	
IFRS PFI Expenditure		1,461	
Right of Use (RoU) Asset Depreciation		1,491	
Right of Use (RoU) Peppercorn Leases Depreciation		146	
Total Non-Core Expenditure		**30,845**	
Non Core Revenue Resource Limit			30,845
Excess against Non Core Revenue Resource Limit (RRL)			**-**

Summary Resource Outturn

	Resource £000	Expenditure £000	Saving £000
Core	965,101	964,669	432
Non-Core	30,845	30,845	-
Total	**995,946**	**995,514**	**432**

Note 2b Notes to the Cash Flow Statement

2022 £000		Note	2023 £000
	Consolidated adjustment for non-cash transactions		
14,577	Depreciation	7a	15,995
400	Depreciation Donated Assets	7a	375
-	Depreciation Right of Use Assets	17b	1,643
-	Depreciation Donated Assets	17b	-
2,048	Impairments on PPE charged to SOCNE		1,701
-	Loss on remeasurement of non-current assets held for sale		-
(215)	Funding Of Donated Assets	7a	(81)
-	Profit on disposal of property, plant and equipment		-
12,000	Impairment of investments charged to SoCNE		-
-	GP Loans fair value adjustment	10	43
(29,758)	Investment in IJB		17,221
	Realised (gain) / loss on investments		190
(948)	**Total Expenditure Not Paid In Cash**	**CFS**	**37,087**
	Consolidated adjustment for non-cash transactions		
	Interest payable		
4,909	PFI Finance lease charges allocated in the year	18	4,900
-	Lease interest	17b	44
4,909	**Total Interest Payable**		**4,944**

Consolidated movements in working capital

2022 £000		Note	2023 £000	2023 £000	2023 £000
	Inventories				
220	Balance Sheet	8	5,441	5,809	
220	**Net Increase (Decrease)**		5,441	5,809	**(368)**
	Trade and Other Receivables				
(3,880)	Due within one year	9	31,219	33,826	
6,256	Due after more than one year	9	33,329	30,609	
			64,548	64,435	
2,376	**Net Increase**				**113**
	Trade and Other Payables				
64,845	Due within one year	12	183,266	118,144	
(4,834)	Due after more than one year	12	54,618	54,383	
-	Less: property, plant & equipment (capital) included in above		(3,049)	(1,130)	
-	Less: General Fund creditor included in above	12	(117)	(379)	
6,115	Less: lease and PFI creditors included in above	12	(55,669)	(56,694)	
		SoCCF	179,049	114,324	
66,126	**Net Increase (Decrease)**				**(64,725)**
	Provisions				
4,146	Statement of Financial Position	13a	99,196	88,894	
		SoCCF	99,196	88,894	
4,146	**Net Increase (Decrease)**				**(10,302)**
72,868	**Net Increase (Decrease)**				**(75,282)**

Note 3 Operating Expenses

2022 Consolidated £000		2023 Board £000	2023 Consolidated £000
	Note 3a Staff Costs		
106,138	Medical and Dental	114,639	114,639
243,300	Nursing	271,338	271,338
187,982	Other Staff	197,206	197,206
537,420	**Total Staff Costs**	**583,183**	**583,183**
	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		
69,410	General Medical Services	71,467	71,467
21,300	Pharmaceutical Services	25,655	25,655
28,140	General Dental Services	32,794	32,794
8,534	General Ophthalmic Services	8,203	8,203
127,384		**138,119**	**138,119**
	Drugs and Medical Supplies		
82,491	Prescribed drugs Primary Care	86,641	86,641
40,932	Prescribed drugs Secondary Care	40,660	40,660
3,827	PPE and Testing Kits	924	924
33,544	Medical Supplies	33,979	33,979
160,794		**162,204**	**162,204**
	Other health care expenditure		
575,253	Contribution to Integration Joint Boards	515,836	515,836
76,125	Goods and services from other NHS Scotland bodies	81,794	81,794
309	Goods and services from other UK NHS bodies	367	367
4,797	Goods and services from private providers	6,903	6,903
6,638	Goods and services from voluntary organisations	6,994	6,994
30,701	Resource Transfer	30,291	30,291
103,223	Other operating expenses (analysed in note 3c below)	107,669	107,669
168	External Auditor's remuneration - statutory audit fee	209	209
42	External Auditor's remuneration - IJB	47	47
1,043	Endowment Fund expenditure	-	1,947
798,299		**750,110**	**752,057**
1,086,477	**Other Operating Expenditure**	**1,050,433**	**1,052,380**

The total Health Board contribution provided to the IJB to commission services in 2022/23 was £546.127m. This includes £515.606m reported as the contribution of health board to Integration Joint Boards and £30.521m included as resource transfer

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

2022 Consolidated £000	Other Operating Expenses reported above includes	Note	2023 Board £000	2023 Consolidated £000
14,578	Depreciation on owned assets		15,994	15,994
10,997	Utility and rates		13,238	13,238
9,219	PFI		9,210	9,210
3,640	CNORIS participation		3,940	3,940
13,437	Equipment and IT additions and maintenance		12,051	12,051
10,378	Hotel Services		12,213	12,213
40,974	Other		41,023	41,023
103,223	**Other operating expenses per note 3b above**	**SoCNE**	**107,669**	**107,669**

