

GRAMPIAN HEALTH BOARD
(Commonly known as NHS Grampian)

ANNUAL REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 2023

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PERFORMANCE REPORT

A OVERVIEW

1. Purpose

This Overview aims to provide the reader with sufficient information to understand the purpose of the NHS Grampian, the key risks to the achievement of its objectives and how it has performed during the year. Should you wish to find out more detailed information we have provided this in the rest of the Performance Report, the Accountability Report and the financial statements.

NHS Grampian publishes a wide range of information on its services and activities on its website which you can find at: <https://www.nhsgrampian.org/>

2. Statement from the Chief Executive

Looking back on 2022/23, I am proud of our achievements, as a health and care system. This has been enabled by the continued support of our colleagues, partners and the public during an exceptional period of uncertainty and challenge for us all.

I am extremely grateful for everything that people in communities across Grampian have done and continue to do to support each other and NHS Grampian and all those providing care services on our behalf. We are also thankful for the patience, kind messages and gratitude shown, which has lifted our colleagues during a very busy and difficult time. However, I know the significant impact this year has had – and continues to have - on many citizens and colleagues, and my focus will remain on this.

I would like to express my thanks and appreciation to all colleagues for their outstanding contributions and for their relentless professionalism. The care and compassion shown to people in our care and to colleagues has been exemplary, as we have addressed the enduring system pressures and other challenges we have faced.

I would also wish to thank all our partners for their collaborative support – our care homes, local authorities, our national health services colleagues and local resilience partnership members. Our whole system co-ordination and collaboration, along with the strength of our local Health and Social Care Partnerships has helped us continue to deliver our vital services to the people of the North East of Scotland.

The impact of COVID-19 has been enduring and whilst in 2022/23 we have not seen the national lockdowns of previous years, the impact on our services is still being felt particularly in regard to waits for surgeries and access to emergency services. We are truly sorry that some people have had to wait longer for the care they need, and I do not underestimate the impact this is having and we are working as hard as we can to address this.

Over the last 12 months we have approved our Plan for the Future following an extensive consultation and engagement programme. Together with our colleagues, partners and the public we are committed to planning for a better future, recovery from the impact of COVID-

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19 and transforming our services in support of the delivery of safe, high quality, person-centred and sustainable health services over the next five years and beyond.

Despite the challenges the last 36 months have presented, I remain optimistic about the opportunities for the future and the development of the new strategic plan will ensure our key outcomes are aligned to the National Priorities for the NHS and create the robust foundations required for the ongoing delivery of our medium and longer term ambitions.

Continuing to respond to COVID-19 will be a factor for the foreseeable future and we are redesigning, with partners our services to ensure that we can continue to meet the health and social care needs of our population and provide a safe environment for our staff and most vulnerable patients. Many of the changes that we have already made will provide a greater level of care in our communities and build on the excellent foundations established through the integration of health and social care.

Our operational performance has been impacted by the health debt generated over the last three years, however, I am pleased that during the financial year 2022/23 we have been able to balance our revenue budget using one-off income and savings. This income and savings will unfortunately not be available in future years and I do not underestimate the challenge facing NHS Grampian in balancing future budgets. In this regard a significant amount of work has been undertaken during the last quarter of 2022/23 to prepare a local value and sustainability programme. The purpose of this programme is to develop and deliver short term efficiency savings and over the medium to longer term work on how we make sustainable services and pathways of care.

During this period of preparing for the future your input and support will be important, and I would thank you in advance for working with colleagues and services as we make the necessary changes over the coming months.

It is a privilege to be the Chief Executive at this time and I am incredibly grateful for your support. I look forward to working with the Board, Chief Executive Team, our staff and partners in addressing the challenges that we face, implementing our Plan for the Future and continuing to provide the quality of care that our key stakeholders and the people of Grampian expect from us.

Caroline Hiscox

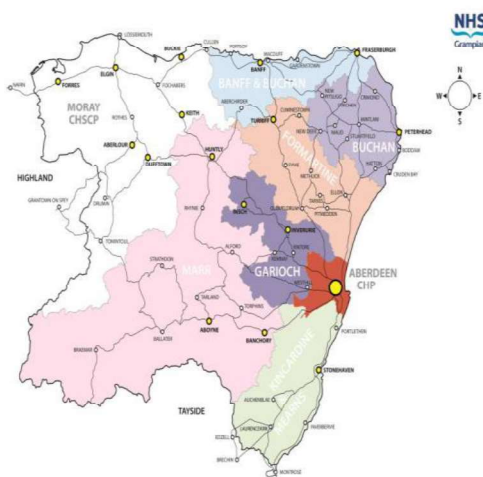
Chief Executive

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3. Background and Principal Activities

Grampian Health Board is responsible for leading efforts to improve the health of the people in Grampian, and for providing the health care services that people need. We also provide some specialist clinical and support services to other NHS Boards within the North of Scotland and some national services for the whole of Scotland.



17,000 directly employed staff and a range of independent primary care practices (69 General Medical, 132 Pharmacy, 92 Dental and 54 Opticians) provide the full range of primary, community and specialist health services to the over half-million people who live in Grampian. Services are provided at over 100 locations and where possible in people's own homes across an area covering 3,000 square miles of city, town and village and rural communities.

We are the fourth largest health board in Scotland by general funding allocation. A new operating model aimed at strengthening integration between hospital and community based services was introduced in shadow form in April 2021 and subsequently endorsed by the Board in August 2021. Services are delivered based on a portfolio management structure covering Family services, Surgical and Clinical Support Services, Medical and Unscheduled Care, Mental Health and wellbeing, Population Health and services in Moray. The portfolio arrangements also include, a range of Primary and Community Care services delegated to the three Integration Joint Boards (IJBs) covering Aberdeen City, Aberdeenshire and Moray. All our direct clinical services are supported by corporate functions such as Facilities, E-Health, Finance and Human Resources. The IJBs are legally constituted cross-sector bodies providing a focus for NHS Grampian to work in partnership with other agencies, including Local Authorities and Primary Healthcare contractors, in the provision of integrated services to the local communities.

Executive Director and Non-Executive members of the NHS Grampian Board are members of the Integration Joint Boards which provide the strategic direction for the integration of adult health and social care.

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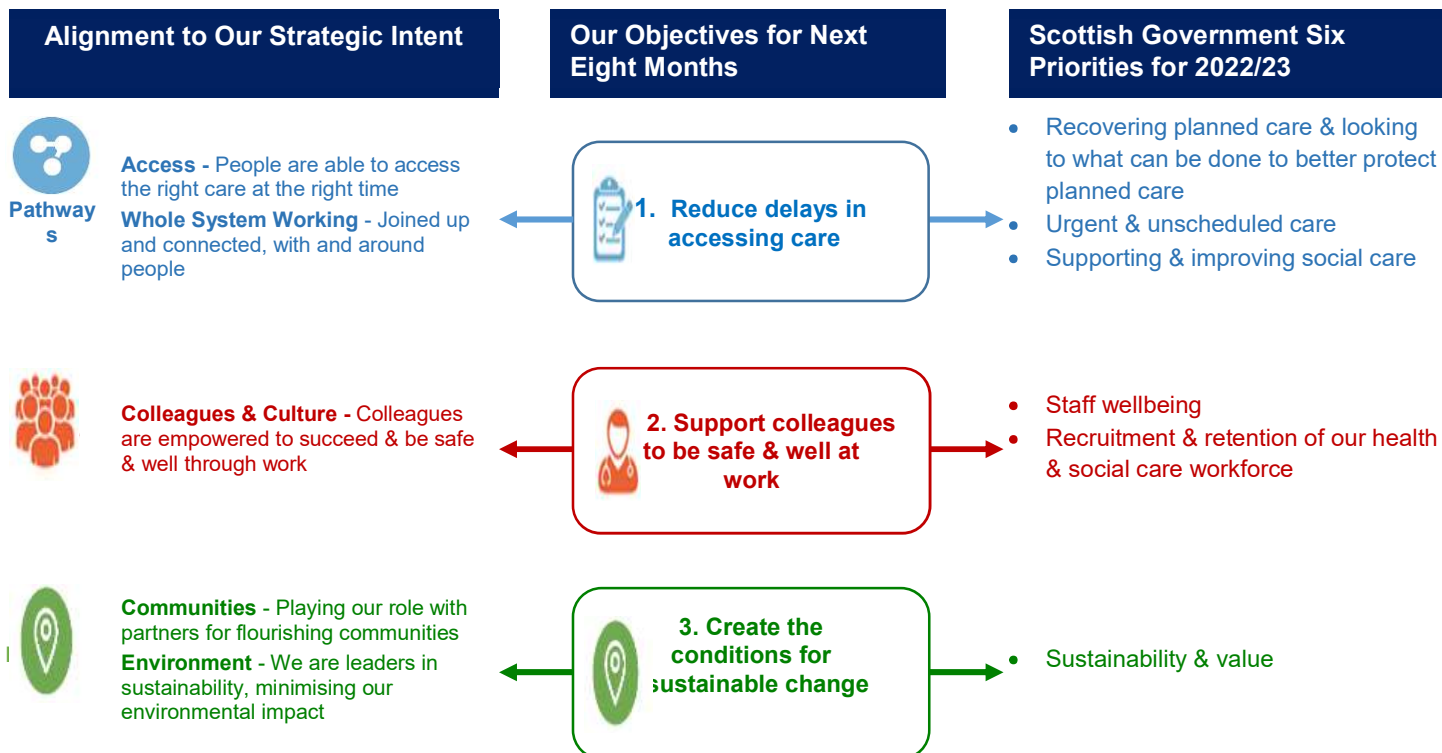
4. Stabilisation, Living with COVID and Creating Conditions for Change

Over the last three years the organisation, like other organisations have continued to respond to COVID-19, have taken steps to recover from the impacts whilst considering how we stabilise and transform to ensure sustainable health and care services in both the short and longer term. Our approach and key priorities for taking this forward are contained within the NHS Grampian Delivery Plan for 2022/23 which was adopted by the Board in October 2022.

The Grampian Delivery Plan covering the period August 2022 to March 2023 has been developed jointly with our three Health and Social Care Partnerships, colleagues, citizens and wider partners. Given the ongoing high pressures experienced across the health and care system and the negative impact this is having on both those accessing and delivering services, the Board has deliberately focused on three specific objectives, underpinned by a number of priority actions. The priorities aim to make the biggest impact in relation to stabilisation, navigating winter well and creating the conditions to deliver the significant changes required to achieve the ambitions set out in our strategy - 'Plan for the Future 2022-28'.

This Plan responds to the six priorities set out in the Scottish Government Commissioning Guidance dated 10 May 2022 and is aligned to national strategy, specifically the NHS Recovery Plan 2021-26.

Our priorities are framed around the key components of our strategy - People, Places and Pathways, which encompass the six Scottish Government priorities which is illustrated below.



Source: Delivery Plan 2022-23

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5. Risk and Uncertainty

During 2022/23 the Board has continued to manage our risks in a way that ensured the continued delivery of critical and protected clinical services and fulfilled the key operational objectives set out above and reflected in our remobilisation plan. The 2022/23 review and development of the Board's strategic Risk Register is a dynamic process subject to ongoing review and development and the most recent version was reviewed by the Chief Executive Team on 10 March 2023. The Board's risk management processes are covered in more detail in the Governance Statement on Pages 53 to 54.

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1. Delivering the Plan for the Future

As outlined above, our approach to delivering the ambitions set out in the Plan for the Future is focussed on three pillars (People, Places and Pathways), along with key priorities highlighted by the Scottish Government. Our Delivery Plan is our mechanism to set out the organisations priorities for change which the Board (via sub committees), and the Scottish Government seeks assurance on. The Delivery Plan acts as a contract between the NHS Board and the Scottish Government.

The agreed objectives over the period August 2022 to March 2023 were:

1. **Reducing delays in accessing care** (Pathways with a focus on access and whole system working)
2. **Support colleagues to be safe and well at work** (People with a focus on colleagues)
3. **Create the conditions for sustainable change** (Places with a focus on communities and environment)

Performance and assurance reporting has been further developed during 2022 to ensure better alignment against the Plan for the Future and the Delivery Plan. This has consisted of:

- Quarterly reports to the Chief Executive Team Quarterly Performance Meeting, prior to submission to the Scottish Government
- Bi-monthly Performance report to the Performance Assurance, Finance and Infrastructure Committee (PAFIC)
- Assurance on specific aspects of the PAFIC Report is sought from other assurance Boards/Committees based on their remits
- Bi-monthly 'How Are We Doing Performance Report' submitted to the public Board meeting.

This continues to evolve and is part of the 'Performance Assurance Framework' currently being developed by the Board. Overall performance against the 124 milestones across people, places and pathways within the Delivery Plan for 2022/23 at the 31 March 2023 is summarised below.

NHS Grampian has a performance framework through which a culture of continuous improvement is supported. Our vision, proudly working together to improve our health, is supported by a set of strategic themes:

- Improving health and reducing inequalities;
- Delivering high quality care in the right place;
- Involving our patients, public, staff and partners; and
- Developing and empowering our staff.

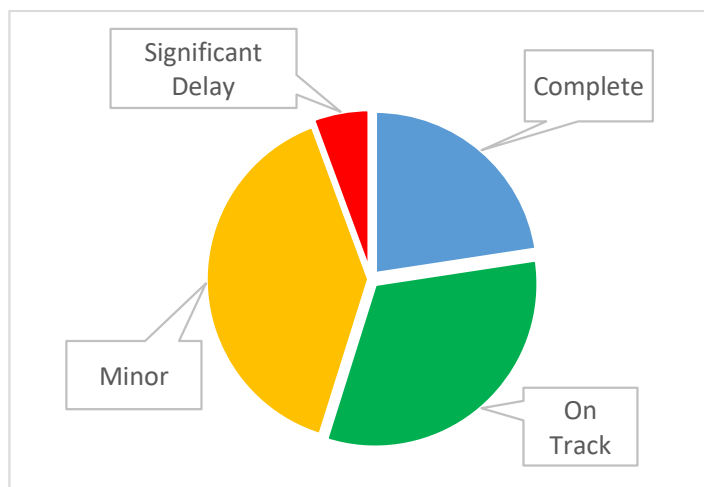
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The core values of the Board are caring, listening and improving. These values are embedded in everything we do in making the vision a reality.

The continued impact of the COVID-19 pandemic and the wider system pressures on the NHS, our partner organisations and the public was significant this year and although the Board has successfully met its financial targets for 2022/23, performance against the key national clinical treatment targets has clearly been impacted by the changes made to ensure the delivery of safe and effective services throughout the year as part of our COVID-19 response.

All clinical services are now open and accepting referrals. The length of wait for treatment in some services is impacted by the historical backlog that built up during the COVID response period and also by enhanced infection control measures that remain in place. Recognising the current operational and workforce challenges alongside growing financial pressures, the Scottish Government have clarified the areas of activity to be prioritised during the coming year as a phased reduction in waiting times with no outpatient waiting longer than one year by March 2023 and no-one waiting longer than one year for in-patient/day case treatment by September 2024. A proposed plan to achieve reduction in current waiting times through investment in a range of initiatives is under consideration by the Scottish Government.



| <i>Milestones Progress:</i> | <i>Jun-22</i> | <i>Sep-22</i> | <i>Dec-22</i> | <i>Mar-23</i> |
|-----------------------------|---------------|---------------|---------------|---------------|
| <i>Complete</i> | 0 | 2 | 8 | 28 |
| <i>On Track</i> | 88 | 78 | 65 | 40 |
| <i>Minor Delay</i> | 22 | 37 | 43 | 49 |
| <i>Significant Delay</i> | 0 | 7 | 8 | 7 |
| <i>Proposal</i> | 11 | 0 | 0 | 0 |

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**2. Non-Financial Performance Summary
2.1 Key National Treatment Targets**

The impact of these emergency measures on the key national treatment targets is summarised below:

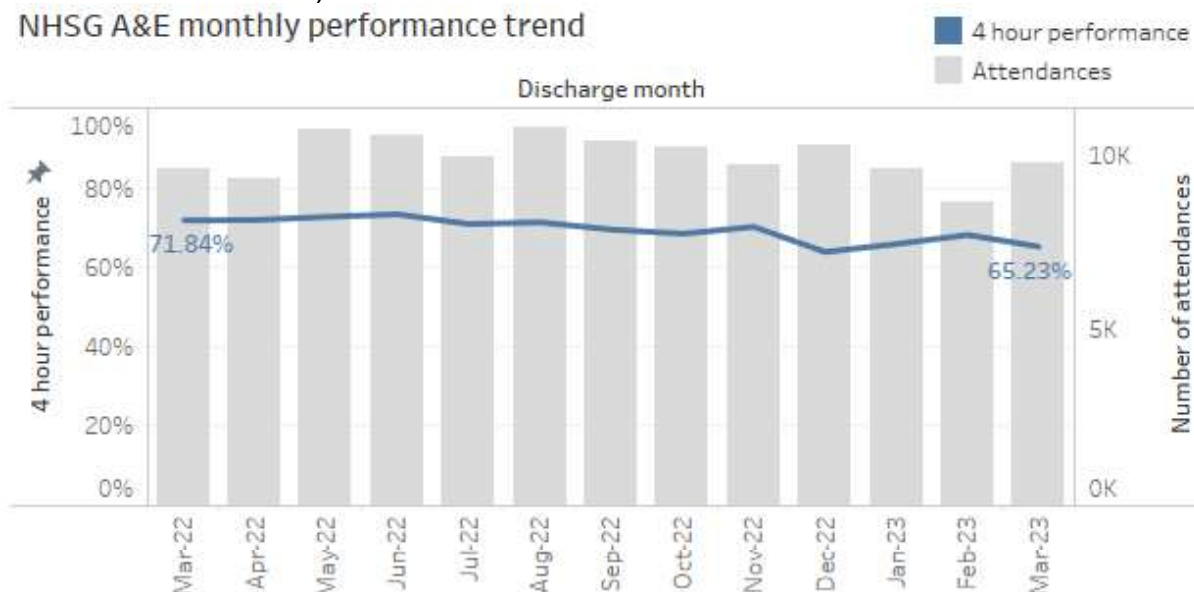
Attendance at Accident & Emergency

98% of patients should wait no more than 4 hours from arrival to admission, discharge or transfer for accident and emergency treatment.

Performance

- Total A&E attendances in March 2023 were 9,767, an increase of 1.9% over March 2022.
- ED attendance rates per 100,000 population in NHS Grampian are consistently among the lowest in Scotland.
- The percentage seen within 4 hours in an A&E department in March was 65.2% (71.8% for March 2022) compared to the Scotland wide rate of 68% (71.6% March 2022).

NHSG A&E monthly performance trend

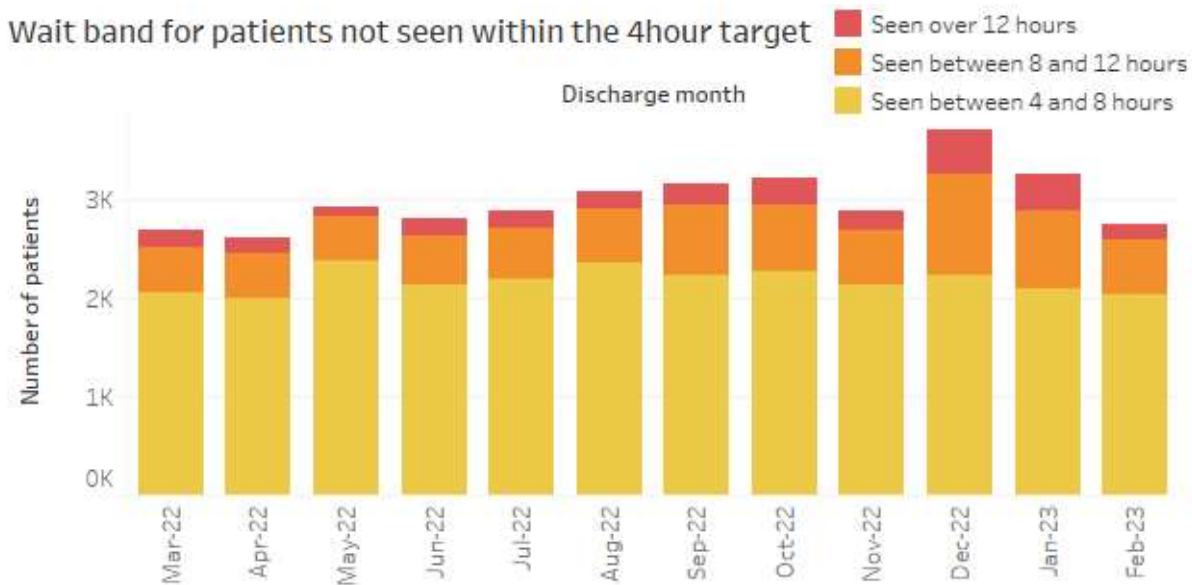


Source: PHS - A&E activity and waiting times

- The number who waited over 4 hours in March 2023 was 3,396, of whom 250 waited over 12 hours, compared to 2,698 (178 over 12 hours) in March 2022.

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Source: PHS - A&E activity and waiting times

The pressures on Emergency Departments (ED) during the year continue to be well publicised across the NHS in Scotland and the UK. Our local analysis suggests that the ED performance was acting as the bellwether of the pressures experienced right across the whole health and social care system with capacity and flow factors affecting each step in a patients pathway combining to manifest at the front door of the hospital affecting the 4-hour performance.

Delayed Discharge

Reduction in the number of patients awaiting discharge from hospital into a more appropriate care setting, once treatment is complete (standard and code 9 delay reasons).

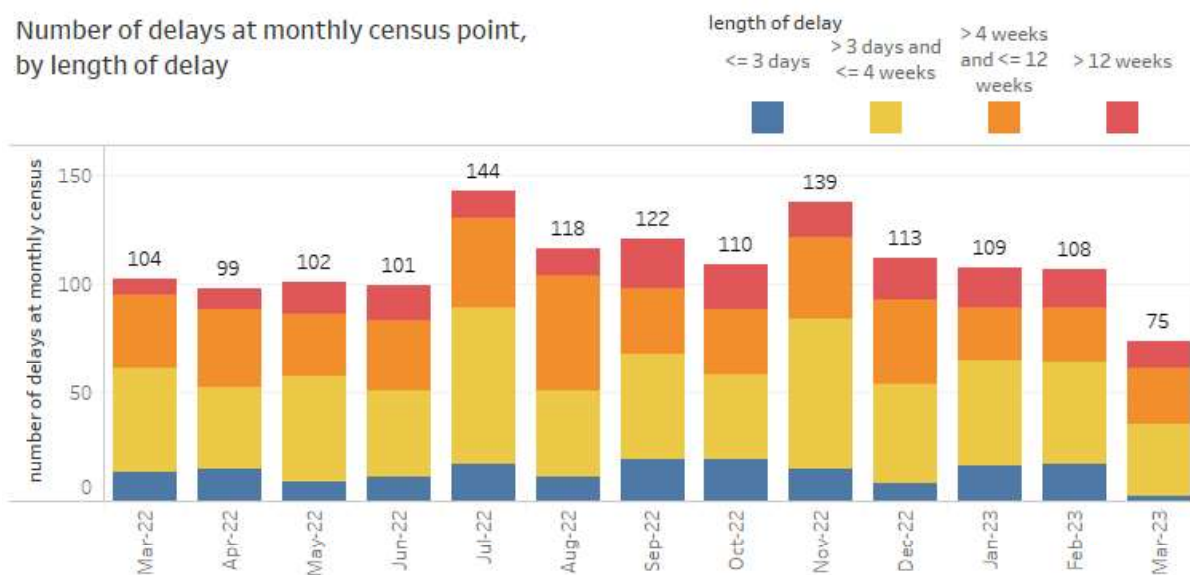
Performance

- There were 72 patients, of which 70 were more than 3 days delayed at the March 2023 census date (104 at March 2022, of which 91 were delayed more than 3 days).
- Of the mainland Boards, NHS Grampian consistently has one of the lowest number of standard and code 9 delays per 100,000 population.

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Number of delays at monthly census point, by length of delay



Source: PHS - Delayed Discharges in Scotland, monthly

- Patients spent 2,575 days in hospital due to delays in discharge in Grampian in March 2023 (3,143 in March 2022).

Treatment Time Guarantee

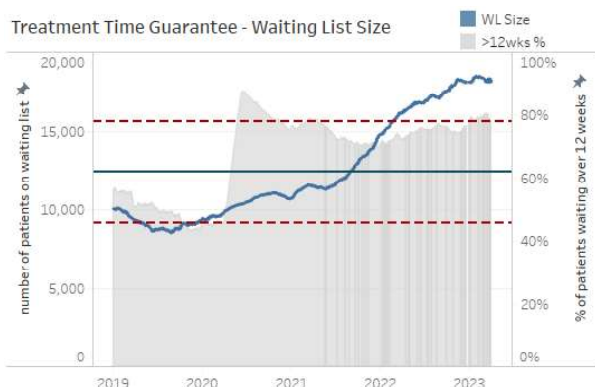
12 week in-patient / daycase Treatment Time Guarantee (TTG) and 12 weeks for first outpatient appointment.

Performance

- Available capacity is targeted at urgent and priority patients (Elective Surgery Category System (ESCatS) 0 and 1 including cancer) and to address long waiting patients.
- The tables below set out the increases in the number of patients waiting for in-patient/daycase treatment and a first outpatient appointment.
- The proportion of patients waiting over 12 weeks for in-patient/daycase treatment was 78.2% at 31 March 2023 (72.1% at 31 March 2022)
- 49.2% of patients on the new outpatient list were waiting over 12 weeks at 31 March 2023 (48.4% at 31 March 2022)

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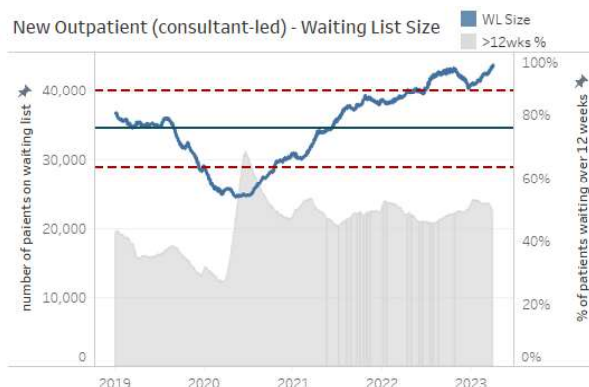
B PERFORMANCE ANALYSIS



Treatment Time Guarantee - Waiting List Size at quarter end, for main specialties

| | 31 Mar | 30 Jun | 30 Sep | 31 Dec | 31 Mar |
|--|--------|--------|--------|--------|--------|
| Cardiology | 238 | 269 | 303 | 304 | 264 |
| Ear, Nose & Throat (ENT) | 1,554 | 1,639 | 1,685 | 1,700 | 1,665 |
| General Surgery (excl Vascular, Maxil..) | 2,858 | 3,062 | 3,284 | 3,373 | 3,345 |
| Gynaecology | 1,054 | 1,049 | 1,036 | 1,072 | 1,044 |
| Ophthalmology | 2,503 | 2,758 | 3,102 | 3,190 | 3,439 |
| Oral and Maxillofacial Surgery | 589 | 639 | 621 | 587 | 481 |
| Plastic Surgery | 575 | 557 | 571 | 544 | 489 |
| Trauma and Orthopaedic Surgery | 4,238 | 4,408 | 4,444 | 4,713 | 4,911 |
| Urology | 1,059 | 947 | 881 | 846 | 887 |
| Other | 1,476 | 1,565 | 1,648 | 1,791 | 1,636 |
| Grand Total | 16,154 | 16,893 | 17,575 | 18,120 | 18,161 |

Source: Tableau - elective care overview



New Outpatient (consultant-led) - Waiting List Size at quarter end, for main specialties

| | 31 Mar | 30 Jun | 30 Sep | 31 Dec | 31 Mar |
|--------------------------------------|--------|--------|--------|--------|--------|
| Cardiology | 1,753 | 1,736 | 1,825 | 1,559 | 1,740 |
| Ear, Nose & Throat (ENT) | 4,087 | 4,367 | 4,957 | 4,489 | 5,258 |
| General Surgery (excl Vascular, ...) | 2,715 | 2,592 | 2,482 | 2,319 | 2,679 |
| Gynaecology | 3,335 | 3,644 | 3,930 | 4,187 | 4,610 |
| Ophthalmology | 3,305 | 3,358 | 3,057 | 3,103 | 3,422 |
| Oral and Maxillofacial Surgery | 542 | 555 | 721 | 513 | 682 |
| Plastic Surgery | 650 | 779 | 936 | 507 | 324 |
| Trauma and Orthopaedic Surge.. | 2,977 | 3,134 | 3,578 | 3,594 | 3,460 |
| Urology | 2,905 | 2,940 | 3,206 | 3,299 | 3,142 |
| Other | 16,879 | 17,180 | 18,445 | 17,400 | 18,417 |
| Grand Total | 39,148 | 40,285 | 43,137 | 40,970 | 43,714 |

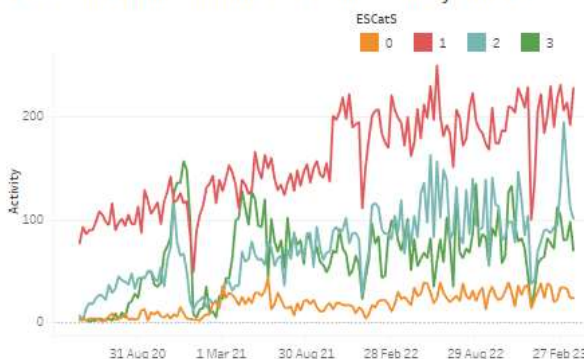
- Grampian has an established clinical prioritisation system (Elective Surgery Category System (ESCatS)) for planned care. This ensures that all urgent and priority patients are identified following determination of treatment and that patients are seen according to clinical need.
- Capacity building has been targeted at urgent and priority patients (ESCatS 0 and 1 including cancer) and to address long waiting patients. Nevertheless the waiting list size for all ESCatS 0 and 1 has increased during 2022/23.

Treatment Time Guarantee - ESCatS 0&1 Waiting List Size at quarter end, for main specialties

| | 31 Mar 22 | 30 Jun 22 | 30 Sep 22 | 31 Dec 22 | 31 Mar 23 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|
| Cardiology | 4 | 3 | 6 | 3 | |
| Ear, Nose & Throat (ENT) | 209 | 283 | 273 | 300 | 378 |
| General Surgery (excl Vas... | 656 | 692 | 781 | 817 | 864 |
| Gynaecology | 315 | 278 | 321 | 352 | 301 |
| Ophthalmology | 170 | 153 | 239 | 267 | 277 |
| Oral and Maxillofacial Sur... | 19 | 41 | 30 | 24 | 18 |
| Plastic Surgery | 100 | 88 | 136 | 120 | 108 |
| Trauma and Orthopaedic ... | 124 | 118 | 137 | 139 | 106 |
| Urology | 550 | 529 | 538 | 552 | 564 |
| Other | 275 | 333 | 432 | 535 | 488 |
| Grand Total | 2,422 | 2,518 | 2,893 | 3,109 | 3,104 |

Source: Tableau - elective care overview

Treatment Time Guarantee - ESCatS activity trend



- The number of patients waiting over 104 weeks has decreased through the year, to 268 new outpatients (0.6% of list size) and 1,841 TTG patients (10.1% of list

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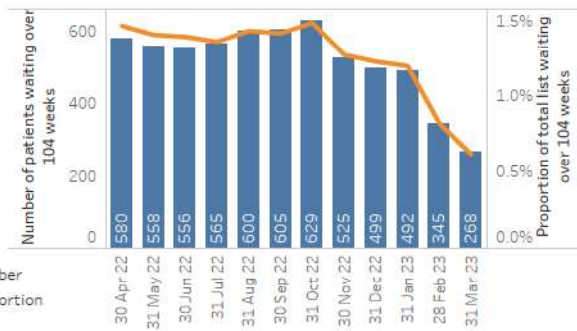
size) at 31 March 2023; in comparison to 587 new outpatients (1.5% of list size) and 2,523 TTG patients (15.6% of list size) at 31 March 2022.

Treatment Time Guarantee - patients waiting over 104 weeks



Source: Tableau - Waits Over 1, 1.5 & 2 years

New Outpatient (consultant led) - patients waiting over 104 weeks



Cancer

Cancer Access Times: 31 days from decision to treat (95%) and 62 days from urgent referral with suspicion of cancer (95%).

Performance

- Cancer performance against the 31 day standard has been above the 95% standard for the last 3 quarters of 2022/23.
- The 62 day performance has decreased through 2022/23 and has not yet met the national standard. An increased rate of both urgent suspected cancer referrals and backlog in Urology and Colorectal pathways continues to be seen in Grampian as mirrored with the overall national picture.
- Performance against both targets is shown below.

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Source: NHS Grampian Cancer Care Pathway Cancer Waiting Times reports

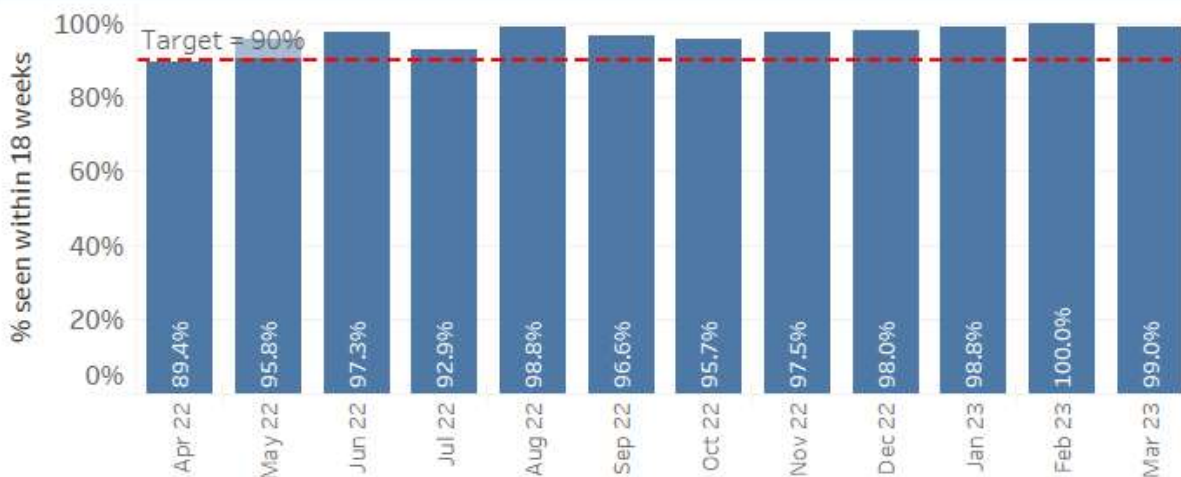
Mental Health Services

Child and Adolescent Mental Health Services (CAMHS): treatment within 18 weeks of referral (90%)

Performance

- CAMHS performance has been above the 90% target since May 2022.

Percentage compliance of CAMHS patients Treated by Month



Source: NHS Grampian CAMHS monthly waiting times submissions to Scottish Government

Adult Psychological Therapies: treatment within 18 weeks of referral (90%)

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Performance

- Psychological Therapies performance has not met the 90% target during 2022/23

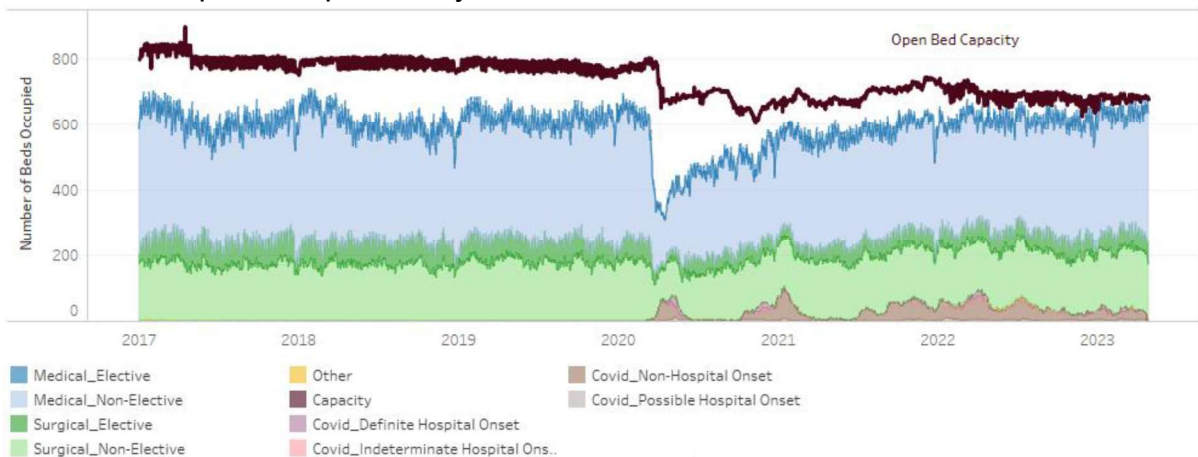
Percentage compliance of Psychological Therapies patients Treated by Month



Source: NHS Grampian Psychological Therapies monthly waiting times submissions to Scottish Government

2.2 Hospital Occupancy

- Occupancy levels across hospital sites has continued at high levels through the year, reflecting the whole system pressures that have been experienced. The diagram below highlights the bed capacity pressures at ARI over the last year compared to previous years.



