

Annual Report and Accounts



**For the year to
31 March 2025**



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Part A: Overview



Performance Report

This Performance Report sets out information relating to the purpose of NHS National Services Scotland (NSS), the key risks to the achievement of our objectives and how we performed during 2024/25. Further detailed information is provided in the Annual Report, Accountability Report and Financial Statements. You can also find more information about our services on our website www.nss.nhs.scot

A view from Keith Redpath, Chair

I am pleased to introduce the NHS National Services Scotland (NSS) Annual Report 2024/25. We're celebrating our 50th year of serving Scotland and this report highlights our valuable role across NHSScotland.

This report details the vital work our teams have delivered in meeting our objectives. Through our Clinical Directorate and Screening Oversight and Assurance Scotland (SOAS) teams, we work to facilitate and deliver population screening programmes across Scotland including for breast cancer, bowel cancer, and Abdominal Aortic Aneurysms (AAA).

Our NHSScotland Assure service provides best practice and expertise, working to improve and maintain the safety of NHSScotland's healthcare-built environment.

We're also at the forefront of utilising digital innovation to meet these demands. Our Cyber Security Centre of Excellence (CCoE), launched by our Digital and Security (DaS) teams enhances NHSScotland cyber security resilience and provides situational awareness,

actionable threat intelligence, and incident analysis and support. Through our Data Strategy, we are working with health boards to improve innovations, insights, performance and efficiency.

Our teams and colleagues across NHSScotland are working on solutions that can predict demand on clinical services, monitor Scotland's blood supply, and explore the ethical and responsible use of Artificial Intelligence to support improved accuracy in diagnosis.

As we reflect on our achievements during this financial year and our history over the last 50 years, we must also look to the future. I am confident in the ability of our teams to meet the challenges ahead, and I share this confidence with the Board.



Keith Redpath
Chair, NHS National Services Scotland

Chief Executive's statement

The NHS National Services Scotland (NSS) Annual Report and Accounts 2024/25 demonstrates the breadth and scale of our work in delivering national solutions and services across NHSScotland.

As we reflect over the last year, health and social care have continued to experience economic and social challenges. The cost-of-living crisis, global economic impacts and service pressures once again tested the resilience of the NHS.

Across NSS we've worked to remain agile within this context and met all our financial objectives and 90% of deliverables for the year. This is a testament to the dedication of our teams, and I would like to thank everyone who has played their part in our excellent performance outcomes for 2024/25.

Central to all of our work has been a focus on service excellence and sustainability. This means that our services not only enhance patient care but also contribute to the overall quality and value of the wider health and care system. By embedding sustainability in all we do we ensure the decisions made today will bring positive long-term impacts.

Collaboration is integral to our way of working. We foster strong partnerships within our teams at NSS and with key stakeholders including NHS Boards, Scottish Government, suppliers and other

public sector bodies. This has been a key thread in our achievements over the past year and will remain central as we look to the future.

NSS continues to play an essential role across NHSScotland providing national strategic support services and expert advice to Scotland's health and care sector. Through working with our stakeholders and partners, NSS helps align regional activities with national strategies and support maximising health impacts and cost savings across NHSScotland.

While it's impossible to capture every achievement, this report offers a snapshot of a few examples of our deliverables over the past fiscal year.

On behalf of NSS, I extend my gratitude to everyone who has supported us on this journey. We look forward to continuing our collaborative efforts to deliver excellent outcomes across the health and care system in Scotland.



Mary Morgan

Chief Executive, NHS National Services Scotland



Purpose and key facts

Purpose

NSS is a public body, accountable to Scottish Ministers. NSS has a mandate to provide national strategic support services and expert advice to Scotland's health and care sector while maximising health impacts and cost savings.

NSS was established as the Common Services Agency in 1974 under The National Health Service (Functions of the Common Services Agency) (Scotland) Order 1974.

Our remit was extended further by the Public Bodies (Joint Working) Scotland Act 2014 to enable the provision of services to other public bodies.

We work closely with our partner organisations, including NHS boards and local authorities, to ensure that our services align with the evolving needs of the health and social care system in Scotland.



Key facts

Gross expenditure:	£1,218 million
Workforce:	3,407 headcount which equated to 3,354 Whole Time Equivalent (WTE) staff
Sites:	19
Impact and value added:	<p>£18.3 million in cash-releasing efficiency savings.</p> <p>£413.7 million of services provided on a recovery basis to territorial health boards.</p> <p>£2.5 billion of payroll administered by NSS on behalf of territorial health boards.</p> <p>£3.3 billion payments to primary care contractors on behalf of Scottish Government and territorial health boards.</p> <p>£256.4 million procured on behalf of NHSScotland.</p> <p>£340.1 million services nationally commissioned on behalf of NHSScotland.</p> <p>£46.3 million cost reductions achieved by National Procurement.</p> <p>£4.3 million of NHSScotland direct cost recoveries and avoidance through counter fraud activities.</p>



Our NSS services

We provide services and advice to the NHS and wider public sector in Scotland.

Since its inception, NSS has provided a wide range of national services that ensure health boards and other health and care partners can deliver their services with confidence.

Digital and security

Our expertise includes delivery and management of national digital platforms, supporting services and cyber security. Our innovative and person-centred scalable technology is delivered through local and national digital solutions, providing clinical informatics and information security and governance.

Blood, tissues and cells

Our Scottish National Blood Transfusion Service (SNBTS) provides blood, tissues and cells to NHSScotland, ensuring they are available, 24 hours a day, every day of the year. We also provide specialist treatment and therapeutic solutions, specialist testing and diagnostic services appropriate for Scottish patient needs.

National procurement

We provide procurement services to NHSScotland. We work collaboratively to provide best quality, fit for purpose and best value commercial solutions – weighing up cost, added value and sustainability. Our expert logistics services include distribution, supply chain, warehouse operations and fleet management. We also provide national eProcurement solutions.

Specialist healthcare commissioning

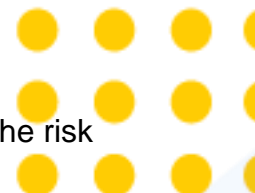
We commission a range of specialist and rare condition treatments supporting NHSScotland to ensure equitable and affordable access to these services when needed. Our work also includes commissioning a range of screening programmes.

Primary care support

We support general practitioners, dentists, opticians, community pharmacies and dispensing contractors to deliver primary care across Scotland. This includes managing contractor payments, maintaining an up-to-date patient registration database, medical record transfers and clinical governance for dental services.

NHSScotland Assure

We deliver a coordinated approach to the improvement of risk management and quality in the healthcare environment across NHSScotland. We encompass services provided by Antimicrobial Resistance and Healthcare Associated Infection (ARHAI) Scotland and



Health Facilities Scotland. Our goal is to promote excellence, protect patients from the risk of infection and support better health outcomes for all.

Legal

We provide specialist legal advice and assistance in most areas of law relevant to the public sector. With a wide range of experience, the Central Legal Office (CLO) provides clients with a comprehensive legal service. We have close links to Scottish Government and its legal service and counsel clients on a wide range of policy issues.

Programme management services

We act as a national delivery provider and work with our partners to offer total solutions in portfolio, programme, project management and transformation services. By equipping our clients with the right people and approaches we can support the delivery of complex and challenging change programmes.

Fraud prevention

We work in partnership with NHSScotland and across the Scottish public sector to provide a comprehensive service to reduce the risk of fraud and corruption. We're responsible for checking patient exemptions in respect of NHSScotland patient charges and collecting payments for incorrectly claimed exemptions.

Corporate services

We provide corporate services to other health boards in vital areas such as finance, HR, digital, facilities, procurement, and business support. This includes managing payroll for eight NHSScotland boards and delivering a full corporate shared services solution for Public Health Scotland.

National Contact Centre

We provide call centre services to the people of Scotland. This includes appointment booking and rescheduling and providing advice, support and guidance to support access to health and care services.

Our NSS strategy

We are integral to Scotland's health and care services and our work is focused on **enabling** health and care transformation with new services.

We also play an important role by **underpinning** NHSScotland with excellent services and **assisting** other organisations involved in health and care.

Our strategic objectives

We refreshed our strategic objectives in 2023/24 to support the delivery of our Annual Delivery Plan and they continued to shape our approach in 2024/25.



Service excellence

To continuously improve the way we deliver existing and new services with a focus on quality, to ensure they are safe, efficient and effective, and meet the needs of our service users, partners, and stakeholders.