Note 4 Operating Income

2022 Consolidated £000		2023 Board £000	2023 Consolidated £000
28,980	Income from other NHS Scotland bodies	32,635	32,635
507	Income from NHS non-Scottish bodies	822	822
160	Income from private patients	8	8
470,013	Income for services commissioned by Integration Joint Board	496,843	496,843
2,426	Patient charges for primary care	4,614	4,614
6,624	Donations	81	81
244	Profit on disposal of assets	228	228
	Non NHS:		
23	Overseas patients (non-reciprocal)	37	37
1,713	Endowment Fund Income	-	657
18,512	Other	43,991	43,991
529,202	**Total Income**	**579,259**	**579,916**

Note 5 Segmental Information

	Acute £000	East HSCP £000	North HSCP £000	South HSCP £000	Corporate £000	Group £000
Net operating cost	419,897	205,340	158,736	92,602	196,293	**1,072,868**
Net operating cost - prior year	387,307	217,777	187,343	113,978	158,532	1,064,937

Note 6 Intangible Assets (Non-Current) Consolidated Board

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

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 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 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
Provided during the year Purchased	-	10,412	20	-	2,820	1,149	176	-	14,577
Provided during the year Donated	-	74	-	-	326	-	-	-	400
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 b. Assets held for Sale

Assets held for Sale - Consolidated and Board		2022 £000	2023 £000
At 1 April		0	40
Transfers (to) / from property, plant and equipment	7a	40	340
Gain or losses recognised on remeasurement of non-current assets held for sale		0	0
Disposals of non-current assets held for sale		0	(40)
At 31 March	**SoFP**	**40**	**340**

Note 7c. Property, Plant and Equipment Disclosures

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
436,357	436,357	Purchased	7a	464,428	464,428
4,754	4,754	Donated	7a	4,538	4,538
441,111	**441,111**	**Net book value of property, plant and equipment at 31 March**		**468,966**	**468,966**
6,646	**6,646**	**Net book value related to land valued at open market value at 31 March**		**6,684**	**6,684**
25,999	**25,999**	**Net book value related to buildings valued at open market value at 31 March**		**26,914**	**26,914**
		Total value of assets held under:			
1,245	1,245	Finance Leases		0	0
69,087	69,087	PFI and PPP Contracts		71,032	71,032
70,332	**70,332**			**71,032**	**71,032**
		Total depreciation charged in respect of assets held under:			
61	61	Finance leases		0	0
1,561	1,561	PFI and PPP contracts		0	0
1,622	**1,622**			**0**	**0**

All land and 100% of buildings were revalued by an independent valuer, The Valuation Office Agency, as at 31/03/2023 on the basis of fair value (market value 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 £18.867m (2021-22: an increase of £18.377m) which was credited to the revaluation reserve. Impairment of £1.701m (2021-22 £4.166m) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn

Note 7d Analysis of Capital Expenditure

2022 £000		2023 £000
29,562	Acquisition of Property, plant and equipment 7a	28,563
215	Donated Asset Additions 7a	81
12,000	Purchase of Cumnock SPV	0
0	GP Loans advances 10	122
0	Right of Use (RoU) Additions 17a	1,652
41,777	**Gross Capital Expenditure**	**30,418**
39	Net book value of disposal of property, plant and equipmen 7a	0
0	Value of disposal of Non-Current Assets held for sale 7b	40
39	**Capital Income**	**40**
41,738	**Net Capital Expenditure**	**30,378**

Note 8 Inventories

Consolidated 2022 £000	Board 2022 £000		Consolidated 2023 £000	Board 2023 £000
5,441	5,441	Raw Materials and Consumables	5,809	5,809
5,441	**5,441**		**5,809**	**5,809**

Note 9 Trade and Other Receivables

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
2,131	2,131	Boards		1,957	1,957
2,131	**2,131**	**NHS Scotland receivables due within one year**		**1,957**	**1,957**
66	66	NHS Non-Scottish Bodies		257	257
610	610	VAT recoverable		347	347
1,876	1,876	Prepayments		1,801	1,801
1,377	1,377	Accrued income		7,808	7,808
13,560	13,560	Other Receivables		19,821	19,821
11,599	11,599	Reimbursement of provisions		1,835	1,835
29,088	**29,088**	**Other receivables due within one year**		**31,869**	**31,869**
31,219	**31,219**	**Total receivables due within one year**	**SoFP**	**33,826**	**33,826**
33,329	33,329	Reimbursement of Provisions		30,609	30,609
33,329	**33,329**	**Total Receivables due after more than one year**	**SoFP**	**30,609**	**30,609**
64,548	**64,548**	**Total Receivables**		**64,435**	**64,435**
439	**439**	**Provision for impairment included above**		**537**	**537**
		WGA Classification			
2,131	2,131	NHS Scotland		1,957	1,957
922	922	Central Government Bodies		307	307
1,942	1,942	Whole of Government Bodies		1,798	1,798
66	66	Balances with NHS Bodies in England and Wales		257	257
59,487	59,487	Balances with bodies external to Government		60,116	60,116
64,548	**64,548**	**Total Current Receivables**		**64,435**	**64,435**
		Movement on the provision for impairment of receivables:			
91	91	At 1 April		439	439
348	348	Provision for impairment		98	98
439	**439**	**As at 31st March**		**537**	**537**