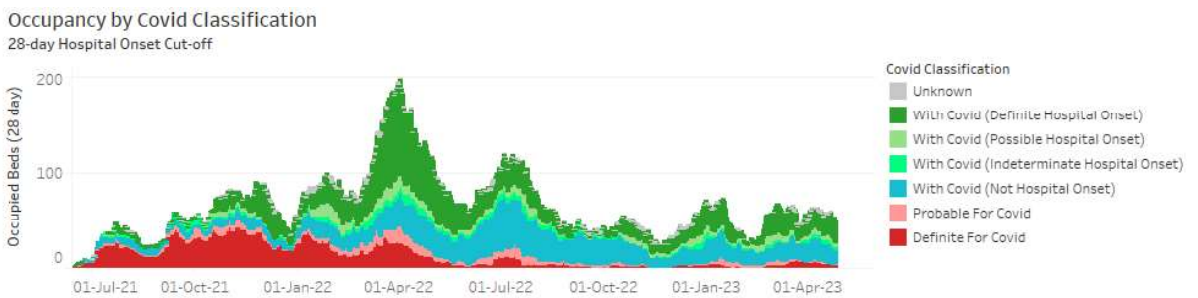
Source: Tableau (Hospital Occupancy)

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- COVID-19 occupancy has been lower through the second half of 2022/23 compared to the previous twelve months. For the period October 2022-March 2023, across Grampian an average of 47 beds were occupied each day by patients with COVID-19 (around 11% of whom were admissions for COVID-19), continuing the pressure on the system.



Definite Hospital Onset: in hospital for at least 14 days prior to testing positive for the first time

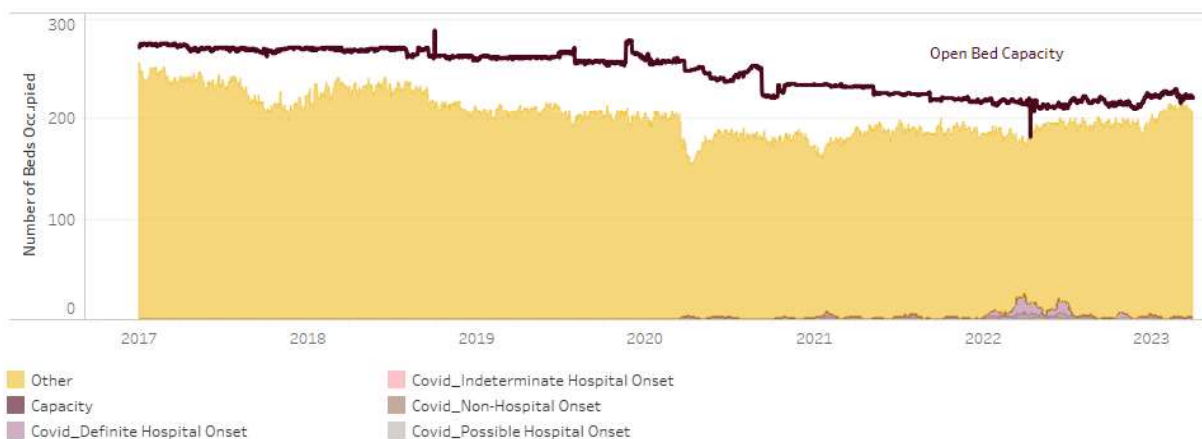
Possible Hospital Onset: in hospital for 8-14 days prior to testing positive for the first time

Indeterminate Hospital Onset: in hospital for 3-7 days prior to testing positive for the first time

The Scottish Government definition is that Hospital onset cases count as occupancy from date tested positive until date discharged or 28 days from positive test - whichever is earliest.

Source: Tableau (Hospital Occupancy)

- Mental health inpatients services have continued to experience pressure during 2022/23, with the bed base being adapted to accommodate the final stages of the ligature reduction programme at Royal Cornhill Hospital (RCH). Persistent high levels of occupancy at RCH are shown below.



Source: Tableau (Hospital Occupancy)

Further details of the Board’s performance against priority performance measures agreed with the SGHSCD can be accessed on the Public Health Scotland website at the following link <https://beta.isdscotland.org/products-and-services/nhs-performs/>

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3. Financial Performance and Position

3.1 Consolidated Accounts

The Annual Accounts consolidate the results of Grampian Health Board, Grampian Health Board Endowment Funds (a registered Charity) and the three IJBs (Aberdeen City, Aberdeenshire and Moray). The basis of consolidation, explained in note 1 Accounting Policies on Page 90, is determined by the extent of control Grampian Health Board can effectively exercise over each of its partner organisations. All Trustees of the Grampian Health Board Endowment Funds are members of Grampian Health Board. The Board therefore has majority control and, using the principles stipulated by IFRS 10, must consolidate, in full, the financial results of the Grampian Health Board Endowment Funds into the main Board accounts. Voting membership of each of the IJBs is however split equally between members of Grampian Health Board and members of each local council. The Board, therefore, has exactly half of the controlling interest in each IJB and, under IAS 28, is required to consolidate only this share of the net assets, as a Joint Venture, into the main Board accounts.

The financial impact of consolidation is summarised below:-

| Partner Organisation | Reported Net assets 2022/23 £000's | Consolidated Net assets 2022/23 £000's | Consolidated Net assets 2021/22 £000's |
|---|---|---|---|
| Grampian Health Board | 513,009 | 513,009 | 352,997 |
| Grampian Health Board Endowment Funds Charity | 45,252 | 45,252 | 49,308 |
| Aberdeen City IJB | 27,146 | 13,573 | 25,696 |
| Aberdeenshire IJB | 12,730 | 6,365 | 24,532 |
| Moray IJB | 4,684 | 2342 | 8,511 |
| Consolidated Net Assets | 602,821 | 580,541 | 461,044 |

3.1.1 Grampian Health Board Endowment Funds Charity (the Charity)

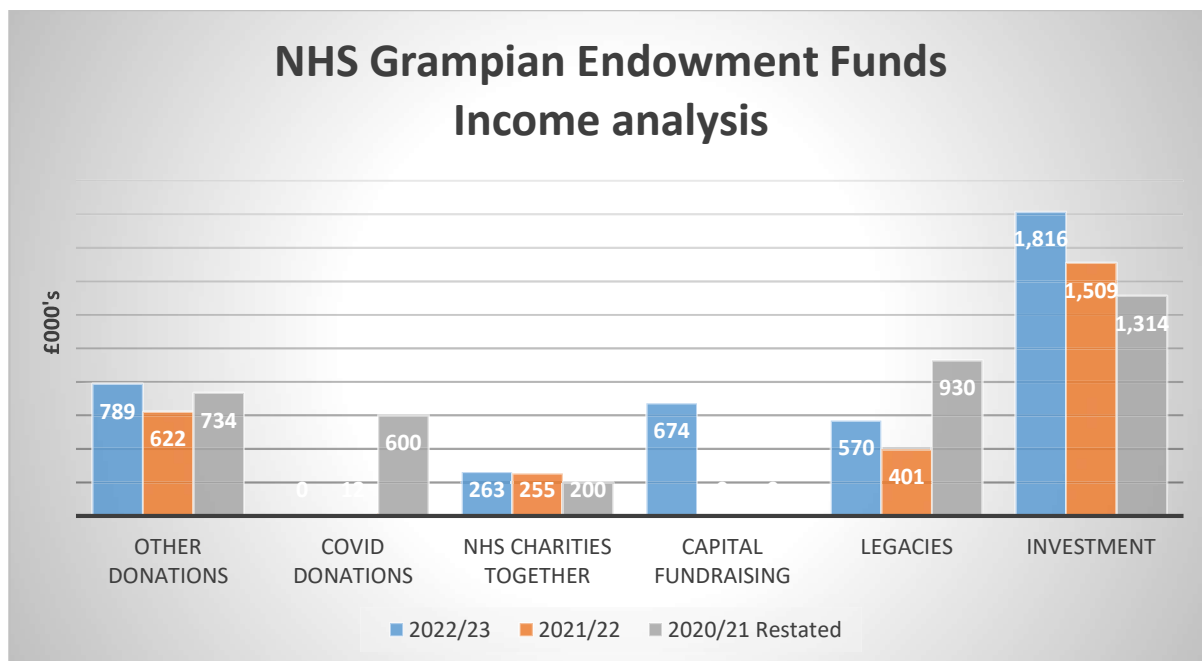
The Charity had net assets of £45.252 million at 31 March 2023 (£49.308 million at 31 March 2022). Overall, the funds available to the charity decreased by £4.055 million over the previous year (2021/22 increase of £3.387 million). This decrease related to a net loss on the valuation of investments of £4.165 million (2021/22 gain £3.064 million) combined with a surplus on charitable activities of £0.110 million for the year (2021/22 £0.323 million).

The charity had no direct investments in Russian Companies during the year. The charity's investment strategy targets investments to deliver sustainable long-term capital growth and consistent income generation, and income generation has been maintained during 2022/23, the net loss in valuation of investment during the year due to world events is expected to recover to with capital growth across the long-term.

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The Charity relies upon the generosity of patients, their relatives and friends, who have experienced the care of Grampian Health Board, and other donors who are generous in their support of the Charity. Total income for the year was £4.112 million (2021/22 £2.799 million) and this is analysed between donations, legacies and income from investments in the chart below.



Total expenditure for the year was £4.002 million (2021/22 £2.476 million), £3.471 million relating to grants for charitable activities (2021/22 £2.050 million), £0.334 million on staffing and support costs (2021/22 £0.203 million) and £0.197 million on investment management fees (2021/22 £0.223 million).

The net effect was a surplus of income over expenditure for the year of £0.110 million. The charity will continue to work closely with all relevant Health and related services as they remobilise and return to a more normal footing, to ensure that available funds are utilised effectively, improving the health and wellbeing of patients and staff in line with the wishes of our donors.

3.1.2 Integration Joint Boards (IJBs)

The three local Grampian IJB's are key partners and enablers to the whole system co-ordination and collaboration of the response and remobilisation from the COVID-19 pandemic. With the whole Grampian Health system continuing to operate under significant operational pressures during 2022/23 there was a transition for many of the core services provided by each of the three IJB's which involved moving from operating under the restrictions required by the COVID pandemic to recovering to more normal levels of service provision. All three IJB's are continuing to experience underlying financial challenges, which

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reflect demographic and demand pressures resulting in higher numbers of people receiving support in the community. There continued to be a major focus on preventing admissions, supporting people in the community and minimising the level of delayed discharges in Grampian hospitals. These efforts were underpinned by developments in digital innovations and the community engagement agenda across all three IJB's. A key priority as we move forward is to continue to develop the whole system partnership arrangements to embed learning and transformational change into clinical strategy and core service provision moving forward.

Given the high level of IJB Reserves at the end of the 2021/22 financial year, the Scottish Government required that IJBs should use their earmarked Reserves to finance expenditure before receiving new funding allocations for 2022/23 in a number of areas, including funding to support COVID related costs, the Primary Care Improvement Fund and Alcohol & Drug funding. This has led to a significant reduction in the level of IJB Reserves at the end of the 2022/23 financial year compared to 2021/22.

The reported financial results for each of the IJB's is summarised below:

3.1.2.1 Aberdeen City IJB

Aberdeen City IJB reported an overall deficit of £24.246 million for the year (2021/22 surplus £33.156 million), reducing the retained reserves carried forward to £27.146 million (2021/22 £51.392 million). This reflects:

- A general risk fund of £2.5 million (2021/22 £2.5 million) towards the impact of unexpected events or emergencies; and
- Earmarked reserves of £24.646 million (2021/22 £48.892 million) due to the allocation of funding to the IJB by the Scottish Government for a range of purposes including support for COVID-19 recovery and remobilisation expenditure, the Primary Care Improvement Fund, Action 15 Mental Health Workers and the Community Living Change Fund.

A copy of the 2022/23 Aberdeen City IJB annual report and accounts can be viewed at the following [link](#)

3.1.2.2 Aberdeenshire Integration Joint Board (IJB)

Aberdeenshire IJB reported a deficit for the year of £27.934 million (2021/22 surplus £28.496 million) decreasing the retained reserves carried forward to £16.929 million (2021/22 £49.062 million). The use of reserves within 2022-23 was required to offset expenditure in particular on Covid but also on Primary Care Improvement Fund, Action 15 Mental Health Workers and Alcohol and Drugs Partnership. The continuing pressures on the system in areas such as Care Management and Prescribing contributed to the deficit position for 2022-23. This reflects:

- General reserves of £1.509 million (2021/22 £7.908 million) towards the impact of unexpected events or emergencies; and

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- Earmarked reserves of £15.420 (2021/22 £41.154 million), due to the allocation of funding to the IJB by the Scottish Government for a range of purposes including support for COVID-19 expenditure, the Primary Care Improvement Fund, Action 15 Mental Health Workers and the Community Living Change Fund and by NHS Grampian for a project to relocate dental services.

These retained reserves of £16.929 million are adjusted by £4.2 million to reflect the post balance sheet adjustment made by the auditors to the IJB account in 2021/22. The adjustment relates to an accrual of £4.2 million for Covid sustainability claims, which came into Aberdeenshire in 2022/23 but pertained to 2021/22. There has been no restatement of the prior year figures in the Consolidated Accounts.

A copy of the 2022/23 Aberdeenshire IJB annual report and accounts can be viewed at the following [link](#)

3.1.2.3 Moray Integration Joint Board (IJB)

Moray IJB reported a deficit for the year of £12.338 million (2021/22 surplus £10.679 million) decreasing the retained reserves carried forward to £4.683 million (2021/22 £17.021 million). The core deficit is due to the recurring deficit from the start of the MIJB. The recurring deficit has increased this year mainly due to the increase in prescribing and the cost of care packages. The reserves are as follows:

- General reserves of £0 million (2021/22 £1.257 million) towards the impact of unexpected events or emergencies; and
- Earmarked reserves of £4.683 million (2021/22 £15.764 million) due to the allocation of funding to the IJB by the Scottish Government for a range of purposes including the Primary Care Improvement Fund, Action 15 Mental Health Workers and the Community Living Change Fund.

A copy of the 2022/23 Moray IJB annual report and accounts can be viewed at the following [link](#)

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3.2 Grampian Health Board performance against statutory financial targets

The results of each of the partner organisations, although consolidated with the main Board accounts for group accounting purposes, do not form part of the statutory financial target set for NHS Boards by the Scottish Government Health and Social Care Directorates (SGHSCD) and are, therefore, not taken in to account when considering the Board's in year financial performance. NHS Boards have the ability to manage small under/overspends (within 1% of resource) within an overall breakeven position across a three year period (2022-25). The Scottish Government require NHS Boards to meet three key financial targets:

- Revenue Resource Limit (RRL) – a resource budget for ongoing activity;
- Capital Resource Limit (CRL) – a resource budget for net capital investment; and
- Cash Requirement – a financing requirement to fund the cash consequences of ongoing activity and net capital investment.

Health Boards are required to contain their net expenditure within these limits, and report on any variation. Grampian Health Board has successfully achieved all three financial targets for the year reporting an outturn against these set limits as follows:

| Statutory Financial Targets | Limit as set by SGHSCD | Actual Outturn | Variance (Deficit)/Surplus |
|-------------------------------------|-------------------------------|-----------------------|-----------------------------------|
| | £000's | £000's | £000's |
| Core Revenue Resource Limit | 1,292,491 | 1,291,879 | 612 |
| Non-Core Revenue Resource Limit | 46,200 | 46,200 | - |
| Total Revenue Resource Limit | 1,338,691 | 1,338,079 | 612 |
| Core Capital Resource Limit | 104,268 | 104,268 | - |
| Non-Core Capital Resource Limit | 1,068 | 1,068 | - |
| Total Capital Resource Limit | 105,336 | 105,336 | - |
| Cash Requirement | 1,546,903 | 1,546,903 | - |

| Memorandum for In Year Out-turn | £000 |
|---|-------------|
| Core Revenue Resource Variance Surplus in 2022/23 | 612 |

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| | |
|--|------------|
| Financial flexibility: funding banked with/(provided by) Scottish Government | 0 |
| Underlying Surplus against Core Revenue Resource Limit | 612 |
| | 0% |

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

The Board is reporting an underspend of £0.612 million against a target of breakeven on the revenue resource limit for 2022/23.

A one year financial plan was submitted to Scottish Government by NHS Grampian on 21 March 2022. Due to the impact of the COVID-19 pandemic, the normal Scottish Government three year Annual Operating and financial planning process was amended. NHS Boards were required to submit three year financial plans to the Scottish Government in August 2022 covering the period April 2022 - March 2025. Subsequently there has been a return of formal three year financial planning from 2023-24 with an updated financial plan submitted to the Scottish Government in March 2023 covering the period 2023 - 2026. The Board has also updated the five year Medium Term Financial Strategy.

The Core Revenue Resource Limit for 2022/23 was also adjusted to include the £0.131 million surplus carried forward from 2021/22.

3.2.1 Efficiency Savings

Efficiency savings of £10.2 million were achieved against a target of £5.4 million for NHS Grampian services. The main savings achieved were in the areas of travel costs, review of old orders, reduction of untaken annual leave accrual, procurement, cross boundary charges and skill mix in non-clinical areas.

Recurring savings amounted to £2.5 million and non-recurring of £7.7 million.

3.2.2 Financial impact of the COVID-19 Pandemic

The impact of the pandemic was less severe on services in 2022/23 than in 2021/22 but significant costs were still incurred across a range of services, including the COVID vaccination programme and the provision of sustainability payments to social care providers.

Expenditure of £23.1 million was incurred on non-delegated Board services. The main areas incurring additional costs were in additional Personal Protective equipment, vaccinations programmes, testing and contact tracing and staffing and other costs to support infection control measures. The level of expenditure was fully funded by the Scottish Government.

In addition, the Integration Joint Boards (IJB's) incurred expenditure of £18.0 million (2021/22 £62.4 million). The largest element of this was on support payments for Social Care providers. The expenditure was funded from the earmarked Covid reserve held by each IJB.

NHS Grampian COVID-19 Expenditure 2022/23

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| | NHS Grampian (£million) | Integration Joint Boards (£million) | Total (£million) |
|--|------------------------------------|--|-----------------------------|
| Public Health Capacity | 0.37 | 0 | 0.37 |
| Test & Protect | 3.97 | 0 | 3.97 |
| Vaccinations | 9.96 | 0 | 9.96 |
| Workforce & Capacity | 2.98 | 2.16 | 5.15 |
| PPE, Equipment & Infection Prevention | 5.56 | 0.7 | 6.26 |
| Social Care & Community Capacity | 0 | 14.75 | 14.75 |
| Primary Care | 0 | 0.03 | 0.03 |
| Other Miscellaneous | 0.22 | 0.33 | 0.55 |
| Total | 23.06 | 17.97 | 41.04 |

3.2.3 Expenditure Analysis

Net expenditure for the year was £1,443 million (2021/22 £1,453 million), a decrease of £11 million over the prior year. The Consolidated Statement of Comprehensive Net Expenditure can be found on Page 85, a more detailed analysis of Expenditure in note 3 on Page 114 and a more detailed analysis of income in note 4 on Page 115.

Staff Costs increased by £54.7 million mainly due to the annual pay uplift (2021/22 £56 million) which was an average of 4.5% for Medical & Dental staff and 7.5% for Agenda for Change staff and national insurance increases (£4 million), partially offset by a reduction in the annual leave accrual (2021/22 £8.4 million) as staff were able to utilise leave following the pandemic.

Drugs and Medical supplies increased by £21 million mainly due to volume and price increases across both primary and secondary care sector. These were partially offset by a reduction in medical supply spend on COVID response activity £6.5 million. Private sector expenditure activity to support waiting times plan increases by £4.6 million.

Increase in independent primary care services associated with inflation and increase in activity £8.8 million.

Other areas of cost fluctuation over the previous year include a provision for new clinical negligence and employer liability compensation claims of £12.6 million, together with an impairment provision for assets under construction £4 million, offset by a reduction in pension/injury benefits £3 million and reduction in business rates £3 million.

Contribution to IJBs reduced during the year £81.5 million following changes in public health policies in relation to COVID and return of reserves to the Scottish Government.

The above increases in expenditure were partly offset by a corresponding increase in income of £67.0 million; £46.7 m representing an increase in services commissioned through the Health Board by the Integration Joint Boards, £10.7 million in income from other NHS Scotland bodies, £6.7 million relating to an increase in the level of recovery of the cost

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of clinical negligence claims through the Clinical Negligence and Other Risks Indemnity scheme (CNORIS) and £2.9 million from other income sources.

The provision for impairment of receivables is quantified at £3.8 million (2021/22 £2.5 million) and is disclosed under trade and other receivables in note 9 on Page 122. The provision is reviewed regularly by management considering the risk profile by class of debt.

At the year end the Board provided £64 million for legal obligations arising from clinical negligence and other employer liability claims (2021/22 £58 million). Details are provided in note 13 on Page 127.

3.2.4 Impact of IJBs on Health Board Accounts – pre-consolidation

Each of the three IJBs in Grampian (Aberdeen City, Aberdeenshire and Moray) are established as a separate legal organisation under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and have full delegation of functions and resources, acting as principal in their own right, to enable integration of primary and community health and social care services. Accordingly, the Health Board is required to reflect the contribution to IJB funding for devolved health services, and the subsequent commissioning income from the IJB for those services delivered by the Health Board, as a distinct and separate transaction from the operational expenditure incurred delivering those services.

The consequence of this in the Health Board's accounts, is expenditure of £659.360 million (2021/22 £675.164 million), income of £593.658 million (2021/22 £613.072 million) and a net retained reserve relating to IJB directed health services of £21.557 million (2021/22 £97.3 million). The increase in IJB retained reserves relates partly to an underspend from some core services continuing to operate at reduced capacity throughout the pandemic and partly due to the allocation of funding to the IJB by the Scottish Government for a range of purposes including support for COVID-19 expenditure, the Primary Care Improvement Fund, Action 15 Mental Health Workers and the Community Living Change Fund. This is explained in more detail in section 1.1.2 above.

The expenditure is included in note 3 on Page 114 and income in note 4 on Page 115.

3.2.5 Property Valuation

All property was revalued by the Valuation Office Agency (VOA), independent specialists in property valuation, on the basis of market value, depreciated replacement cost or existing use value as at 31 March 2023. The values were calculated 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 and applied to reflect local market conditions at 31 March 2023. The effect of this revaluation on individual assets was some gained value while others were impaired. The impact of those assets subject to an upward movement in valuation was an increase in the revaluation reserve of £24.203 million and assets subject to a downwards valuation seeing a reduction in the revaluation reserve of £1.272 million. Write down of previous increases in relation leases of £12.866 million also undertaken. Thus making the overall net impact on the revaluation reserve an increase of £10.065 million (2021/22 £28.544 million increase).

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The overall increase in property value reflects an increase in construction industry prices during the year, impacted by rising demand and a range of economic and geopolitical factors causing supply bottlenecks, labour shortages and increased materials costs.

IAS 36 requires that impairments charged to the Statement of Comprehensive Net Expenditure (SOCNE) in prior years should be reversed to offset any subsequent increase in value relating to that particular asset. The net value of impairment reversal on those assets subject to an upward movement in valuation, was £0.657 million (2021/22 £0.403 million impairment) and this was credited to net operating expenditure within the Statement of Comprehensive Net Expenditure.

Further information is available in the section on key sources of judgement, estimation and uncertainty in note 1 accounting policies, on Page 90.

3.2.6 Pension Liabilities

The accounting policy for pensions is provided in Note 1 to the Accounts and disclosure of the costs is shown within Note 19 and the Remuneration Report.

3.2.7 Infrastructure and Non-Current Assets

The Board delivered a programme of infrastructure investment totalling £109.7 million during 2022/23. Within this, a total of £105.605 million of capital expenditure was incurred (see note 7d) and a further £4.05 million was classed as revenue expenditure in nature. The overall programme was resourced using a combination of capital funding from the SGHSCD (£104.3 million, see note 7d), income from donations (£0.3 million), financial transactions funding from the Scottish Government for a GP sustainability Loan (£0.7 million), NBV benefit from disposal of equipment (£0.26 million) and various revenue funding sources (£4.05 million)

Major investments during the year include:

- Ongoing Construction of the Baird Family Hospital and the ANCHOR Cancer Centre (£85.1 million) with ANCHOR due to open in 2023/24 and Baird the following year. The Baird Family Hospital will replace the existing maternity hospital, breast screening, gynaecology and neo-natal facilities. The Anchor Cancer centre will be located adjacent to the existing radiotherapy building on the Aberdeen Royal Infirmary site. Forecast expenditure £261.1 million with expenditure to 31 March 2023 £150.8 million.
- Ongoing design and development costs in support of the National Treatment Centre–Grampian (£0.9 million).
- £7.2 million on a wide range of Backlog Maintenance and Compliance with Statutory Standards, such as Asbestos removal, Masonry repairs, Heating Systems

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replacement, Electrical System upgrades, Fire Detection modernisation and Building Management System updating

- £13.4 million on essential equipment replacement across clinical and support services and investment in new technology to provide additional capacity in essential services such as cancer diagnosis and treatment. The most significant replacement programmes included:
 - £3.5 million for replacement of the second of three linear accelerators in the Radiotherapy service;
 - £1.6 million to purchase equipment relating to the replacement of the NHS Grampian Wireless network across all site. Installation is to be undertaken during the coming financial year (2023/24);
 - £1.1 million on installation costs in ARI Radiology for the CT Scanner, Interventional Radiology System and ERCP System;
 - £0.9 million on replacement Anaesthetic Machines for Theatres at a number of sites;
 - £6.4 million on other essential equipment.

- Other areas of investment included :
 - £0.7 million on a GP Sustainability Loan in line with the Scottish Government's GP Premises protocol;
 - £0.66 million to complete the purchase of the building in Alford occupied by the GP Practice;
 - £0.1 million to complete the purchase of the former Police Station in Danestone, for future expansion of the GP Practice located next to it;
 - £0.45 million to upgrade and extend the clinic at Braemar;
 - £0.7 million on project direct staffing support;
 - £0.85 million relating to the capital impact of lease additions during the year as a result of the implementation of IFRS 16 (SG funded).

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4. Fraud, Bribery and Corruption

NHS Grampian has a zero tolerance for fraud, bribery or corruption and has robust procedures in place, to reduce the likelihood of fraud occurring. These include an agreed policy on the Prevention, Detection and Investigation of Suspected Fraud, Theft and Corruption, Standing Financial Instructions incorporating Standards of Business Conduct and arrangements for the disclosure of information in the corporate register of interests, gifts and hospitality. Staff are briefed regularly on counter fraud matters including the confidential routes that are available to report suspected fraud, bribery or corruption. NHS Grampian works closely with other organisations, including NHS Scotland Counter Fraud Services (CFS) and other government agencies to combat fraud and participates in the bi-annual National Fraud Initiative exercise which is a data matching exercise.

Work performed by CFS, to check the level of fraud/error in the recording of eligibility to exemption from charges for primary care services, re-started in January 2021 and an annual reporting for 2022/23 confirmed the extrapolation of the sample results for Grampian indicated that the level of income from dental and ophthalmic charges could potentially have been £0.3 million higher due to incorrect claims.

5. Payment Policy

NHS Grampian is committed to supporting the Scottish Government in helping businesses during the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies and NHS Grampian is actively working towards achievement of this accelerated payment target.

- In 2022/23, the average credit taken was 15 days (2021/22 14 days).
- In 2022/23 91% of invoices by value (2021/22 91%) and 86% of invoices by volume (2021/22 85%) were paid within 30 days.
- In 2022/23 85% of invoices by value (2021/22 85%) and 73% of invoices by volume (2021/22 75%) were paid within 10 days.

The small drop in payment performance compared to the prior year, reflects a reduction in available capacity to support the purchase to pay process during the year, partly due to illness and partly the impact of wider system pressures on support teams.

6. Social Matters

NHS Grampian promotes equality and celebrates diversity both in the services we provide and within our organisation. We also take our duty to promote equality and diversity in the wider community very seriously. The challenge for the Board is to maintain the excellent progress achieved to date, taking forward work for all 9 “protected characteristics” which make up equality and diversity during the challenging times caused by the COVID-19 pandemic. The “protected characteristics”, as defined by the Equality Act 2010 are: race, disability, age, sex (male or female), sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership and religion or belief. The Board has also embraced the requirements of the Equality Act (Specific Duties) (Scotland) Regulations

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2012, as amended, and published reports including the following key updates on progress in 2022/23.

a) NHS Grampian Equality Outcomes Update Report 2021 to 2025, as at February 2023

This Report give a 2 year update on progress to achieve the objectives set out in the 4 year Equality Outcomes Report. The Update can be found at:

<https://www.nhsgrampian.org/about-us/equality-and-diversity/equality-outcomes/>

b) NHS Grampian Equality and Diversity Workforce Monitoring Report in June 2022

This comprises an analysis covering all 9 “protected characteristics” of:

- Applicants for posts, shortlisted candidates and those offered posts
- The ethnic makeup of the NHS Grampian workforce
- Leavers and new starts
- Training opportunities
- Promotions
- Disciplinary action
- Information on the Gender balance for qualifying non-Executive Health Board posts.

An NHS Grampian “Mainstreaming” Report April 2021 to March 2023

This details what NHS Grampian has done in the last 2 years to make equality and diversity an integral part of the way we function as an organisation.

The involvement and consultation requirements for each report were met in full. The Reports are available on the NHS Grampian website, to facilitate public scrutiny, as required by law.

NHS Grampian has also published a range of other non-Statutory Equality and Diversity Monitoring Reports on a wide range of topics.

Equality and Diversity Staff Training

During 2022/23, 1,987 NHS Grampian staff received Equality and Diversity Training by TEAMS at a level appropriate to their role in the organisation. All training is recorded and feeds into the Personal Development Plans of staff. Over the last three years, over 7,000 NHS Grampian staff have now received this training. All of the Seminars include a section on Human Trafficking. The Seminars are independently evaluated by participants on a regular basis. Feedback to date has been excellent.

Human Trafficking

A current serious social issue in Grampian is Human Trafficking. This has been covered in detail at every training session for the last 6 years. We use anonymised local examples to explain the different types of trafficking and we emphasise to staff that this is serious problem. Often, it is NHS staff who have the first opportunity to recognise that someone

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has been trafficked. A number of people have been rescued from the misery of Human Trafficking in 2022/23 due to staff being alert to the signs of Human Trafficking and taking immediate action.

Dedicated Seminars

A number of dedicated Seminars have been provided for GP Practices and hospital staff on meeting the needs of Trans patients. Equality and Diversity Awareness Seminars have been provided for over 90 GP Trainers, from across Scotland.

Demographic Changes and Social cohesion

Grampian is one of the most attractive areas in Scotland for inward migration. The changing demography of Grampian is covered in all of our training sessions.

In recent years, special emphasis has been given to meeting the needs of New Syrian Scots who have settled in Grampian, Afghan Refugees and more recently Ukrainian refugees. There are approximately 2,000 Ukrainian refugees in Aberdeen City, 500 in Aberdeenshire and a further 2,000 are expected in 2023/24. A great deal of work has been ongoing to meet the needs of recent refugees and asylum seekers. We have provided multi-lingual presentations in their hotels and have explained about NHS services and how to access them, facilitated by "face to face" interpreters and supported by translated materials. Appropriate information and healthcare support has also been provided to these groups, in co-operation with Aberdeen Health and Social Care Partnership (HSCP). We have included the topic of social cohesion at every training session for the last 6 years.

Consultation and involvement events with our local ethnic minority communities

Since 2008, NHS Grampian has carried out at least 5 involvement and consultation events with our local ethnic communities every year. These have been carried out on a joint basis with the Grampian Regional Equality Council. On average, over 170 members of our local ethnic communities have attended. The events are advertised and presented in over 14 different local ethnic community languages. Our research has shown that over 95% of our local ethnic community members are non-English speaking when they first arrive in Grampian.

Due to COVID-19, the involvement and consultation events since 2020 have gone online, but have still continued. It is hoped to resume "face to face" involvement and consultation events in October 2023. This work is also outreach, we provide a wide range of information in the main local ethnic community language to participants and encourage them to register with their local GP and highlight any ongoing health related issues.

In 2022/23, we continued to put in a massive effort to ensure that accurate and authoritative local information has been available on COVID-19 precautions and vaccination arrangements. This information has been made widely available in our main local ethnic community languages for non-English speaking people. It has also been made widely available in many different formats to assist our local disability communities.

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NHS Grampian has funded five qualified British Sign Language (BSL) interpreters in Grampian to accompany Deaf people to attend Vaccination Centres for COVID-19 vaccinations, boosters and flu jabs, to provide BSL interpretation and moral support. This has proved to be exceptionally popular with our local Deaf communities and uptake has been excellent. This model has been emulated in other Health Board areas.

Racial equality work

NHS Grampian now has in place:

- A very proactive Equality, Diversity and Human Rights Working Group who are responsible for driving forward the race equality agenda within NHS Grampian
- A high level Anti-Racism Group Chaired by the NHS Grampian Deputy Chief Executive
- A Joint NHS Grampian/University of Aberdeen Working Group
- A Staff Equalities Network

The Equality, Diversity and Human Rights Working Group awareness raising campaign has included:

- Production of a hard hitting 22 minute video where staff share their experiences of racism. The video has been viewed by 1,500 staff and will now be made available by National Education Scotland (NES) making it available to all Scottish Health Boards on TURAS Learn.
- Mounted a hard hitting anti-racism poster and Pop Up Banner campaign in the main entrances to hospitals and GP Practices. The second generation of anti-racism posters (designs voted on by 484 staff in a Lime Survey) will launch in late February 2023 and contain a QR Code and internet and intranet access information for the new Racism and Discrimination Rapid Reporting System.
- The strap line for the second generation posters is:
“I am not a racist BUT...When you hear the word BUT, get ready to challenge a racist comment”. these words”
- A New Anti-Racism Badge chosen by 560 staff will be launched in March 2023.
- In the last 2 years 4,198 staff have attended Equality and Diversity Training. Every Seminar seeks to empower staff to challenge racism or discrimination happening in their area.
- Produced an updated Equality, Diversity and Human Rights Policy which has been widely circulated.

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- Work has begun on consultation in preparation for the production of a 5 Year Anti-racism Strategy.

LGBTQIA+

NHS Grampian has continued our exceptionally successful Rainbow Campaign. Over 5,000 staff now wear a Rainbow Lanyard, or a Rainbow Badge or a Rainbow Pulley Type Lanyard. This is a visible symbol to patients and our staff that NHS Grampian is LGBTQIA+ friendly.

We had a large presence at the Grampian Pride Parade in 2022 and will have an even bigger presence at the 2023 Event.

Disability

It is well known that at a national level, COVID-19 and the lockdown have had a disproportionately severe impact on disabled people. However, there was no local information available on this impact at a local level.

The NHS Grampian Disability Review Group carried out a large scale survey across Grampian of disabled people and disability groups to gather information, which was shared with partner agencies.

The survey showed that the biggest single impact of COVID-19 on people with a disability in Grampian was in the field of mental health. The curtailment of regular activities which got people out of their homes to socialise, the need for people with a pre-existing condition to self-isolate and the inability of relatives and friends to visit, have caused lasting long term harm. Depression and a fear of going out are just 2 of the longer term issues described by many respondents.

In 2022/23, the NHS Grampian Disability Review Group received an allocation of £210,000 (including VAT) and completed 13 disability access schemes in different locations across Grampian. The choice of which schemes to carry out was made by disabled people through their representative organisations.

More information on the above is available on the NHS Grampian website at this link: <https://www.nhsgrampian.org/about-us/equality-and-diversity/>

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7 Sustainability and the Environment

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

NHS Scotland as a public body must reduce the greenhouse gas emissions from its activities, the activities under its control and from the electricity, steam and heat purchased by it to net-zero by 2040 or earlier where possible. All NHS owned buildings must be heated from renewable sources by 2038 or earlier where possible.