Financial sustainability

To deliver an organisational financial stewardship culture that drives effective use of assets, infrastructure and value for money.



Workforce sustainability

To develop a diverse, knowledgeable and skilled workforce deployed in an environment where the organisation is adaptable to the changing lifecycle of employees and delivers leadership and behaviours reflecting the values of NHSScotland.



Climate sustainability

To embed climate sustainability in everything we do to ensure NHSScotland becomes a net zero greenhouse gas emissions health service by 2040 or earlier.

NHS Delivery



On 17 June 2025, the Cabinet Secretary for Health and Social Care announced the publication of a Population Health Framework and a Health and Social Care Service Renewal Framework. Together with the Operational Improvement Plan previously published, they set out how NHS Boards, including NSS, will achieve the health and social care vision of a Scotland where people live longer, healthy and fulfilling lives.

As part of the Health and Social Care Service Renewal Framework, NSS and NHS Education for Scotland (NES) will merge to create NHS Delivery, a new cross cutting delivery function for NHSScotland and related services.

NSS are committed to ensuring that all our front-line services, along with existing programmes and workstreams, will continue as planned throughout this period.

This is an opportunity to strengthen the education and training of our workforce, drive digital innovation and change, and combine the national provision of business services and advice through one organisation. It will build on the strengths of both organisations to create a centre of excellence which has the expertise and authority to provide services and support to health boards and others on a 'Once for Scotland' basis.

Consultation on these proposals will take place over 2025 with an expectation that this will be in place by April 2026. NSS will work closely with NES and Scottish Government to implement this change.

Service Excellence

NSS service excellence enables and underpins health and care services across NHSScotland

Examples of this work includes:



Scottish Wide Area Network (SWAN)

Digital and Security (DaS) continued the transition to the new Scottish Wide Area Network (SWAN).

Over 6,000 sites are now connected via SWAN including schools, hospitals, GP surgeries, pharmacies and local council offices. Customers **benefit from reduced costs, improved service,** and the ability to **share data across organisations,** encouraging **co-operative working.**



National Services Directorate (NSD)

NSD continued work to commission specialist health services, to **ensure patients with specialist conditions have access to the highest possible standards of care.**

During 2024/25, NSD commissioned a pediatric radiotherapy service for NHS Greater Glasgow and Clyde. This service provides molecular radiotherapy for children and young adults with cancer.



Public Inquiries

NSS supported the UK Infected Blood Inquiry during 2024/25 and assisted the Scottish Hospitals Inquiry and the on-going UK and Scottish COVID-19 Inquiries.

This work combined **high quality legal advice** with an efficient approach, **reducing costs with resources supporting multiple health boards** and **sharing of analysis across teams.**



SNBTS Plasma for Medicine

SNBTS and National Procurement introduced the Plasma for Medicines programme in response to an increasing global clinical demand for plasma derived medical products (PDMPs) and worked in partnership with NHS England, to **provide a level of self-sufficiency in PDMP supply in the UK.**

During 2024/25 **1,037 donors were recruited, 1,785 litres of plasma** were collected, and **17,834 litres of recovered plasma** processed. The products will be manufactured for use in patient care.





CP4 plain paper implementation

NSS introduced a plain paper prescription for CP4/3 forms, used to manage and claim for services provided by community pharmacies.

Due to this change, **the cost of prescription paper was reduced by approximately £93,000** over 2024/25 and will be **a recurring saving**. This change will also save hundreds of hours due to the reduction in both batch preparation and scanning time.



Point of care testing in health and care

NSS supported innovative developments in testing devices **allowing earlier clinical decisions on treatment for patients in Scotland**.

This work includes an **identifying test for newborn babies at risk of hearing loss if an antibiotic gentamicin is used to treat infection**.



Recycling and repurposing NHS equipment

NSS developed a national approach to recycling and repurposing under-used NHS equipment in patient testing and laboratory analysis.

A system was devised to redistribute specialist testing equipment bought during the pandemic to be re-used rather than decommissioned. A scoring system ensures best value to patients, clinicians and scientists in NHSScotland. **The equipment went to health boards, universities, and Scottish Government funded bodies**.



Scottish Infected Blood Support Scheme (SIBSS)

NSS provided administrative services for the SIBSS on behalf of Scottish Government. The scheme provides support to those historically infected with hepatitis C and/or HIV following treatment by NHSScotland through blood or blood products in the 1970s, 80s, and early 90s.

On 20 May 2024 the UK Infected Blood Inquiry, established to examine the circumstances in which patients treated by the NHS were given infected blood and infected blood products, issued its final report. Following its publication, **we processed and paid further interim payments of £210,000 to each living infected beneficiary of SIBSS on behalf of Scottish Government in June 2024 totalling £96.6 million**. We will continue to support the scheme until its functions are transferred to the UK wide Infected Blood Compensation Authority (IBCA) which is anticipated by March 2026.



Assist

We assist health and social care organisations by helping manage national incidents or resilience issues in NHSScotland. Regularly connecting with partners and stakeholders helped ensure our services supported the wider health and care system and that we could respond quickly and appropriately.

Cyber Centre of Excellence

Our CCoE expanded its operations, introducing 24/7 centralised monitoring and alerting for cyber incidents across 21 health boards. The Security Operations Centre triages around 1,500 security incidents weekly and coordinates responses with affected boards. On average, 8-10 of these incidents were of high severity requiring immediate intervention e.g. to avoid loss of data or to prevent malicious actors gaining access to our information.

Notable examples in 2024/25 include:

- The CCoE, collaborating with NHSScotland's Counter Fraud Service and NHS England, prevented payment of a high number of fraudulent invoices for office supplies sent to GP surgeries across Scotland.
- In October 2024, the CCoE detected and acted upon a number of high-quality impersonation attacks, where the malicious actor has sent financial requests to NSS colleagues.
- Multiple instances of the 'ClickFix' social engineering attack were prevented and devices isolated for further investigation. In these attacks, fake 'captcha' pages are used to deceive users into downloading and executing malware.

The CCoE supported substantial forensic and investigative follow-up activities in the wake of the cyber attack on NHS Dumfries & Galloway, first discovered in March 2024. Additionally, the crisis simulation service was expanded, with over two-thirds of health boards conducting one or more cyber training exercises.

Anchor Institutions

NSS continued to develop its work as an Anchor Institution through supporting local purchasing, working with partners, providing fair work opportunities, purposeful use of land and assets, and working to reduce environmental impact.

Our National Procurement team successfully engaged local suppliers for smaller requirements with 75% of suppliers invited to quote being Scottish-owned businesses.

We also spent £950,000 with supported businesses, who work to integrate disabled or disadvantaged people into the workforce and society, increasing opportunities and access to fair employment opportunities.

Managed by our National Procurement teams, the Community Benefit Gateway portal, connects NHSScotland suppliers with third sector and community organisations looking for assistance with a variety of needs, to improve health and wellbeing across Scotland's communities.

During 2024/25 243 suppliers were registered and 64 community benefits were secured.





Financial sustainability

Financial targets

Each year our financial performance is measured against the statutory financial targets of:

- a break-even position on revenue outturn
- a break-even position on capital outturn
- a break-even position in relation to cash requirements

For 2024/25 all statutory financial targets were achieved.

Financial planning

In March 2025, our Board agreed a balanced three-year revenue plan for financial year 2025/26 to 2027/28 and a balanced five-year capital plan for 2025/26 to 2029/30

The financial plan is an important part of a wider strategic planning cycle which includes workforce planning and delivery plans. The Executive Management Team (EMT) budget summit was revamped to focus on cross-cutting organisational themes building on initial integrated service planning at directorate level to drive our overall financial sustainability.

The unprecedented financial challenge across NHSScotland and our reliance on non-recurring funding means our focus on financial sustainability is essential.

Financial ‘grip and control’

Our Business Finance team oversees budgetary controls across NSS and aligns to the ‘15 Box Grid’ for NHSScotland, a framework used to help boards identify specific areas for saving opportunities, highlight examples of good practice, and encourage learning.

We apply financial controls which are proportionate and in-line with the overall financial position. We are implementing service costing across all areas of NSS to provide a robust basis for financial planning, recharging and cost recovery.

Vacancy Management Group

We have an established Vacancy Management Group (VMG) chaired by our Chief Executive which includes our Director of Finance, Director of Human Resources and Organisational Development, and Employee Director. VMG scrutinises all current vacancies, along with any requests for agency staffing and has oversight on the number of fixed term contracts due to end, which enables the redistribution of vacancies via the redeployment pool prior to internal or external advertising.