As of 31 March 2023, receivables with a carrying value of £0.537m (2021-22: £0.439m) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
0	0	3 to 6 months past due		0	0
439	439	Over 6 months past due		537	537
439	**439**	**As at 31st March**		**537**	**537**

The receivables assessed as individually impaired were mainly other Health Bodies, 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 2023, receivables with a carrying value of £1.795 million (2021-22: £1.032 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

220	220	Up to 3 months past due	737	737
95	95	3 to 6 months past due	142	142
717	717	Over 6 months past due	916	916
1,032	**1,032**	**As at 31st March**	**1,795**	**1,795**

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:

1,032	**1,032**	**Existing customers with no defaults in the past**	**1,795**	**1,795**

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:

64,548	**64,548**	**Pounds**	**64,435**	**64,435**

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 effective interest rate on non-current other receivables is 0% (2021: 0%).
Pension liabilities are discounted at +1.7% (2022: -1.3%).

Note 10 Investments

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
8,960	150	Other		8,241	229
8,960	**150**	**Total**	SoFP	**8,241**	**229**
8,884	-	At 1 April		8,960	150
12,415	12,000	Additions	CFS	816	-
150	150	GP Loans advances	CFS	122	122
(323)	-	Disposals		(790)	-
(12,000)	(12,000)	Impairment recognised in SoCNE		-	-
		GP Loans Fair Value Adjustment	2b	(43)	(43)
(166)	-	Revaluation surplus / (deficit) transferred to equity	SoCTE	(824)	-
8,960	**150**	**At 31 March**		**8,241**	**229**
8,960	150	Non-current	SoFP	8,241	229
8,960	**150**	**At 31 March**		**8,241**	**229**

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

Note 11. Cash and Cash Equivalents

2022 £000		2023 £000
908	Balance at 1 April	1,937
1,029	Net change in cash and cash equivalent balances	(1,558)
1,937	Balance at 31 March	**379**
1,937	**Total Cash - Cash Flow Statement**	**379**
	The following balances at 31 March were held at:	
50	Government Banking Service	45
86	Commercial banks and cash in hand	91
1,801	Endowment cash	243
1,937	**Balance at 31 March**	**379**

Staff lottery funding of £0.395 million is held in NHS Ayrshire and Arran's bank account.

Note 12 Trade and Other Payables

Consolidated 2022 £000	Board 2022 £000		Note	Consolidated 2023 £000	Board 2023 £000
6,261	**6,261**	**NHS Scotland payables due within 1 year**	SFR 30	**10,534**	**10,534**
0	0	NHS Non-Scottish bodies		0	0
117	117	Amounts Payable to General Fund		379	379
21,483	21,483	FHS Practitioners		23,007	23,007
43,833	43,833	Trade Payables		6,230	6,230
75,593	75,593	Accruals		47,029	47,029
2,173	2,173	Deferred income		566	566
24	24	Net obligations under Finance Leases	17b	1,174	1,174
1,682	1,682	Net obligations under PPP / PFI Contracts	18	1,706	1,706
11,013	11,013	Income tax and social security		11,279	11,279
8,564	8,564	Superannuation		8,600	8,600
11,129	11,129	Holiday Pay Accrual		6,271	6,271
1,394	908	Other payables		1,369	1,125
177,005	**176,519**	**Other payables due within one year**		**107,610**	**107,366**
183,266	**182,780**	**Total payables due within one year**	**SoFP**	**118,144**	**117,900**
25	25	Net obligations under Finance Leases due within 2 years	17b	698	698
84	84	Net obligations under Finance Leases due after 2 years but within 5 years	17b	984	984
55	55	Net obligations under Finance Leases due after 5 years	17b	34	34
1,789	1,789	Net obligations under PPP / PFI Contracts due within 2 years	18	1,816	1,816
6,113	6,113	Net obligations under PPP / PFI Contracts due after 2 years but within 5 yea	18	6,219	6,219
45,897	45,897	Net obligations under PPP / PFI Contracts due after 5 years	18	44,063	44,063
655	655	Deferred income		569	569
54,618	**54,618**	**Total payables due after more than one year**	**SoFP**	**54,383**	**54,383**
237,884	**237,398**	**Total payables**		**172,527**	**172,283**
		WGA Classification			
6,261	6,261	NHS Scotland		10,534	10,534
19,577	19,577	Central Government bodies		19,879	19,879
212,046	211,560	Balances with bodies external to Government		142,114	141,870
237,884	**237,398**			**172,527**	**172,283**
		Borrowings included above comprise:			
188	188	Leases		2,890	2,890
55,481	55,481	PFI contracts		53,804	53,804
55,669	**55,669**			**56,694**	**56,694**
		Carrying amount of non-current borrowings are:			
164	164	Leases		1,716	1,716
53,799	53,799	PFI contracts		52,098	52,098
53,963	**53,963**			**53,814**	**53,814**
		The carrying amount of receivables are denominated in the following currencies:			
237,884	**237,398**	**Pounds**		**172,527**	**172,283**