NHS Scotland climate emergency and sustainability strategy: 2022-2026 was published in August 2022 and confirms themes, actions and in some places targets to support delivery of overall net-zero ambitions. NHS Grampian's Sustainability Strategy aligns to this and was considered by Sustainability Governance Group (SGG) in February 2023, and will be considered by NHS Grampian Board 2023/24 for approval, following a period of engagement and consultation.

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

The Board undertook and Climate Change Risk Assessment in the March of 2023, whereby some elements looked into the impact of climate change with the aim to look at the locked in impacts which climate change will have and the associated financial requirements to mitigate these factors. With the financial aspect still be formulated.

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

8 Events after the end of the reporting period

No events occurred after the end of the financial year and before the date of publication that will have a material impact on the content of these accounts as presented.

.....
Caroline Hiscox

**Chief Executive
Grampian Health Board**

07 July 2023

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i) THE DIRECTORS' REPORT

1. Naming Convention

NHS Grampian is the common name of Grampian Health Board.

NHS Grampian Endowment Funds is the common name for the Grampian Health Board Endowment Funds.

2. Date of Issue

The Accountable Officer authorised these financial statements for issue on 6 July 2023.

3. Going Concern

After making enquiries, the Board has a reasonable expectation that the organisation has adequate resources to continue in operational existence for the foreseeable future.

The Medium Term Financial Framework (MTFF) was approved by the NHS Grampian Board in April 2023 and outlines the Board's projected financial position from 2023 – 2028. The Board expects to record a revenue deficit in the 2023/24 financial year but is planning for the level of deficit to reduce over the following four financial years. Discussions will continue with the Scottish Government over the provision of funding cover (known as "brokerage") to support the projected revenue deficit. It is expected NHS Board will continue in operational existence for the foreseeable future, with no indication by Scottish Ministers of any intention for dissolution without transfer of services or functions to another entity with associated funding arrangements.

Accordingly the Board continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis are included in Note 1 of the accounts on Page 90.

4. Accounting Convention

In accordance with IFRS 10 – Consolidated Financial Statements, the Annual Accounts consolidate the results of the Grampian Health Board Endowment Funds (operating as NHS Grampian Endowment Funds). Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation. The Annual Accounts also consolidate the Board's interest in the three Integration Joint Boards (IJBs); Moray, Aberdeen City and Aberdeenshire, established under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014. In accordance with IFRS 11 – Joint Arrangements, each IJB is considered to be a Joint Venture and under IAS 28 – Investments in Associates and Joint arrangements, the basis of consolidation used is the equity method of accounting.

The Annual Accounts and Notes have been prepared under the historical cost convention as modified by the revaluation of property, plant and equipment, and available for sale financial assets. The accounts have been prepared under a direction issued by the Scottish Ministers, which is reproduced on Page 152 of these accounts. The statement of the

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accounting policies, which have been adopted, is shown at Note 1 to the Accounts on Page 90.

5. Appointment of Auditor

The Public Finance and Accountability (Scotland) Act 2000, places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. For the financial years 2022/23 to 2026/27, the Auditor General appointed Grant Thornton UK LLP, to undertake the audit of Grampian Health Board. The general duties of the auditor 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 which can be accessed on the Audit Scotland website at the following link: <https://www.audit-scotland.gov.uk>

The Trustees of NHS Grampian Endowment Funds appointed Azets as external auditor, for the financial year 2022/23.

6. Role of the Board

Grampian Health Board was established in 1972 under the National Health Services (Scotland) Act 1972 and is responsible for commissioning services for the residents of Grampian, a total population of over half a million people. NHS Boards working in partnership with Integration Joint Boards, form a local health system, with governing boards responsible for improving the health of their local populations and delivering the healthcare they require. The role of the Board is to:

- a) deliver patient centred, safe and effective health care to the population of Grampian;
- b) improve and protect the health of local people;
- c) improve health services for local people;
- d) reduce health inequalities;
- e) focus clearly on health outcomes and people's experience of their local NHS system;
- f) promote integrated health and community planning by working closely with other local organisations; and
- g) provide a single focus of accountability for the performance of the local NHS system.

All Board members are also trustees of the NHS Grampian Endowment Funds, a registered charity established by the NHS (Scotland) Act 1978 and subject to the legal framework of the Charities and Trustee Investment (Scotland) Act 2005. The charitable purpose of NHS Grampian Endowment Funds is to enhance healthcare and patient welfare in Grampian, through:

- a) improvement of the physical and mental health of the Grampian Health Board's population and our staff;
- b) prevention, diagnosis and treatment of illness;
- c) provision of services and facilities in connection with the above; and
- d) research into any matters relating to the causation, prevention, diagnosis or treatment of illness, or any other matters relating to the health service as the trustees see fit.

Under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014, three Integration Joint Boards (IJBs), Moray, Aberdeen City and Aberdeenshire, are established in Grampian with full delegation of functions and resources to enable integration of primary and

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community health and social care services. Executive and Non-Executive members of Grampian Health Board are appointed to represent the Board as voting members on each IJB. The voting membership, and therefore the exercise of control over each IJB, is shared equally between Grampian Health Board and the relevant Local Authority.

7. Board Membership

Under the terms of the Scottish Health Plan, the Health Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of Health Boards are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level. The Health Board has collective responsibility for the performance of the local NHS system as a whole, and reflects the partnership approach, which is essential to improving health and health care.

The following served as members of the Board during the year and up to the date of issue:

Chair: Dr John Tomlinson, Interim Chair to 9 October 2022
Mrs Alison Evison, from 10 October 2022

Dr Tomlinson was approved by Scottish Ministers to act as Interim Chair until the appointment of a new chair in 2022. Dr Tomlinson continued to act as Interim Chair until Mrs Evison was appointed to the substantive role of Chair from 10 October 2022.

Vice Chair: Mrs Luan Grugeon (to 31 December 2022)
Mr Dennis Robertson (from 26 January 2023)

Non-Executive Members:

| | |
|----------------------------------|-------------------------|
| Mrs Amy Anderson | |
| Mrs Rhona Atkinson | (to 31 December 2022) |
| Councillor Ann Bell | (from 30 May 2022) |
| Professor Siladitya Bhattacharya | |
| Councillor Tracy Colyer | (from 30 May 2022) |
| Ms Kim Cruttenden | |
| Councillor Isobel Davidson | (to 30 April 2022) |
| Mr Albert Donald | |
| Ms Joyce Duncan | |
| Councillor Ryan Houghton | (to 30 April 2022) |
| Mr Steven Lindsay | (from 1 September 2022) |
| Miss Rachael Little | (to 31 August 2022) |
| Councillor Shona Morrison | (to 30 April 2022) |
| Mr Roderick Murray | |
| Mr Sandy Riddell | |
| Mr Dennis Robertson | |
| Councillor Ian Yuill | (from 30 May 2022) |

Executive Members:

| | |
|---------------------------|--|
| Dr June Brown | Executive Nurse Director |
| Professor Nick Fluck | Medical Director |
| Professor Caroline Hiscox | Chief Executive |
| Mr Alex Stephen | Director of Finance (from 8 August 2022) |
| Mrs Susan Webb | Director of Public Health |

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Dr Tomlinson and Mrs Grugeon continued as Non-Executive members after leaving their Chair and Vice Chair roles.

Mr Alan Gray resigned as Director of Finance on 31 March 2022. Mr Alan Sharp, Deputy Director of Finance, was appointed to the position of Acting Director of Finance, for the period 1 April 2022 to 7 August 2022. Mr Alex Stephen was appointed as Director of Finance with effect from 8 August 2022.

Ms Rachel Little's term as Employee Director expired on 31 August 2022. Mr Steven Lindsay was appointed as Employee Director from 1 September 2022.

The Board members' responsibilities in relation to the accounts are set out in a statement on Page 40 below.

8. Board Members' and Senior Managers' Interests

The Register of Interests of Board Members may be inspected by members of the public on the NHS Grampian Website at the following link <https://www.nhsgrampian.org/about-us/grampian-nhs-board/>. The Board Members have declared in the register of interests any potential business or other relationship, which they felt could influence, or could be seen to influence, the exercise of their judgement. For 2022/23 there were one specific interest (Mrs A Anderson, Non Executive Board Member in relation to Chair of Chest, Heart & Stroke Scotland) , with others related to those discharged as a Trustee of NHS Grampian Endowment Funds or as a member of an IJB that required disclosure in the accounts under IAS 24.

9. Disclosure of Information to Auditor

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 auditor is 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 auditor is aware of that information.

10. Remuneration for Non-Audit Work

Grant Thornton UK LLP, the Board's external auditor, received no fees for non-audit work during 2022/23 (2021/22 n/a).

PricewaterhouseCoopers LLP who provide an Internal Audit Service to NHS Grampian received no fees for non-audit work during 2022/23 (2021/22 £0).

11. Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 impose duties on NHS Grampian to publish information on expenditure, economic sustainability and efficiency as soon as is reasonably practicable after the end of each financial year. The information required to comply with these disclosure requirements is not an integral part of the Annual Accounts and is displayed on the NHS Grampian website at the following link <https://www.nhsgrampian.org/about-us/annual-accounts/>

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12. Personal Data Related Incidents

NHS Grampian reported personal data related incidents to the Information Commissioners Office (ICO) on 21 occasions during 2022/23 (2021/22 26). Of these, four did not meet the threshold for notification, but NHS Grampian notified the Information Commissioner's Office voluntarily for their awareness. Additionally, four notifications were made and withdrawn subsequently. Recommendations were made and considered, but no enforcement action or penalties were applied by the ICO.

13. Financial Instruments

Information in respect of the financial risk management objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in Note 20 on Page 143.

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ii) STATEMENT OF THE CHIEF EXECUTIVE'S RESPONSIBILITIES AS THE ACCOUNTABLE OFFICER OF THE HEALTH BOARD

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 Grampian 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 Financial Reporting Manual and in particular to:

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

I confirm that the Annual Report and Accounts as a whole are fair, balanced and reasonable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that 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 Officer's letter to me of 30 October 2020.

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iii) STATEMENT OF THE HEALTH BOARD MEMBERS' RESPONSIBILITIES IN THE RESPECT OF THE ACCOUNTS

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 NHS Scotland by Scottish Ministers;
- Make judgements and estimates on a reasonable basis;
- State where applicable accounting standards as set out in the Government Financial Reporting Manual have not been followed where the effect of the departure is material; and
- Prepare the accounts on a going concern basis unless it is inappropriate to presume that the Health 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 Health Board and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

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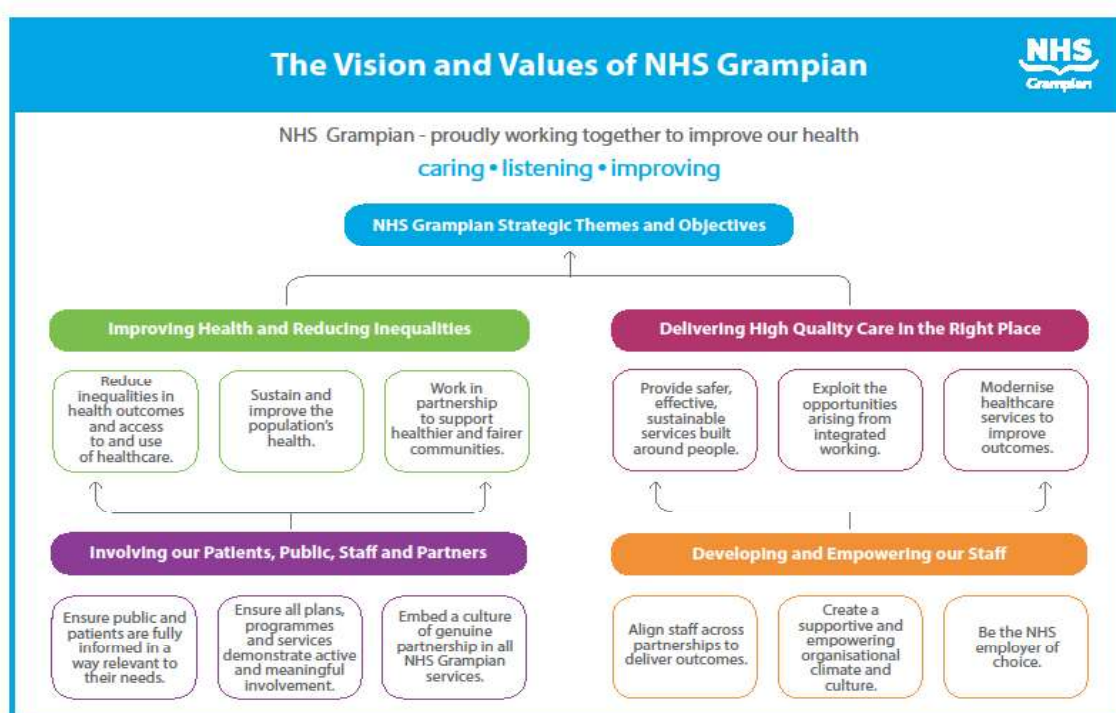
A CORPORATE GOVERNANCE REPORT

(iv) GOVERNANCE STATEMENT

1. Strategic Vision, Themes and Values

Following a widespread public consultation and engagement process to inform the Board’s new clinical strategy, the Plan for the Future – 2022-28, was approved by the Board on 2 June 2023.

The Board are committed to working with our partners and staff to improve the health of the people of Grampian and the clinical strategy will be developed in line with our strategic vision and values which are detailed below:



The Board works closely with a range of key stakeholders, including the general public, our staff, independent primary care practitioners, integrated joint boards, local authorities, third sector or charitable organisations and community planning partners to deliver our objectives. The Board’s Engagement and Participation Committee (see Page 44 below) has a key role in ensuring that patients, carers and the general public are effectively informed about and involved in services and the strategic agenda in a variety of ways.

2. Assurance Framework

The Grampian NHS Board is a board of governance which meets regularly throughout the year and has adopted a schedule of matters reserved for its decision. The overall role of the Board is to implement efficient, effective and accountable governance and to provide strategic leadership and direction for the system as a whole. The main functions of the Board are:

- strategy development and implementation;
- resource allocation;
- implementation of the Annual Delivery Plan; and
- performance management.

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In addition, as explained in the Directors' Report on Page 34, all Board members are Trustees of the NHS Grampian Endowment Funds and are accountable in law for the discharge of the key duties of a charity Trustee as described in Section 66 of the Charities and Trustee Investment ("Scotland") Act 2005.

The Directors report on Page 34 also explains the establishment of the three Integration Joint Boards (IJBs), in Moray, Aberdeen City and Aberdeenshire. Under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 the Health Board and Local Authority delegate the responsibility for the strategic planning and delivery of adult health and social care services to each IJB. The delegation of services is governed by an integration scheme agreed by both partners and Executive Director and Non-Executive members of Grampian Health Board are appointed, to represent the Board, as voting members on each IJB. The voting membership, and therefore the exercise of control over each IJB is shared equally between Grampian Health Board and the relevant Local Authority. The Board's performance management arrangements reflect those services delegated to the IJBs and the Chief Officers of each IJB attend each meeting of Grampian Health Board and each of the Board's key Governance Committees as required.

The Board operates within an assurance framework which delegates specific governance functions to key sub committees as follows:

Clinical Governance Committee

The Clinical Governance Committee's role is to oversee quality and clinical governance for the Board and ensure that quality standards are being set, met and continuously improved in appropriate areas of clinical activity and that effective arrangements for supporting, monitoring and reporting on quality and clinical governance are in place and working effectively across NHS Grampian.

Membership: Dr John Tomlinson (Chair to 12 August 2022), Ms Luan Grugeon (Chair from 13 August 2022), Mrs Amy Anderson, Professor Siladitya Bhattacharya, Mrs Kim Cruttenden Councillor Shona Morrison (to 30 April 2022) Mr Dennis Robertson and two public representatives.

Staff Governance Committee

The Staff Governance Committee has an important role in ensuring consistency of policy and equity of treatment of staff across the local NHS system, including remuneration issues, where they are not already covered by existing arrangements at national level. The Committee also oversees the implementation of the Staff Governance Standard which requires all NHS Boards to demonstrate that staff are well-informed; appropriately trained; involved in decisions that affect them; treated fairly and consistently; and provided with a continuously improving and safe working environment. The Standard also places requirements on staff to ensure a balanced commitment to these matters. The Committee meets four times per year.

Membership: Ms Joyce Duncan (Chair), Mrs Rhona Atkinson (to 31 December 2022) Mr Albert Donald, Councillor Alison Evison (from 10 October 2022), Mr Steven Lindsay (from 1 September 2022), Miss Rachael Little (to 31 August 2022) and Dr John Tomlinson (to 9 October 2022)

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Remuneration Committee

The Remuneration Committee's main duties are as follows:

- Ensuring that arrangements are in place to comply with NHS Grampian policy and Scottish Government direction and guidance for determining the employment, remuneration and terms and conditions of employment for Executive Directors and Senior Managers.
- Approving the Personal Objectives of all Executive Directors and Senior Managers in the context of relevant Regional/National policy, the Strategic Themes and Corporate Objectives of NHS Grampian.
- Receiving formal reports on the operation of remuneration arrangements and the outcomes of the annual assessment of performance for each of the Executive Directors and Senior Managers.
- Ensuring that arrangements are in place to determine the remuneration, terms and conditions and performance assessment for other staff employed under the executive and senior management cohort pay systems.
- When appropriate, in accordance with procedures, approving remuneration arrangements for other staff groups, e.g. discretionary points for medical consultants.

Membership: Ms Joyce Duncan (Chair), Mrs Rhona Atkinson (to 31 December 2022), Mr Albert Donald, Councillor Alison Evison (from 10 October 2022), Mr Steven Lindsay (from 1 September 2022), Miss Rachael Little (to 31 August 2022), Dr John Tomlinson (to 9 October 2022). There is Executive Director and Staff Side representation at each meeting.

Audit and Risk Committee

The Audit and Risk Committee's main duties include:

- The review of internal and external audit arrangements;
- The regular review of findings and associated management action arising from internal and external audit activity;
- Approve changes to accounting policies, and review the Health Board Annual Report and Accounts prior to their adoption by the full Board;
- Oversight and review of the Strategic Risk Register
- The review and monitoring of adherence to the Board's Standing Orders and Standing Financial Instructions; and
- Ensuring that effective internal control systems are maintained and corporate governance matters are observed.

Membership: Mr Sandy Riddell (Chair to 3 August 2022), Amy Anderson (Chair from 4 August 2022), Councillor Tracy Colyer (from 1 June 2022), Councillor Isobel Davidson (to 30 April 2022), Mr Albert Donald, Mr Steven Lindsay (from 1 September 2022), Miss Rachael Little (to 31 August 2022), Mr Roderick Murray (from 1 August 2022) and Councillor Ian Yuill (from 1 June 2022).

Performance Governance Committee (to August 2022)

The Performance Governance Committee (PGC) monitors and supports performance management arrangements across NHS Grampian and promotes a culture of continuous, system wide performance improvement. The committee was replaced by the Performance, Assurance, Finance and Infrastructure Committee in August 2022. All members served until

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17 August, whereby the committee was dissolved and replaced by the Performance, Assurance, Finance and Infrastructure Committee.

Membership: Mrs Rhona Atkinson (Chair to 17 August 2022), Mrs Joyce Duncan, Mrs Luan Gurgeon, Councillor Shona Morrison (to 30 April 2022), Councillor Tracey Coyler (from 1 June 2022) and Mr Roderick Murray.

Performance, Assurance, Finance and Infrastructure Committee (from August 2022)

The Performance Governance Committee was replaced by the Performance, Assurance, Finance and Infrastructure Committee (PAFIC) which convened for the first time in August 2022. The Committee monitor's performance management across NHS Grampian on areas of strategic priority and sustainability and promotes a culture of continuous system wide performance improvement.

Membership: Sandy Riddell (Chair from 18 August 2022), Mrs Joyce Duncan, Mrs Luan Gurgeon, Councillor Tracey Coyler, and Mr Roderick Murray.

Engagement and Participation Committee (to August 2022)

The Engagement and Participation Committee's provides strategic direction, quality assurance and monitoring of progress on all aspects of engagement and participation with patients, carers and the general public, ensuring they are effectively informed about and involved in services, and the strategic and corporate agenda in a variety of ways. The committee was replaced by the Population Health Committee in August 2022. All members served until 17 August, whereby the committee was dissolved and replaced by the Population Health Committee.

Membership: Amy Anderson (Chair), Ms Ann Bell (from 01 June 2022), Mrs Kim Cruttenden, Councillor Isobel Davidson (to 30 April 2022), Miss Rachel Little, Dr John Tomlinson.

Population Health Committee (from August 2022)

The Population Health Committee provides assurance and oversight over Public Health, People-Powered Health and Equity across Grampian. This supports the Health Board's continual improvement in population health and care as well as its transition to a learning health system. Through strategic direction, constructive challenge, quality assurance and monitoring of progress the Committee aims to reduce variations in health outcomes by ensuring services meet the needs of vulnerable and protected groups and use feedback from patients, carers, partners, staff and communities to improve delivery and ensure positive outcomes are achieved. The committee convened for the first time in August 2022.

Membership: Dr John Tomlinson (Chair from 18 August 2022), Mrs Amy Anderson, Ms Kim Cruttenden, Mr Sandy Riddell, Mr Dennis Robertson, Councillor Ian Yuill

Endowment Sub-Committee

The Endowment Sub Committee oversees the management of the NHS Grampian Endowment Funds, which had assets at 31 March 2023 valued at £45.3 million (31 March 2022 valued at £49.3 million).

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Membership: Mrs Luan Grugeon (Chair to 3 August), Mr Dennis Robertson (Chair from 4 August 2022), Mr Alex Stephen (from 8 August 2022), Professor Siladitya Bhattacharya, Councillor Ryan Houghton (to 30 April 2022), Miss Rachael Little (to 31 August 2022), Mr Steven Lindsay (from 1 September 2022) and Dr John Tomlinson.

3. Scope of Responsibility

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

4. Board Governance Arrangements

I confirm that Grampian Health Board is compliant with the aspects of the Scottish Public Finance Manual (SPFM)¹ which are set out within the guidance issued to Chief Executives and more generally to all board members by the Scottish Government Health and Social Care Directorates as being applicable to NHS Boards. In terms of enabling me to discharge my responsibilities as Accountable Officer, the following governance arrangements and processes are embedded as part of our operating environment; as reflected in this statement these arrangements have been in place throughout the financial year through to approval on 6 July 2023:

- A Board which meets regularly to discharge its governance responsibilities, set the strategic direction for the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Directors and Non-Executive members. The Board activity is open to public scrutiny with minutes of meetings publicly available;
- The Board receives regular reports on Healthcare Associated Infection from the Clinical Governance Committee and reducing infection as well as ensuring that health and safety, cleanliness and good clinical practice are high priorities;
- Scheme of Delegation, Standing Orders and Standing Financial Instructions approved by the Board are subject to regular review to assess whether they are relevant and fully reflective of both best practice and mandatory requirements;
- Mature and organisation wide risk management arrangements built on localised risk registers and processes which ensure, as appropriate, escalation of significant instances of non-compliance with applicable laws and regulations;
- Dedicated full-time members of staff for key statutory compliance functions including Information Governance, Health and Safety, fire and asbestos, tasked with ensuring they are up to date with all relevant legislation and are responsible for co-ordinating management action in these areas;

¹ 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.

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- A focus on best value and commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements;
- Consideration by the Board of regular reports from the chairs of the performance governance/performance, assurance, finance and infrastructure, engagement and participation/population health, staff governance, clinical governance, audit and risk committee and from the Chair of the Endowment Trustees concerning any significant matters on governance, risk and internal controls;
- Each key governance committee is supported by a designated lead Executive Director who has the delegated management accountability for statutory and regulatory matters. In addition, senior leadership arrangements were strengthened during the year to provide additional capacity and support to the Chief Executive;
- Regular review of financial performance, risk management arrangements and non-financial performance against key service measures and standards by the Performance Governance Committee/Performance, Assurance, Finance and Infrastructure Committee;
- Regular review of service quality against recognised professional clinical standards by the Clinical Governance Committee;
- Regular review of workforce arrangements and implementation of the NHS Scotland Staff Governance standards by the Staff Governance Committee;
- An active joint management and staff partnership forum with staff side representation embedded in all key management teams and a dedicated full-time Employee Director who is a member of the Board;
- Regular review of priorities for infrastructure investment and progress against the agreed Asset Management Plan by an Asset Management Group chaired by a Board Executive Director and including management representatives from all operational sectors and representation from the clinical advisory structure;
- Clear allocation of responsibilities to ensure we review and develop our organisational arrangements and services in line with national standards and guidance including consultation with all stakeholders on service change proposals to inform decision making;
- Promotion of effective cross-sector governance arrangements through participation by the IJB Board members and the Chief Executives of each of the partner organisations in the regular meetings between the Chief Executives of all Public Sector organisations in Grampian and performance review meetings with each IJB Chief Officer to further develop and drive improvement through integrated service delivery;
- A patient feedback service to record and investigate complaints and policies to protect employees who raise concerns in relation to suspected wrongdoing such as clinical malpractice, fraud and health and safety breaches; and

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- Separate governance arrangements for the NHS Grampian Endowment Funds including a Chair of the Trustees elected from within the body of the Trustees, an annual general meeting of all Trustees to agree all policy matters and an Endowment Sub Committee of Trustees with delegated authority to manage the day to day operational matters of the charity.

4.1 Board governance

The Board functioned in accordance with its Standing Orders throughout the period April 2022 – March 2023. All committees met at least quarterly, with some such as the Performance Governance (from August 2022, the Performance Assurance, Finance and Infrastructure Committee), Audit and Risk and Endowment Committees meeting more frequently.

NHS Grampian’s Board met each month, with a Board meeting and a seminar on alternative months. Formal Board meetings were held virtually and from June 2022 the open sessions were recorded on Teams and the recordings published on the Board’s webpage to improve transparency of Board business. All Board committee meetings were held virtually. Board seminars were held in person from September 2022, apart from a virtual seminar in January 2023.

The Board held additional Board meetings in July 2022 (closed session) to endorse a preferred option for the National Treatment Centre – Grampian and December 2022 (open session) to endorse the Moray Maternity Services Plan prior to submission to the Cabinet Secretary for Health and Social Care for approval, following the Cabinet Secretary’s instruction in February 2022 to produce a plan for a consultant-led maternity service at Dr Gray’s Hospital.

4.1.1 Revised Board assurance framework

The Board formally adopted a revised assurance framework in June 2022, at the same Board meeting where the new strategic plan, Plan for the Future, was adopted. The Chair and the Chief Executive wanted to revise the Board’s assurance framework to ensure that, as the organisation’s strategic objectives were refreshed, the Board assurance committees adapted their approach to ensure that the Board satisfies the definition of active governance in the Blueprint for Good Governance, ie that ‘the appropriate issues are considered by the right people, the relevant information is reviewed in the best format at the right time and the level of scrutiny produces rigorous challenge and an effective response.’

The main provisions of the assurance framework are:

- revised terms of reference for its assurance committees, including revised committee names for the Performance Assurance, Finance and Infrastructure (formerly the Performance Governance Committee) and the Audit and Risk Committee (formerly the Audit Committee).
- all committees would obtain assurance on behalf of the Board, rather than providing assurance to the Board as had previously been the case. This is permitted under Standing Order 6.2(b) and clarified the role, responsibility and authority of each committee, and is consistent with the principles of agile, collaborative governance in

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the Blueprint for Good Governance. The practice of each committee chair providing a written report on committee business to formal Board meetings was discontinued in order to avoid duplication of information and confusion over where accountability for obtaining assurance rests. Board meetings continue to receive approved minutes of committee meetings, as required under the Board’s Standing Orders.

In August 2022, after an extended consultation period, the Board agreed to introduce a Population Health Committee, and incorporate the assurance functions of the former Engagement and Participation Committee within the Population Health Committee’s terms of reference.

4.1.2 Stakeholder engagement

In addition to the conduct of Board business, a schedule of meetings and briefings were held with stakeholders to keep them apprised of the pressures being experienced and enable them to support the NHS Grampian response.

| Stakeholders | April 2022– March 2023 |
|---|---|
| MSP/MP | Monthly meetings until December 2022, bi-monthly from February 2023 |
| Staff briefings | Daily briefings |
| System leadership (wider cohort) | Monthly meetings |
| NE System Transformation Group (with local authority CEs) | Monthly meetings and regular discussions |
| Grampian Area Clinical Forum (GAPF) | Monthly meetings |
| Clinical Board | Monthly meetings |
| Area Clinical Forum | Monthly meetings |
| Board briefings | As required |

4.2 Adoption of new strategic plan, Plan for the Future and Board commitments

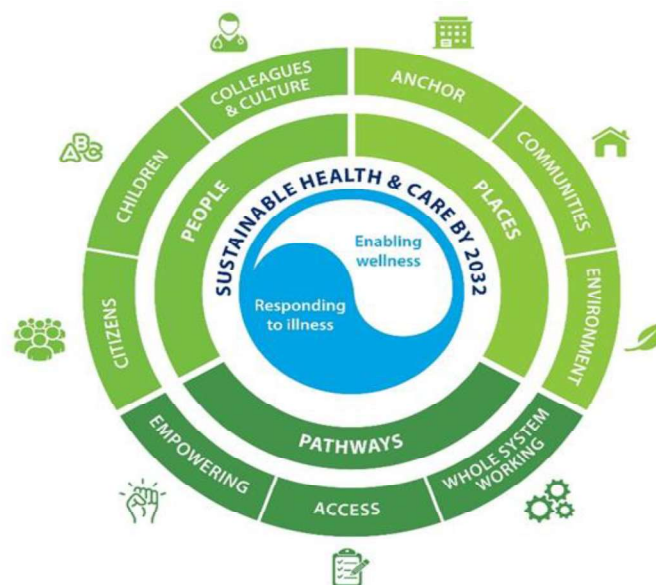
The Board adopted a new strategic plan, Plan for the Future 2022 – 2028, in June 2022, setting out the strategic intent for the organisation. The Plan was produced following more than a year of extensive engagement with citizens, partners and colleagues and set out the strategic priorities required to deliver long term sustainability of the health and care system in Grampian.

Central to this ambition of long term sustainability is the need to support the population to live more years in good health. The Plan for the Future acknowledges that this requires NHS Grampian to work with the public and partners to support the step change required to enable wellness and prevent ill health, whilst ensuring timely access to diagnostics and responding to illness.

The Plan is structured around People, Places and Pathways, with priority areas aligned to each of these strands, with a central overarching objective to balance enabling wellness with responding to illness, as illustrated in the following graphic which has been used to promote the Plan:

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In June 2022 the Board committed to several actions in order to demonstrate the leadership commitment to deliver the Plan for the Future. The Board will:

1. Play an active leadership role in developing and demonstrating the culture of NHS Grampian which both supports the delivery of the objectives of the Plan for the Future and is a measure of progress against achieving them.
2. Maintain the Plan for the Future as a 'living, breathing' and dynamic approach for NHS Grampian.
3. Design the assurance work of its Committees around the Plan for the Future to ensure:
 - a. The Delivery Plan reflects the aims and ambitions of the strategy.
 - b. The Delivery Plan is followed / modified / adapted appropriately.
 - c. It and the Delivery Plan remain dynamic, hearing the voices of our colleagues, citizens and partners as time progresses.
4. Through the Remuneration Committee, seek assurance that the objectives of the Executive officers of the Board are aligned as appropriate to the delivery of the strategic aims of the Plan for the Future, recognising that Chief Officers may also have objectives supporting the Local Authorities' strategic agenda.
5. Through the Board, its committees and through visiting teams, seek ongoing assurance that the 'golden thread' of the goals and aspirations of the Plan for the Future are evident to all those working across our health and social care system irrespective of which part they work in.
6. Seek to provide a balanced system (enabling wellness and responding to illness) which works effectively with Scottish Government to deliver on the ambitions of the Plan for the Future.

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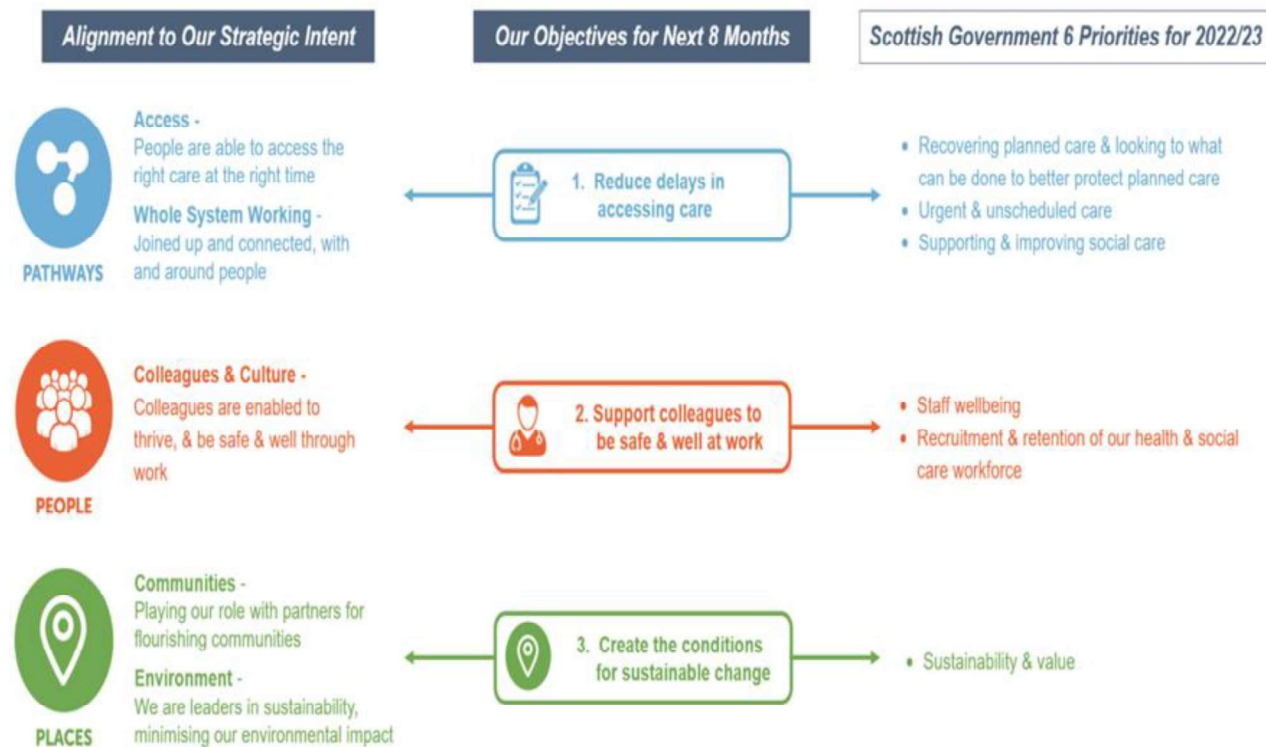
4.2.1 Annual Delivery Plan 2022 – 2023

The Plan for the Future strategic intent will be delivered through a rolling programme of priority projects and actions, with defined milestones, articulated in a three year rolling Delivery Plan. The Delivery Plan 2022 – 2023 was endorsed by the Board in August 2022, approved by Scottish Government by letter dated 22 September 2022 and formally adopted by the board in October 2022.

The three key objectives set out in the Delivery Plan for the eight month period (to end of March 2023) are to:

- Reduce delays in accessing care (Pathways – specific focus on access).
- Support colleagues to be safe and well at work (People – specific focus on colleagues).
- Create the conditions for sustainable change (Places – across a number of strategic areas within the ‘Plan for the Future’).

The Delivery Plan 2022 – 2023 priorities are aligned to both the Scottish Government priorities for 2022/23 and the strategic objectives set out in Plan for the Future, as illustrated in the diagram below:



The Board’s performance reporting, by way of both a Board ‘How Are We Doing’ performance report and specific reporting to committees, is aligned to the Delivery Plan priorities and milestones. Committees have considered which particular Delivery Plan priorities they require assurance on, from the perspective of that committee’s term of reference. Across all the Committees the intent is to have assurance provided across all of

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the Delivery Plan milestones, with most assurance reporting being presented at the end of the Delivery Plan period in order to assess achievement and lessons learned for the next iteration of the delivery plan.

4.3 Management arrangements

4.3.1 Portfolios and system leadership model

NHS Grampian continued with the portfolio and system leadership approach endorsed by the Board in August 2021. The current configuration of the portfolios is illustrated in the organogram on Page 52 below.

System leadership includes a Daily System Connect meeting (twice daily during periods of sustained demand pressure), bringing key managers together at different levels to manage pressures in the system and a fortnightly Whole System Decision-Making Group, to ensure oversight of critical operational and tactical issues, appropriate decision-making and learning and development.