Financial governance

Our NSS Corporate Governance Framework sets out the governance for the organisation.

This includes:

- The Standing Orders to regulate conduct of business for NSS Board and Committee meetings;
- The Committee Terms of Reference and Delegated Functions (ToRs) to define delegated functions by the Board to each Committee;
- The Scheme of Delegation to delegate power to individual officers within the NSS management structure;
- The Standing Financial Instructions (SFIs) to provide sound control of financial and related activities; and
- The Code of Conduct for Board members to set out the standards of conduct Board members must adhere to.
- The Board Assurance Framework (included in the Corporate Governance Framework from 28 March 2025).

The SFIs detail the financial responsibilities adopted by NSS. Along with supporting policies and procedures, they provide sound control of NSS's financial and related activities to ensure they are carried out in accordance with the law and Scottish Government policy.

The SFIs, read in conjunction with Board Standing Orders, the NSS Scheme of Delegation and the Finance, Procurement and Performance Committee Terms of Reference inform the roles and responsibilities of financial decision-making within NSS. The SFIs are reviewed annually by the Executive Management Team, the Finance, Procurement and Performance Committee and approved by the NSS Board.

NSS has an SFI Reporting Framework, approved by the Board, which sets out a coordinated approach to the identification, reporting and management of SFI adverse events.

The governance arrangements for in-year financial targets and longer-term financial sustainability include:

- Strategic and operational financial support provided to our Board, Committees, Executive Management Team and budget holders;
- Provision of financial information required by directorates to manage budgets effectively. This includes support for planning and decision-making across NSS to support delivery of our services; and

- Robust governance in place to support financial sustainability with the SFIs and Finance Charter setting out the roles and responsibilities of finance and delegated budget holders.





Workforce sustainability

NSS Workforce Plan for 2024 – 2027

A renewed NSS Workforce Plan for 2024-2027 is now in place. Aligned to the National Workforce Strategy for Health and Social Care in Scotland (2022), it provides a framework for achieving Scotland's vision for a sustainable skilled workforce, with attractive career choices and where all staff are respected and valued for the work they do.

Our plan is underpinned by our Five Pillars Action Plan covering the key themes of: plan, attract, train, employ and nurture, which support the recovery, growth, and transformation of health and social care services.

Actions outlined within the plan are monitored and reported throughout the three-year cycle to the appropriate Board governance committees and Executive Management Team.

Anti-racism plan

As part of our Workforce Plan, we developed an anti-racism plan with a range of key stakeholders as part of our commitment to help address racialised health inequalities across health and social care.

Revised corporate induction modules

To further support our employees, we introduced a new induction package featuring three pathways designed to cater to needs of new employees, new line managers, and returnees. They also aim to equip our employees with the knowledge and resources necessary to excel in their roles. The induction is complimented by our corporate induction live event.

iMatter

We launched the annual iMatter survey with 80% of our staff responding, a 2.5% increase from the previous year. iMatter provides staff and teams with the opportunity to collaborate on areas important to them in line with our staff governance standards, which led to a 99% completion rate for all action plans.

Disability Confident Leader Accreditation

We achieved the Disability Confident Leader Accreditation. As users of the Disability Confident scheme, we guarantee to interview all applicants with a disability who meet the minimum criteria for the vacancies. We recognise the value of diversity within the workplace and the skills and qualities that every individual brings to our organisation.

Armed Forces Covenant

We are Gold Defence Employers Recognition Scheme accredited which recognises our commitment to supporting military personnel service in Scotland, as well as the veterans and reservists we employ. By signing the Armed Forces Covenant, we acknowledge and understand that those who serve or have served in the Armed Forces, and their families, should be treated with fairness and respect in the communities, economy, and society they serve with their lives.

As part of our Armed forces talent programme, we have successfully hosted an intern within one of our directorates. We were also shortlisted for a number of Scottish Veterans Awards and received the bronze award in Employer of the Year; bronze award in Role Model of the Year and the silver award in Reservist of the Year.

Recruitment

We developed and implemented a recruitment strategy for difficult to fill roles. This aims to improve the recruitment process by identifying challenging roles, encouraging early communication between recruiters and hiring managers, and creating effective campaigns.

Occupational health

We undertook a successful migration to an improved and upgraded Occupational Health system. This enables us to deliver further automation and digitalisation of our current processes, including on-line referrals and to improve the overall experience for all users of the service.

Health and Care (Staffing) (Scotland) Act 2019

The first NSS annual report in relation to this Act has been submitted to Scottish Government and published by NSS in April 2025 outlining how NSS has complied with the duties of this Act and is using the systems and processes to enable appropriate staffing levels are in place and inform workforce planning decisions. In addition, a summary report has been published alongside this document to provide key outcomes in a more accessible format. This is available at [NHS NSS Health and Care \(Staffing\) \(Scotland\) Act 2019 Annual Report April 2025 | National Services Scotland](#).



Climate sustainability

We're committed to "Embedding climate sustainability in everything that we do to ensure that NHS Scotland becomes a net zero greenhouse gas emissions health service by 2040 or earlier."

We reported on climate-related financial disclosures consistent with HM Treasury's Task Force on Climate-related Financial Disclosure (TCFD) application guidance which interprets and adapts the framework for the UK public sector.

We consider climate to be a principal risk and complied with the TCFD recommendations and disclosures involving Governance, Risk Management, and Metrics and Targets.

NSS Environmental and Sustainability Strategy

The [NSS Environmental and Sustainability Strategy 2022-2040](#) was approved by our Board in 2022. This is reviewed every five years to allow for new legislation and targets. It has five yearly interim targets to 2040, and short-term targets that focus on five-year targets to 2030. We have taken a comprehensive approach to understanding the implications of climate change on 'business as usual' operations, as well as during unexpected climate-related events.

Governance

Climate change and environmental sustainability implications are reported through our governance structure which ensures the Board focuses on developing and maintaining NSS's strategy.

Our assurance goal is managed through the Sustainability and Infrastructure Board (SIB), Finance, Procurement, and Performance Committee (FPPC), non-executive Sustainability Champion and EMT Sustainability Lead and provides non-executive directors, directors and senior managers with the confidence, evidence and certainty that what needs to be done is happening in practice.

Our Assure Internal Sustainability team coordinates the delivery of the NSS Environmental and Sustainability Strategy and Annual Delivery Plans. The team also manage mandatory reporting such as the Climate Change Risk Assessment, the Public Bodies Climate Change Duties Report, and the Annual Climate Emergency and Sustainability Report.

Metrics and targets

Metrics have been developed based on:

- Scottish Government targets for a net zero health service by 2040, and A Policy for NHSScotland on the Climate Emergency and Sustainable Development DL (2021) 38.

- NSS's Environmental and Sustainability Strategy 2022-2040, based on Scottish Government targets. This strategy has five yearly interim targets spanning 16 areas of sustainability including capital projects, transport, and waste.
- NSS Annual Delivery Plan which sets out key targets for sustainability within each financial year.

This information is reported to Scottish Government via the Annual Health Board Climate and Sustainability Report as well as the Public Bodies Climate Change Duties Report.

Table 1: Overview of NSS Utility Use Performance Indicators presented to the NSS Board

Performance Indicator	Targets	2023/24	2024/25
Gas (CO ₂ tonnes) (Metered Sites Only)	Reduction of 5% based on the 2022/23 baseline levels	2,381	1,831
Electricity (CO ₂ tonnes) (Metered Sites Only)		1,690	1,486
Water (M ³ Volume) (Metered Sites Only)		25,178	20,477

Table 2: Overview of the Public Bodies Climate Change Duties Reports Scope 1, Scope 2 and Scope 3 emission levels from 2010/11 to 2023/24.

Year	Scope 1	Scope 2	Scope 3	Total	Units
2010/11	2,539	5,872	2,508	10,919	tCO ₂ e
2011/12	2,241	4,281	2,248	8,770	tCO ₂ e
2012/13	2,550	4,422	1,830	8,802	tCO ₂ e
2013/14	2,165	4,135	1,776	8,076	tCO ₂ e
2014/15	2,116	4,573	1,738	8,427	tCO ₂ e
2015/16	1,951	4,177	2,234	8,362	tCO ₂ e
2016/17	1,975	3,449	2,034	7,458	tCO ₂ e
2017/18	2,736	3,418	2,026	8,180	tCO ₂ e
2018/19	2,614	2,758	2,082	7,454	tCO ₂ e
2019/20	2,447	2,289	2,101	6,837	tCO ₂ e
2020/21	7,483	4,797	1,912	14,192	tCO ₂ e
2021/22	2,134	2,118	1,666	5,918	tCO ₂ e
2022/23	2,526	3,617	2,058	8,201	tCO ₂ e

Year	Scope 1	Scope 2	Scope 3	Total	Units
2023/24	2,390	3,805	339	6,534	tCO ₂ e

The above data was collected from the Public Bodies Climate Change Duties Report. The peak in 2020/21 is due to the inclusion of the NHS Louisa Jordan hospital in the pandemic response. This building alone accounts for over 8,000 tCO₂e.