Note 13 a. Provisions - Consolidated and Board

	Pensions & similar obligations £000	Clinical & Medical Legal Claims against NHS £000	Participation in CNORIS £000	Other (non-endowment) £000	Total 2023 £000
At 31st March 2022	7,988	45,241	45,157	810	99,196
Arising during the year	489	1,683	8,782	668	11,622
Utilised during the year	(554)	(3,613)	(3,862)	(391)	(8,420)
Unwinding of discount	(1,692)	-	-	-	(1,692)
Reversed unutilised	(372)	(11,364)	-	(76)	(11,812)
At 31st March 2023	**5,859**	**31,947**	**50,077**	**1,011**	**88,894**
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	554	1,967	12,502	1,011	16,034
Payable between 1 - 5 years	2,216	18,831	30,458	-	51,505
Payable between 6 - 10 years	2,770	3,287	2,591	-	8,648
Thereafter	319	7,862	4,526	0	12,707
At 31st March 2023	**5,859**	**31,947**	**50,077**	**1,011**	**88,894**

Note 13 a. Provisions - Consolidated and Board Prior Year

	Pensions & similar obligations £000	Clinical & Medical Legal Claims against NHS £000	Participation in CNORIS £000	Other (non-endowment) £000	Total 2022 £000
At 31st March 2021	7,418	43,263	44,270	99	95,050
Arising during year	966	12,811	2,394	827	16,998
Utilised during year	(569)	(2,505)	(1,507)	(102)	(4,683)
Unwinding during year	230	-	-	-	230
Reversed unutilised	(57)	(8,328)	-	(14)	(8,399)
At 31st March 2022	**7,988**	**45,241**	**45,157**	**810**	**99,196**
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	-	22,745
At 31st March 2022	**7,988**	**45,241**	**45,157**	**810**	**99,196**

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 +1.70% (-1.3% 2022) in real terms. The Board expects expenditure to be charged to this provision for a period of up to 28 years.

Clinical & Medical Legal Claims against NHS Board

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

Participation in CNORIS

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

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

		2022 £000	2023 £000
Provision recognising individual claims against the NHS Board as at 31 March	13a	45,241	32,958
Associated CNORIS receivable at 31 March	9	(44,928)	(32,444)
Provision recognising the NHS Board's liability from participating in the scheme	13a	45,157	50,077
Net Total Provision relating to CNORIS at 31 March		**45,470**	**50,591**

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;

2022 £000		2023 £000
24,045	Clinical and medical compensation payments	24,410
750	Employer's liability	726
412	Third party liability	425
250	Other - Girvan Groundwater Monitoring	0
25,457	**Total Contingent Liabilities**	**25,561**
24,843	Clinical and medical compensation payments	24,830
24,843	**Total Contingent Assets**	**24,830**

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

A Full Business Case has been prepared for the building of a National Treatment Centre at a capital cost of around £52.5 million which will be fully funded by Scottish Government. This is due to be submitted to a future Board Meeting.

Note 16 Capital Commitments

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

2022 £000		2023 £000
9,700	Ayrshire Central Hospital National Forensic Service in Scotland	8,419
218	Boardwide PACS/RICS	-
200	ACH CDU Steriliser Replacement Programme	608
1,007	Endoscopy Suite / Discharge Lounge Ayr Hospital	-
-	Catering Waste Disposal	150
11,125	**Total Capital Commitments**	**9,177**
	Authorised but not Contracted	
1,600	Board wide Whole System Estate Plan	2,500
535	West of Scotland Regional Vascular Programme	935
-	UHC Ward 4 Upgrade	200
-	Digital Reform Plan	4,551
-	ACH CDU Washer/Disinfectors	608
2,135	**Total Authorised but not Contracted**	**8,794**

NHS Ayrshire and Arran were commissioned by National Services Division to provision a National Secure Adolescent Inpatient Unit, with capital funding being provided by Scottish Government. The contract signed with Kier Construction has a value of £14.4 million. Over half of this has been paid already, however the balance will be due over the remainder of the project.

Note 17 a Right of Use Assets

Total future minimum payments under leases are stated below

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

The majority of the property leases are peppercorn rents. Of the £5.7m NBV, £5.4m are peppercorn rents including £4m for North West Kilmarnock which is leased until 2106.