4.3.2 G-OPES

The G-OPES model to escalate responses to demand pressures in the system continued to develop throughout 2022/23. A formal review was conducted in autumn 2022 and a revised G-OPES description was approved by the Board in December 2022, as part of the winter surge and contingency capacity surge arrangements.

G-OPES provides:

- A single approach to evaluate pressure across health and care system
- A system view focusing on pathways of care supported by Portfolio leadership
- Goal orientated actions informed by our learning from COVID-19
- Options to increase capacity through risk/pressure-based derogations of some standards
- A whole system approach to share risk and offer internal mutual aid
- Clarity for staff
- Transparency
- Specific protection of time-critical planned care

G-OPES includes at its highest levels a series of derogations to normal practice, which require decisions balancing three dimensions of quality of care against each other and using a risk and ethical based approach to reach a better overall position. Decisions about the derogations applied using G-OPES are taken by the system leadership. Regular daily or weekly meetings as appropriate confirm the G-OPES levels and the measures being applied, will be record the rationale for the decisions as outlined in the paper on the agenda, and escalate more complex situations, or decisions where the risk lies outside the agreed tolerances to the Chief Executive Team.

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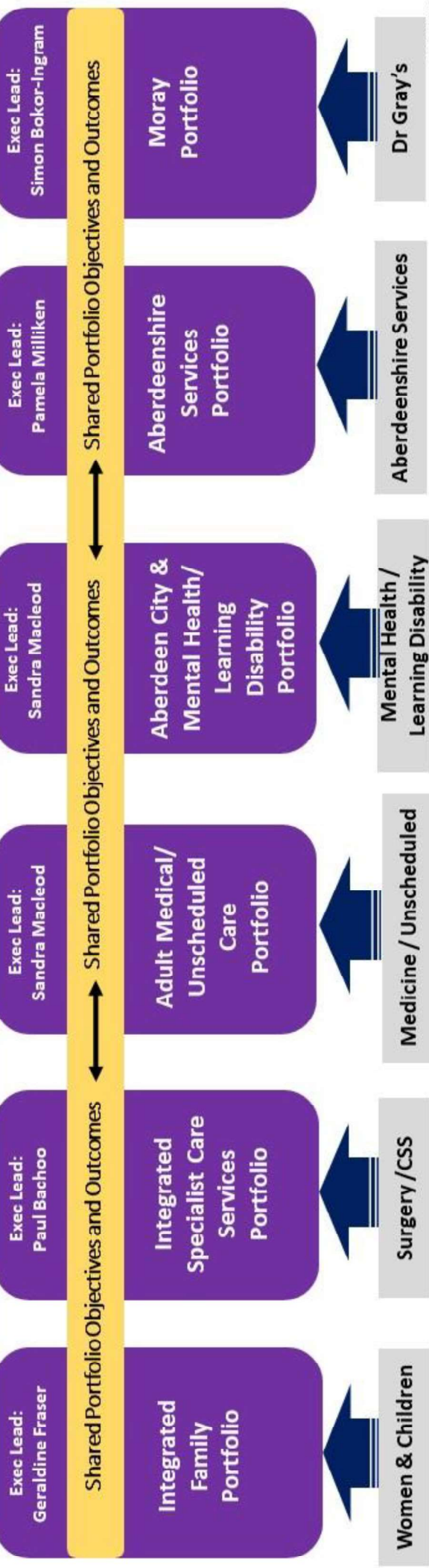
Our Plan for the Future
“Healthier Together 2022 – 2028”

| People | | Places | | Pathways | |
|---|--|---|--|---|--|
| Citizens | Children | Being an anchor organisation | Communities | Empowering | Access |
| No citizens in Grampian will be left behind | Children are given the best start, to live healthy, happy lives | We have social responsibility, beyond healthcare | Playing our role with partners for flourishing communities | Grampian’s population is enabled to live healthier for longer | Patients are able to access the right care at the right time |
| | Colleagues | Environment | | | Whole system working |
| | Colleagues are empowered to succeed, and be safe and well through work | We are leaders in sustainability, minimising our environmental impact | | | Joined up and connected, with and around people |

Measurable Benefits and Whole System Outcomes achieved by Portfolios

Population Health Portfolio

Exec Lead: Susan Webb



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5. Purpose of the System 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 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.

6. Risk Management Arrangements

All 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 the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The Board have an established assurance framework which was agreed in August 2022. This built on the action plan agreed following the National NHS in Scotland Blueprint for Good Governance self-assessment process and this is used by each of the core governance committees to identify and seek assurance regarding mitigating actions for risks that fall within their remit.

The management of risk continues to evolve and will continue to do so as the Board reacts to changes in our operating environment. The past three years have seen the Board develop new systems and approaches to the management of risk that have brought it into line with techniques used across hazardous industries but modified to suit the unique environment of Healthcare.

6.1 Risk Appetite

The Board have an agreed risk appetite statement focusing on the level of risk NHS Grampian is prepared to tolerate or accept in the pursuit of our strategic objectives. In the last year the Board has engaged in a number of risk development sessions with two focusing on a revision of the risk appetite statement and approach. This will be finalised in the early part of the 2023/2024 financial year. Key principles include the agreement of differential risk rating based on the specific impact areas of each risk, the linking of risk ratings with an organisation scheme of delegation, identifying the level risks should be managed and setting out how specific Board Committees will see and provide assurance on the specific risks within the relevant Terms of Reference.

6.2 Risk management Policy, Protocol and Standard Operating Procedure

The Board Risk Management Policy was revised and approved on 21 April 2022 through our GAPF Policies development and approval process. It is the policy of NHS Grampian that all identified risks that have the potential to cause harm or damage to its patients, staff, contractors, the environment, our strategies, plans and objectives, should be managed to as low as is reasonably practical. Under the policy, any identified opportunities that have potential to improve our operations or reduce loss shall be maximised to the fullest possible extent. In November 2020, the Board had already implemented a revised risk management protocol aimed at providing guidance for the management of risk throughout the risk

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management lifecycle. This protocol is the main element in a hierarchy of risk control, along with a risk management standard operating procedure (SOP).

6.3 Enduring Risks

In the last year the Board have developed the concept of enduring risks. An Enduring risk is defined as risk that will be present in our system for as long as we are in the business of healthcare, examples include acts of violence or patient slips and falls. A separate Enduring Risk Management Protocol was developed and approved on 30 August 2022. Whilst it is accepted that enduring risks will not be eliminated, they must be managed so that they present as low a threat as is reasonably practical to all stakeholders, and enduring risk must be mitigated with the following elements considered:

- A designated Executive Lead
- Detailed risk assessment/workplace hazard management assessment
- A standard operating procedure for mitigating the risk
- Is the reporting of unwanted events encouraged?
- An improvement plan must be developed

6.4 Escalation and Assurance for Operational Risks

All Operational Risks are managed by services which are aligned to a member of the Chief Executive Team. In addition to this hierarchy of management control all new operational risks are considered at a system wide Clinical Risk Management (CRM) meeting held on a weekly basis hosted within the Medical and Nurse Directorate. The CRM group consider each risk and make a decision to request further information, and to report to the weekly Chief Executive Team meeting, to monitor within CRM or to take no action and pass back for service management. The CRM group also produce a quarterly report which includes a full summary of new risk information these report are presented at the Board Clinical Governance Committee for assurance purposes.

6.5 Escalation and Assurance for Strategic Risks

Strategic risks describe the impact of uncertainty on our Strategic Plan objectives. These are held in a separate risk register which are all owned by a member of the Chief Executive Team. Strategic risk assurance is defined within the Terms of Reference of the Board Audit and Risk Committee with the Strategic Risk Register is presented at each Audit and Risk Committee meeting.

7. Internal Control Matters

The organisation is committed to a process of continuous development and improvement, developing systems to address the key risks faced by the Board and in response to any relevant reviews and developments in best practice. The Audit and Risk Committee closely monitor progress against all high-risk actions arising from internal audit reports.

There were 12 Internal Audit reviews completed during 2022/23, one review was rated critical risk (Ransomware) and two further rated as medium risk (Succession Planning and Whistleblowing Arrangements) these highlighted some weaknesses known to management that are reflected in their findings. Internal Audit in preparing their opinion for 2022/23 have concluded that these findings are not pervasive to the Board's overall framework of governance, risk management and control but require to be addressed by management.

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In the period covering the year to 31 March 2023 and up to the signing of the accounts, the organisation has implemented the following actions to further enhance the Board's governance arrangements and to provide additional assurance over the system of internal control and the key identified risks:

7.1 Board Development and Governance

In terms of the overall internal control environment the ongoing impact of the pandemic meant that the shift towards home working, in particular for key back office functions, was sustained throughout 2022/23. Although, the change to remote working had required the redesign of some internal controls, for example where a physical signature would previously have been required, these revised arrangements were sustained during 2022/23 and the operation of all key controls was maintained throughout and on an ongoing basis.

7.1.1 Heightened Cyber Security and Fraud risks

Throughout the COVID-19 response and recovery period, and ongoing, the Board have been cognisant of the heightened risk of fraud and the increased number of scams targeted at both individual members of the public and organisations such as NHS Grampian, providing essential services during these challenging times. The following arrangements have been in place throughout the year:

- Additional multi-tiered cyber security tools to provide better levels of protection at both the network border and endpoints.
- Daily cyber threat hunting activity by the eHealth Cyber security team to check and act on vulnerabilities.
- Regular reminders were issued using the daily briefing asking all staff to remain vigilant to the heightened risks. In addition, an annual Cybersecurity Week campaign has been introduced to provide best practice and pertinent guidance to staff and relevant to staying cyber-safe at work and at home.
- The Intelligence bulletin prepared by NHS Counter Fraud services summarising related fraud risks, from all available sources across the public sector, is distributed internally to members of the Board's Security Group.
- The Audit and Risk Committee hosted a development session in April 2022 focused on the growing risk of fraud and cyber security. Content included interesting presentations from eHealth and a PricewaterhouseCoopers LLP (PwC) forensic expert on the threat environment and a Specialist from NHS Scotland Counter Fraud Services who covered plans for the implementation of the Counter Fraud Functional Standards across all NHS Scotland Boards A second development session was held in January 2023 around the Board's Risk management process and risk appetite around the board's framework for risk management and escalation. The sessions were well-attended by Board and System Leadership Team members who welcomed the opportunity to raise their awareness of the Boards current fraud and cyber security risk profile and risk management.

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- The Audit and Risk Committee also received regular briefings on counter-fraud matters, including awareness raising efforts, progress with ongoing investigations, progress with reviewing data matches as part of the National Fraud Initiative and plans to establish additional capacity in 2022/23 to support the financial governance and counter fraud agenda.
- Where it was not possible to follow normal financial governance arrangements for procurement or payment in support of the Board's COVID-19 recovery plans, these matters were delegated upwards to either the Deputy Director of Finance or the Assistant Director of Finance to ensure that key risk areas such as procurement without competition, payment in advance of need or payment to new suppliers were subject to appropriate challenge in terms of service risk/need, Value For Money, supplier track record, that the existence of goods ordered and verification of supplier standing data such as bank details. Any requests by suppliers for improved commercial terms such as payment in advance, under the Scottish Government procurement guidance were managed in the same way.
- As part of an annual audit related to the Network and Information Systems Regulations (2018) NHS Grampian has reported a further improvement across all compliance categories in 2022 and the board risk profile has seen a reduction in risk exposure. "The progress made in controls and recommendations implementation, are clear evidence of a commitment by the board to cyber security. The Board does however recognise the ongoing high risk in this area and the need for agility and continuous improvement.

7.1.2 Other matters affecting Board Development and Governance

- All Board Executive and Non-Executive directors have a formal annual appraisal, a key element of which is identification of the personal development requirements of each individual for the following 12 months. In addition, the Board has a bi-monthly seminar which is topic-focused and designed to support joint working in key areas linked to the Board's overall strategy.
- Continuation of arrangements for the Board's corporate register of interests including reminders to all staff on process.
- Our programme of system leadership development ensures that staff across NHS Grampian are supported to develop their skills, experience and knowledge in line with our ambition to progress as a health and social care system.
- NHS Board Executive and Non-Executive members have participated in development sessions during the year, as required, consistent with the Board's commitment to continuous improvement and assessment of our performance.

7.2 Quality and Safety of Care

- Arrangements for the implementation of the Health and Care (Staffing) (Scotland) Act 2019, which is primarily focused on ensuring that we are resourced to deliver safe and effective care, are overseen by the Quality and Safety sub-group, with a

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reporting line to the Clinical Governance Committee. This work is operationally overseen by the Sustainable Workforce Oversight Group via the Effective Workforce Utilisation Programme Board, with reference to the Clinical Professional Directors Forum. A reporting method is in place to ensure the Staff Governance Committee are also properly engaged in the process.

- The Effective Workforce Utilisation programme Board also leads work to implement the national e-Rostering programme across NHS Grampian. This builds on the local adoption of Allocate e-Rostering software in 2018. It is expected that e-Rostering tools will be a key component of ensuring the workforce visibility required for clinical leaders across the different professions to form professional judgements in relation to the reporting requirements of the Health and Care (Staffing) (Scotland) Act.
- Continuation of the action plans, under the guidance of a multi-disciplinary Health and Safety expert group, relating to prevention and management of violence and aggression, patient falls, safe use of sharps, waste management and the preparation of food to address the recommendations from several improvement notices served on the Board following visits in prior years by the Health and Safety Executive and Environmental Health Services.
- Governance processes exist to ensure dissemination of Scottish Intercollegiate Guideline Network Guidelines (SIGN), Scottish Health Technology Group (SHTG) Publications, Healthcare Improvement Scotland (HIS) External Reviews and Inspections, Mental Welfare Commission (MWC) and Death Certification Review Service (DCRS). It is noted that the Quality Improvement and Assurance Team (QIAT) also registers National Audits and supports participation by NHS Grampian clinicians and services in the Scottish National Audit Programme (SNAP). The most recent report received was regarding the Scottish Cardiac Audit Programme (SCAP) which clinical and service leads are working to action. Our next notification of all SNAP audits will be in May 2023 when NHS Grampian will receive a report for all other SNAP work and be notified of any outliers within these pieces of national work that require investigation and responses.
- Healthcare Improvement Scotland (HIS)
 - To 31 March 2023, there have been no HIS inspection reports published in relation to NHS Grampian.
 - During 2022/23 HIS have commenced inspections of all NHS Board acute hospitals focusing on the Safe Delivery of Care. All HIS reviews/inspection reports published are reviewed organisationally and NHS Grampian have developed a process for communicating and sharing HIS Inspection reports and associated learning. This process ensures widespread information sharing and associated recommendations to engage and prepare stakeholders for upcoming visits.
- Mental Welfare Commission (MWC) The MWC has published 5 visits to NHS Grampian up to 31 March 2023 and all have been “announced” visits. There have been 4 visits to Royal Cornhill Hospital and one visit to Great Western Lodge.

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- In March 2022, an External Review Group was commissioned by the Cabinet Secretary to report on maternity services in Moray and propose a future obstetric model that would provide safe, deliverable, sustainable, and high quality maternity services for the women and families of Moray in line with the Scottish Government ambition described in 'The Best Start: A Five Year Forward Plan for Maternity and Neonatal Care in Scotland (2017)'. The Review Team was led by the Chief Executive NHS Borders and its subsequent report was published on 6 December 2021 and can be found at the following link
<https://www.gov.scot/publications/report-moray-maternity-services-review/>

7.3 Infrastructure

- Enhanced monitoring arrangements remain in place for our capital and infrastructure projects to address the impact on design, programme of market forces in the construction industry, driven by COVID-19, material and labour shortages, transport and supply chain issues and more recently geopolitical events including armed conflict.
- Governance arrangements for our major capital projects now include the requirement for an independent external design review following recent learning from other large health sector projects.
- Major asset under construction projects have been subject to enhanced reporting arrangement.
- Arrangements are in place to ensure that available resource is allocated based on assessed risk criteria and with due regard to deliverability.
- The Performance, Assurance, Finance and Infrastructure Committee receive an annual update on progress against backlog maintenance risks.

7.4 Innovation and Transformation

- Formal governance arrangements in line with the Prince2 methodology are in place to ensure the co-ordination and delivery of the multiple projects that constitute the Electronic Patient Record programme, a critical technological step for the Board towards our objective of reducing dependency on paper medical records. Progress will be articulated via the Annual Delivery Plan. In addition to improving access and security of the records, enabling the conversion of medical records from paper into an electronic form significantly reduces the risk of damage to the records due to flood or fire and reduces the fire risk for those buildings where records are held.
- In-patient Multi-professional key documents, as part of Digital Ward Note Taking initiative are now held electronically at ARI, Dr Grays and Community hospitals with RACH to follow. Work continues regarding scanning of paper records at Aberdeen Maternity Hospital into electronic form, via Scan on Demand and Scan on Discharge processes to bring about reduction of paper records for new mothers and a potential blueprint for other Acute areas. Owing to complexity in the format and volume of

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paper records across various facilities, back-scanning will be a multi-year business as usual activity.

7.5 Workforce

- Although the use of temporary agency staff reduced considerably during the COVID-19 pandemic, utilisation has increased again as we seek to maximise the capacity of our elective services whilst also responding to unprecedented levels of occupancy from unscheduled presentations and the need for interim capacity within the community to maintain flow during what was an extended period of winter levels of pressure.
- Senior Management continue to closely manage the engagement process relating to agency medical and nursing staff. This includes scrutiny of the justification for all agency staffing requests. There has been proactive engagement with work led national by Scotland's Chief Nursing Officer on developing enhanced controls for the use of Agency vs other forms of supplementary staffing. This has highlighted that NHS Grampian has a high level of compliance with the expected use of framework agencies, and arrangements in place to reduce unnecessary agency utilisation.
- A Steering Group has been created to lead the process of development of a single supplementary staffing bank for NHS Grampian. The first step towards this is expected to be the introduction of a medical staff bank that will increase the opportunities for our own workforce to undertake medical locum work and improve the consistency of their engagement. This builds on the significant progress made during 2022/23 with direct engagement of medical staff already undertaking locum work in NHS Grampian.
- A recent review by our internal auditors, at the request of the Medical Director, has considered the arrangements that exist within external agencies to provide assurance of the effectiveness of pre-employment checks on staffing put forward to fulfil temporary engagements with the Board. The review was delayed due to the COVID-19 pandemic but management are now considering the appropriate actions to address the recommendations. This work is being led by the Supplementary Staffing Steering Group.
- Recruitment of staff in clinical roles remains a key challenge, with continuing pressures around recruitment into Senior Medical roles, for example Anaesthetics, Emergency Medicine and Radiology, and in critical skilled nursing and clinical support roles, for example, theatre nursing. Throughout the year the Board continued to apply, in partnership, robust processes to ensure staff were deployed to the areas of greatest need. Vacancy management controls were also in place to ensure that recruitment was aligned to gaps in capacity for which funding is available.
- In agreement with NHS Highland, NHS Orkney, NHS Shetland, and NHS Western Isles, NHS Grampian also established a North of Scotland International Recruitment Service utilising funding provided to those Boards for specialist recruitment and on-boarding capacity by Scottish Government. This has not compromised local recruitment of Registered Nurses and Allied Health Professionals in line with national

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targets, and offers a means of maximising the benefit of national investment across a number of Health Boards.

The staffing report on Page 71 provides more detail on the various recruitment initiatives underway.

7.6 Compliance

- Reports were received throughout the year on the work of the Compliance Sub-Group from the Director of Infrastructure and Sustainability. This is a continuously evolving area with positive progress continuing to be made, particularly in the comprehensive mix of attendees and the positive system wide engagement on key compliance issues.
- The board information governance arrangements were audited by the Information Commissioner's Office in the year which reviewed the board's progress towards meeting requirements under the General Data Protection Regulations, which took effect on 25 May 2018. The outcome of this audit has informed developments in this area and an action plan is in place.
- An information security group is in place to co-ordinate all cyber security matters including those relating to medical devices. The group has links to all aspects of the eHealth governance structure including the Information Governance Steering Group and reports through PAFIC via the Board's Security Group and Civil Contingencies Group and is responsible for the following actions:
 - Review existing cyber security policies and procedures, including access management controls, threat and vulnerability and patch management, to ensure that the arrangements for cyber security of medical devices, including roles and responsibilities, are appropriately reflected in extant guidance for the service.
 - Procedures to ensure the periodic review of cyber security risks, including those identified for medical devices, reported in the Board's risk management system (Datix), and that, where appropriate, this information is reconciled to equipment asset registers.
 - Working closely with key stakeholders such as Information Security, Information Governance and Procurement teams, develop local guidance for the incorporation of Information Security requirements within the procurement specification and tender process.
 - Periodic penetration testing of medical device security.
- A process is in place and administered by the Board's Medical Equipment Management Service to ensure that all medical equipment assets across NHS Grampian are recorded on the Board's equipment asset register, including relevant cyber security information.

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7.7 Involvement and Engagement

- The Board continue to progress agreement on a consistent vision and values aimed at ensuring a consistent message in all communication between clinical staff, service users and their carers. In addition, an Engagement and Empowerment Oversight Group has been established, which reports to the recently formed Population Health Portfolio Board and Population Health Committee, which provides a refreshed approach to our engagement overview, reporting, and governance arrangements.
-
- The Board's assurance framework recognises the role of staff side and the advisory structure in supporting the work of Board sub-committees and to clarify the role and importance of the Population Health Committee which oversees Public Health, People-Powered Health and Equity across Grampian as a core governance committee of the Board.

7.8 Collaborative Working

- Agreement to share, reciprocally, all relevant internal audit reports with the Audit Committees of the IJBs and partner organisations, and where appropriate, to co-ordinate internal audit activity across sectors has been progressed. In line with this principle NHS Grampian's internal audit programme for 2022/23 included dedicated audit time in support of Health and Social Care Integration activities with the scope agreed jointly by the three IJB Chief Officers.
- The Audit and Risk Committee remain focused on the opportunities for closer working with the three Integration Joint Boards (IJB's), in particular the potential to improve the effectiveness of internal audit activity across the partners through collaborative working. In this context a joint review of Data Sharing was agreed as an initial test of approach intended to provide assurance across the whole system and time was incorporated in the Board's Internal Audit programme for 2022/23 in order to support this work deferred from prior years.

8. Best Value

I can confirm that Grampian Health Board is committed to ensuring that its activities are undertaken in a manner that will secure best value in the use of public funds in line with the arrangements set out in the Scottish Public Finance Manual.

The Board incorporates the principles of best value within its planning, performance and delivery activities ensuring that they are part of everyday business and integral to the Board's decision making in all key areas. In addition, the Board continues to seek opportunities to enhance the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of priority access targets and demonstrating best value and the efficient use of resources.

9. Review of Adequacy and Effectiveness

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

- Executive and senior managers who are required to develop, implement and maintain adequate internal controls across their areas of responsibility;
- The work of the internal auditor, who submits regular reports to the Audit and Risk Committee which include their independent and objective opinion on the effectiveness of risk management, internal control and governance processes;
- Management and other reports issued by the Board's external auditor and the external auditors of the NHS Grampian Endowment Funds;
- Financial plans, service plans and related organisational performance and risk management reports presented to the Board and relevant governance committees;
- Reports from Health Improvement Scotland and other inspection agencies;
- Transparent reporting and analysis of the Board's financial performance through the Performance Assurance, Finance & Infrastructure Committee including the extent to which the Board is reliant on non-recurring sources of funding to achieve our financial targets; and
- An annual briefing to the Performance, Assurance, Finance, and Infrastructure Committee on progress against the backlog maintenance implementation plan aimed at reducing high risk backlog maintenance in clinical areas and compliance with climate change legislation.

In addition to the above, the processes that have been applied to assist me in reviewing the effectiveness of the system of internal control include:

- Annual statements of assurance from each of the core governance committees of the Board, including the Endowment Committee, with respect to the governance arrangements that exist for the NHS Grampian Endowment Funds charity which is consolidated with the main Board accounts;
- Written confirmation from executive and senior managers that controls within their individual areas of responsibility are adequate and have been operating effectively throughout the year;
- Assurance from the External Auditor of the NHS Grampian Endowment Funds, in their management letter, that expenditure complies with the charitable purpose and that endowment Funds have not been used retrospectively for expenditure originally authorised as a commitment against exchequer funds;
- Independent consideration of the Governance Statement and its disclosures by Internal Audit and the Audit and Risk Committee;

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- Consideration and approval of the Annual Accounts, including the Governance Statement by the Board; and
- During the year, minutes of the meetings of the core governance committees were provided to all Board members.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

10. Disclosures

At the date of issue on 6 July 2023 based on the evidence considered during my review of the effectiveness of the internal control environment operating within NHS Grampian and group during 2022/23, I am not aware of any outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance on governance, risk management and control.

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B REMUNERATION AND STAFF REPORT

The following information has been subject to audit by the Board's External Auditor who have reviewed the remuneration report for consistency with other information in the financial statements and have provide an opinion on the disclosures:

- The Table of Remuneration (page 67) which covers the total figure of remuneration and Pension cash equivalent transfer value (CETV) for each Board member
- Relationship between the highest paid Director and the workforce median remuneration (page 65)
- Analysis of staff numbers and costs and exit packages (pages 75-77, tables 2, 4 & 9)

The other sections in the Remuneration and Staff Report are reviewed by the External Auditor to ensure they are consistent with the financial statements.

1. THE REMUNERATION REPORT

Remuneration of Executive and Non-Executive Members

The total remuneration disclosed on Pages 67 to 71 includes all amounts paid or payable by the Board in each financial year and a separate assessment of the estimated increase in the cumulative pension benefit that will be payable following retirement.

Board Members' Contracts of Employment

The Executive Board members of Grampian Health Board are employed on permanent contracts of employment which require a minimum of three months notice. The Non-Executive members are ministerial appointments on contracts of between two and four years. The terms and conditions of Executive and Senior Management Cohort and Non-Executive Members including annual remuneration, and any entitlement to severance pay, is determined by the Scottish Government under Ministerial Direction and in accordance with PCS(ESM) /3.

On 27 March 2020, Scottish Government issued a variation order, effective until further notice, to advise if deemed helpful for the provision of clinical or other services necessary to the continued operation of NHS Scotland, that Executive and Senior Managers up to Director Level would be able to be offered overtime payments in line with paragraph 3.1 of the Agenda for Change Handbook, during the COVID-19 outbreak. For staff at Director level and above this was at the discretion of the local Remuneration Committee.

On 9 February 2023, Scottish Government issued PCS(AFC)2023/1 which advised that as part of the 2022-23 Agenda for Change pay settlement, it was agreed that the provision for overtime introduced by the above variation order will be retained on a permanent basis for Band 8 and 9 staff. On 30 March 2023, Scottish Government confirmed in writing that the variation order will not extend beyond 31st March 2023 for Executive and Senior Managers and that from 1 April 2023 they will return to standard terms and conditions in this area.

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Assessment of Performance

The performance assessment process for the Executive and Senior Management Cohort is in accordance with PCS (ESM) /3. Performance management and appraisal arrangements follow the nationally prescribed format and are directly linked to the improved performance of Grampian Health Board in the delivery of its objectives. Written evidence relating to the performance ratings for Executive members, following review by the Chief Executive and Chair, is made available to the Remuneration Committee for approval. For the Chief Executive, the process is undertaken by the Chair. For Non-Executive members, the process is also undertaken by the Chair and written evidence is submitted to the Cabinet Secretary for Health and Wellbeing.

The progression of the Executive and Senior Management Cohort through the pay range is subject to, as a minimum, the fully acceptable performance of the individual. A National Performance Management Committee as detailed in PCS (ESM) /3 ensures, on behalf of the Scottish Government, the effective and consistent application of pay and performance management arrangements for NHS Scotland Executives subject to Ministerial Direction.

Remuneration Committee

The Remuneration Committee ensures that arrangements are in place to comply with NHS Grampian policy and Scottish Government direction and guidance for determining the employment, remuneration and terms and conditions of employment and for approving the personal objectives of all Executive Directors and Senior Managers.

Further information including membership of the Remuneration Committee, is included in the Governance Statement on Page 43 above.

Relationship between the highest paid Director and the workforce median remuneration

The following table compares the banded remuneration of the highest paid Director against the median salary for the workforce in each year. The remuneration figures used for this calculation represent the annualised whole time equivalent salary figures.

| | 2022/23 | 2021/22 | Change |
|---|---------------------|---------------------|---------------|
| | | | % |
| Range of staff remuneration | 21,814 – 373,395 | 19,609 – 360,086 | |
| Highest earning director's remuneration (£000s) | 250-255 | 245-250 | 2.43% |
| Median (<i>Total pay & benefits</i>) (£000s) | 36.57 | 33.02 | 10.77% |
| Median (<i>Salary only</i>) (£000s) | 36.56 | 33.01 | 10.75% |
| Ratio | 6.95:1 | 7.51:1 | -7.51% |
| 25th percentile (<i>Total pay & benefits</i>) (£000s) | 28.21 | 25.43 | 10.85% |
| 25th percentile (<i>Salary only</i>) (£000s) | 28.19 | 25.41 | 10.92% |
| Ratio | 9.01:1 | 9.76:1 | -7.60% |
| 75th percentile (<i>Total pay & benefits</i>) (£000s) | 50.63 | 44.40 | 14.03% |

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| | | | |
|--|--------|--------|--------|
| 75th percentile (<i>Salary only</i>) (£000s) | 50.51 | 44.28 | 14.06% |
| Ratio | 5.03:1 | 5.59:1 | -9.97% |

Commentary

The highest earning Director in 2022/23 was the Acute Medical Director. The role together with the Board Medical Director exist to ensure effective clinical leadership to the organisation. The reduction in ratio of median pay to highest earning Director between years relates to the relative increase in remuneration earned by those in the 75th percentile compared to the Acute Medical Director in 2022/23. This relates mainly to pay award. The increase in median pay and also at the 25th and 75th percentile is broadly as expected, in line with the 2022/23 pay award.

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Table of Remuneration

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Publication of pension benefits is required in accordance with the Financial Reporting Manual (FRM) and the Companies Act (2006). This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement. The other figures shown as part of the single total figure of remuneration relate to actual earnings payable in 2022/23.

| | Notes (see below) | Salary (bands of £5,000) | Performance Related Bonus (bands of £5,000) | Benefits in Kind | Sub Total earnings paid in 2022/23 (bands of £5,000) | Value of Pension Benefits (to be paid over 20 years following retirement) | Total Remuneration (bands of £5,000) |
|--|-----------------------------|-----------------------------|--|------------------|---|---|---|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Remuneration of: | | | | | | | |
| Executive Members | | | | | | | |
| Chief Executive - Professor Caroline Hiscox | | 140-145 | 0 | 0.0 | 140-145 | 12 | 155-160 |
| Medical Director - Professor Nick Fluck | | 220-225 | 0 | 0.0 | 220-225 | 0 | 220-225 |
| Director of Finance - Mr Alex Stephen (from 08 August 2022) | a | 60-65 | 0 | 0.0 | 60-65 | 18 | 80-85 |
| Interim Director of Finance - Mr Alan Sharp (to 07 August 2022) | b | 35-40 | 0 | 0.0 | 35-40 | 0 | 35-40 |
| Executive Nurse Director - Dr June Brown | | 105-110 | 0 | 0.0 | 105-110 | 0 | 105-110 |
| Director of Public Health - Mrs Susan Webb | | 120-125 | 0 | 0.0 | 120-125 | 0 | 120-125 |
| Non Executive Members | | | | | | | |
| Chair - Mrs Alison Evison (from 10 October 2022) | c | 15-20 | 0 | 0 | 15-20 | N/A | 15-20 |
| Interim Chair - Dr John Tomlinson (to 9 October 2022) | c/d | 30-35 | 0 | 0 | 30-35 | N/A | 30-35 |
| Mrs Amy Anderson | d/e | 40-45 | 0 | 0 | 40-45 | 9 | 50-55 |
| Mrs Rhona Atkinson | d/f | 20-25 | 0 | 0 | 20-25 | N/A | 20-25 |
| Councillor Ann Bell (from 30 May 2022) | g | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Professor Siladitya Bhattacharya | d/h | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Councillor Tracy Colyer (from 30 May 2022) | g | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Ms Kim Cruttenden | d/i | 100-105 | 0 | 0 | 100-105 | 2 | 105-110 |
| Councillor Isobel Davidson (to 30 April 2022) | j | 0-5 | 0 | 0 | 0-5 | N/A | 0-5 |
| Mr Albert Donald | | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Ms Joyce Duncan | d | 15-20 | 0 | 0 | 15-20 | N/A | 15-20 |
| Mrs Luan Grugeon | d | 25-30 | 0 | 0 | 25-30 | N/A | 25-30 |
| Councillor Ryan Houghton (from 25 May 2021 to 30 April 2022) | j | 0-5 | 0 | 0 | 0-5 | N/A | 0-5 |
| Mr Steven Lindsay (from 01 September 2022) | k | 85-90 | 0 | 0 | 85-90 | 0 | 85-90 |
| Miss Rachael Little | d/l | 30-35 | 0 | 0 | 30-35 | 9 | 35-40 |
| Councillor Shona Morrison (to 30 April 2022) | j | 0-5 | 0 | 0 | 0-5 | N/A | 0-5 |
| Mr Roderick Murray | d | 15-20 | 0 | 0 | 15-20 | N/A | 15-20 |
| Mr Sandy Riddell | d | 15-20 | 0 | 0 | 15-20 | N/A | 15-20 |
| Mr Dennis Robertson | d | 25-30 | 0 | 0 | 25-30 | N/A | 25-30 |
| Councillor Ian Yuill (from 30 May 2022) | g | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| SENIOR EMPLOYEES | | | | | | | |
| Director of Facilities and eHealth - Mr Paul Allen | | 125-130 | 0 | 0.0 | 125-130 | 20 | 145-150 |
| Acute Medical Director and Portfolio Lead (Surgery & clinical Support) - Mr Paul Bachoo | | 250-255 | 0 | 0.0 | 250-255 | 0 | 250-255 |
| Chief Officer Moray IJB and Portfolio Lead Moray - Mr Simon Bokor-Inç | m | 115-120 | 0 | 0.0 | 115-120 | 0 | 115-120 |
| Director of Strategy and Deputy Chief Executive - Dr Adam Coldwells | | 140-145 | 0 | 0.0 | 140-145 | 0 | 140-145 |
| Portfolio Lead (Family) - Ms Geraldine Fraser | n | 25-30 | 0 | 0.0 | 25-30 | 8 | 30-35 |
| Chief Officer Aberdeen City IJB and Portfolio Lead Medicine & Unscheduled Care/Mental Health - Ms Sandra Macleod | m | 130-135 | 0 | 0.0 | 130-135 | 32 | 160-165 |
| Acute Nurse Director and Portfolio Lead (Family) - Ms Janet McNicol | o | 70-75 | 0 | 0.0 | 70-75 | 0 | 70-75 |
| Chief Officer Aberdeenshire IJB and Portfolio Lead Aberdeenshire - Ms Pamela Milliken | m | 105-110 | 0 | 0.0 | 105-110 | 0 | 105-110 |
| Director of people and Culture - Mr Tom Power | | 100-105 | 0 | 0.0 | 100-105 | 24 | 125-130 |

NOTES :

- a) Mr Alex Stephen was appointed Director of Finance on 8 August 2023. His full year equivalent salary is in the range £100k-£105k.
- b) Mr Alan Sharp was interim Director of Finance from 1st April to 7 August 2022. The remuneration and value of pension benefit disclosed relates to their time in role as Interim Director of Finance. His full year equivalent salary is in the range £100k-£105k.
- c) The Board appointed Mrs Alison Evison as Chair on 10 October 2022 with the role having been filled on an acting basis by Dr John Tomlinson between 1 January 2022 and 9 October 2022. Mrs Alison Evison's full year equivalent salary is in the range £35k-£40k.
- d) Non Executive Board Members who were members of the Integration Joint Boards (IJB's) and who assumed additional responsibilities during the year received additional remuneration.
- e) The remuneration disclosure for Mrs Amy Anderson includes total earnings both in her part time role as part of NHS Grampian's Health Promotion team and for her additional duties as an NHS Board member.
- f) Rhona Atkinson resigned from the board on 31 December 2022. Her full year equivalent salary is in the range of £25k-30k.
- g) Councillors Ann Bell, Tracy Colyer and Ian Yuill commenced in their roles from 30 May 2022. Their full year equivalent salary is in the range £5-10k.
- h) Professor Siladitya Bhattacharya was an employee of the University of Aberdeen, School of Medicine and Dentistry. The remuneration disclosed above represents the fee paid to the University with regard to his duties as a non executive member.
- i) The remuneration disclosure for Ms Kim Cruttenden includes total earnings both in her role as a Senior Clinical Pharmacist with NHS Grampian and for her additional duties as an NHS Board member.
- j) Councillors Isobel Davidson, Ryan Houghton and Shona Morrison resigned from the board from 30 April 2022. Their full year equivalent salary is in the range of £5-10k.
- k) Steven Lindsay was appointed to post of Employee Director from 01 September 2022. His full year equivalent salary is in the range of £90k-95k.
- l) Miss Rachael Little worked in a full time capacity as Employee Director of NHS Grampian up to 31 August 2022. Her full year equivalent salary is in the range £70k-£75k.
- m) Integration Joint Board (IJB) Chief Officers who assumed additional responsibilities as Portfolio Lead, received no additional remuneration. The remuneration and pension benefit disclosed relates to their role as Chief Officer and this is also disclosed in the respective IJB Annual Report and Accounts.
- n) Ms Geraldine Fraser commenced in role on 19 December 2022. Her full year equivalent salary is in the range £95k-£100k.
- o) Ms Janet McNicol retired from the board on 31/12/2022. Her full year equivalent salary is in the range £95k-100k.