The 2022/23 rise was attributed to improved reporting with installing new meters and Automatic Meter Readers (AMRs) as well as a revision of waste data collection. An additional three estates were added into NSS's estates portfolio (Coddington, Titan and SNBTS Livingston Donor Centre) within the financial year.

As part of our commitment to sustainability and our property strategy in 2024/25, we relocated staff in our Central Legal Office from Anderson House and staff within our Scanning Department in Bain Square to a more central location at our headquarters at Gyle Square.

Scope 1, Scope 2, and Scope 3 GHG emissions

NSS primarily utilised the Public Bodies Climate Change Duties Report to analyse their Scope 1, Scope 2 and Scope 3 emissions. Table 2 provides an overview of emission scopes in 2023/24. Data for 2024/25 was not fully available by the time of approval of the Annual report.

Table 3: Overview of Scope 1, Scope 2 and Scope 3 Emissions for NSS in 2023/24

Scope	Source	Emissions (tCO ₂ e)	Risks
1	HGV Fleet vehicles (km)	2,284	Regulatory, Reputational, Operational
1	Water Treatment	4.8	Compliance, Operational, Environmental
2	Electricity Consumption	1,749	Compliance, Financial, Reputational, Supply Chain
	Gas Consumption	2,056	
3	Waste (including Clinical Waste)	35.5	Environmental, Cost, Regulatory, Reputational Environmental,
3	Electricity Transmission and Distribution	151.3	Efficiency, Cost
3	Water Use	2.5	Resource, Operational

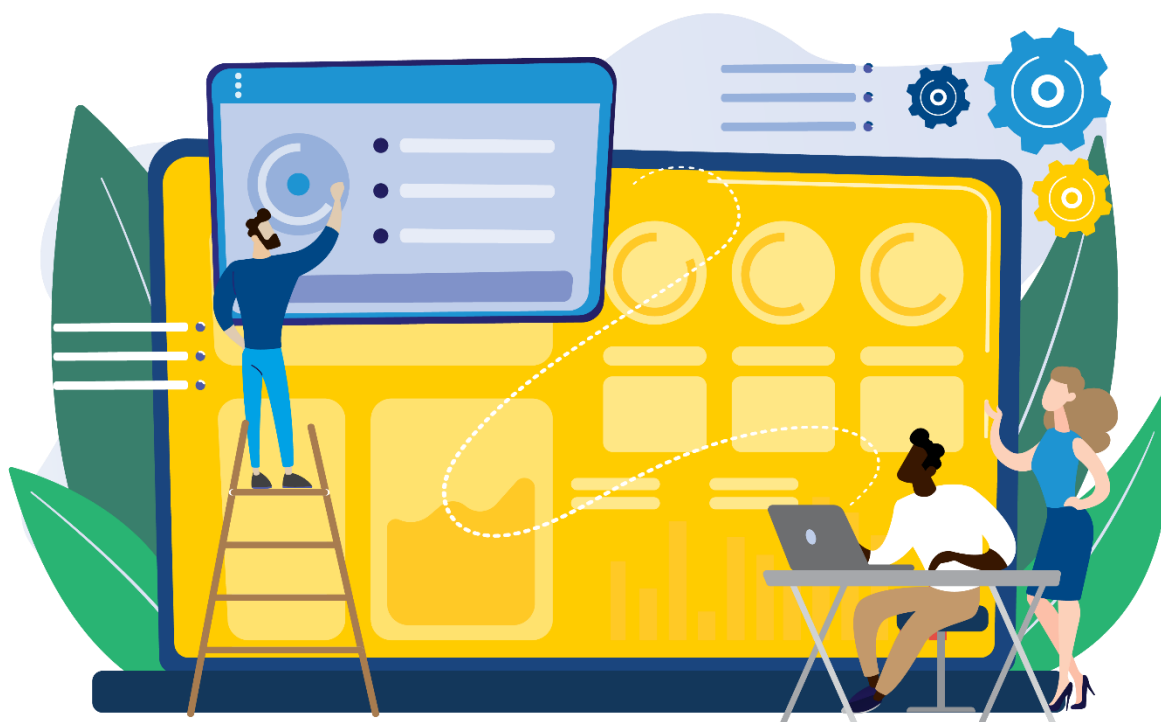
Risk Management

We developed a structured and integrated approach to identify, assess and manage climate-related risks that are embedded within our corporate governance and risk management systems.

Any identified risks are captured through the Departmental Risk Register before potential escalation to the Corporate Risk Register. The Corporate Risk Register allows for visibility and escalation to senior leadership and visibility to the NSS Board.

To manage risks, oversight is provided through the internal governance structure. All reporting includes climate change considerations to ensure this is factored into decision making and includes highlighting any risks and environmental impact to potential infrastructure upgrades.

We ensure we remain compliant with statutory legislation through our compliance groups, including the Health and Safety Operational Delivery Group (ODG) and the Occupational Health and Safety Advisory Committee (OHSAC). We also monitor performance through internal audits and mandatory reporting (Public Bodies Climate Change Duties Report and the Annual Climate Emergency and Sustainability Report), against key performance metrics.





Our performance

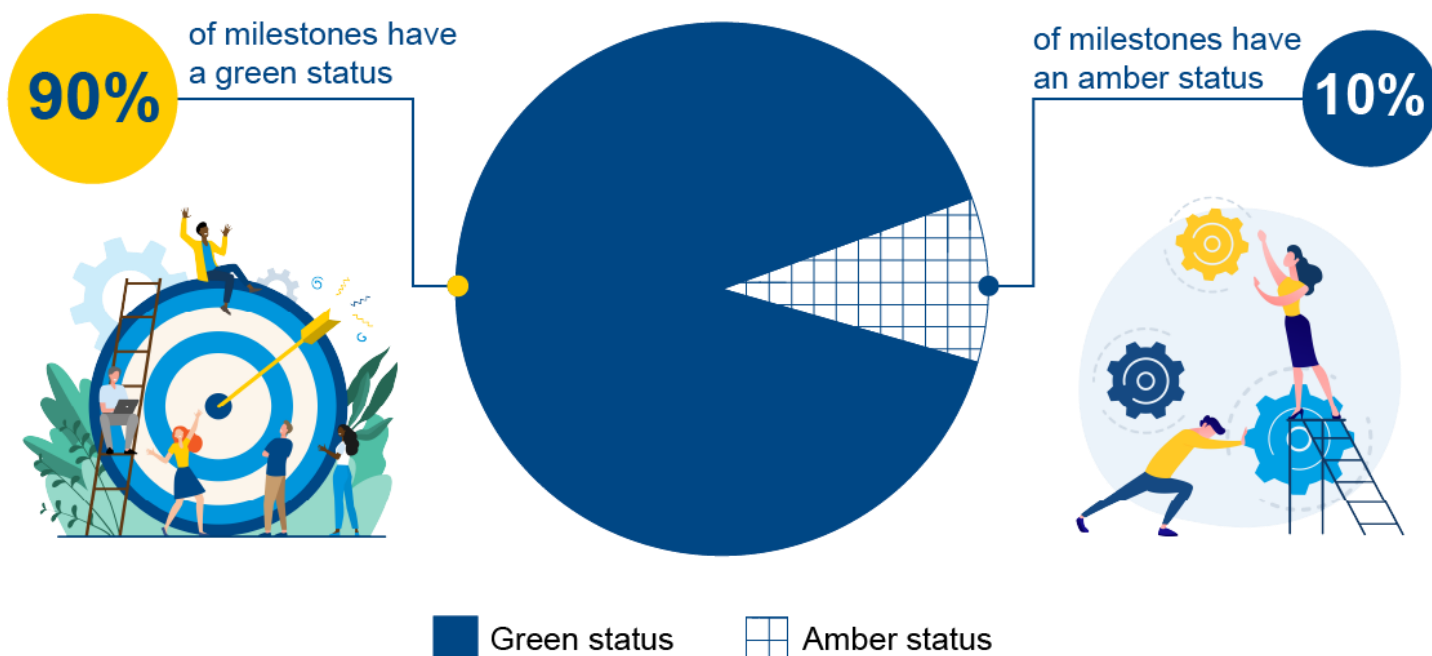
Our performance against key non-financial targets

Our Annual Delivery Plan in 2024/25 focused on NHSScotland priorities and was designed to follow our strategic aims of underpinning NHSScotland services.