Note 17 b **Lease Liabilities**

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

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2023
	£000
Depreciation	1,643
Interest Expense	44
Low value and short term leases	558
Total	**2,245**

Amounts recognised in the Statement of Cash Flows

	2023
	£000
Interest Expense	44
Repayments of Principal of leases	1,491
Total	**1,535**

Note 17 c **Commitments Under Operating Leases**

Total future minimum payments under leases are stated below

0		**0**
£000		**£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	33
33	Rentals due between one and two years (inclusive)	33
99	Rentals due between two and five years (inclusive)	99
91	Rentals due after five years	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

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

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

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

2022			Ayrshire Maternity Unit	Woodland View	2023
£000			£000	£000	£000
5,975	Rentals due within 1 year		1,783	4,089	5,872
5,866	Due within 1 to 2 years		1,770	4,092	5,862
17,698	Due within 2 to 5 years		5,445	12,296	17,741
76,418	Due after 5 years		16,986	53,666	70,652
105,957	**Gross Minimum Lease Payments**		**25,984**	**74,143**	**100,127**
	less				
(4,293)	Rentals due within 1 year		(1,102)	(3,064)	(4,166)
(4,077)	Due within 1 to 2 years		(1,061)	(2,985)	(4,046)
(11,585)	Due within 2 to 5 years		(3,101)	(8,421)	(11,522)
(30,521)	Due after 5 years		(7,750)	(18,839)	(26,589)
(50,476)	**Interest Element**		**(13,014)**	**(33,309)**	**(46,323)**
	giving	Note			
1,682	Rentals due within 1 year	12	681	1,025	1,706
1,789	Due within 1 to 2 years	12	709	1,107	1,816
6,113	Due within 2 to 5 years	12	2,344	3,875	6,219
45,897	Due after 5 years	12	9,236	34,827	44,063
55,481	**Present value of minimum lease payments**		**12,970**	**40,834**	**53,804**
2,500	Rentals due within 1 year		444	2,253	2,697
2,562	Due within 1 to 2 years		455	2,309	2,764
7,879	Due within 2 to 5 years		1,399	7,100	8,499
35,517	Due after 5 years		3,968	31,536	35,504
48,458	**Service elements due in future periods**		**6,266**	**43,198**	**49,464**
103,939	**Total Commitments**		**19,236**	**84,032**	**103,268**

		Note	
4,909	**Interest charges**	2	**4,900**
68	**Contingent rents (included in Other charges)**		**216**

Note 19 Pension Costs

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

NHS Ayrshire and Arran has no liability for other employers' obligations to the multi-employer scheme.

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.

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) Work on the 2016 valuation was suspended by the UK Government pending a remedy for McCloud/Sargeant case re transitional protection.

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. About 90% of NHS A&A employees are members of the NHS pension scheme which is about 5% of total participants. A few employees are in NEST as outlined below.

v) NHS Ayrshire and Arran's level of participation in the scheme is 5.21% based on the proportion of employer contributions paid in 2021-22

	2022 £000	2023 £000
Pension cost charge for the year	70,380	75,696
Additional Costs arising from early retirement	569	553
Provisions / Liabilities / Pre-payments included in the Balance Sheet	7,989	5,859
Pension costs for the year for staff transferred from local authority	-	-

Note 20 Retrospective Restatements

		Dr. £000	Cr. £000
Adjustment 1	Opening Balance for Right of Use Assest Vehicles created Debited Opening Balance and credited lease liability	2,259	2,259
Adjustment 2	Opening Balance for Right of Use Assest Dwellings created Debited Opening Balance and credited lease liability	84	84
Adjustment 3	Opening Balance for Properties created. Debited Right of Use Asset Property. Includes £1.245m which was reported last year as a finance lease on asset register. Credited General Fund for £4.398m for peppercorn rents and credited liabities for £0.279m. Transferred opening liability of £0.188m for Bourtreehill from PFI to ROU Asset. Included in the £1.245m for finance leases was £0.106m for Bourtreehill, leaving a residual £82k which was credited to the general fund.	5,922	5,922

Note 21 Restated Primary Statements

There are no related financial statements requiring disclosure.

Note 22 a Financial Instruments - Financial Assets and Liabilities

2022 £000	Financial Assets - Consolidated	Note	Financial assets at Fair through Other Comp Income £000	through Profit & Loss £000	2023 £000
8,960	Investments	10		8,241	8,241
15,003	Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	27,886		27,886
1,937	Cash and cash equivalents	11	379		379
25,900	**Financial Assets per Balance Sheet**		**28,265**	**8,241**	**36,506**
	Financial Assets - Board				
150	Investments	10		229	229
15,003	prepayments, reimbursements of provisions and VAT recoverable.	9	27,886		27,886
136	Cash and cash equivalents	11	136		136
15,139	**Financial Assets per Balance Sheet**		**28,022**	**229**	**28,251**