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REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2023

Publication of pension benefits is required in accordance with the Financial Reporting Manual (FRM) and the Companies Act (2006). This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement. The other figures shown as part of the single total figure of remuneration relate to actual earnings payable in 2022/23.

| | Notes (see below) | Total accrued pension at pensionable age at 31 March 2023 (bands of £5,000) | Real increase in pension at pensionable age (bands of £2,500) | Total accrued lump sum at pensionable age at 31 March 2023 (bands of £5,000) | Real increase in lump sum at pensionable age (bands of £2,500) | Cash Equivalent Transfer Value (CETV) at 31/3/22 | Cash Equivalent Transfer Value (CETV) at 31/3/23 | Real increase in CETV in year |
|--|-----------------------------|---|--|--|---|--|--|----------------------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Remuneration of: | | | | | | | | |
| Executive Members | | | | | | | | |
| Chief Executive - Professor Caroline Hiscox | | 45-50 | 0-2.5 | 75-80 | -5--2.5 | 702 | 729 | 27 |
| Medical Director - Professor Nick Fluck | | 65-70 | 0 | 200-205 | 0 | 1,546 | 1,584 | 38 |
| Director of Finance - Mr Alex Stephen (from 08 August 2022) | a | 0-5 | 0-2.5 | 0 | 0 | 0 | 15 | 15 |
| Interim Director of Finance - Mr Alan Sharp (to 07 August 2022) | b | 40-45 | 0-2.5 | 75-80 | -5--2.5 | 790 | 804 | 14 |
| Executive Nurse Director - Dr June Brown | | 30-35 | 0-2.5 | 75-80 | -5--2.5 | 616 | 624 | 8 |
| Director of Public Health - Mrs Susan Webb | | 60-65 | 0-2.5 | 120-125 | -10--7.5 | 1,190 | 1,195 | 5 |
| Non Executive Members | | | | | | | | |
| Chair - Mrs Alison Evison (from 10 October 2022) | c | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Interim Chair - Dr John Tomlinson (to 9 October 2022) | cd | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mrs Amy Anderson | d/e | 0-5 | 0-5 | N/A | N/A | 8 | 15 | 6 |
| Mrs Rhona Atkinson | d/f | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Councillor Ann Bell (from 30 May 2022) | g | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Professor Siladitya Bhattacharya | d/h | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Councillor Tracy Colyer (from 30 May 2022) | g | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Ms Kim Cruttenden | d/i | 25-30 | 0-2.5 | 40-45 | -5--2.5 | 392 | 402 | 11 |
| Councillor Isobel Davidson (to 30 April 2022) | j | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Albert Donald | | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Ms Joyce Duncan | d | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mrs Luan Grugeon | d | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Councillor Ryan Houghton (from 25 May 2021 to 30 April 2022) | j | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Steven Lindsay (from 01 September 2022) | k | 35-40 | -2.5-0 | 70-75 | -7.5--5 | 652 | 653 | 0 |
| Miss Rachael Little | d/l | 15-20 | 0-2.5 | 0 | 0 | 177 | 186 | 9 |
| Councillor Shona Morrison (to 30 April 2022) | j | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Roderick Murray | d | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Sandy Riddell | d | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Dennis Robertson | d | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Councillor Ian Yull (from 30 May 2022) | g | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| SENIOR EMPLOYEES | | | | | | | | |
| Director of Facilities and eHealth - Mr Paul Allen | | 35-40 | 0-2.5 | 50-55 | -2.5-0 | 631 | 666 | 35 |
| Acute Medical Director and Portfolio Lead (Surgery & clinical Support) - Mr Paul Bachoo | | 55-60 | -2.5-0 | 145-150 | -12.5--10 | 1,400 | 1,341 | -59 |
| Chief Officer Moray IJB and Portfolio Lead Moray - Mr Simon Bokor-Ing | m | 45-50 | -2.5-0 | 85-90 | -10--7.5 | 906 | 903 | -3 |
| Director of Strategy and Deputy Chief Executive - Dr Adam Coldwells | | 60-65 | -2.5-0 | 115-120 | -10--7.5 | 1,125 | 1,123 | -2 |
| Portfolio Lead (Family) - Ms Geraldine Fraser | n | 0-5 | 0-5 | 0 | 0 | 0 | 5 | 5 |
| Chief Officer Aberdeen City IJB and Portfolio Lead Medicine & Unscheduled Care/Mental Health - Ms Sandra Macleod | m | 10-15 | 0-2.5 | 5-10 | -2.5-0 | 169 | 203 | 35 |
| Acute Nurse Director and Portfolio Lead (Family) - Ms Janet McNicol | o | 45-50 | -2.5-0 | 130-135 | -12.5--10 | 1,156 | 1,125 | -31 |
| Chief Officer Aberdeenshire IJB and Portfolio Lead Aberdeenshire - Ms Pamela Milliken | m | 35-40 | 0-2.5 | 95-100 | -7.5--5 | 813 | 823 | 10 |
| Director of people and Culture - Mr Tom Power | | 20-25 | 0-2.5 | 0 | 0 | 227 | 253 | 26 |

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Publication of pension benefits is required in accordance with the Financial Reporting Manual (FRM) and the Companies Act (2006). This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement. The other figures shown as part of the single total figure of remuneration relate to actual earnings payable in 2021/22.

| | Notes (see below) | Salary (bands of £5,000) | Performance Related Bonus (bands of £5,000) | Benefits in Kind | Sub Total earnings paid in 2021/22 (bands of £5,000) £000 | Value of Pension Benefits (to be paid over 20 years following retirement) | Total Remuneration (bands of £5,000) £000 |
|--|-----------------------------|-----------------------------|--|------------------|---|---|---|
| | | £000 | £000 | £000 | £000 | £000 | £000 |
| Remuneration of: | | | | | | | |
| Executive Members | | | | | | | |
| Chief Executive - Professor Caroline Hiscox | | 140-145 | 0 | 0.0 | 140-145 | 100 | 240-245 |
| Medical Director - Professor Nick Fluck | | 210-215 | 0 | 0.0 | 210-215 | 0 | 210-215 |
| Director of Finance - Mr Alan Gray (to 31 March 2022) | | 145-150 | 0 | 6.2 | 150-155 | 40 | 190-195 |
| Executive Nurse Director - Dr June Brown | | 110-115 | 0 | 0.0 | 110-115 | 65 | 175-180 |
| Director of Public Health - Mrs Susan Webb | | 130-135 | 0 | 0.0 | 130-135 | 62 | 190-195 |
| Non Executive Members | | | | | | | |
| Chair - Professor Lynda Lynch (to 31 December 2021) | b | 30-35 | 0 | 0 | 30-35 | N/A | 30-35 |
| Interim Chair - Dr John Tomlinson (from 7 June 2021) | b/e | 30-35 | 0 | 0 | 30-35 | N/A | 30-35 |
| Mrs Amy Anderson | e/k | 35-40 | 0 | 0 | 35-40 | 6 | 40-45 |
| Mrs Rhona Atkinson | e | 25-30 | 0 | 0 | 25-30 | N/A | 25-30 |
| Professor Siladitya Bhattacharya | e/fj | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Ms Kim Cruttenden | c/e | 100-105 | 0 | 0 | 100-105 | 26 | 125-130 |
| Councillor Isobel Davidson (to 30 April 2022) | | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Mr Albert Donald | | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Ms Joyce Durcan | e | 15-20 | 0 | 0 | 15-20 | N/A | 15-20 |
| Mrs Luan Grugeon | e | 25-30 | 0 | 0 | 25-30 | N/A | 25-30 |
| Councillor Ryan Houghton (from 25 May 2021 to 30 April 2022) | | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Miss Rachael Little | d/e | 65-70 | 0 | 0 | 65-70 | 16 | 80-85 |
| Councillor Shona Morrison (to 30 April 2022) | | 5-10 | 0 | 0 | 5-10 | N/A | 5-10 |
| Mr Roderick Murray (from 15 April 2021) | e/g | 10-15 | 0 | 0 | 10-15 | N/A | 10-15 |
| Mr Jonathan Passmore (to 14 April 2021) | | 0-5 | 0 | 0 | 0-5 | N/A | 0-5 |
| Mr Sandy Riddell | e | 15-20 | 0 | 0 | 15-20 | N/A | 15-20 |
| Mr Dennis Robertson | e | 25-30 | 0 | 0 | 25-30 | N/A | 25-30 |
| SENIOR EMPLOYEES | | | | | | | |
| Director of Facilities and eHealth - Mr Paul Allen | a/l | 115-120 | 0 | 7.3 | 125-130 | 27 | 150-155 |
| Acute Medical Director and Portfolio Lead (Surgery & clinical Support) - Mr Paul Bachoo | a/l | 245-250 | 0 | 0.0 | 245-250 | 37 | 280-285 |
| Chief Officer Moray IJB and Portfolio Lead Moray - Mr Simon Bokor-Inx | a/fi | 105-110 | 0 | 0.0 | 105-110 | 64 | 170-175 |
| Director of Strategy and Deputy Chief Executive - Dr Adam Coldwells | | 135-140 | 0 | 0.0 | 135-140 | 32 | 170-175 |
| Chief Officer Aberdeen City IJB and Portfolio Lead Medicine & Unscheduled Care/Mental Health - Ms Sandra Macleod | a/fi | 120-125 | 0 | 0.0 | 120-125 | 32 | 150-155 |
| Acute Nurse Director and Portfolio Lead (Family) - Ms Janet McNicol | a | 95-100 | 0 | 0.0 | 95-100 | 71 | 165-170 |
| Chief Officer Aberdeenshire IJB and Portfolio Lead Aberdeenshire - Ms Pamela Milliken (from 10 May 2021) | a/f/i | 85-90 | 0 | 0.0 | 85-90 | 73 | 160-165 |
| Director of people and Culture - Mr Tom Power | | 100-105 | 0 | 0.0 | 100-105 | 32 | 130-135 |

NOTES :

- The number of senior employees disclosed in the remuneration report is expanded to reflect changes in the organisations Leadership and Management structure with effect from 1 April 2021, designed to support the short term system challenges arising from the ongoing management of the COVID pandemic and also to support the planned implementation of portfolio management
- The Board appointed Dr John Tomlinson as Vice Chair in June 2021 and he acted as Interim Chair during a period of absence of Professor Lynda Lynch, the Chair, from 7 June 2021, in accordance with the Board's Standing Orders. Professor Lynch resigned her position as Board Chair with effect from 31 December 2021, and Dr Tomlinson was approved by Scottish Ministers to continue to act as Interim Chair until the appointment of a new chair in 2022.
- The remuneration disclosure for Ms Kim Cruttenden includes total earnings both in her role as a Senior Clinical Pharmacist with NHS Grampian and for her additional duties as an NHS Board member.
- Miss Rachael Little worked in a full time capacity as Employee Director of NHS Grampian.
- Non Executive Board Members who were members of the Integration Joint Boards (IJB's) and who assumed additional responsibilities during the year received additional remuneration.
- Ms Pamela Milliken was appointed as Chief Officer of the Aberdeenshire Integration Joint Board on 10 May 2021. Her full year equivalent salary is in the range £95k-£100k.
- Mr Roderick Murray was appointed to the Board on 15 April 2021 and assumed additional responsibilities during the year. His full year equivalent salary is in the range £15k-£20k.
- Mr Jonathan Passmore's appointment to the Board expired on 15 April 2021. His full year equivalent salary is in the range £15k-£20k.
- Integration Joint Board (IJB) Chief Officers who assumed additional responsibilities as Portfolio Lead, received no additional remuneration. The remuneration and pension benefit disclosed relates to their role as Chief Officer and this is also disclosed in the respective IJB Annual Report and Accounts.
- Professor Siladitya Bhattacharya was an employee of the University of Aberdeen, School of Medicine and Dentistry. The remuneration disclosed above represents the fee paid to the University with regard to his duties as a non executive member.
- The remuneration disclosure for Mrs Amy Anderson includes total earnings both in her part time role as part of NHS Grampian's Health Promotion team and for her additional duties as an NHS Board member.
- A recent decision by the Court of Appeal (McClobud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Consequently those members of the pre -2015 schemes (i.e. 1995 and 2008 schemes) who received transitional protection and moved to the new post-2015 CARE arrangements on or after 1 April 2015, will be allowed a choice of scheme i.e. whether to be a member of the old scheme (1995 or 2008) or the new 2015 scheme for the period after 1 April 2015 up to 31 March 2022. Timing for implementation of these changes will be agreed during 2022/23 and the disclosed pension benefit figures for those above who are affected may change in future years.

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REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2022

Publication of pension benefits is required in accordance with the Financial Reporting Manual (FRM) and the Companies Act (2006). This calculation aims to bring public bodies in line with other industries in disclosing an assessed cumulative pension benefit for a standard 20 year period, which is the estimated life span following retirement. The other figures shown as part of the single total figure of remuneration relate to actual earnings payable in 2021/22.

| | Total accrued pension at pensionable age at 31 March 2022 (bands of £5,000) | Real increase in pension at pensionable age (bands of £2,500) | Total accrued lump sum at pensionable age at 31 March 2022 (bands of £5,000) | Real increase in lump sum at pensionable age (bands of £2,500) | Cash Equivalent Transfer Value (CETV) at 31/3/21 | Cash Equivalent Transfer Value (CETV) at 31/3/22 | Real increase in CETV in year |
|--|---|---|--|--|--|--|-------------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Remuneration of: | | | | | | | |
| Executive Members | | | | | | | |
| Chief Executive - Professor Caroline Hiscox | 35-40 | 5-7.5 | 70-75 | 7.5-10 | 541 | 637 | 96 |
| Medical Director - Professor Nick Fluck | 60-65 | 0 | 180-185 | 0 | 1,372 | 1,404 | 32 |
| Director of Finance - Mr Alan Gray (to 31 March 2022) | 30-35 | 2.5-5 | 0 | 0 | 434 | 487 | 53 |
| Executive Nurse Director - Dr June Brown | 30-35 | 2.5-5 | 70-75 | 5-7.5 | 491 | 560 | 69 |
| Director of Public Health - Mrs Susan Webb | 55-60 | 2.5-5 | 115-120 | 2.5-5 | 998 | 1,081 | 83 |
| Non Executive Members | | | | | | | |
| Chair - Professor Lynda Lynch (to 31 December 2021) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Interim Chair - Dr John Tomlinson (from 7 June 2021) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mrs Amy Anderson | 0-5 | 0-5 | N/A | N/A | 3 | 7 | 5 |
| Mrs Rhona Atkinson | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Professor Siladitya Bhattacharya | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Ms Kim Cruttenden | 20-25 | 0-2.5 | 40-45 | 0-2.5 | 328 | 356 | 28 |
| Councillor Isobel Davidson (to 30 April 2022) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Albert Donald | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Ms Joyce Duncan | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mrs Luan Grugeon | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Councillor Ryan Houghton (from 25 May 2021 to 30 April 2022) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Miss Rachael Little | 15-20 | 0-2.5 | 0 | 0 | 148 | 161 | 12 |
| Councillor Shona Morrison (to 30 April 2022) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Roderick Murray (from 15 April 2021) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Jonathan Passmore (to 14 April 2021) | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Sandy Riddell | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Mr Dennis Robertson | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| SENIOR EMPLOYEES | | | | | | | |
| Director of Facilities and eHealth - Mr Paul Allen | 30-35 | 0-2.5 | 50-55 | 0 | 533 | 573 | 40 |
| Acute Medical Director and Portfolio Lead (Surgery & clinical Support) - Mr Paul Bachoo | 55-60 | 2.5-5 | 145-150 | 0 | 1,224 | 1,294 | 70 |
| Chief Officer Moray IJB and Portfolio Lead Moray - Mr Simon Bokor-Ing | 40-45 | 2.5-5 | 85-90 | 2.5-5 | 744 | 823 | 79 |
| Director of Strategy and Deputy Chief Executive - Dr Adam Coldwells | 55-60 | 2.5-5 | 110-115 | 0 | 968 | 1,022 | 53 |
| Chief Officer Aberdeen City IJB and Portfolio Lead Medicine & Unscheduled Care/Mental Health - Ms Sandra Macleod | 5-10 | 0-2.5 | 0 | 0 | 72 | 105 | 33 |
| Acute Nurse Director and Portfolio Lead (Family) - Ms Janet McNicol | 40-45 | 2.5-5 | 130-135 | 10-15 | 915 | 1,024 | 96 |
| Chief Officer Aberdeenshire IJB and Portfolio Lead Aberdeenshire - Ms Pamela Milliken (from 10 May 2021) | 35-40 | 2.5-5 | 90-95 | 5-10 | 653 | 739 | 85 |
| Director of people and Culture - Mr Tom Power | 15-20 | 0-2.5 | 0 | 0 | 176 | 206 | 30 |

ACCOUNTABILITY REPORT

B REMUNERATION AND STAFF REPORT

2) STAFF REPORT

1. The Workforce

The Board would like to take this opportunity to recognise the significant efforts and vital contribution of all staff over the last year, and in particular through a period which has seen further unprecedented pressures on the organisation despite the level of demand directly related to COVID-19 having reduced. Their continued commitment and flexibility during this period has been significant in providing health and care to the population of Grampian. Colleagues have continued to work collaboratively across the system to respond to the sustained demand for unscheduled and elevated demand for planned care, and the uncertainty of potential industrial action, despite enduring levels of service pressure through the year that mirror the pressures usually seen in winter which have impacted significantly on their resilience and wellbeing.

Ensuring Good Staff Governance

NHS Grampian works in Partnership with staff side colleagues to achieve the NHS Scotland Staff Governance Standard. This places requirements on the organisation to ensure that all staff are:

1. Well-informed;
2. appropriately trained and developed;
3. involved in decisions;
4. treated fairly and consistently, with dignity and respect, in an environment where diversity is valued; and
5. provided with a continuously improving and safe working environment, promoting the health and wellbeing of staff, patients and the wider community.

This Standard aligns with the system's focus during the year, and specifically on the workforce elements of the agreed priorities throughout 2022/23 of:

1. Reducing delays to accessing care
2. Supporting colleagues to be safe and well at work
3. Creating the conditions for sustainable change

With reference to Scottish Government's stated priorities for 2022/23, these have been addressed the following ways:

Recovering and Protecting Planned Care / Urgent & Unscheduled Care

NHS Grampian continue to utilise supplementary staff to provide support safe health care and flexibility across the organisation to meet the workforce gaps and service demands. These gaps include areas where the supply of staff, mainly clinical, is recognised nationally as an enduring challenge. In 2022/23 the need to maximise the capacity for elective care whilst also responding to unprecedented levels of occupancy through unscheduled admissions created additional demand.

ACCOUNTABILITY REPORT

B REMUNERATION AND STAFF REPORT

Staff Wellbeing

The Board continue to support staff health and wellbeing through the We Care programme and enhancements to the Occupational Health Service made during the COVID-19 pandemic. Evidence shows that an organisation which supports staff wellbeing is more likely to have higher retention, lower presenteeism and increased attraction of the workforce. Further evidence also shows improved patient experience, outcomes and care is supported by improving staff experience.

Services offered to staff include: the Peer Support Model for psychological first aid; access to information across a range of wellbeing including lifestyle and financial; digital coaching for wellbeing; Horseback UK recovery support; Mindfulness based stress reduction; Occupational therapy support for Long Covid rehabilitation; and the Trauma Risk Management programme. Some of these have benefitted from successfully bidding to NHS Charities Together for an allocation of the funding raised during the COVID-19 pandemic. NHS Charities Together have indicated they are fully satisfied with the progress being made.

During winter a Colleague Welfare Cell was established, in partnership. This supported the re-introduction of some ward based catering for those in particularly pressured acute hospital environments, and a series of “Brew and Blether” sessions at locations across Grampian during February – April attended by over 250 staff. These were an opportunity for to meet members of the Chief Executive Team, We Care team and staff side, discuss any welfare concerns they have, and find out more about the support available to them.

Recruitment and Retention of Our Health and Social Care Workforce

Throughout the year, our time to hire remained below the national benchmark of 116 days. However, this is not felt sufficient to meet the needs of the organisation moving forward. Further funding was identified to reduce the time taken to recruit staff and mitigate the risk workforce gaps create in terms of service provision, safe health care and employee wellbeing. This will reduce the time to hire, through managing some tasks on behalf of managers allowing them to focus on their clinical priorities.

A range of initiatives are now in place to increase the overall workforce supply and maintain a sustainable workforce. These include employability routes: modern and graduate apprenticeships; NHS Academy Huddles with local Schools, long term unemployed, careers events and work with veterans. With other North of Scotland boards, an international recruitment service has been established and has supported the recruitment of 93 international nurses for NHS Grampian who will all have commenced in post by summer 2023, 42 started in 2022/23. For medical staff an initiative within Psychiatry has recruited a number of international doctors who are being supported to develop to gain their Certificate in Eligibility for Specialist Registration in a discipline with enduring Consultant vacancies. (This supports those with the knowledge, skills and experience in a medical specialty to meet the approved curriculum and are then eligible to apply for consultant posts).

During 2022/23 NHS Grampian responded to the results of the Best Practice Australia (BPA) culture survey across the Nursing and Midwifery and the Facilities and Estates workforce, approximately half of NHS Grampian employees. This was undertaken to support work towards Magnet recognition for excellence in Nursing, supporting attraction, recruitment and retention, and to enable colleagues in these areas to share their views on a variety of topics including their experience at work and to help gain a deeper understanding of the organisation’s culture.

ACCOUNTABILITY REPORT

B REMUNERATION AND STAFF REPORT

This first phase roll out was limited to these areas in response to system pressures, and to understand the capacity requirements for wider adoption of the survey moving forward. Feedback from this was provided to all 370 participating teams who participated and opportunities for support offered to teams. The teams were encouraged to identify 2 or 3 things they wanted to improve and agreed to work on. These, and all other teams in NHS Grampian were also provide with the opportunity to participate in iMatter, the national staff experience survey.

Sustainability and Value

Though internal audit, succession planning has been identified as an area for improvement, in support of workforce sustainability. Actions have been agreed around the creation of consistent approach, the need to identify critical roles across the organisation and to ensure there is appropriate development available. This work will be initiated through the Chief Executive Team, engagement of the wider systems leadership group and the updating of policies and processes.

Additional Board funding has been agreed to support the establishment of a medical staff bank as the first step towards implementing a single staff bank to ensure a sustainable workforce and to meet operational demands. It is anticipated as bank usage increases, agency spend will reduce, leading to greater financial efficiency. This builds on work to ensure the direct engagement of medical locums, rather than via third party organisations, is support of improved financial controls.

**NHS GRAMPIAN
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2023**

ACCOUNTABILITY REPORT

B REMUNERATION AND STAFF REPORT

2. Staff Numbers and Costs

The following table summarises total staff costs and numbers for 2022/23 and the prior year:

| STAFF COSTS | Notes | Executive Board Members £000's | Non Executive Board Members £000's | Permanent Staff £000's | Inward Secondees £000's | Other Staff £000's | Outward Secondees £000's | 2022/23 Total £000's | 2021/22 Total £000's |
|----------------------------------|----------|-----------------------------------|---------------------------------------|---------------------------|----------------------------|-----------------------|-----------------------------|-------------------------|-------------------------|
| Salaries and wages | | 766 | 485 | 679,808 | 0 | 0 | 0 | 681,059 | 650,430 |
| Taxation & Social Security costs | | 104 | 49 | 72,289 | 0 | 0 | 0 | 72,442 | 63,823 |
| NHS scheme employers' costs | | 112 | 44 | 117,672 | 0 | 0 | 0 | 117,828 | 110,779 |
| Secondees | | 0 | 0 | 0 | 632 | 0 | (47,403) | (46,771) | (42,483) |
| Agency staff | | 0 | 0 | 0 | 0 | 32,738 | 0 | 32,738 | 24,302 |
| TOTAL | | 982 | 578 | 869,769 | 632 | 32,738 | (47,403) | 857,296 | 806,851 |
| Compensation for loss of office | | 0 | 0 | 36 | 0 | 0 | 0 | 36 | 0 |
| TOTAL STAFF COSTS | b | 982 | 578 | 869,805 | 632 | 32,738 | (47,403) | 857,332 | 806,851 |

Included in the total Staff Costs above were costs of staff engaged directly on capital projects, charged to capital expenditure of: 145 206

STAFF NUMBERS

| | | | | | | | | Average W.T.E | Average W.T.E |
|------------------------------------|--|----------|-----------|---------------|----------|----------|----------|---------------|---------------|
| Whole time equivalent (WTE) | | 5 | 14 | 14,731 | 0 | 0 | 0 | 14,750 | 14,706 |

Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of: 1 3

Included in the total staff numbers above were staff with a disability : 72 59

Notes :

a) Reconciliation of total staff costs to Note 3 Operating Expenditure :

| | | |
|--|----------------|----------------|
| Total employee expenditure disclosed in Note 3 operating Expenditure | 904,590 | 849,820 |
| Deduct outward secondees | (47,403) | (43,175) |
| Add salaries charged to capital expenditure | 145 | 206 |
| Total staff costs disclosed above | 857,332 | 806,851 |

b) Total employee expenditure increased by £51.4 million mainly due to the annual pay uplift (£56.0 million), national insurance increase (£4.0m) and a decrease in the level of untaken annual leave (£8.4 million).

3. Staff Composition

| | 2022/23 | | | 2021/22 | | |
|---|--------------|---------------|---------------|--------------|---------------|---------------|
| | Male | Female | Total | Male | Female | Total |
| Executive Directors | 2 | 3 | 5 | 2 | 3 | 5 |
| Non-Executive Members and Employee Director | 9 | 11 | 20 | 8 | 9 | 17 |
| Senior Employees | 611 | 481 | 1,092 | 565 | 424 | 989 |
| Other | 2,626 | 13,194 | 15,820 | 2,686 | 13,314 | 16,000 |
| Total Headcount | 3,248 | 13,689 | 16,937 | 3,261 | 13,750 | 17,011 |

ACCOUNTABILITY REPORT

B REMUNERATION AND STAFF REPORT

4. HIGHER PAID EMPLOYEES REMUNERATION

HIGHER PAID EMPLOYEES REMUNERATION

| Employees whose remuneration fell within the following ranges: | 2022/23 No. | 2021/22 No. |
|--|----------------|----------------|
| Clinicians | | |
| £ 70,001 to £80,000 | 223 | 193 |
| £ 80,001 to £90,000 | 110 | 126 |
| £ 90,001 to £100,000 | 100 | 90 |
| £100,001 to £110,000 | 65 | 70 |
| £110,001 to £120,000 | 66 | 65 |
| £120,001 to £130,000 | 61 | 74 |
| £130,001 to £140,000 | 76 | 62 |
| £140,001 to £150,000 | 64 | 52 |
| £150,001 to £160,000 | 45 | 42 |
| £160,001 to £170,000 | 49 | 34 |
| £170,001 to £180,000 | 36 | 32 |
| £180,001 to £190,000 | 19 | 19 |
| £190,001 to £200,000 | 17 | 11 |
| £200,001 and above | 42 | 33 |

Other

| | | |
|----------------------|----|----|
| £ 70,001 to £ 80,000 | 39 | 29 |
| £ 80,001 to £ 90,000 | 36 | 29 |
| £ 90,001 to £100,000 | 24 | 14 |
| £100,001 to £110,000 | 16 | 12 |
| £110,001 to £120,000 | 3 | 2 |
| £120,001 to £130,000 | 3 | 2 |
| £130,001 to £140,000 | 1 | 2 |
| £140,001 to £150,000 | 2 | 1 |
| £150,001 to £160,000 | 1 | 1 |
| £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 |

Note :

Remuneration is calculated as gross pay plus benefits in kind and includes compensation for loss of office under agreed voluntary severance arrangements.

5. Sickness absence

NHS Grampian has a dedicated Occupational Health Service which provides proactive and reactive supports to keep staff well and in work. Supports include the Wellbeing Hub which provides tailored mental health and wellbeing supports for staff. This service offers wellbeing calls to signpost staff to the most suitable wellbeing information and services based on their individual circumstances, counselling, Cognitive Behavioural Therapy, and

ACCOUNTABILITY REPORT

B REMUNERATION AND STAFF REPORT

Clinical Psychology. A two year programme offering Occupational Therapy support for staff with Long Covid has also commenced.

An online manager referral portal was launched in 2022 that seeks to support effective local handling of absence where appropriate and maximise capacity for those most in need of support. Where there are concerns that work could be affecting a member of staff's health or that a health problem could be affecting an employee's ability to do their job, specialist Occupational Health advice is available. These inputs assist managers in supporting staff who are absent in the workplace due to sickness absence. Staff are encouraged to return to work as soon as possible, which may include a 4 week adjustment programme.

The overall annual sickness absence rate was 4.97% (2021/22 4.6%), amongst the lowest of the mainland territorial health boards. Throughout the year, sickness absence rates varied considerably and increases were aligned to surges in COVID-19 and seasonal flu, and ranged between 2.6% and 6% for all staff groups. Despite the success of the vaccination programme, the impact of COVID-19 was also felt through the need for self-isolation, both of staff and members of their household, meaning that sickness absence levels alone do not fully reflect the continued impact of the pandemic on workforce availability or wellbeing.

6. Staff policies applied during the financial year relating to the employment of Disabled Persons

As an equal opportunities employer, NHS Grampian welcomes applications for employment from disabled persons and actively seeks to provide an environment where they and any employees who become disabled can continue to contribute to the work of the Board. During 2022/23 NHS Grampian employed an average 71.8WTE (headcount 102) staff with a disability compared to 59.0WTE (headcount 87.5) in 2021/22.

The NHS Grampian Equality, Diversity and Human Rights Policy can be accessed at the following link <https://www.nhsgrampian.org/about-us/equality-and-diversity/>. This covers, in detail, the employment of disabled persons including recruitment and selection, treatment during employment and monitoring arrangements. The policy also lists the other NHS Grampian Policies which are in place to ensure that applicants for posts with a disability and staff in post with a disability are treated fairly and that everything reasonably possible is done to meet their needs. This includes providing appropriate support and making reasonable adjustments, training, career development and promotion of disabled persons.

7. Other employee matters such as diversity and equal treatment

NHS Grampian fully complies with the requirements of the Equality Act (Specific Duties) (Scotland) Regulations 2012. More information, including the key reports listed below, can be accessed at the following link <https://www.nhsgrampian.org/about-us/equality-and-diversity/>

- NHS Grampian Equalities Outcomes 2021-2025, update report;

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B REMUNERATION AND STAFF REPORT

- Making equality duty an integral part of the way NHS Grampian functions - progress Report for the period April 2019 to March 2022;
- An NHS Grampian Equal Pay Monitoring Report, June 2022; and
- An NHS Grampian Equality and Diversity Workforce Monitoring Report 2021/22.

NHS Grampian also has a range of other policies developed in partnership with Trade Unions and Professional Organisation representatives to cover all employee matters including health and safety, employee consultation, trade union relationships, employability and pay policy.

8. Off-payroll engagements

The use of locum agency medical and nursing staff throughout the year is disclosed in section 2 above. All other staff engaged by NHS Grampian to provide services during the year for a period of longer than six months were remunerated through either NHS Grampian's payroll or where those staff were seconded from a partner organisation e.g. a university or a local authority, they were remunerated through the payroll of that partner organisation.

All Board members deemed to have significant financial responsibility during the year were remunerated through NHS Grampian's payroll.

9. Exit packages

There were 15 exit packages agreed during the year which were compulsory redundancies.

| | 2022/23 | 2021/22 |
|------------------------------------|---|---|
| Exit Package cost band | Total number of exit packages by cost band | Total number of exit packages by cost band |
| £0 - £10,000 | 15 | 0 |
| Total Resource Cost (£'000) | 36 | 0 |

10. Expenditure on consultancy

Expenditure on external consultancy during 2022/23 was £2,916.69 (2021/22 £24,635.70).

NHS Grampian has used 1 consultancy firm during 2022/23 (2 in 2021/22). These suppliers provided consultancy services in a number of areas including capital projects, construction and building infrastructure planning and infection control issues. Consultancy services are used for the provision of specialist expertise which is not available from NHS Grampian's own staff and therefore represent a value for money alternative to the direct employment of specialist staff.

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B REMUNERATION AND STAFF REPORT

11. Trade Union (Facility Time Publication Requirements) Regulations 2017

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requirement relevant public sector employers to publish, a range of data on the amount and cost of facility time. The following information relating to NHS Grampian is also published on the NHS Grampian website at <https://www.nhsgrampian.org/about-us/annual-accounts/>

| | |
|---|--------------------------------------|
| Number of employees who were relevant union officials during the period 1 April 2022 to 31 March 2023 | Full-time equivalent employee number |
| 112 | 98.43 |

Percentage of time spent on facility time

| Percentage of time | Number of representatives |
|--------------------|---------------------------|
| 0% | 71 |
| 1 - 50% | 30 |
| 51-99% | 3 |
| 100% | 8 |

Percentage of pay bill spent on facility time

| | |
|---|----------------|
| Total cost of facility time | £0.429 million |
| Total pay bill | £871.8 million |
| Percentage of the total pay bill spent on facility time | 0.05% |

Paid trade union activities

| | |
|---|-------|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 3.86% |
|---|-------|

ACCOUNTABILITY REPORT

C PARLIAMENTARY ACCOUNTABILITY REPORT

1. Losses and Special Payments

On occasion, the Board may be required to write off outstanding debt that is assessed as no longer recoverable, make an ex gratia payment or to pay compensation for a loss incurred by a third-party including patients or staff. All such payments including all clinical negligence compensation claims, in excess of the Board's delegated limits, require the approval of the SGHSCD.

The following special payments and losses have been approved by the Board and are included in the financial statements for 2022/23 :

| | No. of cases 2022/23 | £000 2022/23 | No. of cases 2021/22 | £000 2021/22 |
|---|-------------------------|-----------------|-------------------------|-----------------|
| Fraud and suspected Fraud | 11 | 2 | 13 | 0 |
| Clinical Negligence and Employer Liability claims | 69 | 2,485 | 68 | 5,773 |
| Other losses and ex gratia payments | 56 | 107 | 24 | 209 |
| Total Special payments and losses | 136 | 2,594 | 105 | 5,982 |

In 2022/23, the Board was required to pay out 2 claims of £0.3 million each, in respect of clinical negligence cases in excess of £0.3 million (2021/22: 3 claims £1.25 million, £1.93 million and £0.5 million.) No other individual losses or claims with a value exceeding £0.3 million were settled during the year.

The Board is also required to provide for all clinical negligence and employer liability claims notified to it and which will be settled at a future date. Details of these provisions and an explanation of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) can be found in note 13.

2. Fees and Charges

The Board had no commercial trading activity during 2022/23 where the full annual cost exceeded £1 million (2021/22 nil).

3. Contingent Liabilities

Due to the nature of the activities of NHS Grampian there are contingent liabilities for which IAS37 which do not require disclosure because the probability of any requirement on the Board to meet future liabilities is considered to be remote. Contractual obligations are disclosed in note 15.

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Caroline Hiscox

**Chief Executive
Grampian Health Board**

07 July 2023

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Grampian Health 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 Cash Flow Statement, the Consolidated Statement of Changes in Taxpayer's Equity and notes to the accounts, 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 our 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

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the board and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

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

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, we report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- using our 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 management and the Audit and Risk Committee as to other laws or regulations that may be expected to have a fundamental effect on the operations of the board;
- inquiring of management and the Audit and Risk Committee concerning the board's policies and procedures regarding compliance with the applicable legal and regulatory framework;

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited 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.