Milestones achieved or on track (green)

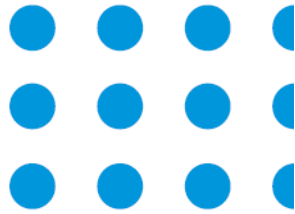
We achieved 90% which equated to 38 deliverables

Final Red, Amber, Green status of milestones



Performance highlights

Our performance against key non-financial targets



- National Procurement maintained £1.4 billion of national frameworks, and during a period of high inflation **achieved cost avoidance of £23.8 million**.
- National Procurement also **secured savings of £46.3 million** against a year-end target of £10 million.

- **Estate rationalisation resulted in savings of £2.3 million** with total projected savings of £2.9 million. This also enabled up to **£1.26 million in cost avoidance**.
- These changes also yielded **savings of 736.9 tonnes of carbon**.

- Practitioner Services **successfully made payments to all pharmacy contractors on time** using actual dispensed item data and **improved our average accuracy to above our 99.5% target**.

We achieved **90%** of the milestones in our Annual Delivery Plan for 2024/25, with **38 deliverables** being complete or on track.

- SNBTS consistently **met the requirement to have three days blood supply** in place, enabling hospitals to access blood and cells needed for their patients.

- During 2024/25, **Scotland's donor base increased by 1.2%**, with community donations seeing a 15.3% increase.

- **£4.3 million worth of recoveries and cost avoidance** were enabled through the work of Counter Fraud Services.

- National Procurement effectively **sustained a 98% product availability rate** in the National Distribution Service catalogue, ensuring the supply and fulfilment of health board demands.

- Paid all Primary Care contractors accurately and on time in 2024/25 **to the value of £3.3 billion**.

Additional performance highlights include:

- Primary and Community Care delivered the dental element of the National Primary Care Clinicians Database, a national list of all primary care practitioners in Scotland. This provides a single source for information for health boards and others such as users of the NHS 24 website.
- NHSScotland Assure provided assurance and technical support to health boards on the healthcare-built environment. This included design assessment to aid preparation of build projects and key stage reviews across the lifecycle. This work supported the opening of the NHS Golden Jubilee National Treatment Centre and the NHS Greater Glasgow and Clyde Parkhead Health and Social Care Hub.
- The NHSScotland Scan for Safety programme began the roll out of Point of Care Scanning with four Health Boards now live across five specialties. Implementation activity is also underway in a further three Health Boards. The Medical Device Data Hub achieved technical readiness. When implemented, this work will improve patient safety by linking patients and the devices used in their care, allowing traceability of implanted medical devices.
- The National Contact Centre continued to manage calls for the flu and covid vaccination programmes on behalf of health boards. The NCC accepted over 494,000, calls and made over 45,000 outbound calls with 235,218 vaccination appointments booked over the year. Customer satisfaction remained high with an average satisfaction score of 94%. Development of the Community Glaucoma Service (CGS) continued for lower risk eligible patients who could be safely discharged from hospital and cared for by accredited community optometrists. The service enhances accessibility for patients, improves hospital capacity for more complex and urgent cases and reduces waiting times. NHS Dumfries and Galloway introduced the service in 2024/25, and the service will continue to be implemented across remaining health boards in 2025/26.

Milestones behind schedule (amber)

10% or 4 deliverables were reported as amber, which is behind schedule. These include:

- The build of the Digital Prescribing and Dispensing Pathway (DPDP), a digital solution to replace the paper prescription from general practice to community pharmacy, has not been started as planned. Although preparatory work has been carried out, the build has not started due to no guarantees of future funding at this stage. A limited initial tranche of funding has been agreed for 2025/26, however there is currently no guarantee of future year funding.

- The Programme Board has changed priorities around the use of SEER as a primary care data and intelligence platform. The board is now focused on data relating to Scottish Primary Care Information Resource (SPIRE), vaccinations, and respiratory data from general practice systems, with discussions taking place around the move to SEER.
- The speed of data transfer within the latest upgrade of the Picture Archiving Communications System (PACS) is working slower than expected to transfer electronic scans. We have engaged with boards and the PACS supplier, and a new tool is being tested to help to improve the speed of data transfer.
- The Scottish Cancer Network completed a discovery exercise to inform the case and model for two additional Managed Clinical Networks. Plans to publish additional clinical management pathways for prostate and head and neck cancer, and establish governance processes for these pathways, are behind schedule due to resource issues. The plans will be finalised in 2025/26.

Milestones not likely to be achieved (red)

There were no milestones with red indicators.

Milestones not reported

There were no milestones not reported.

Financial performance

The Scottish Government sets three financial targets for NSS on an annual basis. These are:


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

NSS's performance against these targets in the current year is set out below.

	Limit as set by SGHSC £000	Actual outturn £000	Variance (over)/under £000
Core Revenue Resource Limit (RRL)	775,208	774,710	498
Non-core Revenue Resource Limit (RRL)	15,879	15,879	-
Total Revenue Resource Limit (RRL)	791,087	790,589	498
Capital Resource Limit (CRL)	10,821	10,718	103
Cash Requirement	767,289	767,289	-

Memorandum for in-year outturn		£000
Core Revenue Resource Surplus in 2024/25		498
Financial flexibility funding banked with/(provided by) Scottish Government		–
Underlying surplus against Core Revenue Resource Limit		498
Percentage		-%

A three-year financial plan was submitted to Scottish Government by NSS on 18 March 2025. A letter was issued by Scottish Government in response to NSS' financial plan on 31 March 2025. Excluding the provision of financial flexibility provided by Scottish Government, the outturn was an underspend on RRL of £0.5 million (equivalent to 0.06%).



As instructed by Scottish Government in June 2025, NSS have treated £109.6m of Capital Annually Managed Expenditure (CAME) relating to the payments made in 2024/25 to beneficiaries of the Scottish Infected Blood Support Scheme as Core Revenue Resource Limit funding for the purposes of preparing these Accounts. See note 2 for further details.

Revenue

A total revenue resource of £791.1 million (2023/24: £703.3 million) was provided by Scottish Government Health and Social Care Directorate (SGHSC) in the current year. Against this, NSS incurred net expenditure for the year of £790.6 million (2023/24: £702.9 million) resulting in a surplus for the year of £0.5 million (2023/24: £0.4 million).

Within net expenditure for the year, NSS earned operating income of £427.1 million (2023/24 £403.9 million) which offset against total revenue expenditure in the year of £1,217.9 million (2023/24 £1,106.8 million).

The revenue expenditure increase in the year of £111.1 million was driven by payments made to beneficiaries of the Scottish Infected Blood Support Scheme during 2024/25 of £109.6m, an increase in National Services Division commissioned services by £25.9 million and increased employee expenditure in the year of £5.1 million.

Services provided to NHSScotland

NSS provides services to NHSScotland for which the income and expenditure for 2024/25 of £3,188.1 million (2023/24 £3,112.4 million) is recognised in the accounts of the NHS boards. These are:

1. Payments to primary care contractors


Payments made during the year to primary care contractors on behalf of NHS boards in Scotland were £3,330 million (2023/24 £3,244 million) with an equal amount of from funds drawn from Scottish Government. NSS administers the payments to primary care practitioners on behalf of NHSScotland.

2. Pharmacy rebates

NSS administers the receipt of rebates from pharmaceutical suppliers on behalf of NHSScotland. The total income received from suppliers is £145.6 million (2023/24 £135.3 million).

3. NHS board maintenance payments

NSS administers the procurement and central payment of maintenance invoices for high value imaging and associated equipment. This year the total income received was £3.7



million (2023/24 £3.7 million). This service has been classified as an agency arrangement during this financial year.

Non-current assets — capital expenditure

During the year NSS invested £9.0 million (2023/24 £8.4 million) in capital projects.

NSS continued its investment in 2024/25 in the Community Health Index programme and other upgrades to IT systems for £4.8 million.

Further investment of £4.3 million includes plant and equipment to support the blood transfusion service, purchase of breast screening equipment and investment in existing sites to allow divestment of properties in Edinburgh and Livingston to realise future savings.