2022 £000	Financial Liabilities - Consolidated	Note	Financial liabilities at amortised cost	2023 £000
188	Finance lease liabilities	12	2,890	2,890
55,481	PFI Liabilities	12	53,804	53,804
153,549	Trade and other payables excluding statutory liabilities	12	84,285	84,285
209,218	**Financial Liabilities per Balance Sheet**		**140,979**	**140,979**
	Financial Liabilities - Board			
188	Finance lease liabilities	12	2,890	2,890
55,481	PFI Liabilities	12	53,804	53,804
153,063	Trade and other payables excluding statutory liabilities	12	84,041	84,041
208,732	**Financial Liabilities per Balance Sheet**		**140,735**	**140,735**

Note 22 b **Financial Risk Factors**

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

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

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

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

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

Credit Risk

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

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

Liquidity Risk

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

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

Liquidity	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At 31st March 2023	**£000**	**£000**	**£000**	**£000**
PFI Liabilities	1,706	1,816	6,219	44,063
Lease Liabilities	1,174	698	984	34
Total	**2,880**	**2,514**	**7,203**	**44,097**
At 31st March 2022				
PFI Liabilities	1,682	1,789	6,113	45,897
Finance lease liabilities	24	25	84	54
Total	**1,706**	**1,814**	**6,197**	**45,951**

Market Risk

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

i. Cash flow and fair value interest rate risk

The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

ii. Foreign Currency and Price Risks

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

Note 22 c Fair Value Estimation

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

Note 23 Derivative Financial Instruments - Consolidated and Board

There are no derivative financial instruments in 2022-23 or prior years.

Note 24 Related Party Transactions

Cumnock SPV is not consolidated into the accounts of the Health Board as not material.
Hard and soft facilities management services for EACH continue to be provided to the Board by Cumnock SPV through BAM FM. During 2022/23 payments of £1.927 million were made to Cumnock SPV Holdings for these services.

Councils
Councils are related parties (separate legal entities from IJBs) and a Councillor from each of the three Councils in Ayrshire sit on the Health Board. Transactions between the Health Board and Councils in 2022/23 were:

Payments made to East Ayrshire Council £41.561 million	Income received from East Ayrshire Council £1.775 million
Payments made to North Ayrshire Council £35.198 million	Income received from North Ayrshire Council £1.344 million
Payments made to South Ayrshire Council £34.414 million	Income received from South Ayrshire Council £3.014 million

The North, East and South Ayrshire Integration Joint Boards were each established on 1 April 2015 as partnerships between the respective Ayrshire Council and NHS Ayrshire & Arran, and are responsible for their population 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 2022/2023 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 £200.9 million (2021/22 £224.3 million)
Commissioning income received from North Ayrshire IJB £183.2 million (2021/22 £176.0 million)
North Ayrshire IJB balance due to (from) the Health Board £2.9 million (2021/22 £14.6 million)

In the year 2022/2023 the following Health Board financial transactions were made with East Ayrshire Integration Joint Board relating to the integrated and health functions.

Contribution made to East Ayrshire IJB £175.2 million (2021/22 £193.2 million)
Commissioning income received from East Ayrshire IJB £159.4 million (2021/22 £148.1 million)
East Ayrshire IJB balance due to (from) the Health Board £3.7 million (2021/22 £17.1 million)

In the year 2022/2023 the following Health Board financial transactions were made with South Ayrshire Integration Joint Board relating to the integrated and health functions.
Contribution made to South Ayrshire IJB £169.9 million (2021/22 £188.4 million)
Commissioning income received from South Ayrshire IJB £154.2 million (2021/22 £145.9 million)
South Ayrshire IJB balance due to (from) the Health Board £3.8 million (2021/22 £14.4 million)

Health Boards

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

Directors have control over the Health Boards financial and operating policies. The total remuneration paid to directors is shown in the Remuneration Report. Officers have the responsibility to adhere to a code of conduct which requires them to declare an interest in matters that directly, or indirectly influence, or indirectly may influence, or be thought to influence their judgement or decisions taken during the course of their work. In terms 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		£1.927 million expenditure
Linda Semple	Non-Executive	Golden Jubilee Hospital	£0.393 million income	£9.455 million expenditure
Jean Ford	Non-Executive	NHS Education Scotland	£21.364 million income	£2.841 million expenditure

Ayrshire & Arran Endowment Funds are managed by Trustees who are also Directors of the Board (as notified in the Remuneration report) and is therefore a related party. During the year the board made no payments to Endowments (2021/2022 £1.257 million) and received payments from Endowments of £1.820 million (2021/ 2022 £0.344 million) with a balance of £0.084 million (2021/2022 £0.162 million) due to the Board outstanding at year-end.

The main payments from endowments during the year relate to £1.17 million to fund staff wellbeing suites and £120,000 of software to enhance the efficiency of MRI scanners with the balance relating to reimbursements for goods and services procured through the Board.

No other transactions above £10,000 with related parties occurred in 2022/23.