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

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.

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

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

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

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

Conclusions on wider scope responsibilities

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

Use of our report

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

Angela L Pieri

Angela L Pieri, (for and on behalf of Grant Thornton UK LLP),
110 Queen Street, Glasgow, G1 3BX

07 July 2023

**NHS GRAMPPIAN
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2023**

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR YEAR TO 31 MARCH 2023

| NHS Grampian 2021/22 £'000 | Group 2021/22 £'000 | | NHS Grampian 2022/23 £'000 | Group 2022/23 £'000 |
|--|---------------------------|--|-------------------------------------|---------------------------|
| 849,820 | 849,820 | Staff Costs | 904,590 | 904,590 |
| | | Other Operating Expenditure | | |
| 166,179 | 166,179 | Independent Primary Care Services | 175,002 | 175,002 |
| 257,501 | 257,501 | Drugs and Medical Supplies | 275,536 | 275,536 |
| 999,132 | 999,271 | Other Health Care expenditure | 954,282 | 956,174 |
| 2,272,632 | 2,272,771 | Gross expenditure for the year | 2,309,410 | 2,311,302 |
| (819,893) | (820,835) | Less : Operating Income | (900,194) | (902,196) |
| 0 | (36,166) | Joint Ventures accounted for on an equity basis | 0 | 34,359 |
| 1,452,739 | 1,415,770 | Net expenditure for the year | 1,409,216 | 1,443,465 |
| OTHER COMPREHENSIVE NET EXPENDITURE | | | | |
| (28,544) | (28,544) | Net Loss/(gain) on revaluation of Property Plant and Equipment | (22,931) | (22,931) |
| 0 | (3,064) | Net Loss/(gain) on revaluation of financial assets | 0 | 4,166 |
| 1,424,195 | 1,384,162 | Total Comprehensive Net Expenditure/(Income) | 1,386,285 | 1,424,700 |

a) Further detail and analysis of the Board's financial performance including an explanation of key variances can be found in the performance report on pages 21 to 23.

**NHS GRAMPIAN
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2023**

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

| NHS Grampian 2021/22 £'000 | | Group 2021/22 £'000 | | | Note | NHS Grampian 2022/23 £'000 | | Group 2022/23 £'000 | |
|-------------------------------------|------------------|--|--|------------|------------------|-------------------------------------|--|---------------------------|--|
| Non-current assets: | | | | | | | | | |
| 652,356 | 652,356 | Property, plant and equipment | | 7c | 730,814 | 730,814 | | | |
| 2,212 | 2,212 | Intangible assets | | 6 | 2,024 | 2,024 | | | |
| | | Right of Use assets | | 16a | 40,044 | 40,044 | | | |
| Financial Assets: | | | | | | | | | |
| 862 | 54,082 | Investments | | 10 | 1,382 | 50,589 | | | |
| 0 | 58,739 | Investments in joint ventures | | | 0 | 24,380 | | | |
| 62,938 | 62,938 | Trade and other receivables | | 9 | 120,341 | 120,341 | | | |
| 718,368 | 830,327 | Total non-current assets | | | 894,605 | 968,192 | | | |
| Current Assets: | | | | | | | | | |
| 7,590 | 7,590 | Inventories | | 8 | 8,073 | 8,073 | | | |
| 81,227 | 80,619 | Trade and other receivables | | 9 | 85,897 | 85,059 | | | |
| 8,198 | 10,177 | Cash and cash equivalents | | 11 | 10,412 | 13,012 | | | |
| 0 | 0 | Assets classified as held for sale | | 7b | 350 | 350 | | | |
| 97,015 | 98,386 | Total current assets | | | 104,732 | 106,494 | | | |
| 815,383 | 928,713 | Total assets | | | 999,337 | 1,074,686 | | | |
| Current liabilities | | | | | | | | | |
| (60,477) | (64,671) | Provisions | | 13 | (51,951) | (55,827) | | | |
| (251,054) | (251,322) | Trade and other payables | | 12 | (194,134) | (194,243) | | | |
| | | Lease Liabilities | | 16b | (3,094) | (3,094) | | | |
| (311,531) | (315,993) | Total current liabilities | | | (249,179) | (253,164) | | | |
| 503,852 | 612,720 | Non-current assets (less) net current liabilities | | | 750,158 | 821,522 | | | |
| Non-current liabilities | | | | | | | | | |
| (110,138) | (110,959) | Provisions | | 13 | (173,098) | (174,830) | | | |
| (40,717) | (40,717) | Trade and other payables | | 12 | (34,691) | (34,691) | | | |
| 0 | 0 | Liabilities in associates and joint ventures | | | 0 | 0 | | | |
| | | Lease Liabilities | | 16b | (29,360) | (29,360) | | | |
| (150,855) | (151,676) | Total non-current liabilities | | | (237,149) | (238,881) | | | |
| 352,997 | 461,044 | Assets less liabilities | | | 513,009 | 582,641 | | | |
| Taxpayers' Equity | | | | | | | | | |
| 206,966 | 206,966 | General fund | | | 356,913 | 356,913 | | | |
| 146,031 | 146,031 | Revaluation reserve | | | 156,096 | 156,096 | | | |
| 0 | 49,308 | Funds Held on Trust | | | 0 | 45,252 | | | |
| 0 | 58,739 | Other reserves- Joint Venture | | | 0 | 24,380 | | | |
| 352,997 | 461,044 | Total taxpayers' equity | | | 513,009 | 582,641 | | | |

FINANCIAL STATEMENTS

The Annual Accounts were approved by the Board of Directors and authorised for issue on 6 July 2023.

Caroline Hiscox

Chief Executive

Alex Stephen

Director of Finance

**NHS GRAMPIAN
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FINANCIAL STATEMENTS

CONSOLIDATED CASHFLOW STATEMENT FOR YEAR ENDED 31 MARCH 2023

| NHS Grampian 2021/22 £'000 | Group 2021/22 £'000 | | Note | NHS Grampian 2022/23 £'000 | Group 2022/23 £'000 |
|-------------------------------------|---------------------------|---|------|-------------------------------------|---------------------------|
| | | Cash flows from operating activities | | | |
| (1,452,739) | (1,415,770) | Net operating cost | | (1,409,216) | (1,443,465) |
| 26,818 | (9,348) | Adjustments for non-cash transactions | 2b | 39,973 | 74,332 |
| 2,806 | 2,806 | Add back: interest payable recognised in net operating cost | 2b | 3,139 | 3,139 |
| 0 | (1,509) | Investment Income | | 0 | (1,816) |
| (7,841) | (7,414) | (Increase)/decrease in trade and other receivables | 2c | (62,945) | (62,715) |
| (926) | (926) | (Increase)/decrease in inventories | 2c | (483) | (483) |
| 61,722 | 61,636 | Increase/(decrease) in trade and other payables | 2c | (61,844) | (62,003) |
| 11,788 | 10,769 | Increase/(decrease) in provisions | 2c | 54,434 | 55,027 |
| (1,358,372) | (1,359,756) | Net cash outflow from operating activities | | (1,436,942) | (1,437,984) |
| | | Cash flows from investing activities | | | |
| (64,449) | (64,449) | Purchase of property, plant and equipment | | (100,286) | (100,286) |
| (260) | (260) | Purchase of intangible assets | | (298) | (298) |
| (315) | (7,752) | Investment Additions | 10 | (748) | (11,118) |
| 0 | 0 | Transfer of assets to/(from) other NHS bodies | | 0 | 0 |
| 389 | 389 | Proceeds of disposal of property, plant and equipment | | 906 | 906 |
| 0 | 7,432 | Receipts from sale of investments | | 0 | 10,217 |
| 0 | 1,509 | Interest and dividends received | | 0 | 1,816 |
| (64,635) | (63,131) | Net cash outflow from investing activities | | (100,426) | (98,763) |
| | | Cash flows from financing activities | | | |
| 1,427,104 | 1,427,104 | Funding | | 1,544,689 | 1,544,689 |
| 7,506 | 7,506 | Movement in general fund working capital | | 2,214 | 2,214 |
| 1,434,610 | 1,434,610 | Cash drawn down | | 1,546,903 | 1,546,903 |
| (851) | (851) | Capital element of payments in respect of on-balance sheet PFI and Hub contracts | 2c | (923) | (923) |
| (440) | (440) | Capital element of payments in respect of leases IFRS 16 - 2022-23 cash lease payment | | (469) | (469) |
| | | | | (2,790) | (2,790) |
| (2,806) | (2,806) | Interest element of finance leases and on-balance sheet PFI/PPP contracts | 2b | (3,139) | (3,139) |
| 1,430,513 | 1,430,513 | Net Financing | | 1,539,582 | 1,539,582 |
| 7,506 | 7,626 | Net increase/(decrease) in cash and cash equivalents in the period | | 2,214 | 2,835 |
| 692 | 2,551 | Cash and cash equivalents at the beginning of the period | | 8,198 | 10,177 |
| 8,198 | 10,177 | Cash and cash equivalents at the end of the period | 11 | 10,412 | 13,012 |

NHS GRAMPIAN ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYER EQUITY FOR YEAR ENDED 31 MARCH 2023

| | NHS GRAMPIAN | | CHARITABLE ENDOWMENT FUNDS | | | | Integration Joint Boards | | | Consolidated Total Reserves £'000 | |
|---|--------------|-----------------------|---------------------------------|----------------------------------|---|---------------------------------|---------------------------------|------------------------|------------------------|---|--------------------|
| | Note | General Fund £'000 | Revaluation Reserve £'000 | Total Board Reserves £'000 | Individual Endowment Funds £'000 | Revaluation Reserve £'000 | Funds Held on Trust £'000 | Aberdeen City £'000 | Aberdeenshire £'000 | | Moray £'000 |
| Balance at 31 March 2022 | | 206,966 | 146,031 | 352,997 | 31,493 | 17,815 | 49,308 | 25,696 | 24,532 | 8,511 | 461,044 |
| Changes in taxpayers' equity for 2022/23 | | | | | | | | | | | |
| Net gain on revaluation/indexation of property, plant and equipment | 7a | 0 | 22,931 | 22,931 | 0 | 0 | 0 | 0 | 0 | 0 | 22,931 |
| Net gain on revaluation of financial assets | 10 | 0 | 0 | 0 | 481 | (4,646) | (4,165) | 0 | 0 | 0 | (4,165) |
| Impairment of property, plant and equipment | 7a/7b | 0 | (7,616) | (7,616) | 0 | 0 | 0 | 0 | 0 | 0 | (7,616) |
| Revaluation & impairments taken to operating costs | 2a | 0 | 7,616 | 7,616 | 0 | 0 | 0 | 0 | 0 | 0 | 7,616 |
| Transfers between reserves | | 12,866 | (12,866) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of Assets from Other NHS | | 1,608 | 0 | 1,608 | 0 | 0 | 0 | 0 | 0 | 0 | 1,608 |
| Net operating cost for the year | | (1,409,216) | 0 | (1,409,216) | 110 | 0 | 110 | (12,123) | (16,067) | (6,169) | (1,443,465) |
| Total recognised income and expense for 2022/23 | | (1,384,742) | 10,065 | (1,384,677) | 591 | (4,646) | (4,055) | (12,123) | (16,067) | (6,169) | (1,423,091) |
| Funding: | | | | | | | | | | | |
| Drawn down * | | 1,546,903 | 0 | 1,546,903 | 0 | 0 | 0 | 0 | 0 | 0 | 1,546,903 |
| Movement in General Fund Creditor | | (2,214) | 0 | (2,214) | 0 | 0 | 0 | 0 | 0 | 0 | (2,214) |
| Balance at 31 March 2023 | | 356,913 | 156,096 | 513,009 | 32,084 | 13,169 | 45,253 | 13,573 | 8,465 | 2,342 | 582,642 |
| CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS EQUITY FOR THE YEAR ENDED 31 MARCH 2022 | | | | | | | | | | | |
| Balance at 31 March 2021 | | 228,136 | 121,850 | 349,986 | 30,485 | 14,956 | 45,441 | 9,118 | 10,284 | 3,171 | 418,000 |
| Prior year adjustments for changes in accounting policy and material errors | | | | 0 | | | 0 | | | | 0 |
| Restated Balance at 1 April 2021 | | 228,136 | 121,850 | 349,986 | 30,485 | 14,956 | 45,441 | 9,118 | 10,284 | 3,171 | 418,000 |
| Changes in taxpayers' equity for 2021/22 | | | | | | | | | | | |
| Net gain on revaluation/indexation of property, plant and equipment | 7a | 0 | 28,545 | 28,545 | 0 | 0 | 0 | 0 | 0 | 0 | 28,545 |
| Net gain on revaluation of financial assets | 10 | 0 | 0 | 0 | 205 | 2,859 | 3,064 | 0 | 0 | 0 | 3,064 |
| Impairment of property, plant and equipment | 7a | 0 | (404) | (404) | 0 | 0 | 0 | 0 | 0 | 0 | (404) |
| Revaluation & impairments taken to operating costs | 2a | 0 | 404 | 404 | 0 | 0 | 0 | 0 | 0 | 0 | 404 |
| Transfers between reserves | | 4,364 | (4,364) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfer of Assets from Other NHS | | 101 | 0 | 101 | 0 | 0 | 0 | 0 | 0 | 0 | 101 |
| Net operating cost for the year | | (1,452,739) | 0 | (1,452,739) | 803 | 0 | 803 | 16,578 | 14,248 | 5,340 | (1,415,770) |
| Total recognised income and expense for 2021/22 | | (1,448,274) | 24,181 | (1,424,093) | 1,008 | 2,859 | 3,867 | 16,578 | 14,248 | 5,340 | (1,384,060) |
| Funding: | | | | | | | | | | | |
| Drawn down | | 1,434,610 | 0 | 1,434,610 | 0 | 0 | 0 | 0 | 0 | 0 | 1,434,610 |
| Movement in General Fund Creditor | | (7,506) | 0 | (7,506) | 0 | 0 | 0 | 0 | 0 | 0 | (7,506) |
| Balance at 31 March 2022 | | 206,966 | 146,031 | 352,997 | 31,493 | 17,815 | 49,308 | 25,696 | 24,532 | 8,511 | 461,044 |

FINANCIAL STATEMENTS

Note 1. ACCOUNTING POLICIES

1) Authority

In accordance with the accounts direction issued by Scottish Ministers under the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 29 below.

Standards, amendments and interpretations effective in current year. IFRS16 is the new standard which has been issued and adopted for the year 2022-2023

Standards, amendments and interpretation early adopted this year There are no new standards, amendments or interpretations early adopted in the 2022/23 financial year.

Standards, amendments and interpretation issued but not adopted this year.

The table below summarises recent standards, amendments and interpretations issued but not adopted in the 2022/23 financial year.

| Standard | Current status |
|--------------------------------------|---|
| IFRS 14 Regulatory Deferral Accounts | Effective for accounting periods starting on or after 1 January 2016. Not applicable to NHS Scotland bodies and if applied would have nil impact. |
| IFRS 17 Insurance Contracts | Effective for accounting periods beginning on or after 1 January 2021. However this Standard is not yet adopted by the FReM. Expected adoption by the FReM from April 2025. Initial evaluation identified nil impact. |

2) Basis of Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Annual Accounts consolidate the results of Grampian Health Board Endowment Fund (operating as NHS Grampian Endowment Funds) which were established by the NHS (Scotland) Act 1978.

The assets, liabilities, equity, income, expenses and cash flows of the Health Board and the Endowment Funds have been presented a single economic entity.

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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, who are appointed by Scottish Ministers.

NHS Grampian Endowment Funds is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit audited financial statements to OSCR on an annual basis. The accounts of the charity have been prepared in accordance with applicable UK accounting standards, the Statement of Recommended Practice - "Accounting and Reporting by Charities" (SORP 2015) effective 1 January 2015 and comply with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The accounting policies have been aligned to the policies of the Board for the purposes of consolidation. Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation.

Effective from 2016/17 the Board has also disclosed its interest in the three Integration Joint Boards (IJBs) Moray, Aberdeen City and Aberdeenshire, established under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated secondary legislation. In accordance with IFRS 11 – Joint Arrangements each IJB is considered to be a Joint Venture due to contractually agreed sharing of control set out in each approved Integration Scheme, and the primary financial statements have been amended for the additional disclosure required to accurately reflect the interest of IJBs using the equity method of accounting in accordance with IAS 28 – Investments in Associates and Joint arrangements.

3) Retrospective Restatements

There are no adjustments to prior year figures required to be reflected in the primary statements.

There has been a restatement of 2021/22 contingent liabilities and contingent assets reported in Note 14. The clinical and medical compensation payments contingent liability amount has been increased by £35m from £16m. While the contingent asset has been increased by £34m from £15m. This restatement has been made to correct an error in prior years where a provision for all category of claims identified had not been allowed. The aim is to accurately disclose the balance of claims not provided for and for which the Central Legal Office of the Scottish Government Health Directorate estimates that there is medium or low risk of the Board having to make settlement.

The prior year figures reported in Note 5 have been restated in order to reflect the portfolio and system leadership approach that has been adopted for internal reporting in order to comply with IFRS 8.

4) Going Concern

The accounts are prepared on a going concern basis, which provides that the Board members have a reasonable expectation that the entity will continue in operational existence for the foreseeable future.

5) Accounting Convention

FINANCIAL STATEMENTS

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

6) Funding

6 (a) Grampian Health Board

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved revenue resource limit (RRL). Cash drawn down to fund expenditure within this approved revenue resource limit is credited to the general fund. All other income receivable by the board that is not classed as funding is recognised when the transfer of goods or services (the performance obligation) is satisfied. Where income is received for goods or services that will not be delivered in the current financial year, that income is deferred.

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

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

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

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

6(b) NHS Grampian Endowment Funds

All incoming resources are recognised once the NHS Grampian Endowment Funds has received its entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Legacies and donations to the NHS Grampian Endowment Funds are accounted for as incoming resources upon confirmation of legal entitlement and classified as restricted or unrestricted based on the donors stated wishes. Income from investment of charitable endowment funds is earmarked as restricted or unrestricted based on the classification of the original legacy or donation in line with the donor's stated wishes.

All expenditure, including grants, is accounted for on an accruals basis and is only incurred where this will further the charitable objects of the NHS Grampian Endowment Funds. All expenditure is recognised once there is a legal or constructive obligation committing the fund to the expenditure. A liability for grants relating to the funding of salaries is recognised when the Trustees have granted approval. Where this relates to NHS Grampian employees, these balances will be eliminated on consolidation.

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7) Property, plant and equipment

The treatment of capital assets e.g. Property, Plant and Equipment in the accounts (capitalisation, valuation, depreciation, particulars concerning donated assets) is in accordance with the NHS Scotland Capital Accounting Manual. Title to properties included in the accounts is held by the Scottish Ministers.

7(a) Recognition

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

All assets falling into the following categories are capitalised:

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

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

Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

7(b) Measurement

Valuation:

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

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

In general, operational assets which are in use delivering front line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual are adopted:

- Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.
- Non-specialised equipment, installations and fittings are valued at fair value, using the most appropriate valuation methodology available. A depreciated historical cost

FINANCIAL STATEMENTS

basis is considered an appropriate proxy for fair value in respect of assets which have short useful lives or low values (or both).

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

- Specialised NHS Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as agreed by the District Valuer.
- Non-specialised land and buildings, such as offices, are stated at fair value.

Surplus assets with restrictions on their disposal, are valued at current value in existing use. Assets have been assessed as surplus where there is no clear plan to bring the asset back into future use as an operational asset. Assets under construction are valued at current cost. 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 to the Statement of Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

Temporary decreases in asset values or impairments arising from a change in market price are charged to the revaluation reserve where there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

7(c) 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:

FINANCIAL STATEMENTS

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

Property, Plant and Equipment which has been reclassified as 'Held for Sale' and non-operational assets which have been declared surplus cease to be depreciated upon the reclassification.

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

Equipment is depreciated over the estimated life of the asset.

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

Depreciation is charged on a straight-line basis using an assessment of the remaining useful economic life determined by the Board's appointed valuers.

Depreciation is not charged on Assets under construction, because depreciation is appropriate only when assets are available for operational use.

The following asset lives have been used:

| | Useful Life |
|--|--------------------|
| Buildings Structure | 20-90 |
| Buildings Engineering | 5-35 |
| Moveable engineering plant and equipment and equipment and long-life medical equipment | 10 |
| Furniture and medium-life medical equipment | 5-10 |
| Vehicles and soft furnishings | 7-10 |
| Office, information technology, short-life medical and other equipment | 2-5 |

8) Intangible Assets

8(a) 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.

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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.

Carbon Emissions (Intangible Assets):

Participation in the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme gives rise to an asset for purchased allowances held and a liability for the obligation to deliver allowances to the CRC registry equal to emissions made.

Intangible Assets, such as CRC emission allowances which are intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets and are initially measured at cost, with subsequent revaluation at fair value. Until there is evidence of an active market, CRC scheme assets shall be measured at cost as a proxy for fair value.

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When allowances are issued for less than their fair value, the difference between the amount paid and fair value is classed as revaluation and charged to the general fund. The general fund is charged with the same proportion of the amount of the revaluation, which the amount of the grant bears to the acquisition cost of the asset.

A provision is recognised for the obligation to deliver allowances equal to emissions that have been made. It is measured at the best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date. This will usually be the present market price of the number of allowances required to cover emissions made up to the Statement of Financial Position date.

Websites

Websites are capitalised only when it is probable that future economic benefits will flow to, or service potential be provided to, the Board; where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

8(b) 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. These measures are a proxy for fair value.

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 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.

Upward movements in value will be taken to the revaluation reserve and included in comprehensive net expenditure. Temporary decreases in asset value or impairments are charged to the revaluation reserve to the extent there is an available balance for the asset concerned, and thereafter 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'.

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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 (c) 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) Software: amortised over expected useful life;
- 2) Software licences: amortised over the shorter term of the licence and their useful economic lives;
- 3) Other intangible assets: amortised over their expected useful life; and
- 4) Intangible assets which have been reclassified as 'Held for Sale' cease to be amortised upon the reclassification.

Amortisation is charged on a straight-line basis. The following asset lives have been used:

| | Useful Life |
|------------------------|--------------------|
| Information technology | 2-5 |

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; and

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.

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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

Charitable donations and legacies for the benefit of health services in Grampian are generally either made to the NHS Grampian Endowment Funds, a separate legal organisation and registered charity or to one of the many independent healthcare related charitable organisations that exist within Grampian e.g. Hospital Friends groups. Where these charitable organisations, including the NHS Grampian Endowment Funds, or from time to time an individual philanthropic donor, provides grant funding to support the purchase or construction of a physical asset, then NHS Grampian will recognise the grant funding as income within the Statement of Comprehensive Net Expenditure (SOCNE). NHS Grampian will ensure that all donations are utilised in line with any specific conditions attached by the donor. The resulting asset will be capitalised on the Statement of Financial Position (SOFPI) initially at the current full replacement cost. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual, as set out above.

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

12 (a) Accounting for leases under IFRS 16

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.

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:

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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 and are expanding under note 16:

- 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;

Estimates and judgements

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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.

12(b) Accounting for leases under IAS 17 (Comparative Figures only 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. 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.

12(c) HUB Schemes

Transactions financed as revenue transactions through the Scottish Government’s HUB initiative are accounted for in accordance with the HM Treasury application of IFRIC 12, *Service Concession Arrangements* as outlined in the FReM. Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. 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

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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.

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 impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the Statement of Comprehensive Net Expenditure 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 for certain categories of inventories. 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

17(a) Short-term Employee Benefits

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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.

17(b) Pension Costs

The Board participates in the NHS Superannuation Scheme for Scotland providing defined benefits, where contributions are credited to the Exchequer and are deemed to be invested in a portfolio of Government Securities. The scheme was revised on 1 April 2015 to extend the retirement age to the State Pension age and to calculate benefits on a career average re-valued earnings basis (CARE).

The previous scheme was split in to two sections, 1995 and 2008, and any benefits earned by members prior to 1 April 2015 are protected and will be paid at the sections normal

pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

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 who 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 Grampian 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' at 50% of the claim and those in 'Category 1' at nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure

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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.

As a participant in the CNORIS scheme the Board is also liable to meet the cost of contributions to the scheme in future years and is required, additionally, to provide for the Board's share of the total CNORIS liability of NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

19) Related Party Transactions

Material related party transactions are disclosed in note 21 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 property, plant and equipment. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

21) Provisions

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

22) 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.

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23) 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.

24) Financial Instruments

24(a) 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:

the financial asset is held within a business model where the objective is to collect contractual cash flows; and

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:

the financial asset is held within a business model where the objective is to collect contractual cash flows and sell the asset; and

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

Financial assets carried at fair value through other comprehensive income are subsequently measured at fair value. Gains or losses arising from changes in the fair value are recognised in the Statement of Comprehensive Net Expenditure until the financial asset is derecognised or reclassified. (IFRS 9 - 5.7.10)

24)(b) Financial Liabilities

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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:

- these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- they contain embedded derivatives; and/or
- 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.

25) 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

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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.

26) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks, cash balances held with the Government Banking Service 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.

27) Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Board has no beneficial interest in them. However, they are disclosed in note 20 in accordance with the requirements of HM Treasury's Financial Reporting Manual.

28) Key sources of judgement, estimation and uncertainty

Estimates and 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 estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies.

The estimates, assumptions and judgements that have a significant risk of causing a 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 Provision:

The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Grampian. The provision covers all claims classified as category 3 and 50% of the value of claims in category 2 which have been assessed as having a probability of settlement. The share of the NHS Scotland CNORIS liability is estimated based on actual settlement trends in prior years. The carrying value of both the provision and receivable is as shown below:

| | 2022/23 | 2021/22 |
|---|----------------|----------------|
| | £000's | £000's |
| Provision recognising individual claims against the NHS Board at 31 March (*) | 134,578 | 104,704 |
| Associated CNORIS receivable at 31 March | -133,807 | -103,970 |

The element of claims in Categories 1 and 2 not covered by the provision is recorded as a contingent liability under Note 14. The sensitivities regarding the categorisation of claims is set out as follows:

| Sensitivities at 31 March 2023 | Increase in Provision £000's | Decrease in Contingent Liability £000's |
|--|---|--|
| 5% increase in claims needing to be provided for | 3,527 | -3,527 |

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Further detail on the Clinical and Medical Negligence Provision is detailed in section 18 above.

Pension Provision:

The pension provision is calculated using information received from the Scottish Public Pension Agency (SPPA) relating to former NHS Grampian employees for whom NHS Grampian have an ongoing pension liability.

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

Reliance is placed on significant details provided by the actuary of the Pension Fund to establish the value of this liability. The carrying value of the Pension Provisions is as shown below:

| | 2022/23 £000's | 2021/22 £000's |
|--|---------------------------|---------------------------|
| Provisions included on the Statement of Financial Position | 6,099 | 8,385 |

The effects on the net pension's liability of changes in individual assumptions can be measured. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows:

| Sensitivities at 31 March 2023 | Approximate % increase to Employer Liability | Approximate monetary amount £000's |
|--|---|---|
| 0.5% decrease in real discount rate | 6% | 348 |
| 0.5% increase in pension discount rate | 0% | 25 |

Fair Value of Land & Buildings:

Aberdeen Royal Infirmary and 20% of all other property was fully revalued and all remaining land and buildings subject to a desktop valuation on the basis of local market related indices at 31 March 2023, and the impact of any impairment in value on operating costs agreed. Such indices, including zero indexation factors, were applied following consultation and advice from the Board's Property Advisor. The basis of property valuation is explained in the performance report on page 25 above.

Carrying value of property, plant and equipment is shown below and analysis is shown in note 7.

| | 2022/23 £000's | 2021/22 £000's |
|-----------------------------|---------------------------|---------------------------|
| Property, Plant & Equipment | 730,814 | 652,356 |

NHS Grampian commissions an independent valuation of all of its owned and Hub Contract held Land and Building Assets on an annual basis. The valuation is undertaken

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by the Valuation Office Agency, sponsored by HMRC. It is estimated that a change in value of 10% would be expected to have a £50.5 million impact to the value of these assets.

NOTE 2A. SUMMARY OF CORE REVENUE RESOURCE OUTTURN

| SUMMARY OF CORE REVENUE RESOURCE OUTTURN | 2022/23 £'000 | 2022/23 £'000 | 2021/22 £'000 | 2021/22 £'000 | | |
|--|------------------|--------------------|------------------------|------------------|--------------------|------------------------|
| Net expenditure | | 1,443,465 | | 1,415,770 | | |
| Total Non-Core Expenditure (see below) | | (46,200) | | (28,485) | | |
| FHS Non Discretionary Allocation | | (71,137) | | (66,318) | | |
| Endowment Net Operating Costs | | 110 | | 803 | | |
| Joint Ventures accounted for on an equity basis | | (34,359) | | 36,166 | | |
| Total Core Expenditure | | 1,291,879 | | 1,357,936 | | |
| Core Revenue Resource Limit | | 1,292,491 | | 1,358,066 | | |
| Saving/(excess) against Core Revenue Resource Limit | | 612 | | 130 | | |
| SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN | | | | | | |
| Capital grants to/(from) other bodies | 854 | | (333) | | | |
| Depreciation/Amortisation | 30,751 | | 25,364 | | | |
| Annually Managed Expenditure - Impairments | 7,617 | | 403 | | | |
| Annually Managed Expenditure - Creation of Provisions | 5,077 | | 2,100 | | | |
| Annually Managed Expenditure - Depreciation of Donated Assets | 1,328 | | 1,547 | | | |
| Annually Managed Expenditure - Fair Value Adjustments | 0 | | 91 | | | |
| Donated Assets Income | (320) | | (687) | | | |
| IFRS PFI expenditure | 893 | | | | | |
| Right of Use (RoU) Interest | 0 | | | | | |
| Right of Use (RoU) Peppercom Leases Depreciation | 0 | | | | | |
| Total Non Core Expenditure | | 46,200 | | 28,485 | | |
| Non-Core Revenue Resource Limit | | 46,200 | | 28,485 | | |
| Saving/(excess) against Non Core Revenue Resource Limit | | 0 | | 0 | | |
| SUMMARY RESOURCE OUTTURN | | | | | | |
| | Resource | Expenditure | Saving/(excess) | Resource | Expenditure | Saving/(excess) |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Core | 1,292,491 | 1,291,879 | 612 | 1,358,066 | 1,357,936 | 130 |
| Non-Core | 46,200 | 46,200 | 0 | 28,485 | 28,485 | 0 |
| Total | 1,338,691 | 1,338,079 | 612 | 1,386,551 | 1,386,421 | 130 |

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2b NOTES TO THE CASH FLOW STATEMENT

Consolidated adjustments for non-cash transactions

| | Note | 2022/23 | | | | 2021/22 | | | |
|--|------|--------------------------|---|-------------------------------------|---------------------------|--------------------------|---|-------------------------------------|---------------------------|
| | | NHS Grampian £'000 | Charitable Endowment Funds £'000 | Intra Group Adjustments £'000 | Group 2022/23 £'000 | NHS Grampian £'000 | Charitable Endowment Funds £'000 | Intra Group Adjustments £'000 | Group 2021/22 £'000 |
| Expenditure not paid in cash | | | | | | | | | |
| Depreciation | 7a | 25,586 | | | 25,586 | 24,825 | | | 24,825 |
| Amortisation | 6 | 466 | | | 466 | 538 | | | 538 |
| Depreciation of donated assets | 7a | 1,328 | | | 1,328 | 1,547 | | | 1,547 |
| Depreciation of Right of Use (RoU) Assets | | 6,448 | | | 6,448 | 0 | | | 0 |
| Right of Use (RoU) Remeasurement (gain)/loss | | 0 | | | 0 | 0 | | | 0 |
| Impairments on PPE charged to SoCNE | | 8,332 | | | 8,332 | 1,140 | | | 1,140 |
| Reversal of impairments on PPE charged to SoCNE | | (716) | | | (716) | (736) | | | (736) |
| Loss on remeasurement of non-current assets held for sale | 7b | 0 | | | 0 | 0 | | | 0 |
| Funding Of Donated Assets * | 4/7a | (320) | | | (320) | (687) | | | (687) |
| Loss / (profit) on disposal of property, plant and equipment | | 235 | | | 235 | 0 | | | 0 |
| GP Loans Fair Value Adjustment | | 222 | | | 222 | 90 | | | 90 |
| Joint Ventures accounted for on an equity basis | | 0 | | 34,359 | 34,359 | 0 | | (36,166) | (36,166) |
| Transfer of Assets from Other NHS | | (1,608) | | | (1,608) | 101 | | | 101 |
| Total expenditure not paid in cash | | 39,973 | 0 | 34,359 | 74,332 | 26,818 | 0 | (36,166) | (9,348) |

Notes :

* Donations to fund specific capital projects are initially treated as operating income disclosed in note 4 and offset against operating expenditure in the SOCNE. Because these donations are used to meet the cost of capital, and not normal operating expenditure, the value of the donations are also included in note 2, in order to ensure that these costs are properly recognised within the cash flow statement.

2b. Interest payable recognised in operating expenditure

| | 2022/23 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| PFI Finance lease charges allocated in the year | 17 | 2,744 |
| Lease Interest | 395 | 0 |
| | 3,139 | 2,806 |

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2c. CONSOLIDATED MOVEMENT IN WORKING CAPITAL BALANCES

| | NHS GRAMPIAN | | | CHARITABLE ENDOWMENT FUNDS | | | INTRA GROUP ADJUSTMENTS | | | CONSOLIDATED TOTAL | | | |
|---|--------------|--------------------------------|--------------------------------|----------------------------|--------------------------------|--------------------------------|----------------------------|--------------------------------|--------------------------------|----------------------------|--------------------------------|--------------------------------|----------------------------|
| | Note | Opening Balances 2022/23 £'000 | Closing Balances 2022/23 £'000 | Net Movement 2022/23 £'000 | Opening Balances 2022/23 £'000 | Closing Balances 2022/23 £'000 | Net Movement 2022/23 £'000 | Opening Balances 2022/23 £'000 | Closing Balances 2022/23 £'000 | Net Movement 2022/23 £'000 | Opening Balances 2022/23 £'000 | Closing Balances 2022/23 £'000 | Net Movement 2022/23 £'000 |
| INVENTORIES | | | | | | | | | | | | | |
| Balance Sheet | | 7,590 | 8,073 | <u>(483)</u> | | | <u>0</u> | | | <u>0</u> | 7,590 | 8,073 | <u>(483)</u> |
| Net Decrease | | | | | | | | | | | | | |
| TRADE AND OTHER RECEIVABLES | | | | | | | | | | | | | |
| Due within one year | | 81,227 | 85,897 | | | | | | | | 80,619 | 85,059 | |
| Due after more than one year | | 62,938 | 120,341 | | 126 | 116 | | (734) | (954) | | 62,838 | 120,341 | |
| Less: Property, Plant & Equipment (Capital) included in above | | (871) | 1 | | | | | | | | (871) | 1 | |
| Net (Increase)/Decrease | | <u>143,294</u> | <u>206,239</u> | <u>(62,945)</u> | <u>126</u> | <u>116</u> | <u>10</u> | <u>(734)</u> | <u>(954)</u> | <u>220</u> | <u>142,666</u> | <u>205,401</u> | <u>(62,715)</u> |
| TRADE AND OTHER PAYABLES | | | | | | | | | | | | | |
| Due within one year | | 251,054 | 194,134 | | 1,002 | 1,063 | | (734) | (954) | | 251,322 | 194,243 | |
| Due after more than one year | | 40,717 | 34,691 | | | | | | | | 40,717 | 34,691 | |
| Less: Property, Plant & Equipment (Capital) included in above | | (7,110) | (10,229) | | | | | | | | (7,110) | (10,229) | |
| Less: Intangible Assets (Capital) included in above | | (20) | 0 | | | | | | | | (20) | 0 | |
| Less: General Fund Creditor included in above | | (8,198) | (10,412) | | | | | | | | (8,198) | (10,412) | |
| Less: Lease and PFI Creditors included in above | | (42,109) | (35,694) | | | | | | | | (42,109) | (35,694) | |
| Net Increase/(Decrease) | | <u>234,334</u> | <u>172,460</u> | <u>(61,844)</u> | <u>1,002</u> | <u>1,063</u> | <u>61</u> | <u>(734)</u> | <u>(954)</u> | <u>(220)</u> | <u>234,602</u> | <u>172,599</u> | <u>(62,003)</u> |
| PROVISIONS | | | | | | | | | | | | | |
| Balance Sheet | | 170,615 | 225,049 | | 5,015 | 5,608 | | 0 | 0 | | 175,630 | 230,657 | |
| Net Increase | | | | <u>54,434</u> | | | <u>593</u> | | | <u>0</u> | | | <u>55,027</u> |
| NET MOVEMENT (Decrease)/Increase | | | | <u>(70,839)</u> | | | <u>664</u> | | | <u>0</u> | | | <u>(70,174)</u> |

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3. OPERATING EXPENSES

3a. BOARD STAFF COSTS

| | 2022/23 £'000 | 2021/22 £'000 |
|----------------------------|-----------------------|-----------------------|
| Medical and Dental | 264,700 | 252,801 |
| Nursing | 336,507 | 304,971 |
| Other Staff | 303,383 | 292,048 |
| Total Staff Costs * | <u>904,590</u> | <u>849,820</u> |

Note:

*Further detail and analysis of employee expenditure can be found in the Staff Report on page 76.