Cash and cash equivalents

The cash and cash equivalents balance at the 31 March 2025 was £6.2 million, this is an increase of £0.4 million compared with the previous year.

Pensions and pension liabilities

Sums charged to the revenue account during the year in respect of deferred pensions and the balance of the remaining liability for such costs is shown in note 18. During this accounting period, the charge to the statement of comprehensive net expenditure for pensions is based on the actual contributions level set by the Government Actuary. The costs associated with pension liabilities are shown in note 18 and the remuneration report. The accounting policy note for pensions is provided in Note 1.

Provisions

During the year, the value of provisions held in the accounts have increased by £1.7 million to £26.2 million (2023/24 £24.5 million).

Contingent liabilities

Contingent liabilities not provided for in the accounts total £0.6 million (2023/24: £0.9 million). These are clinical and medical compensation payments and employer liability and are disclosed in note 13.

PFI/PPP scheme

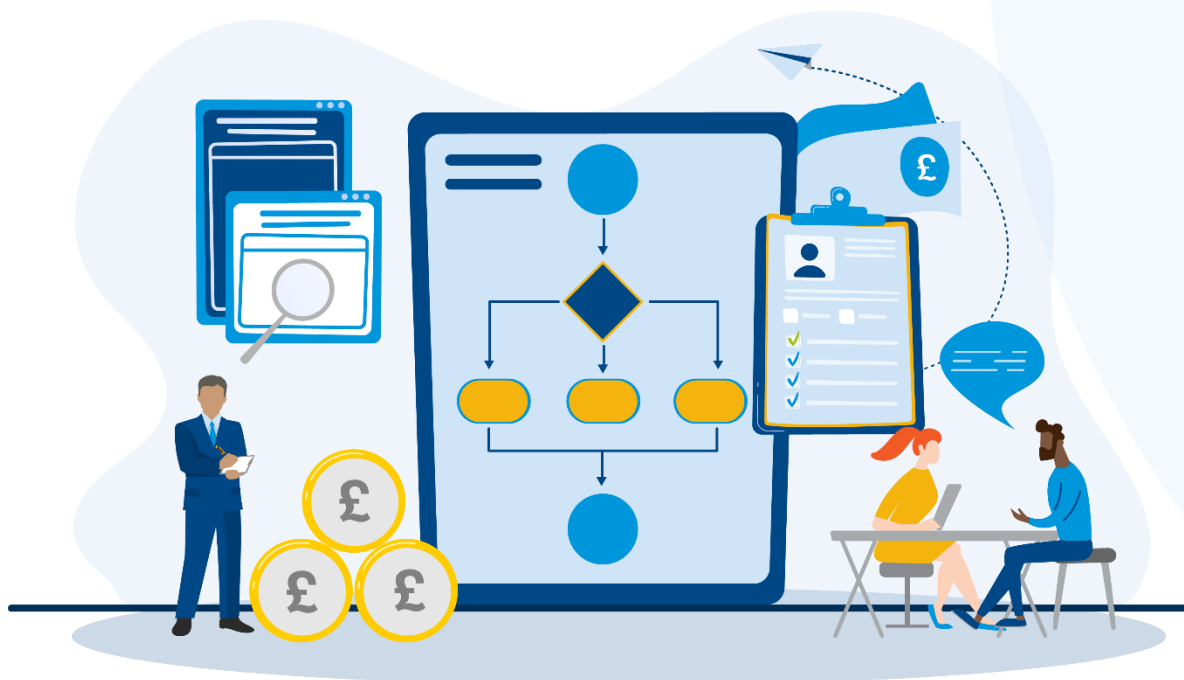
The value of the contract for the Jack Copland Centre on the statement of financial position is £35.6 million. The contract commenced in August 2017 and will complete in November 2041.

Payment policy

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

- In 2024/25, the average period of credit taken from all suppliers was nine days (2023/24 seven days).
- In 2024/25, NSS paid 87.2% (2023/24 85.6%) of all invoices by value and 87.0% (2023/24 85.7%) of all invoices by volume, within ten days.

In 2024/25, NSS paid 95.6% (2023/24 93.7%) of all invoices by value and 95.0% (2023/24 94.6%) of all invoices by volume, within 30 days.





Key risks and issues

We have identified ten strategic risks developed by the Executive Management Team and NSS Board, which were approved by the Board. The risks have been mapped against our strategic objectives.

Five risks are linked to service excellence, cyber security, clinical and patient safety, governance, regulatory compliance and public inquiries and scrutiny:

- There is a risk NSS is unable to deliver effective services for its users leading to a negative impact on NHSScotland health outcomes and NSS credibility.
- There is a risk that NSS could be the subject of a cyber attack resulting in critical loss of service, loss of data, or serious adverse event impacting clinical safety.
- There is a risk that harm or low-quality care may occur to patients or service users resulting in poor outcomes.
- There is a risk NSS fails to meet appropriate corporate legal, governance and regulatory requirements.
- There is a risk that NSS does not meet statutory requirements and requests from public inquiries and other forms of external scrutiny.

Three risks relate to financial sustainability, covering financial sustainability, delivery of national programmes and rationalisation of office accommodation:

- There is a risk NSS is unable to deliver its statutory obligation to deliver services within approved funding limits, whilst delivering cash releasing efficiency savings targets.
- There is a risk NSS is unable to deliver the planned benefits, including service improvements and cost reduction, from the NHSScotland national programmes it has been tasked to deliver.
- There is a risk that NSS is unable to fully realise savings and service improvements from the rationalisation of office accommodation.

One risk relates to workforce sustainability:

- There is a risk that NSS will not have a sustainable workforce that is diverse, knowledgeable and skilled to support the organisation to remain resilient and responsive to meet its strategic and service needs.



One risk relates to climate sustainability that recognises the challenges we may face in achieving government targets:

- There is a risk NSS does not reduce its impact on the environment in line with climate change targets.

These risks are held on the NSS risk register and managed with actions to mitigate risks reported to our Board and Standing Committees on a twice-yearly basis for Board and quarterly for Standing Committees.





Our values in action

Planning with people

We have an agreed processes in place for public participation to ensure we implement the legal requirements and national standards set out by Scottish Government and Healthcare Improvement Scotland.

We adopted the Planning with People Guidance published by the Scottish Government and COSLA, that sets out community engagement responsibilities for NHS boards, local authorities and Integration Joint Boards.

This supports them when planning or considering changing health services to involve people meaningfully. Our improved complaints handling system enables the public to provide feedback to help inform our services and we publish our annual complaints report in line with the NHS Model Complaints Handling Procedure.

Equality, inclusion and diversity

Equality, inclusion, and diversity are a key consideration for all our services and service improvements. We've embedded the Equality and Fairer Scotland Duty Impact Assessment process across our services.

We continue to work collaboratively with our stakeholders and publish our equal pay statement, pay gap report and our mainstreaming equality report demonstrating our commitment to equality.

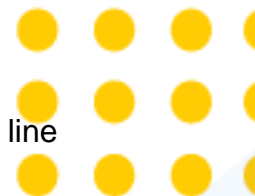
Volunteering

We continue to work within national guidance and standards for volunteering in the NHS in Scotland. We're working to update our current volunteer policy and strategy to include more opportunities for volunteering in NSS, and to recognise the contribution our staff make to their local communities by volunteering.

Whistleblowing

In line with our values, we encourage issues to be dealt with at the earliest opportunity and want colleagues to feel empowered and supported to take the step to speak-up and raise a concern.

We support and encourage an environment where employees, both current and former, bank and agency workers, contractors (including third sector providers), trainees and



students, volunteers, and anyone working alongside our staff can raise concerns, in line with the National Whistleblowing Standards.

We aim to be transparent about how we handle concerns and highlight actions and improvements to our services. Visit our website to view our latest annual whistleblowing report.

Confidential Contacts service

Staff can access our Confidential Contacts service as an additional source of support and safe space where they can talk about any workplace concerns or issues they may have. Some examples might include issues around bullying and harassment, grievance, whistleblowing, equality, or wellbeing concerns.

Fraud prevention

NSS is committed to running the organisation in the best way possible and we have zero tolerance on bribery or any kind of fraud. All NSS employees have a personal responsibility to deter and prevent fraud in the NHS.

We provide a range of learning activities to promote fraud awareness across the organisation with these responsibilities set out in the Standing Financial Instructions. Having introduced the NHSScotland Counter Fraud Standard in April 2022, we're working with CFS colleagues to maintain or progress the 12 components required to achieve full compliance with the standard.