Note 25 **Third Party Assets**

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

	2022 £000	Gross Inflows £000	Gross Outflows £000	2023 £000
Monetary amounts such as bank balances and monies on deposit	288	407	(460)	234

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

2022 Group £000		Note	2023 Board £000	2023 Endowment £000	2023 East Health & Social Care Partnership £000	2023 North Health & Social Care Partnership £000	2023 South Health & Social Care Partnership £000	2023 Group £000
537,420	Staff costs	3a	583,183	-	-	-	-	583,183
127,384	Independent Primary Care Services	3b	138,119	-	-	-	-	138,119
160,794	Drugs and medical supplies		162,204	-	-	-	-	162,204
798,299	Other health care expenditure		750,110	1,947	-	-	-	752,057
1,623,897	**Gross expenditure for the year**		**1,633,616**	**1,947**	**-**	**-**	**-**	**1,635,563**
(529,202)	Less: operating income	4	(579,259)	(657)	-	-	-	(579,916)
(29,758)	Associates and joint ventures accounted for on an equity basis		-	-	6,999	5,784	4,438	17,221
1,064,937	**Net expenditure for the year**		**1,054,357**	**1,290**	**6,999**	**5,784**	**4,438**	**1,072,868**

Note 26 b Consolidated Statement of Financial Position

2022 Group			2023 Board	2023 Endowment	2023 Intergroup Adjustment	2023 East Health & Social Care Partnership	2023 North Health & Social Care Partnership	2023 South Health & Social Care Partnership	2023 Group
£000			£000	£000	£000	£000	£000	£000	£000
441,111	Property, plant and equipment	SOFP	468,966	-	-	-	-	-	468,966
	Right of Use assets	SOFP	8,309	-	-	-	-		8,309
	Financial assets:								
8,960	Investments	SOFP	229	8,012	-	-	-	-	8,241
46,052	Investments in associates and joint ventures		-	-	-	10,085	8,832	9,914	28,831
33,329	Trade and other receivables	SOFP	30,609	-	-	-	-	-	30,609
529,452	**Total non-current assets**		**508,113**	**8,012**	**-**	**10,085**	**8,832**	**9,914**	**544,956**
	Current Assets								
5,441	Inventories	SOFP	5,809	-	-	-	-	-	5,809
	Financial assets:								
31,219	Trade and other receivables	SOFP	33,826	-	-	-	-	-	33,826
1,937	Cash and cash equivalents	SOFP	136	243	-	-	-	-	379
40	Assets classified as held for sale	SOFP	340	-	-	-	-	-	340
38,637	**Total current assets**		**40,111**	**243**	**-**	**-**	**-**	**-**	**40,354**
			-	-	-	-	-	-	-
568,089	**Total assets**		**548,224**	**8,255**	**-**	**10,085**	**8,832**	**9,914**	**585,310**
	Current Liabilities								
(24,562)	Provisions	SOFP	(16,034)	-	-	-	-	-	(16,034)
	Financial liabilities:								
(183,266)	Trade and other payables	SOFP	(117,900)	(244)	-	-	-	-	(118,144)
(207,828)	**Total current liabilities**		**(133,934)**	**(244)**	**-**	-	-	-	**(134,178)**
									-
360,261	**Non-current assets less net current liabilities**		**414,290**	**8,011**	**-**	**10,085**	**8,832**	**9,914**	**451,132**
	Non-current Liabilities								
(74,634)	Provisions	SOFP	(72,860)	-	-	-	-	-	(72,860)
	Financial liabilities:								
(54,618)	Trade and other payables	SOFP	(54,383)	-	-	-	-	-	(54,383)
-	Liabilities in associate and joint ventures		-	-	-	-	-	-	-
(129,252)	**Total non-current liabilities**		**(127,243)**	**-**	**-**	**-**	**-**	**-**	**(127,243)**
231,009	**Assets less liabilities**		**287,047**	**8,011**	**-**	**10,085**	**8,832**	**9,914**	**323,889**
	Taxpayers' Equity								
46,742	General fund	SoFP	144,373	-	-	-	-	-	144,373
128,090	Revaluation reserve	SoFP	142,674	-	-	-	-	-	142,674
46,052	Other reserves - joint venture	SoFP	-	-	-	10,085	8,832	9,914	28,831
10,125	Funds Held on Trust	SoFP	-	8,011	-	-	-	-	8,011
231,009	**Total taxpayers' equity**		**287,047**	**8,011**	**-**	**10,085**	**8,832**	**9,914**	**323,889**