3b. BOARD NON-STAFF OPERATING COSTS

| | Notes | 2022/23 £'000 | 2021/22 £'000 |
|---|-------|-------------------------|-------------------------|
| Independent Primary Care Services: | | | |
| General Medical Services | | 95,110 | 93,226 |
| Pharmaceutical Services | | 30,602 | 28,873 |
| General Dental Services | | 38,422 | 33,084 |
| General Ophthalmic Services | | 10,868 | 10,996 |
| Sub total Independent Primary Care Services | | <u>175,002</u> | <u>166,179</u> |
| Drugs and medical supplies: | | | |
| Prescribed drugs Primary Care | | 110,922 | 103,909 |
| Prescribed drugs Secondary Care | | 95,015 | 77,787 |
| PPE and testing kits | | 2,135 | 14,003 |
| Medical Supplies | | 67,464 | 61,802 |
| Sub total Drugs and Medical Supplies | | <u>275,536</u> | <u>257,501</u> |
| Other health care expenditure | | | |
| Contribution to Integration Joint Boards | | 593,658 | 675,164 |
| Goods and services from other NHSScotland bodies | | 22,812 | 21,272 |
| Goods and services from other UK NHS bodies | | 1,357 | 1,662 |
| Goods and services from private providers | | 14,461 | 9,869 |
| Goods and services from voluntary organisations | | 1,932 | 2,555 |
| Resource Transfer | | 70,552 | 67,277 |
| Loss on disposal of assets | | 26 | 0 |
| Depreciation and impairment of non current assets | | 41,443 | 27,313 |
| Clinical Negligence and Employers Liability payments | | 64,694 | 36,627 |
| Utilities, rent and other property related costs | | 38,288 | 46,773 |
| Purchase, hire, servicing and repair of equipment | | 26,077 | 30,517 |
| Other operating expenses | | 78,737 | 79,902 |
| External Auditor's remuneration - statutory audit fee | | 245 | 201 |
| Sub total other operating expenditure | | <u>954,282</u> | <u>999,132</u> |
| Total Board Non Staff Operating Expenditure | | <u>1,404,820</u> | <u>1,422,812</u> |

Notes :

a) Further detail and analysis of the Board's financial performance including an explanation of key variances can be found in the performance report on pages 22 to 25.

b) Other operating expenses includes the costs of all indirect services necessary to support the delivery of healthcare. These include food and other catering consumables; the cost of audits carried out on Catering Quality Management systems to ensure these are maintained at a level to be compliant with ISO 9001 2015; cleaning supplies; purchase, repair and laundry of linen; waste disposal; administrative costs such as postage, stationery, advertising and recruitment expenses; training and development of our staff; professional legal services and other specialist advisors; travel and subsistence for staff who travel as part of their duties and running costs for our transport fleet. A detailed analysis of NHS Grampian's operating costs is published annually by the Information and Statistics Division (ISD) at <http://www.isdscotland.org/Health-Topics/Finance/Costs>.

c) External Auditor's remuneration is under accrued by £5k.

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3c. OPERATING EXPENSES - CHARITABLE ENDOWMENT FUNDS

| | 2022/23 £'000 | 2021/22 £'000 |
|--|-------------------------|-------------------------|
| Patient & Staff Education and Welfare | 862 | 542 |
| Clinical Research | 2,244 | 1,014 |
| Purchase of New Equipment | 476 | 324 |
| Infrastructure Improvements | 223 | 145 |
| Investment management | 197 | 223 |
| Total Charitable Endowment Funds (note c) | <u>4,002</u> | <u>2,248</u> |
| Intra Group Adjustment | (2,110) | (2,110) |
| Total Consolidated Operating Expenditure | <u>2,306,345</u> | <u>2,272,770</u> |

4. OPERATING INCOME

4a. BOARD OPERATING INCOME

| | 2022/23 £'000 | 2021/22 £'000 |
|---|-----------------------|-----------------------|
| Income from Scottish Government | 177 | 630 |
| Income from other NHS Scotland bodies | 153,564 | 135,625 |
| Income from NHS non-Scottish bodies | 1,885 | 976 |
| Income from private patients | 583 | 2 |
| Income for services commissioned by Integration Joint Board | 659,360 | 613,072 |
| Patient charges for primary care | 5,181 | 3,467 |
| Donations | 320 | 6,137 |
| Profit on disposal of assets | 0 | 151 |
| Contributions in respect of clinical and medical negligence claims (note b) | 51,200 | 30,097 |
| Non NHS: | | |
| Overseas patients (non-reciprocal) | 396 | 21 |
| Other | 27,528 | 29,715 |
| Total Board Income | <u>900,194</u> | <u>819,893</u> |

4.b. OPERATING INCOME - CHARITABLE ENDOWMENT FUNDS

| | 2022/23 £'000 | 2021/22 £'000 |
|--|-----------------------|-----------------------|
| Total Income | | |
| Donations | 1,727 | 889 |
| Legacies (note c) | 569 | 654 |
| Investment Income | 1,816 | 1,509 |
| Total Charitable Endowment Funds | <u>4,112</u> | <u>3,052</u> |
| Intra Group Adjustment | (2,110) | (2,110) |
| Total Consolidated Operating Income | <u>902,196</u> | <u>820,835</u> |

Notes :

a) Further detail and analysis of the Board's financial performance including an explanation of key variances can be found in the performance report on pages 22 to 25.

b) Income in respect of Clinical/Medical Negligence claims reflects the extent to which income will be received through the Scottish Government Health Directorates risk sharing arrangements to partially offset the cost of outstanding claims arising during the year.

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Note 5. SEGMENTAL REPORTING

Segmental information as required under IFRS has been reported for each sector as follows :

| | Aberdeen City H&SCP £'000 | Aberdeenshire H&SCP £'000 | Moray H&SCP £'000 | Mental Health & Learning Disab £'000 | AME Provisions £'000 | Centrally Managed Dental Servs £'000 | Nhsq Capital Charges £'000 | Non Clinical Services £'000 | Operational Provisions £'000 |
|---|---------------------------------|---------------------------------|----------------------|--|-------------------------|--|----------------------------------|-----------------------------------|------------------------------------|
| Grampian Health Board Net operating cost 2022/23 | 203,208 | 205,995 | 83,304 | 47,317 | 12,719 | 34,715 | 33,826 | 165,081 | (7,086) |
| PRIOR YEAR | | | | | | | | | |
| Restated Grampian Health Board Net operating cost 2021/22 | 241,574 | 237,600 | 101,189 | 41,202 | 2,594 | 30,679 | 26,910 | 157,630 | (1,579) |

| | Pharmacy Services £'000 | Primary Care & Retained Primary Care | Public Health | Service Purchasing | Dr Grays Hospital | Family Portfolio | MUSC Portfolio | ISCS Portfolio | Total £'000 |
|---|-------------------------------|--|---------------|-----------------------|----------------------|---------------------|-------------------|----------------|----------------|
| Grampian Health Board Net operating cost 2022/23 | 32,154 | 10,953 | 28,742 | (17,982) | 41,770 | 80,032 | 134,547 | 319,919 | 1,409,214 |
| PRIOR YEAR | | | | | | | | | |
| Restated Grampian Health Board Net operating cost 2021/22 | 30,022 | 11,434 | 68,136 | (15,500) | 36,236 | 74,233 | 117,662 | 292,716 | 1,452,739 |

In 2022/23 NHS Grampian continued with the portfolio and system leadership approach endorsed by the Board in August 2021 and financial reporting has been developed to mirror this with the addition of additional reporting segments.

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Note 6. INTANGIBLE ASSETS

2022/23

| | Software Licences £'000 | Information technology - software £'000 | Websites £'000 | Asset Under Construction £'000 | Total £'000 |
|--|----------------------------|--|-------------------|-----------------------------------|----------------|
| Cost or Valuation: | | | | | |
| As at 1 April 2022 | 4,538 | 1,814 | 0 | 0 | 6,352 |
| Additions | 147 | 35 | 0 | 96 | 278 |
| Disposals | 0 | (13) | 0 | 0 | (13) |
| As at 31 March 2023 | 4,685 | 1,836 | 0 | 96 | 6,617 |
| Amortisation | | | | | |
| As at 1 April 2022 | 2,582 | 1,558 | 0 | 0 | 4,140 |
| Provided during the year | 372 | 94 | 0 | 0 | 466 |
| Disposals | 0 | (13) | 0 | 0 | (13) |
| As at 31 March 2023 | 2,954 | 1,639 | 0 | 0 | 4,593 |
| Net Book Value at 1 April 2022 | 1,956 | 256 | 0 | 0 | 2,212 |
| Net Book Value at 31 March 2023 | 1,731 | 197 | 0 | 96 | 2,024 |

PRIOR YEAR

| | Software Licences £'000 | Information technology - software £'000 | Websites £'000 | Asset Under Construction £'000 | Total £'000 |
|--|----------------------------|--|-------------------|-----------------------------------|----------------|
| Cost or Valuation: | | | | | |
| As at 1 April 2021 | 4,752 | 1,949 | 0 | 0 | 6,701 |
| Additions | 126 | 154 | 0 | 0 | 280 |
| Disposals | (340) | (289) | 0 | 0 | (629) |
| As at 31 March 2022 | 4,538 | 1,814 | 0 | 0 | 6,352 |
| Amortisation | | | | | |
| As at 1 April 2021 | 2,507 | 1,724 | 0 | 0 | 4,231 |
| Provided during the year | 415 | 123 | 0 | 0 | 538 |
| Disposals | (340) | (289) | 0 | 0 | (629) |
| As at 31 March 2022 | 2,582 | 1,558 | 0 | 0 | 4,140 |
| Net Book Value at 1 April 2021 | 2,245 | 225 | 0 | 0 | 2,470 |
| Net Book Value at 31 March 2022 | 1,956 | 256 | 0 | 0 | 2,212 |

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Note 7a. PROPERTY, PLANT AND EQUIPMENT

7a. PROPERTY, PLANT AND EQUIPMENT - CONSOLIDATED

| | Land (including under buildings) £000 | Buildings (excluding dwellings) £000 | Dwellings £000 | Transport Equipment £000 | Plant & Machinery £000 | Information Technology £000 | Furniture & Fixings £000 | Assets Under Construction £000 | Total £000 |
|---|---------------------------------------|--------------------------------------|----------------|--------------------------|------------------------|-----------------------------|--------------------------|--------------------------------|----------------|
| Cost or valuation | | | | | | | | | |
| At 1 April 2022 (excl Finance Leases) | 30,743 | 462,293 | 1,383 | 1,908 | 147,362 | 24,794 | 3,539 | 79,711 | 751,733 |
| At 1 April 2022 (Finance Leases) | 0 | 13,055 | 0 | 0 | 0 | 0 | 0 | 0 | 13,055 |
| At 1 April 2022 | 30,743 | 475,348 | 1,383 | 1,908 | 147,362 | 24,794 | 3,539 | 79,711 | 764,788 |
| Additions - purchased | 298 | 2,760 | 0 | 109 | 3,849 | 1,459 | 0 | 94,930 | 103,405 |
| Additions - donated | 0 | 0 | 0 | 0 | 320 | 0 | 0 | 0 | 320 |
| Completions | 0 | 397 | 0 | 0 | 8,761 | 1,158 | 0 | (10,316) | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to) / from non-current assets held for sale | (350) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (350) |
| Transfers (to) / from right of use assets | 0 | (13,055) | 0 | 0 | 0 | 0 | 0 | 0 | (13,055) |
| Revaluations | (418) | 9,451 | 39 | 0 | 0 | 0 | 0 | 0 | 9,072 |
| Impairment charges | (50) | (8) | 0 | 0 | 0 | 0 | 0 | (8,274) | (8,332) |
| Impairment reversals | 97 | 619 | 0 | 0 | 0 | 0 | 0 | 0 | 716 |
| Disposals - purchased | 0 | 0 | 0 | 0 | (14,118) | (1,878) | (222) | 0 | (16,279) |
| Disposals - donated | 0 | 0 | 0 | (61) | (399) | 0 | 0 | 0 | (399) |
| At 31 March 2023 | 30,320 | 475,512 | 1,422 | 1,956 | 145,775 | 25,533 | 3,317 | 156,051 | 839,886 |
| Depreciation | | | | | | | | | |
| At 1 April 2022 | 0 | 1,924 | 8 | 1,112 | 86,826 | 19,796 | 2,766 | 0 | 112,432 |
| Provided during the year - purchased | 0 | 13,413 | 81 | 212 | 10,115 | 1,546 | 219 | 0 | 25,586 |
| Provided during the year - donated | 0 | 435 | 0 | 3 | 761 | 99 | 30 | 0 | 1,328 |
| Asset Transfers (to) / from other SG Consolidation Entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to) / from non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | (13,778) | (81) | 0 | 0 | 0 | 0 | 0 | (13,859) |
| Impairment charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - donated | 0 | 0 | 0 | (61) | (13,855) | (1,878) | (222) | 0 | (16,016) |
| At 31 March 2023 | 0 | 1,994 | 8 | 1,266 | 83,448 | 19,563 | 2,793 | 0 | 109,072 |
| Net book value at 1 April 2022 | 30,743 | 473,424 | 1,375 | 796 | 60,536 | 4,998 | 773 | 79,711 | 652,356 |
| Net book value at 31 March 2023 | 30,320 | 473,518 | 1,414 | 690 | 62,327 | 5,970 | 524 | 156,051 | 730,814 |
| 2,950 | | | 275 | | | | | | |
| Open Market Value of Land in Land and Dwellings Included Above | | | | | | | | | |
| Owned - purchased | 30,320 | 401,345 | 1,414 | 679 | 58,670 | 5,749 | 413 | 155,953 | 654,543 |
| Owned - donated | 0 | 23,878 | 0 | 11 | 3,657 | 221 | 111 | 98 | 27,976 |
| On-balance sheet PFI contracts | 0 | 48,295 | 0 | 0 | 0 | 0 | 0 | 0 | 48,295 |
| Net book value at 31 March 2023 | 30,320 | 473,518 | 1,414 | 690 | 62,327 | 5,970 | 524 | 156,051 | 730,814 |

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| | Land (including under buildings) £000 | Buildings (excluding dwellings) £000 | Dwellings £000 | Transport Equipment £000 | Plant & Machinery £000 | Information Technology £000 | Furniture & Fittings £000 | Assets Under Construction £000 | Total £000 |
|---|---------------------------------------|--------------------------------------|----------------|--------------------------|------------------------|-----------------------------|---------------------------|--------------------------------|----------------|
| Cost or valuation | | | | | | | | | |
| At 1 April 2021 | 30,671 | 457,553 | 1,343 | 1,940 | 153,427 | 27,512 | 3,675 | 29,954 | 706,075 |
| Additions - purchased | 45 | 1,042 | 0 | 0 | 8,330 | 1,300 | 0 | 54,338 | 66,065 |
| Additions - donated | 0 | 0 | 0 | 0 | 232 | 0 | 0 | 455 | 687 |
| Completions | 0 | 2,488 | 0 | 0 | 2,548 | 0 | 0 | (5,036) | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to) / from non-current assets held for sale | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 27 | 14,669 | 40 | 0 | 0 | 0 | 0 | 0 | 14,736 |
| Impairment charges | 0 | (1,140) | 0 | 0 | 0 | 0 | 0 | 0 | (1,140) |
| Impairment reversals | 0 | 736 | 0 | 0 | 0 | 0 | 0 | 0 | 736 |
| Disposals - purchased | 0 | 0 | 0 | (33) | (16,332) | (4,018) | (136) | 0 | (20,519) |
| Disposals - donated | 0 | 0 | 0 | 0 | (843) | 0 | 0 | 0 | (843) |
| At 31 March 2022 | 30,743 | 475,348 | 1,383 | 1,908 | 147,362 | 24,794 | 3,539 | 79,711 | 764,788 |
| Depreciation | | | | | | | | | |
| At 1 April 2021 | 0 | 1,856 | 8 | 928 | 93,611 | 22,033 | 2,612 | 0 | 121,048 |
| Provided during the year - purchased | 0 | 13,303 | 76 | 214 | 9,307 | 1,665 | 260 | 0 | 24,825 |
| Provided during the year - donated | 0 | 498 | 0 | 3 | 899 | 117 | 30 | 0 | 1,547 |
| Asset Transfers (to) / from other SG Consolidation Entities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers (to) / from non-current assets held for sale | 0 | (13,733) | (76) | 0 | 0 | 0 | 0 | 0 | (13,809) |
| Revaluations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Impairment reversals | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals - purchased | 0 | 0 | 0 | (33) | (16,148) | (4,019) | (136) | 0 | (20,336) |
| Disposals - donated | 0 | 0 | 0 | 0 | (843) | 0 | 0 | 0 | (843) |
| At 31 March 2022 | 0 | 1,924 | 8 | 1,112 | 86,626 | 19,796 | 2,766 | 0 | 112,432 |
| Net book value at 1 April 2021 | 30,671 | 455,697 | 1,335 | 1,012 | 59,816 | 5,479 | 1,063 | 29,954 | 585,027 |
| Net book value at 31 March 2022 | 30,743 | 473,424 | 1,375 | 796 | 60,536 | 4,988 | 773 | 79,711 | 652,356 |
| Open Market Value of Land in Land and Dwellings Included Above | 3,300 | | 275 | | | | | | |
| Asset financing: | | | | | | | | | |
| Owned - purchased | 30,743 | 390,754 | 1,375 | 782 | 56,438 | 4,678 | 632 | 79,613 | 566,015 |
| Owned - donated | 0 | 23,177 | 0 | 14 | 4,098 | 320 | 141 | 98 | 27,848 |
| Held on finance lease | 0 | 13,055 | 0 | 0 | 0 | 0 | 0 | 0 | 13,055 |
| On-balance sheet PFI contracts | 0 | 46,438 | 0 | 0 | 0 | 0 | 0 | 0 | 46,438 |
| Net book value at 31 March 2022 | 30,743 | 473,424 | 1,375 | 796 | 60,536 | 4,988 | 773 | 79,711 | 652,356 |

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7b. ASSETS HELD FOR SALE

ASSETS HELD FOR SALE - CONSOLIDATED

| Note | Property, Plant & Equipment £000 |
|---|--|
| At 1 April 2022 | 0 |
| Transfers (to) / from property, plant and equipment | 350 |
| Losses recognised on re-measurement of non-current assets held for sale | 0 |
| Disposals of non-current assets held for sale | 0 |
| At 31 March 2023 | 350 |

ASSETS HELD FOR SALE (PRIOR YEAR) - CONSOLIDATED

| | Property, Plant & Equipment £000 |
|---|--|
| At 1 April 2021 | 977 |
| Transfers from property plant and equipment | 0 |
| Gain or losses recognised on re-measurement of non-current assets held for sale | 0 |
| Disposals of non-current assets held for sale | (977) |
| At 31 March 2022 | 0 |

7c. PROPERTY, PLANT AND EQUIPMENT DISCLOSURES

| | 2022/23 £000 | 2021/22 £000 |
|--|-----------------|-----------------|
| Net book value of property, plant and equipment at 31 March | | |
| Purchased | 702,838 | 624,508 |
| Donated | 27,976 | 27,848 |
| Total | 730,814 | 652,356 |

Property, plant and equipment includes land and buildings which have been taken out of operational use and declared surplus as follows :-

| | | |
|---|-------|-------|
| Net book value of surplus land valued at open market value at 31 March | 2,950 | 3,300 |
| Net book value of surplus buildings valued at open market value at 31 March | 275 | 275 |

Property, plant and equipment includes assets held under Finance Leases and Service Concession arrangements as follows :-

Total value of assets held under:

| | | |
|-----------------------|---------------|---------------|
| Finance Leases | 0 | 13,055 * |
| PFI and PPP Contracts | 48,295 | 46,438 |
| | <u>48,295</u> | <u>59,493</u> |

Total depreciation charged in respect of assets held under:

| | | |
|-----------------------|------------|--------------|
| Finance leases | 0 | 466 * |
| PFI and PPP contracts | 893 | 854 |
| | <u>893</u> | <u>1,320</u> |

* Finance Lease balances carried at 31st March 2022 were transferred to 'right of use assets' on 1st April 2023 under IFRS 16 and are disclosed in Note 17

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 of the revaluation was an increase of £22.931m (2021-22: an increase of £28.544m) which was credited to the revaluation reserve. Impairment Reversal of (£0.657m) (2021-22 Impairment of £0.403m) was credited to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn. In addition to the annual revaluation review, an Impairment review was carried out on projects with expenditure held as 'Assets under construction'. This review resulted in an assessed Impairment of £8.274m, which was debited to the Statement of Comprehensive Net Expenditure and summary of resource outturn.

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FINANCIAL STATEMENTS

7d. ANALYSIS OF CAPITAL EXPENDITURE

| | Note | 2022/23 £'000 | 2021/22 £'000 |
|---|------|------------------|------------------|
| Expenditure | | | |
| Acquisition of intangible assets | 6 | 278 | 280 |
| Acquisition of property, plant and equipment | 7a | 103,405 | 65,055 |
| Donated asset additions | 7a | 320 | 687 |
| GP Sustainability Loans | | 0 | 315 |
| Right of Use (RoU) Additions | | 748 | 0 |
| Right of Use (RoU) Dilapidations | | 854 | 0 |
| Gross Capital Expenditure | | 105,605 | 66,337 |
| Income | | | |
| Net book value of disposal of property, plant and equipment | | 263 | 183 |
| Net book value of disposal of donated assets | | 0 | (1) |
| Value of disposal of non-current assets held for sale | | 0 | 977 |
| HUB - repayment of investment | | 6 | 9 |
| Donated asset income | | 0 | 0 |
| Right of Use Disposals | | 0 | 0 |
| Capital Income | | 269 | 1,168 |
| Net Capital Expenditure | | 105,336 | 65,169 |
| SUMMARY OF CAPITAL RESOURCE OUTTURN | | | |
| Core Capital Resource Limit | | 104,268 | 64,166 |
| Non Core Capital Resource Limit | | 1,068 | 1,002 |
| Total Capital Resource Limit | | 105,336 | 65,168 |
| Saving / (excess) against Total Capital Resource Limit | | 0 | 1 |

8. INVENTORIES

| | 2022/23 £000 | 2021/22 £000 |
|-------------------------------|-----------------|-----------------|
| Raw materials and consumables | 8,073 | 7,590 |

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| | 2022/23 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Movements on the provision for impairment of receivables are as follows: | | |
| At 1 April | 2,489 | 2,645 |
| Provision for debtors impairment | 1,294 | (156) |
| Receivables written off during the year as uncollectable | 0 | 0 |
| At 31 March | <u>3,783</u> | <u>2,489</u> |

As of 31 March 2023, receivables with a carrying value of £3.783m (2021-22: £2.489m) were impaired and provided for. The ageing of these receivables is as follows:

| | 2022/23 £'000 | 2021/22 £'000 |
|-------------------------|------------------|------------------|
| Up to 6 months past due | 520 | 523 |
| Over 6 months past due | 3,263 | 1,966 |

The receivables assessed as individually impaired were English, Welsh and Irish NHS Trusts/ Health Authorities 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 £6.6 million (2021-22: £5.1 million) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

| | 2022/23 £'000 | 2021/22 £'000 |
|-------------------------|------------------|------------------|
| Up to 3 months past due | 3,725 | 3,170 |
| 3 to 6 months past due | 1,197 | 860 |
| Over 6 months past due | 1,724 | 1,122 |
| | <u>6,646</u> | <u>5,152</u> |

The receivables assessed as past due but not impaired were NHS Scotland Health Boards, and debt with NHS England, Wales and Northern Ireland bodies (where the debt was less than 120 days old) 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:

| | 2022/23 £'000 | 2021/22 £'000 |
|---|------------------|------------------|
| Existing customers with no defaults in the past | 17,815 | 15,747 |

| | 2022/23 £'000 | 2021/22 £'000 |
|--|------------------|------------------|
| The carrying amount of receivables are denominated in Pounds Sterling: | 205,400 | 143,557 |

All non-current receivables are due within 31 years (2021-22: 20 years) from the balance sheet date.

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

The fair value of long term other receivables is £100.4m (2021-22 £62.9m).

The effective interest rate on non-current other receivables is 3.2% (2021-22: 0.7%). Pension liabilities are discounted at 1.7% (2021-22: -1.3%).

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Note 10. INVESTMENTS

| | NHS Grampian 2022/23 £'000 | Charitable Endowment Funds 2022/23 £'000 | Group 2022/23 £'000 | NHS Grampian 2021/22 £'000 | Charitable Endowment Funds 2021/22 £'000 | Group 2021/22 £'000 |
|---|----------------------------------|--|---------------------------|----------------------------------|--|---------------------------|
| Stocks and Bonds ** | 0 | 49,207 | 49,207 | 0 | 53,220 | 53,220 |
| Other * | 1,382 | 0 | 1,382 | 862 | 0 | 862 |
| TOTAL | 1,382 | 49,207 | 50,589 | 862 | 53,220 | 54,082 |
| At 1 April | 862 | 53,220 | 54,082 | 646 | 50,151 | 50,797 |
| Additions | | 11,370 | 11,370 | 0 | 7,437 | 7,437 |
| GP Loans Advances | 748 | 0 | 748 | 315 | 0 | 315 |
| Disposals | (6) | (10,094) | (10,100) | (9) | (7,998) | (8,007) |
| GP Loans Fair Value Adjustment | (222) | 0 | (222) | (90) | 0 | (90) |
| Revaluation (deficit)/surplus transferred to equity | 0 | (5,289) | (5,289) | 0 | 3,630 | 3,630 |
| At 31 March | 1,382 | 49,207 | 50,589 | 862 | 53,220 | 54,082 |
| Current | 0 | 0 | 0 | 0 | 0 | 0 |
| Non-current | 1,382 | 49,207 | 50,589 | 862 | 53,220 | 54,082 |
| At 31 March | 1,382 | 49,207 | 50,589 | 862 | 53,220 | 54,082 |

Note:

*Other comprise a small shareholding in HUB North of Scotland Ltd, an unlisted investment denominated in UK pounds; £408k in the form of non- equity long term loans to Hub North of Scotland Ltd as part of the financing arrangements for the Aberdeen Health and Care Village, Forbes, Woodside, Inverurie and Foresterhill Health Centres, repayable in full with interest over 25 years and Sustainability Loans of £461k to the Stonehaven Medical Group, £315k to the Kingswells Medical Group and £748k to Portlethen GP Practice which are repayable in full on disposal of the property in line with Scottish Government regulations governing the scheme. The sustainability loan scheme is interest free and the loans are therefore discounted to reflect fair value. The fair value of the loan to Stonehaven medical group is £231k, to the Kingswells Medical Group is £230k and Portlethen GP Practice is £513k

The carrying value of other investments is cost less impairment as there is no active market for the equity investments or the loans.

**Stocks and Bonds relate to the Charitable Endowment Funds which are invested in a portfolio of bonds and equity investments, managed by the Funds appointed Investment managers ABRDN Capital Ltd., in line with a medium risk strategy to deliver a balance between income and capital growth. The carrying value of Stocks and Bonds is market value.

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Note 13. PROVISIONS

| NHS GRAMPIAN | | CHARITABLE ENDOWMENT FUNDS | |
|---|-----------------------------|------------------------------------|------------------------------------|
| Pensions and similar obligations £'000 | Clinical & Medical £'000 | Provision for liabilities £'000 | Total Funds Held on Trust £'000 |
| 8,385 | 104,704 | 5,015 | 5,015 |
| (2,050) | 55,579 | 1,866 | 1,866 |
| (431) | (1,810) | (1,267) | (1,267) |
| 360 | (2,474) | (6) | (6) |
| (165) | (1,420) | 0 | 0 |
| 6,099 | 154,579 | 5,608 | 5,608 |
| | | | 230,657 |

| NHS GRAMPIAN | | CHARITABLE ENDOWMENT FUNDS | |
|---|-----------------------------|------------------------------------|------------------------------------|
| Pensions and similar obligations £'000 | Clinical & Medical £'000 | Provision for liabilities £'000 | Total Funds Held on Trust £'000 |
| 8,385 | 104,704 | 5,015 | 5,015 |
| (2,050) | 55,579 | 1,866 | 1,866 |
| (431) | (1,810) | (1,267) | (1,267) |
| 360 | (2,474) | (6) | (6) |
| (165) | (1,420) | 0 | 0 |
| 6,099 | 154,579 | 5,608 | 5,608 |
| | | | 230,657 |

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows to 31 March 2023

| | NHS GRAMPIAN | | CHARITABLE ENDOWMENT FUNDS | |
|----------------------------------|---|-----------------------------|------------------------------------|------------------------------------|
| | Pensions and similar obligations £'000 | Clinical & Medical £'000 | Provision for liabilities £'000 | Total Funds Held on Trust £'000 |
| Payable in one year | 393 | 35,663 | 3,876 | 3,876 |
| Payable between 2 - 5 years | 1,553 | 112,175 | 1,730 | 1,730 |
| Payable between 6 - 10 years | 1,416 | 1,504 | 0 | 0 |
| Thereafter | 2,737 | 5,237 | 2 | 2 |
| Total as at 31 March 2023 | 6,099 | 154,579 | 5,608 | 5,608 |

PRIOR YEAR

| | NHS GRAMPIAN | | CHARITABLE ENDOWMENT FUNDS | |
|--------------------------|---|-----------------------------|------------------------------------|------------------------------------|
| | Pensions and similar obligations £'000 | Clinical & Medical £'000 | Provision for liabilities £'000 | Total Funds Held on Trust £'000 |
| At 1 April 2021 | 8,153 | 94,437 | 6,034 | 6,034 |
| Arising during the year | 615 | 25,227 | 2,406 | 2,406 |
| Utilised during the year | (437) | (5,050) | (2,618) | (2,618) |
| Unwinding of discount | 219 | 0 | 0 | 0 |
| Reversed unutilised | (165) | (9,910) | (607) | (607) |
| At 31 March 2022 | 8,385 | 104,704 | 5,015 | 5,015 |

The amounts shown above are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9.

Analysis of expected timing of discounted flows - to 31 March 2022

| | NHS GRAMPIAN | | CHARITABLE ENDOWMENT FUNDS | |
|------------------------------|---|-----------------------------|------------------------------------|------------------------------------|
| | Pensions and similar obligations £'000 | Clinical & Medical £'000 | Provision for liabilities £'000 | Total Funds Held on Trust £'000 |
| Payable in one year | 499 | 45,828 | 4,194 | 4,194 |
| Payable between 2 - 5 years | 1,980 | 49,328 | 821 | 821 |
| Payable between 6 - 10 years | 1,895 | 1,709 | 0 | 0 |
| Thereafter | 4,011 | 7,839 | 0 | 0 |
| At 31 March 2022 | 8,385 | 104,704 | 5,015 | 5,015 |

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Other (non-endowment)

The provision of £0.702 million relates to the estimated future costs of disposal of the Cyclotron, a high value specialist piece of equipment (£0.487 million) and dilapidation provision (£0.215 million).

Pensions and similar obligations

The Board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of negative 1.7% (2021/22 negative 1.3%) in real terms. The liabilities are provided for on the basis of the expected remaining life of the pensioners and are estimated to be incurred over a period of up to 37 years.

Charitable Endowment Funds

The provision relates to the funding of posts within NHS Grampian where the term of employment extends beyond the end of the financial year and other expenditure commitments resulting in a legal or constructive obligation. The posts are all of a fixed term nature and are involved primarily in the provision of research in conjunction with the University of Aberdeen.

Clinical and Medical

The Board holds a provision to meet costs of outstanding and potential clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who will decide upon risk liability and likely outcome of each case. The provision contains sums for the gross cost of settlement awards, legal expenses and third party costs discounted by the Treasury discount rates of 4.1% (year 1), negative 2.7%, 1.3%, 1.2% and 1.5% (Years 2, 3-5, 6-10 and 11 onwards respectively) in real term in real terms (2021/22 negative 0.75%). The impact of this provision is offset by an associated receivable disclosed in note 9, recognising the expected reimbursement of settlement costs, through the Board's participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS*).

As a result of participation in the CNORIS scheme, however, the Board is also required to create a separate related but distinct provision recognising the Board's share of the total CNORIS liability of NHS Scotland (the estimated contributions to the scheme in future years).

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The net impact of both of these provisions offset by the associated receivable is shown below:-

| 2021/22 £000's | | Note | 2022/23 £000's |
|---------------------------|--|-------------|---------------------------|
| 104,704 | Provision recognising individual claims against the NHS Board at 31 March (*) | Note 13 | 154,579 |
| (103,970) | Associated CNORIS receivable at 31 March | Note 9 | (153,782) |
| 56,729 | Provision recognising the NHS Board's liability from participating in the scheme at 31 March | Note 13 | 63,669 |
| 57,463 | Net Total Provision relating to Clinical Negligence and Other Risks at 31 March | | 64,466 |

Notes:

*The CNORIS scheme has been in operation since 2000 and participation is mandatory for all NHS boards in Scotland. The scheme helps Boards manage the financial risks associated with large value settlements through a national risk pooling arrangements for legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. 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. Any claims with a value less than the agreed "excess" of £25k are met directly from within the Board's own budget. Further information on the scheme can be found at this [link](#)

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14. CONTINGENT LIABILITIES AND ASSETS

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

| CONTINGENT LIABILITIES* | 2022/23 | RESTATED |
|--|----------------|-----------------|
| | £000 | 2021/22 |
| | | £000 |
| Clinical and medical compensation payments | 70,418 | 51,263 *** |
| Employers Liability payments | 110 | 57 |
| CONTINGENT ASSETS** | | |
| Clinical and medical compensation payments | 68,072 | 49,107 *** |
| Employers Liability payments | 30 | |

*The contingent liability represents a number of claims for clinical negligence and employer's liability against NHS Grampian, 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 NHS Grampian 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.

***Amendment for prior year error has resulted in a restatement as detailed in Note 1 Accounting Policies, 3) Retrospective Restatements

The following unquantified contingent liabilities existed at the Balance Sheet date:

There are also further claims for clinical negligence and employer's liability against NHS Grampian that the Central Legal Office of the Scottish Government Health Directorates estimates that there is a low risk of NHS Grampian having to make a settlement.

NHS Grampian operates services from a number of leased premises which carry an obligation for the costs of dilapidation of the premises on expiry of the lease term. For those premises which have an unexpired lease term of five years or more, the nature and extent of the dilapidation and therefore the associated liability cannot be quantified until the lease is close to expiry.

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15. Commitments

The Board has the following Commitments relating to investment in infrastructure which have not been provided for in the accounts :

| | 2022/23 £000 | 2021/22 £000 |
|--------------------------------------|-----------------|-----------------|
| Contracted | | |
| Baird & Anchor - Stage 3 & Stage 4 | 64,240 | 147,502 |
| Mop Wash Facility | 0 | 126 |
| Ashgrove House Lift | 0 | 121 |
| Linear Accelerator Ventilation | 0 | 222 |
| Woodend Heat Exchangers | 0 | 87 |
| IT Equipment | 0 | 182 |
| Greenspace | 1,558 | 1,636 |
| Jubilee Hospital Roof | 328 | 0 |
| Braemar Clinic Extention/Refurb | 218 | 0 |
| Peterhead RO Water Plant | 373 | 0 |
| Woodend MRI | 1,430 | 0 |
| Wifi Network Replacement | 1,808 | 0 |
| RACH X-ray | 75 | 0 |
| Labs Temperature Monitoring | 59 | 0 |
| CT Simulator | 805 | 0 |
| IT Equipment | 140 | 0 |
| Laundry Press Equipment | 255 | 0 |
| Total | 71,289 | 149,876 |
| Authorised but not Contracted | | |
| Baird & Anchor | 46,096 | 31,547 |
| National Treatment Centre | 0 | 46,733 |
| | 0 | 0 |
| Total | 46,096 | 78,280 |

Financial Guarantees, indemnities and letter of comfort

NHS Grampian has not entered into any other quantifiable guarantees, indemnities or provided letters of comfort prior to the date of publication of the accounts.