Mary C Morgan

Mary Morgan
Chief Executive

27 June 2025

Accountability report

Corporate governance report

Directors report

Date of issue

The Accountable Officer authorised these financial statements for issue on 27 June 2025.

Appointment of auditors

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

Board membership

Under the terms of the Scottish Health Plan, the NSS Board is a board of governance whose membership will be conditioned by the functions of the Board. Members of the NSS Board are selected based on their position or the expertise which enables them to contribute to the decision-making process at a strategic level.

The NSS Board has collective responsibility for the performance of NSS and reflects the partnership approach which is essential to improving health and health care.

The Board members who held office during the year are as follows:

Non-Executive Directors	Title	Term 1	Term 2	Current Term End
Keith Redpath	Chair	01/08/19 to 31/07/23	01/08/23	31/07/27
Gordon Greenhill	Vice Chair (from 15/12/23)	19/10/20 to 18/10/24	19/10/24	18/10/28
Lisa Blackett	Non-Executive Director / Sustainability Champion	19/10/20 to 18/10/24	19/10/24	18/10/28
Paul Buchanan	Non-Executive Director	01/02/24 to 31/01/28		31/01/28

Non-Executive Directors	Title	Term 1	Term 2	Current Term End
Alison Rooney	Non-Executive Director	26/06/17 to 25/06/21	26/06/21	26/06/25
Professor. Arturo Langa	Non-Executive Director / Whistleblowing Champion	19/10/20 to 18/10/24	19/10/24	18/10/28
Beth Lawton	Non-Executive Director	01/09/22 to 31/08/26		31/08/26
Maria McGill	Non-Executive Director	01/02/24 to 31/01/28		31/01/28

Non-Executive Directors (nominated by stakeholders)	Title	Term 1	Term 2	Term 3	Re-appointed Term
Ian Cant	Employee Director	01/08/13 to 31/07/17	01/08/17 to 31/07/21	01/08/21 to 31/07/25	01/08/25 to 31/07/29

Executive members	Title	Appointed
Mary Morgan	Chief Executive	01/04/21
Carolyn Low	Director of Finance, Corporate Governance and Legal Services	01/09/14
Dr. Sharon Hilton-Christie	Medical Director	08/04/24

The Board members' responsibilities in relation to the Accounts are set out in the following statement.

Statement of Board members' responsibilities

Under the National Health Service (Scotland) Act 1978, NSS 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 NSS as at 31 March 2025 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

The NSS Board members are responsible for ensuring proper accounting records are maintained which disclose, with reasonable accuracy, at any time the financial position of NSS 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 NSS and hence taking reasonable steps for the prevention of fraud and other irregularities.

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

Board members' and senior managers' interests

Details of any interests of Board members, senior managers and other senior staff in contracts or potential contractors with NSS, as required by IAS 24, are disclosed in note 20. The [Register of Interests for all Board members can be found on the NSS website](#).

Directors third party indemnity provisions

There have been no third-party indemnity provisions in place during the financial year.

Remuneration for non-audit work

Audit Scotland did not undertake any non-audit work during 2024/25 and received no additional remuneration from NSS.

Public Services Reform (Scotland) Act 2010

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

In accordance with the Public Services Reform (Scotland) Act 2010, NSS publish the full information as required by the act on the NSS website following the approval of the Directors Report and Accounts. The report for 2024/25 will be available from August 2025 on the NSS website at <https://www.nss.nhs.scot>

Personal data related incidents reported to the Information Commissioner

In 2024/25 NSS did not have any incidents which met the threshold to report to the Information Commissioner's Office (ICO) for review.

Disclosure of information to auditors

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

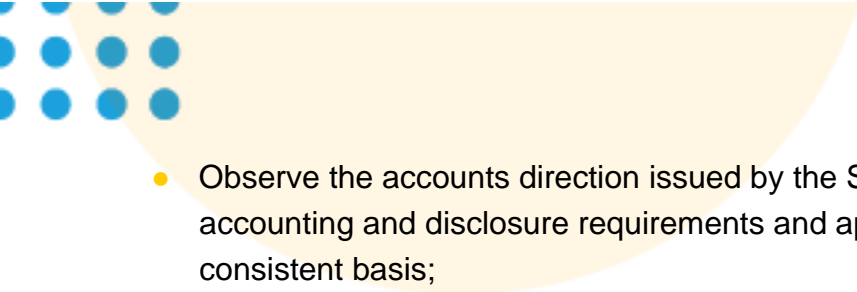
Statement of Accountable Officer's responsibilities

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

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 NSS disposal; and
- Safeguarding the assets of the Board.

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

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

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

I am responsible for ensuring proper records are maintained and that the Accounts are prepared under the principles, and in the format, directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter to me on the 1 April 2021.

Governance statement

Scope of responsibility

As Accountable Officer, I am responsible for maintaining an adequate and effective system of internal control that supports compliance with NSS'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 NSS.

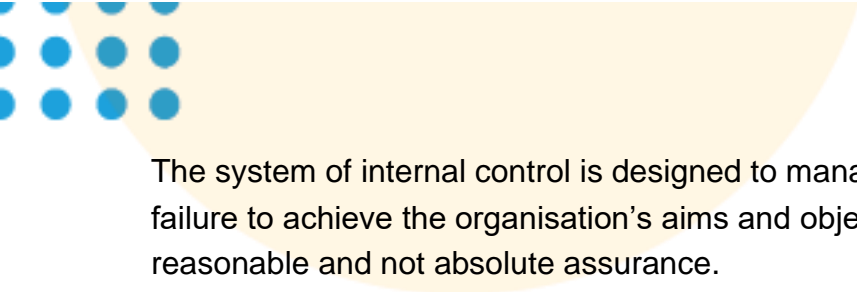
I confirm that NSS is compliant with the aspects of the Scottish Public Finance Manual (SPFM) which are set out within the guidance issued to Chief Executives and more generally to all Board members by the Scottish Government Health Directorates as being applicable to NHS boards.

In terms of enabling me to discharge my responsibilities as Accountable Officer, the following arrangements and processes have been in place throughout the financial year to manage risk within the organisation:

- A Board which meets regularly to consider the plans and strategic direction of the organisation and approve decisions in line with the Scheme of Delegation. The Board comprises the Executive Members of the organisation and Non-Executive Members. The Board minutes are publicly available at <https://www.nss.nhs.scot>
- A single system of governance and risk management arrangements with clear supporting lines of accountability and agreed Scheme of Delegation, Standing Financial Instructions and Standing Orders.
- The consideration by the Board of periodic reports from the Chairs of the Finance, Procurement and Performance, Staff Governance, Clinical Governance, Remuneration, and Audit and Risk Committees, concerning any significant matters on governance, risk and internal controls.
- Prioritisation of risks and allocation of responsibility for mitigating action to named senior officers.
- A focus on best value and a commitment to ensuring that resources are used efficiently, effectively and economically taking into consideration equal opportunities and sustainable development requirements.

Purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the principal risks facing NSS. 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.

This process within NSS accords with the 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.

The SPFM is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for efficiency, effectiveness and economy, and promotes good practice and high standards of propriety.

Governance framework

NSS Board

The Board met formally four times during the year to progress the business of NSS and was supported in its work by the Committees listed below. It also met informally with Directors and other senior members of the management team to develop the NSS priorities for the coming year whilst also considering our strategic, finance and workforce plans; strategic risks; the NHS Scotland Reform Agenda and other emerging issues; and their own performance and development.


The following includes the Standing Committees that exist in NSS and the number of times the committees have met during the year:

Committee	Number of meetings 2024/25	Number of meetings 2023/24
Audit and Risk	6	5
Finance Procurement and Performance	5	4
Clinical Governance	4	4
Staff Governance	4	4
Remuneration	2	2
Total	21	19

Audit and Risk Committee

The Audit and Risk Committee was chaired by Beth Lawton. During the year its membership comprised Paul Buchanan, Gordon Greenhill, Professor Arturo Langa, Maria McGill, and Alison Rooney. The Chief Executive, Director of Finance, Corporate Governance and Legal Services, Director of Primary and Community Care (Interim), Strategy, Performance and Service Transformation, Internal Auditors, External Auditors and Service Auditors are also usually in attendance at the meetings along with other members of NSS staff as required. The Committee met six times during the year (an additional meeting was called for approval of the final Service Audit reports).