Note 26 b Consolidated Statement of Financial Position - Prior Year

		2022 Board	2022 Endowment	2022 Intergroup Adjustment	2022 East Health & Social Care Partnership	2022 North Health & Social Care Partnership	2022 South Health & Social Care Partnership	2022 Group
		£000	£000	£000	£000	£000	£000	£000
Property, plant and equipment	SOFP	441,111	-	-	-	-	-	441,111
Financial assets:								
Investments	SOFP	150	8,810	-	-	-	-	8,960
Investments in associates and joint ventures		-	-	-	17,084	14,616	14,352	46,052
Trade and other receivables	SOFP	33,329	-	-	-	-	-	33,329
Total non-current assets		**474,590**	**8,810**	**-**	**17,084**	**14,616**	**14,352**	**529,452**
Current Assets								
Inventories	SOFP	5,441	-	-	-	-	-	5,441
Financial assets:								
Trade and other receivables	SOFP	31,219	-	-	-	-	-	31,219
Cash and cash equivalents	SOFP	136	1,801	-	-	-	-	1,937
Assets classified as held for sale	SOFP	40	-	-	-	-	-	40
Total current assets		**36,836**	**1,801**	**-**	**-**	**-**	**-**	**38,637**
		-	-	-	-	-	-	-
Total assets		**511,426**	**10,611**	**-**	**17,084**	**14,616**	**14,352**	**568,089**
Current Liabilities								
Provisions	SOFP	(24,562)	-	-	-	-	-	(24,562)
Financial liabilities:								
Trade and other payables	SOFP	(182,780)	(486)	-	-	-	-	(183,266)
Total current liabilities		**(207,342)**	**(486)**	**-**	-	-	-	**(207,828)**
								-
Non-current assets plus net current assets		**304,084**	**10,125**	**-**	**17,084**	**14,616**	**14,352**	**360,261**
Non-current Liabilities								
Provisions	SOFP	(74,634)	-	-	-	-	-	(74,634)
Financial liabilities:								
Trade and other payables	SOFP	(54,618)	-	-	-	-	-	(54,618)
Liabilities in associate and joint ventures		-	-	-	-	-	-	-
Total non-current liabilities		**(129,252)**	**-**	**-**	**-**	**-**	**-**	**(129,252)**
Assets less liabilities		**174,832**	**10,125**	**-**	**17,084**	**14,616**	**14,352**	**231,009**
Taxpayers' Equity								
General fund	SoFP	46,742	-	-	-	-	-	46,742
Revaluation reserve	SoFP	128,090	-	-	-	-	-	128,090
Other reserves - joint venture	SoFP	-	-	-	17,084	14,616	14,352	46,052
Funds Held on Trust	SoFP	-	10,125	-	-	-	-	10,125
Total taxpayers' equity		**174,832**	**10,125**	**-**	**17,084**	**14,616**	**14,352**	**231,009**

Note 26 c Consolidated Statement of Cash Flows

2022 Group		2023 Board	2023 Endowment	2023 East Health & Social Care Partnership	2023 North Health & Social Care Partnership	2023 South Health & Social Care Partnership	2023 Group
£000	**Cash flows from operating activities**	£000	£000	£000	£000	£000	£000
(1,064,937)	Net operating cost	(1,054,357)	(1,290)	(6,999)	(5,784)	(4,438)	(1,072,868)
(948)	Adjustments for non-cash transactions	19,866	-	6,999	5,784	4,438	37,087
4,909	Add back: interest payable recognised in net operating cost	4,944	-	-	-	-	4,944
(333)	Deduct: interest receivable recognised in net operating cost	-	(316)	-	-	-	(316)
72,868	Movements in working capital	(75,040)	(242)	-	-	-	(75,282)
(988,441)	**Net cash outflow from operating activities**	**(1,104,587)**	**(1,848)**	**-**	**-**	**-**	**(1,106,435)**
	Cash flows from investing activities						
(29,562)	Purchase of property, plant and equipment	(30,482)	-	-	-	-	(30,482)
(12,565)	Investment Additions	(122)	(816)	-	-	-	(938)
844	Transfer of assets to/(from) other NHS bodies	-	-	-	-	-	-
39	Proceeds of disposal of property, plant and equipment	40	-	-	-	-	40
323	Receipts from sale of investments	-	790	-	-	-	790
333	Interest received	-	316	-	-	-	316
(40,588)	**Net cash outflow from investing activities**	**(30,564)**	**290**	**-**	**-**	**-**	**(30,274)**
	Cash flows from financing activities						
1,041,082	Funding	1,143,189	-	-	-	-	1,143,189
-	Movement in general fund working capital	262	-	-	-	-	262
1,041,082	Cash drawn down	1,143,451	-	-	-	-	1,143,451
(6,115)	Capital element of payments in respect of leases and on-balar	(1,865)	-	-	-	-	(1,865)
-	IFRS 16 - 2022-23 cash lease payment	(1,491)	-	-	-	-	(1,491)
(4,909)	Interest element of leases and on-balance sheet PFI / PPP co	(4,944)	-	-	-	-	(4,944)
1,030,058	**Net Financing**	**1,135,151**	**-**	**-**	**-**	**-**	**1,135,151**
1,029	Net Increase in cash and cash equivalents in the period	-	(1,558)	-	-	-	(1,558)
908	Cash and cash equivalents at the beginning of the period	136	1,801	-	-	-	1,937
1,937	**Cash and cash equivalents at the end of the period**	**136**	**243**	**-**	**-**	**-**	**379**
	Reconciliation of net cash flow to movement in net debt/cash	-	-	-	-	-	
1,029	Increase / (decrease) in cash in year	-	(1,558)	-	-	-	(1,558)
908	Net debt / cash at 1 April	136	1,801	-	-	-	1,937
1,937	**Net cash at 31 March**	**136**	**243**	**-**	**-**	**-**	**379**

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