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Note 16. LEASES

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

IFRS 16 leases supersedes IAS 17 Leases and is effective across public sector from 1 April 2022. Introduces a single lessee accounting model that results in a more faithful representation of a lessee's assets and liabilities, and provides enhanced disclosures to improve transparency of reporting on capital employed. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the standard have been employed. These are as follows:

NHS Grampian has applied the practical expedient offered in the standard per to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 leases and IFRIC 4 determining whether an arrangement contains a lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application NHS Grampian has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value (< £5,000).

The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application has been employed f IFRS 16.

Paragraph C5(b), has been applied for leases that were classified as finance leases applying IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17. For those leases, a lessee shall account for the right-of-use asset and the lease liability applying this Standard from the date of initial application.

Leases entered into on or after the 1st April 2022 have been assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by NHS Grampian in applying IFRS 16. These include:

- the measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less

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- the measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT. The entity is required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

For the lessor leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases.

The Board has accounted for the impact of the new standard in the Consolidated Statement of Comprehensive Net Expenditure (SOCNE) for the financial year ending 31 March 2023 and on the Statement of Financial Position (SOFP) at that date. The impact of the standard has increased total expenditure in 2022/23 by £0.7 million. Right-of-use assets totalling £40.0 million (£10.8 million previously recognised as finance lease) have been brought onto the Statement of Financial Position, with an associated lease liability of £32.5 million (£5.0 million previously recognised as finance lease).

16.1 NHS Grampian as lessee

NHS Grampian have lessee arrangement across four categories (i) 53 properties inclusive of land, with a closing right of use net book value of £20.1 million; (ii) 292 vehicles (pool) with a closing right of use netbook value of £0.5 million; (iii) 134 staff cars, where substantially all the economic benefit sits with NHS Grampian with a closing right of use net book value of £0.5 million and (iv) 104 items of equipment, the most material in relation to energy infrastructure arrangements, the closing right of use net book value of £16.0 million.

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

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The incremental borrowing rate of 0.95% has been applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are re-measured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset NHS Grampian applies a revised rate to the remaining lease liability.

Where existing leases are modified NHS Grampian must determine whether the arrangement constitutes a separate lease and apply the standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by NHS Grampian.

16.2 NHS Grampian as lessor

NHS Grampian has a small number of leases where it is lessor.

A lessor shall classify each of its leases as an operating or finance lease. A lease is classified as finance lease when the lease substantially transfers all the risks and rewards incidental to ownership of an underlying asset. Where substantially all the risks and rewards are not transferred, a lease is classified as an operating lease.

Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on NHS Grampian's net investment outstanding in respect of the leases.

Income from operating leases is recognised on a straight-line or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised.

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16a. Right of Use Assets (RoU) - CONSOLIDATED

| | Land (including under buildings) £000 | Buildings (excluding dwellings) £000 | Transport Equipment £000 | Plant & Machinery £000 | Total £000 |
|---|---|---|--------------------------------|---------------------------|---------------|
| Cost or valuation | | | | | |
| At 1 April 2022 | 3,188 | 22,439 | 1,871 | 18,140 | 45,638 |
| Additions (include new dilapidation provisions) | 0 | 470 | 281 | 103 | 854 |
| Additions - peppercorn leases | 0 | 0 | 0 | 0 | 0 |
| Asset Transfers (to) / from other SG Consolidation Entities | 0 | 0 | 0 | 0 | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 |
| Impairment charges | 0 | 0 | 0 | 0 | 0 |
| Impairment reversals | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Disposals - peppercorn leases | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2023 | 3,188 | 22,909 | 2,152 | 18,243 | 46,492 |

Depreciation

| | | | | | |
|--|------------|--------------|--------------|--------------|--------------|
| At 1 April 2022 | 0 | 0 | 0 | 0 | 0 |
| Provided during the year - (include new dilapidation provisions) | 388 | 2,766 | 1,090 | 2,204 | 6,448 |
| Provided during the year - peppercorn leases | 0 | 0 | 0 | 0 | 0 |
| Asset Transfers (to) / from other SG Consolidation Entities | 0 | 0 | 0 | 0 | 0 |
| Transfers between asset categories | 0 | 0 | 0 | 0 | 0 |
| Revaluations | 0 | 0 | 0 | 0 | 0 |
| Impairment charges | 0 | 0 | 0 | 0 | 0 |
| Impairment reversals | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Disposals - peppercorn leases | 0 | 0 | 0 | 0 | 0 |
| At 31 March 2023 | 388 | 2,766 | 1,090 | 2,204 | 6,448 |

Net book value at 1 April 2022

3,188

Net book value at 31 March 2023

2,800

Open Market Value of Land in Land and Dwellings Included Above

0

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16b. Lease Liabilities

| | Land (including under buildings) £000 | Buildings (excluding dwellings) £000 | Transport Equipment £000 | Plant & Machinery £000 | Total £000 |
|--|---------------------------------------|--------------------------------------|--------------------------|------------------------|---------------|
| Amounts falling due: | | | | | |
| Not later than one year | 319 | 1,368 | 621 | 786 | 3,094 |
| Later than one year, not later than 2 years | 325 | 1,412 | 260 | 799 | 2,796 |
| Later than two year, not later than five years | 800 | 3,186 | 187 | 2,484 | 6,657 |
| Later than five years | 1,429 | 6,640 | 0 | 11,838 | 19,907 |
| Less: Unaccrued interest | 0 | 0 | 0 | 0 | 0 |
| Balance at 31 March 2023 | 2,873 | 12,606 | 1,068 | 15,907 | 32,454 |

Amounts recognised in the Statement of Comprehensive Net Expenditure

| | 2022-23 Consolidated Board £000 |
|--|---------------------------------|
| Depreciation | 6,448 |
| Interest Expense | 395 |
| Non Recoverable VAT on lease payments | 163 |
| Low value and short term leases | 0 |
| Remeasurement of ROU assets - (gain)/loss charged to SOCNE | 0 |
| Total | 7,006 |

Amounts recognised in the Statement of Cash Flows

| | 2022-23 Consolidated Board £000 |
|-----------------------------------|---------------------------------|
| Interest Expense | 395 |
| Repayments of Principal of leases | 4,183 |
| Total | 4,578 |

Note 16c. Right of Use Assets Reconciliation - 2022/23

The following adjustments have been made to reconcile the position at the end of 2021/22 under IAS 17, as shown in Note 17 and the opening Right of Use Asset valuation in Note 16a under IFRS 16.

| | Land (including under buildings) £000 | Buildings (excluding dwellings) £000 | Transport Equipment £000 | Plant & Machinery £000 | Total £000 |
|--|---------------------------------------|--------------------------------------|--------------------------|------------------------|---------------|
| Operating Lease obligations at 31 March 2022 | 3,461 | 3,008 | 0 | 13,585 | 20,054 |
| IFRS 16 implementation - adjustments for existing operating leases / subleases | 0 | 5,968 | 1,871 | 3,180 | 11,019 |
| IFRS 16 implementation - adjustments for existing finance leases | 0 | 11,809 | 0 | 0 | 11,809 |
| Remeasurements of the lease liability | (273) | 1,654 | 0 | 1,375 | 2,756 |
| Valuation or Cost at 1 April 2022 | 3,188 | 22,439 | 1,871 | 18,140 | 45,638 |

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Note 17 – Prior Year Leases

The cumulative catch-up method has been adopted, consequently, the comparatives for 2021-22 reflect the requirements of IAS 17 Leases. The following table reflects leases on note IAS17 basis and based on the accounts published for the year ending 31 March 2022.

17. COMMITMENTS UNDER LEASES

Operating Leases

Total future minimum lease payments under operating leases are given in the table below for the each of the following periods :

| Obligations under operating leases comprise: | 2021/22 £'000 |
|---|--------------------------|
| Land | |
| Not later than one year | 354 |
| Later than one year, not later than 2 years | 354 |
| Later than two year, not later than five years | 944 |
| Later than five years | 1,809 |
| Total | <u>3,461</u> |
| Buildings | |
| Not later than one year | 465 |
| Later than one year, not later than 2 years | 412 |
| Later than two year, not later than five years | 951 |
| Later than five years | 1,180 |
| Total | <u>3,008</u> |
| Other | |
| Not later than one year | 626 |
| Later than one year, not later than 2 years | 626 |
| Later than two year, not later than five years | 1,878 |
| Later than five years | 10,455 |
| Total | <u>13,585</u> |
| Amounts charged to Operating Costs in the year were: | |
| Hire of equipment (including vehicles) | 2,852 |
| Other operating leases | 3,883 |
| Total | <u>6,735</u> |

Finance Leases

Total future minimum lease payments under finance leases are given the in the table below for the each of the following periods :

Obligations under Finance leases comprise:

Buildings

| | |
|--|---------------------|
| Rentals due within one year | 1,231 |
| Rentals due between one and two years (inclusive) | 1,222 |
| Rentals due between two and five years (inclusive) | 3,253 |
| Rentals due after five years | 6,103 |
| | <u>11,809</u> |
| Less interest element | (6,317) |
| | <u>5,492</u> |

This total net obligation under finance leases is analysed in Note 12 (Payables).

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18 HUB Schemes

Transactions financed as revenue transactions through the Scottish Government's HUB initiative are accounted for in accordance with the HM Treasury application of IFRIC 12, *Service Concession Arrangements* as outlined in the FReM. Schemes which do not fall within the application of IFRIC 12 are deemed to be off-balance sheet. 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.

There are six Service Concession Arrangements to develop primary healthcare centres to improve the efficiency of the services provided by the Health Board

- Aberdeen Community Health Care Village – Project between the board and Subco-Hubco. The contract start date was 27 November 2013 and the contract end date will be 26 November 2038 when NHS Grampian will become the owners of the facility.
- Woodside – Agreement between Highland Health Board and Grampian Health Board and Hub North Scotland (FWT) Limited
- Forres – Agreement between Highland Health Board and Grampian Health Board and Hub North Scotland (FWT) Limited
- Inverurie Energy Centre - Agreement between Grampian Health Board and Hub North Scotland (I&F) Limited, Foresterhill and Inverurie Health Care Project
- Inverurie Health care Centre - Agreement between Grampian Health Board and Hub North Scotland (I&F) Limited, Foresterhill and Inverurie Health Care Project
- Forresterhill - Agreement between Grampian Health Board and Hub North Scotland (I&F) Limited, Foresterhill and Inverurie Health Care Project

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.

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| Gross Minimum Lease Payments | £'000 | £'000 |
|--|-----------------|-----------------|
| Rentals due within 1 year | 3,679 | 3,667 |
| Due within 1 to 2 years | 3,690 | 3,676 |
| Due within 2 to 5 years | 11,106 | 11,087 |
| Due after 5 years | 47,698 | 51,410 |
| Total | 66,173 | 69,840 |
| Less Interest Element | | |
| Rentals due within 1 year | (2,676) | (2,744) |
| Due within 1 to 2 years | (2,605) | (2,676) |
| Due within 2 to 5 years | (7,295) | (7,560) |
| Due after 5 years | (17,903) | (20,243) |
| Total | (30,479) | (33,223) |
| Present value of minimum lease payments | | |
| Rentals due within 1 year | 1,003 | 923 |
| Due within 1 to 2 years | 1,085 | 1,000 |
| Due within 2 to 5 years | 3,811 | 3,527 |
| Due after 5 years | 29,795 | 31,167 |
| Total | 35,694 | 36,617 |
| Service elements due in future periods | | |
| Rentals due within 1 year | 1,303 | 1,277 |
| Due within 1 to 2 years | 1,325 | 1,302 |
| Due within 2 to 5 years | 4,162 | 4,070 |
| Due after 5 years | 20,569 | 21,986 |
| Total | 27,359 | 28,635 |
| Interest charges | 2,744 | 2,806 |
| Service charges | 1,251 | 1,231 |
| Principal repayment | 924 | 852 |
| Other charges (Contingent rents) | 27 | 22 |
| Total | 4,946 | 4,911 |

Note 19. PENSION COSTS

| | £000 | £000 |
|--|----------------|----------------|
| Pension cost charge for the year | 117,827 | 110,779 |
| Additional Costs arising from early retirement | 0 | 0 |
| Provisions included on the Statement of Financial Position | 6,099 | 8,385 |

During 2022/23 NHS Grampian incurred no additional costs arising from the early retirement of staff (2021/22 nil). Provisions amounting to £6.1 million (2021/22£8.4 million) are included in the Balance Sheet and reflect the difference between the amounts charged to the Statement of Comprehensive Net Expenditure and the amounts paid directly.

NHS Grampian participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This

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valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.4% employees' contributions.

NHS Grampian has no liability for other employers' obligations to the multi-employer scheme and as the scheme is unfunded there can be no deficit or surplus to distribute on the wind-up of the scheme or withdrawal from the scheme.

The Scheme is an unfunded multi-employer defined benefit scheme and it is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where NHS Grampian is unable to identify its share of the underlying assets and liabilities of the scheme.

The employer contribution rate for the period from 1 April 2023 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of pensionable pay.

While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/Sargeant (Firefighters' Scheme) cases) that the transitional protections provided as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and an announcement in February 2021 on proposals to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. The UK Government has also asked the Government Actuary to review whether, and to what extent, the cost control mechanism is meeting its original objectives. The 2020 actuarial valuations will take the report's findings into account. The interim report is complete (restricted) and is currently being finalised with a consultation. Alongside these announcements, the UK Government confirmed that current employer contribution rates would stay in force until 1 April 2024.

NHS Grampian's level of participation in the scheme is 8% based on the proportion of employer contributions paid in 2021-22.

From 1 April 2022 all NHS members will become members of the 2015 pension scheme and the pre-reform schemes will be closed to any further pension build-up. Eligible members who choose to retire after 1 April 2022, will be entitled to both legacy and reformed scheme benefits.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In -23 members paid tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings. The normal pension age is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were

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close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

Further information, including a copy of the most recent scheme accounts, is available on the Scottish Public Pensions Agency (SPPA) web site at <https://pensions.gov.scot/corporate-publications/annual-report-and-accounts>

The 1995 Section

Benefits are calculated on a ‘final salary’ basis at a normal retirement age of 60. Annual benefits are normally based on 1/80th of the best of the last three years pensionable pay for each year of service. In addition, a lump sum equivalent to three years’ pension is payable on retirement. Members pay contributions on a tiered basis, dependent on earnings, of between 5.2% and 14.7% of pensionable earnings. Pensions are increased in line with the Consumer Price Index.

The 2008 Section

Benefits are calculated on a “final salary” basis at a normal retirement age of 65. Pension will have an accrual rate of 1/60th and be calculated on the basis of the average of the best consecutive three years pensionable pay in the ten years before retirement. There is an option to exchange part of Pension benefits for a cash lump sum at retirement, up to 25% of overall Pension Value. Members pay tiered contribution rates ranging from 5.2% to 14.7% of pensionable earnings.

National Employment Savings Trust (NEST)

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

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,270, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

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

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

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

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

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Note 20. FINANCIAL INSTRUMENTS

a) FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

Assets per Statement of Financial Position

Investments
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.
Cash and cash equivalents

| | NHS GRAMPIAN | | CHARITABLE ENDOWMENT FUNDS | | | INTRA GROUP ADJUSTMENTS | | | CONSOLIDATED | | |
|--|---|---|---|---|----------------|---|---|----------------|---|---|----------------|
| | Financial assets at amortised cost £'000 | Financial assets at fair value through profit/loss £'000 | Financial assets at amortised cost £'000 | Financial assets at fair value through profit/loss £'000 | Total £'000 | Financial assets at amortised cost £'000 | Financial assets at fair value through profit/loss £'000 | Total £'000 | Financial assets at amortised cost £'000 | Financial assets at fair value through profit/loss £'000 | Total £'000 |
| At 31 March 2023 | 0 | 1,382 | 0 | 49,207 | 49,207 | 0 | 0 | 0 | 0 | 50,589 | 50,589 |
| Investments | 26,079 | 0 | 116 | 0 | 116 | (954) | 0 | (954) | 25,241 | 0 | 25,241 |
| Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable. | 10,412 | 0 | 2,600 | 0 | 2,600 | 0 | 0 | 0 | 13,012 | 0 | 13,012 |
| Cash and cash equivalents | 36,491 | 1,382 | 2,716 | 49,207 | 51,323 | (954) | 0 | (954) | 38,263 | 50,589 | 88,842 |
| PRIOR YEAR | | | | | | | | | | | |
| At 31 March 2022 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Investments | 0 | 862 | 0 | 53,220 | 53,220 | 0 | 0 | 0 | 0 | 54,082 | 54,082 |
| Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable. | 20,417 | 0 | 126 | 0 | 126 | (734) | 0 | (734) | 19,809 | 0 | 19,809 |
| Cash and cash equivalents | 8,198 | 0 | 1,979 | 0 | 1,979 | 0 | 0 | 0 | 10,177 | 0 | 10,177 |
| | 28,615 | 862 | 2,105 | 53,220 | 55,325 | (734) | 0 | (734) | 29,986 | 54,082 | 84,068 |

FINANCIAL LIABILITIES

Liabilities per Statement of Financial Position

Finance lease liabilities
HUB Service Concession Liabilities
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation

| | Financial liabilities at amortised cost £'000 | Financial liabilities at fair value through profit/loss £'000 | Financial liabilities at amortised cost £'000 | Financial liabilities at fair value through profit/loss £'000 | Total £'000 | Financial liabilities at amortised cost £'000 | Financial liabilities at fair value through profit/loss £'000 | Total £'000 | Financial liabilities at amortised cost £'000 | Financial liabilities at fair value through profit/loss £'000 | Total £'000 |
|---|--|--|--|--|----------------|--|--|----------------|--|--|----------------|
| At 31 March 2023 | 32,454 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32,454 | 0 | 32,454 |
| Finance lease liabilities | 35,694 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 35,694 | 0 | 35,694 |
| HUB Service Concession Liabilities | 147,972 | 1,063 | 1,063 | 0 | 1,063 | (954) | 0 | (954) | 148,081 | 0 | 148,081 |
| Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation | 216,120 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 216,120 | 0 | 216,120 |
| PRIOR YEAR | | | | | | | | | | | |
| At 31 March 2022 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Finance lease liabilities | 5,492 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5,492 | 0 | 5,492 |
| HUB Service Concession Liabilities | 36,617 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 36,617 | 0 | 36,617 |
| Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation | 211,580 | 1,002 | 1,002 | 0 | 1,002 | (734) | 0 | (734) | 211,848 | 0 | 211,848 |
| | 253,689 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 253,689 | 0 | 253,689 |

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b) FINANCIAL RISK FACTORS

Exposure to Risk

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, the NHS Board is not exposed to the degree of financial risk faced by business entities.

The Board provides written principles for overall risk management, as well as written policies covering credit control.

• **Credit Risk**

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

For banks and other institutions, only independently rated parties with a minimum rate '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 risk.

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.

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Liquidity Risk

| | Less than 1 year | Between 1 and 2 | Between 2 and | Over 5 years |
|--|------------------|-----------------|---------------|---------------|
| | £'000 | years | 5 years | £'000 |
| | £'000 | £'000 | £'000 | £'000 |
| At 31 March 2023 | | | | |
| PFI Liabilities | 3,679 | 3,690 | 11,106 | 47,698 |
| Finance lease liabilities | 3,094 | 2,796 | 6,657 | 19,907 |
| Trade and other payables excluding statutory liabilities | 147,972 | 0 | 0 | 0 |
| Total | 154,745 | 6,486 | 17,763 | 67,605 |

| | Less than 1 year | Between 1 and 2 | Between 2 and | Over 5 years |
|--|------------------|-----------------|---------------|---------------|
| | £'000 | years | 5 years | £'000 |
| | £'000 | £'000 | £'000 | £'000 |
| At 31 March 2022 | | | | |
| PFI Liabilities | 3,667 | 3,676 | 11,087 | 51,410 |
| Finance lease liabilities | 1,231 | 1,222 | 3,253 | 6,103 |
| Trade and other payables excluding statutory liabilities | 211,848 | 0 | 0 | 0 |
| Total | 216,746 | 4,898 | 14,340 | 57,513 |

• **Market Risk**

The NHS Board has no power 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 Risk

NHS Grampian has no exposure to foreign exchange rates during the course of normal business arrangements. Exceptionally a major capital scheme will carry a foreign exchange risk in relation to the procurement of specialist equipment or materials. Generally the terms of the contract will provide that this risk will be met by the supplier. NHS Grampian will be exposed to foreign exchange fluctuations only where unforeseen delays in project timescales arise which are not contractually the responsibility of the supplier.

iii) Price Risk

The NHS Board is not exposed to equity security price risk. The groups price risk exposure relates to the Endowment fund investment to the tune of £49.207 million.

• **FAIR VALUE ESTIMATION**

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximately their fair value.

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The carrying value of Stocks and Bonds (relating to charitable endowment funds) is market value. The inputs to the valuation technique used to measure the fair value of all Stocks and Bonds as disclosed in Note 10 have been assessed as level 1 in the fair value hierarchy defined in IFRS 13 i.e. they are based on quoted bid prices in an active market for identical assets and liabilities. No Stocks or Bonds have been valued using level 2 or 3 inputs in the current or prior year.

The HUB Scheme is treated as a financial liability, which is measured at amortised cost, using the rate of interest implicit in the lease as the effective interest rate. We calculate interest implicit in the lease using goal seek functionality in excel to write down the creditor over the life of the HUB. As current treasury discount rates are less than the intrinsic rate reflected in the carrying value, fair value for these schemes equal carrying value.

For leases, these 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 at recognition as per PES is applied to determine carrying value. This model is considered to be a reasonable proxy representing the fair value.

Note 21. THIRD PARTY ASSETS

In certain circumstances, usually during period of long-term care, NHS Grampian is responsible for the safekeeping and administration of patients' own funds during their stay in hospital. These funds are accounted for and administered separately to NHS Grampian accounts and are subject to an annual independent external audit. The amounts held by NHS Grampian on behalf of patients are as follows:

| | 2021/22 | Gross Inflows | Gross Outflows | 2022/23 |
|--|----------------|--------------------------|---------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| Monetary amounts including bank balances | 155 | 130 | (142) | 143 |

Note 22. RELATED PARTY TRANSACTIONS

Scottish Government

Where the public body falls within the Scottish Government consolidated boundary, other bodies within the boundary (e.g. agencies and health boards) are related parties. Scottish Government has significant influence over other public bodies in Scotland, e.g. local authorities and universities, through legislation and grant funding. All public bodies in Scotland are, therefore, related parties, with the exception of Audit Scotland, due to its independence from government. Details of transactions with Scottish Government are included in the Financial Performance and Position Section of the Performance Report and in notes 3, 4, 9 and 12. Details of transactions with other Scottish NHS Boards are included in notes 3, 4, 9 and 12.

FINANCIAL STATEMENTS

Integration Joint Boards (IJBs)

Under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 three Integration Joint Boards (IJBs), Moray, Aberdeen City and Aberdeenshire, are established in Grampian with full delegation of functions and resources to enable integration of primary and community health and social care services. Executive and Non-Executive Directors of Grampian Health Board are appointed, to represent the Board, as voting members on each IJB. The voting membership, and therefore the exercise of control over each IJB is shared equally between Grampian Health Board and the relevant Local Authority. The financial results of each IJB are consolidated, as a Joint Venture, into the financial statements of NHS Grampian.

NHS Grampian had the following transactions with each IJB in 2022/23:

- Aberdeen City – Income £279.1 million, expenditure £255.9 million and a retained creditor balance of £17.2 million. (2021/22 income £265.0 million, expenditure £291.0 million and a retained creditor balance of £40.4 million).
- Aberdeenshire – Income £270.1 million, expenditure £240.5 million and a retained creditor balance of £11.5 million. (2021/22 Income £243.4 million, expenditure £269.9 million and a retained creditor balance of £41.1 million).
- Moray – Income £110.1 million, expenditure £97.2 million and a retained creditor balance of £2.8 million. (2021/22 Income £104.7 million, expenditure £114.2 million and a retained creditor balance of £15.7 million).

NHS Grampian Endowment Funds

All members of the NHS Grampian Board also function as Trustees of the NHS Grampian Endowment Fund. The total NHS Grampian Endowment Fund balance at 31 March 2023 was £45.253 million (2021/22 £49.308 million). During the year payments totalling £1.891 million (2021/22 £1.993 million) were made to NHS Grampian by the NHS Grampian Endowment Fund to enable a range of research and other activities including infrastructure improvement for the benefit of patients and staff. The NHS Grampian Endowment Fund received £0.219 million (2021/22 £0.118 million) from NHS Grampian mainly from income for research activities.

Chest, Heart & Stroke Scotland

Mrs A Anderson, Non Executive Board Member was also made Chair of Chest, Heart & Stroke Scotland during 2022/23. NHS Grampian had the following transactions in 2022/23; income £0, expenditure £202,020.

NHS GRAMPIAN
ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

FINANCIAL STATEMENTS

Note 23(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR YEAR TO 31 MARCH 2023

| | NHS Grampian 2022/23 £'000 | Charitable Endowment Funds 2022/23 £'000 | Intra Group Adjustments 2022/23 £'000 | Aberdeen City 2022/23 £'000 | Aberdeenshire 2022/23 £'000 | Moray 2022/23 £'000 | Group 2022/23 £'000 | Group 2021/22 £'000 |
|--|-------------------------------------|--|--|--------------------------------------|-----------------------------------|---------------------------|---------------------------|---------------------------|
| Staff Costs | 3a | 904,590 | 0 | 0 | 0 | 0 | 904,590 | 849,820 |
| Other Operating Expenditure | 3b | | | | | | | |
| Independent Primary Care Services | | 175,002 | 0 | 0 | 0 | 0 | 175,002 | 166,179 |
| Drugs and Medical Supplies | | 275,536 | 0 | 0 | 0 | 0 | 275,536 | 257,501 |
| Other Health Care expenditure | | 954,282 | 4,002 | (2,110) | 0 | 0 | 956,174 | 999,271 |
| Gross expenditure for the year | | 2,309,410 | 4,002 | (2,110) | 0 | 0 | 2,311,302 | 2,272,771 |
| Less : Operating Income | 4 | (900,194) | (4,112) | 2,110 | 0 | 0 | (902,196) | (820,835) |
| Joint Ventures accounted for on an equity basis | | 0 | 0 | 0 | 12,123 | 16,067 | 34,359 | (36,166) |
| Net expenditure for the year | | 1,409,216 | (110) | 0 | 12,123 | 16,067 | 1,443,465 | 1,415,770 |
| OTHER COMPREHENSIVE NET EXPENDITURE | | | | | | | | |
| Net Loss/(gain) on revaluation of Property Plant and Equipment | | (22,931) | 0 | 0 | 0 | 0 | (22,931) | (28,544) |
| Net Loss/(gain) on revaluation of financial assets | | 0 | 4,166 | 0 | 0 | 0 | 4,166 | (3,064) |
| Total Comprehensive Net Expenditure/(Income) | | 1,386,285 | 4,056 | 0 | 12,123 | 16,067 | 1,424,700 | 1,384,162 |

NHS GRAMPIAN ANNUAL REPORT AND ACCOUNTS FOR YEAR ENDED 31 MARCH 2023

FINANCIAL STATEMENTS

Note 23(b) CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR YEAR AS AT 31 MARCH 2023

| | Charitable | | | | | | | | | | Group 2021/22 £'000 | | | | |
|--|-------------------------------------|------------------|--|------------------|--|------------------|--------------------------------------|------------------|-----------------------------------|------------------|---------------------------|---------------------------|------------------|---------------------------|--|
| | NHS Grampian 2022/23 £'000 | | Charitable Endowment Funds 2022/23 £'000 | | Intra Group Adjustments 2022/23 £'000 | | Aberdeen City 2022/23 £'000 | | Aberdeenshire 2022/23 £'000 | | | Moray 2022/23 £'000 | | Group 2022/23 £'000 | |
| | Note | 2022/23 £'000 | 2022/23 £'000 | 2022/23 £'000 | 2022/23 £'000 | 2022/23 £'000 | 2022/23 £'000 | 2022/23 £'000 | 2022/23 £'000 | 2022/23 £'000 | | 2022/23 £'000 | 2022/23 £'000 | 2021/22 £'000 | |
| Non-current assets: | | | | | | | | | | | | | | | |
| Property, plant and equipment | 7c | 730,814 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 730,814 | 652,356 | | |
| Intangible assets | 6 | 2,024 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,024 | 2,212 | | |
| Right of Use assets | 16a | 40,044 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40,044 | 0 | | |
| Financial Assets: | | | | | | | | | | | | | | | |
| Investments | 10 | 1,382 | 49,207 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,589 | 54,082 | | |
| Investments in joint ventures | | 0 | 0 | 0 | 13,573 | 8,465 | 2,342 | 0 | 0 | 0 | 0 | 24,380 | 58,739 | | |
| Trade and other receivables | 9 | 120,341 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 120,341 | 62,938 | | |
| Total non-current assets | | 894,605 | 49,207 | 0 | 13,573 | 8,465 | 2,342 | 0 | 0 | 0 | 0 | 968,192 | 830,327 | | |
| Current Assets: | | | | | | | | | | | | | | | |
| Inventories | 8 | 8,073 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,073 | 7,590 | | |
| Trade and other receivables | 9 | 85,897 | 116 | (954) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 85,059 | 80,619 | | |
| Cash and cash equivalents | 11 | 10,412 | 2,600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 13,012 | 10,177 | | |
| Assets classified as held for sale | 7b | 350 | 0 | 0 | 350 | 0 | 0 | 0 | 0 | 0 | 0 | 350 | 0 | | |
| Total current assets | | 104,732 | 2,716 | (954) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 106,494 | 98,386 | | |
| Total assets | | 999,337 | 51,923 | (954) | 13,573 | 8,465 | 2,342 | 1,074,686 | 0 | 0 | 0 | 928,713 | 928,713 | | |
| Current liabilities | | | | | | | | | | | | | | | |
| Provisions | 13 | (51,951) | (3,876) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (55,827) | (64,671) | | |
| Trade and other payables | 12 | (194,134) | (1,063) | 954 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (194,243) | (251,322) | | |
| Lease Liabilities | 16b | (3,094) | (4,939) | 954 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (3,094) | (315,993) | | |
| Total current liabilities | | (249,179) | (4,939) | 954 | 0 | 0 | 0 | (253,164) | 0 | 0 | 0 | (612,720) | (612,720) | | |
| Non-current assets (less) net current liabilities | | 750,158 | 46,984 | 0 | 13,573 | 8,465 | 2,342 | 821,522 | 0 | 0 | 0 | 612,720 | 612,720 | | |
| Non-current liabilities | | | | | | | | | | | | | | | |
| Provisions | 13 | (173,098) | (1,732) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (174,830) | (110,959) | | |
| Trade and other payables | 12 | (34,691) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (34,691) | (40,717) | | |
| Liabilities in associates and joint ventures | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | |
| Lease Liabilities | 16b | (29,360) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (29,360) | 0 | | |
| Total non-current liabilities | | (237,149) | (1,732) | 0 | 0 | 0 | 0 | (238,881) | 0 | 0 | 0 | (151,676) | (151,676) | | |
| Assets less liabilities | | 513,009 | 45,252 | 0 | 13,573 | 8,465 | 2,342 | 582,641 | 0 | 0 | 0 | 461,044 | 461,044 | | |
| Taxpayers' Equity | | | | | | | | | | | | | | | |
| General fund | | 356,913 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 356,913 | 206,966 | | |
| Revaluation reserve | | 156,096 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 146,031 | 146,031 | | |
| Funds Held on Trust | | 0 | 45,253 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45,253 | 49,308 | | |
| Other reserves- Joint Venture | | 0 | 0 | 0 | 13,573 | 8,465 | 2,342 | 24,380 | 0 | 0 | 0 | 58,739 | 58,739 | | |
| Total taxpayers' equity | | 513,009 | 45,253 | 0 | 13,573 | 8,465 | 2,342 | 582,642 | 0 | 0 | 0 | 461,044 | 461,044 | | |

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FINANCIAL STATEMENTS

Note 23(c) CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023

| | Note | NHS Grampian 2022/23 £'000 | Charitable Endowment Funds 2022/23 £'000 | Intra Group Adjustments 2022/23 £'000 | Aberdeen City 2022/23 £'000 | Aberdeenshire 2022/23 £'000 | Moray 2022/23 £'000 | Group 2022/23 £'000 |
|--|------|----------------------------------|--|--|-----------------------------------|-----------------------------------|---------------------------|---------------------------|
| Cash flows from operating activities | | | | | | | | |
| Net operating cost | | (1,409,216) | 110 | 0 | (12,123) | (16,067) | (6,169) | (1,443,465) |
| Adjustments for non-cash transactions | 2b | 39,973 | 0 | 0 | 12,123 | 16,067 | 6,169 | 74,332 |
| Add back: interest payable recognised in net operating cost | 2b | 3,139 | 0 | 0 | 0 | 0 | 0 | 3,139 |
| Investment Income | | 0 | (1,816) | 0 | 0 | 0 | 0 | (1,816) |
| (Increase)/decrease in trade and other receivables | 2c | (62,945) | 10 | 220 | 0 | 0 | 0 | (62,715) |
| (Increase)/decrease in inventories | 2c | (483) | 0 | 0 | 0 | 0 | 0 | (483) |
| (Increase)/decrease in trade and other payables | 2c | (61,844) | 61 | (220) | 0 | 0 | 0 | (62,003) |
| Increase/(decrease) in provisions | 2c | 54,434 | 593 | 0 | 0 | 0 | 0 | 55,027 |
| Net cash outflow from operating activities | | (1,436,942) | (1,042) | 0 | 0 | 0 | 0 | (1,437,984) |
| Cash flows from investing activities | | | | | | | | |
| Purchase of property, plant and equipment | | (100,286) | 0 | 0 | 0 | 0 | 0 | (100,286) |
| Purchase of intangible assets | | (298) | 0 | 0 | 0 | 0 | 0 | (298) |
| Investment Additions | 10 | (748) | (10,370) | 0 | 0 | 0 | 0 | (11,118) |
| Transfer of assets to/(from) other NHS bodies | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds of disposal of property, plant and equipment | | 906 | 0 | 0 | 0 | 0 | 0 | 906 |
| Receipts from sale of investments | | 0 | 10,217 | 0 | 0 | 0 | 0 | 10,217 |
| Interest and dividends received | | 0 | 1,816 | 0 | 0 | 0 | 0 | 1,816 |
| Net cash outflow from investing activities | | (100,426) | 1,663 | 0 | 0 | 0 | 0 | (98,763) |
| Cash flows from financing activities | | | | | | | | |
| Funding | | 1,544,689 | 0 | 0 | 0 | 0 | 0 | 1,544,689 |
| Movement in general fund working capital | | 2,214 | 0 | 0 | 0 | 0 | 0 | 2,214 |
| Cash drawn down | | 1,546,903 | 0 | 0 | 0 | 0 | 0 | 1,546,903 |
| Capital element of payments in respect of on-balance sheet PFI and Hub contracts | 2c | (923) | 0 | 0 | 0 | 0 | 0 | (923) |
| Capital element of payments in respect of leases | | (469) | 0 | 0 | 0 | 0 | 0 | (469) |
| IFRS 16 - 2022-23 cash lease payment | | (2,790) | 0 | 0 | 0 | 0 | 0 | (2,790) |
| Interest element of finance leases and on-balance sheet PFI/PPP contracts | 2b | (3,139) | 0 | 0 | 0 | 0 | 0 | (3,139) |
| Net Financing | | 1,539,582 | 0 | 0 | 0 | 0 | 0 | 1,539,582 |
| Net increase/(decrease) in cash and cash equivalents in the period | | 2,214 | 621 | 0 | 0 | 0 | 0 | 2,835 |
| Cash and cash equivalents at the beginning of the period | | 8,198 | 1,979 | 0 | 0 | 0 | 0 | 10,177 |
| Cash and cash equivalents at the end of the period | 11 | 10,412 | 2,600 | 0 | 0 | 0 | 0 | 13,012 |

FINANCIAL STATEMENTS

Note 24. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events which have occurred after the 31 March 2023 which would have a material effect on the financial statements.

Junior doctor pay award negotiations are ongoing, the impact is not expected to have a material effect on the financial statements, therefore not reflected.

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

1. NHS Grampian 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, NIIS Grampian must use the NHS Grampian 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 Grampian 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 Grampian 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 Grampian 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 NIIS 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,

DIRECTIONS BY THE SCOTTISH MINISTERS

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

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