The Committee assists the Board in delivering its responsibilities by providing assurance that an appropriate system of internal control has been implemented and is operating effectively to address areas of risk for the organisation. It is the role of the Committee to review the Annual Report and Accounts and the Annual Audit Report on behalf of the NSS Board.



The Committee also considers and scrutinises NSS's compliance with relevant legislation, duties under Common Law and performance against national standards with regards to information governance. This covers Caldicott Guardianship and Confidentiality; Data Protection; Information Security; Freedom of Information and Records Management.

Finance, Procurement and Performance Committee

The Finance, Procurement and Performance Committee was chaired by Gordon Greenhill. During the year, its membership comprised Lisa Blackett, Ian Cant, Beth Lawton, Maria McGill from 21 March 2024, and Keith Redpath. The Chief Executive, Director of Finance, Corporate Governance and Legal Services and Director of Primary and Community Care (Interim), Strategy, Performance and Service Transformation, are usually in attendance along with other members of NSS staff as required. The Committee met five times during the year (an additional meeting was called for approval of the NSS Draft Capital Plan 2025/26 and Final Business Continuity Plan).

The Committee regularly scrutinises the financial position of NSS, procurement and sustainability activity and performance management, and provides assurance to the NSS Board that suitable arrangements are in place to secure economy, efficiency, and effectiveness in the use of all resources, and that the arrangements are working effectively.

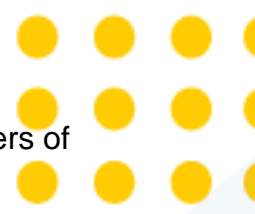
Clinical Governance Committee

The Clinical Governance Committee was chaired by Alison Rooney and comprised, Lisa Blackett, Professor Arturo Langa, Beth Lawton, Maria McGill, and Keith Redpath. The Chief Executive, Executive Medical Director and the Nurse Director are usually in attendance along with other members of NSS staff as required. The Committee met four times during the year.

The Committee's remit is to provide an overarching governance of all clinical matters within NSS including complaints, clinical risk, and quality of clinical service. It must also satisfy itself that each NSS Directorate has processes in place to monitor and report clinical governance issues, and to link clinical governance with risk management as prescribed by NHS Healthcare Improvement Scotland (HIS).

Staff Governance Committee

The Staff Governance Committee was chaired by Lisa Blackett. During the year its membership comprised Paul Buchanan, Ian Cant, Professor Arturo Langa, Beth Lawton and Keith Redpath, with David Allen, Tam Hiddleston, Gerry McAteer, and Alex Morrison as Trade Union representatives. The Chief Executive and Director of Human Resources



and Organisational Development are usually in attendance, along with other members of NSS staff as required. The Committee met four times during the year.

The Committee holds the organisation to account in terms of meeting the requirements of the NHS Scotland Staff Governance Standard. It supports and maintains a culture within NSS where the delivery of the highest possible standard of staff management is understood to be the responsibility of every employee and is built upon partnership working and collaboration.

Remuneration Committee

The Remuneration Committee was chaired by Ian Cant. During the year the membership comprised Lisa Blackett (Committee Vice Chair), Gordon Greenhill, Keith Redpath and Alison Rooney. The Chief Executive and the Director of Human Resources and Organisational Development are usually in attendance at the meetings. The Committee met twice during the year.

The Committee assists the Board in discharging its responsibilities for staff employed on executive and senior management terms and conditions and remuneration arrangements and maintains the highest possible standards of corporate governance in this area. Executive performance and review are also monitored by the Committee. Further detail on the Remuneration Committee is provided in the Remuneration Report (see page 57).

Ethics Committee

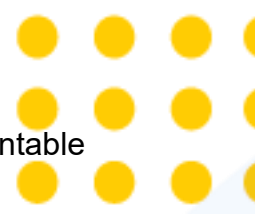
NSS does not have a standalone Ethics Committee. Ethics are considered at each standing committee.



Operation of the Board

NSS governance and management structures support the Scottish Public Finance Manual (SPFM) by embedding it in their strategic reviews and day to day activities as follows:

- NSS's vision is to be integral to Scotland's health and care services, through providing shared services that improve the quality, efficiency and resilience of services provided to people in Scotland. Supporting Scotland's health will continue to be at the core of what we do. However, the Public Sector Reform Order and subsequent Joint Working Bill have allowed NSS to broaden its service as we support our health and local authority partners in the delivery of effective health and social care integration and look to provide services more widely to the public sector.
- As discussed in the Performance Report (see page 4), the NSS Annual Delivery Plan (ADP) for the financial year was agreed with the Scottish Government at the beginning of 2024/25. The ADP required NSS to set out our operational priorities and key deliverables. Progress against these commitments is monitored and reported quarterly to the Finance, Procurement and Performance Committee, the NSS Board and Scottish Government.
- The NSS Board review, on an annual basis, the NSS Corporate Governance Framework which includes: the Standing Orders and Committee Terms of Reference, the Code of Conduct that the Board Members must comply with, the Standing Financial Instructions, and the Scheme of Delegation. These documents are the focus of the Board's annual review of governance arrangements.
- In 2024/25, the Board also approved the NSS Board Assurance Framework, an action which formed part of the Board Development Plan as a result of the completed Blueprint for Good Governance in NHSScotland, Second Edition Self-Assessment Exercise in 2023/24. Going forward, the Board Assurance Framework will be incorporated into the Corporate Governance Framework as a cornerstone of the Boards annual review of governance arrangements.
- The NSS Standing Committees: Audit and Risk; Finance, Procurement and Performance; Clinical Governance; and Staff Governance met at least quarterly during the year to review and challenge activities and practices across NSS. The Remuneration Committee also met twice to review and challenge activities within its remit. The committees provide minutes of their meetings to the NSS Board at each meeting.
- NSS holds Board Seminar and Committee Seminar meetings. These are formative business discussions or learning opportunities about a specialist topic. NSS also supports Board development sessions where the development needs of the Board are addressed.



- Performance against the Scottish Government's Best Value Guidance for Accountable Officers is reviewed biennially.
- The Board receives monitoring reports from the Director of Finance, Corporate Governance and Legal Services at each meeting on budgetary control and performance measured against the Board's approved Financial Plan. The robust processes in place for setting budgets and monitoring performance ensures that resources are used efficiently and effectively. The budget also includes a Cash Releasing Efficiency Savings target which was achieved during the year.
- The Board and its Committees receive regular reports on the NSS Strategic Priorities from the Director of Human Resources and Organisational Development relating to staffing matters; the Director of Primary and Community Care (Interim), Strategy, Performance and Service Transformation on service excellence and organisational performance; the Director of NHSScotland Assure on sustainability; as well as reports from other directors on matters relevant to their areas of responsibility and NSS strategic priorities.
- The Change Oversight Group (COG) supports compliance with the NSS organisational change policies and provides oversight of NSS's ongoing modernisation and growth enablement to support the Scottish Government Public Sector Reform legislation. The Portfolio Management Group (PMG) provides oversight and support for national programmes. Both groups membership consists of EMT members and senior professionals from across the organisation. The groups provide regular progress reports to the NSS Board which delegated this responsibility to the Finance, Procurement and Performance Committee.
- NSS is committed to partnership working with staff. There are regular Partnership Forum meetings both at an organisational and directorate level between management and trade union representatives which review the policies and processes of NSS, specifically any impacts on staff. We also engage with staff through a number of methods of communication including Stay Connected, our staff newsletter, management briefs, team and directorate updates and staff surveys.
- NSS has in place a Code of Conduct for staff. This contains information for staff on how to deal with the disclosure, either internally or externally, of malpractice, as well as illegal acts or omissions at work – commonly known as “whistleblowing”. Employees are encouraged to raise concerns regarding the organisation's activities. The Freedom of Speech Policy and the Fraud Management Policy are highlighted as part of the induction programme. These documents are also available on the NSS intranet.
- NSS also has a well-established complaints system, whereby members of the public can make a formal complaint to the Board. Information on our complaints procedures and annual reports are available on the NSS website.

- There is a clear process in place for the review of NSS Board performance for both Executive and Non-Executive Directors. In line with NHS Chairs group and Scottish Government guidance “Corporate Governance: Being effective – what NHS Non-Executive Directors need to know”, the Non-Executive Directors have an annual performance review with the Chair of the NSS Board. A full induction programme is available for Non-Executive Directors. A leadership development framework is in place to offer a range of development activities to meet identified needs. Access to external and national programmes in line with the development plan and career objectives are also in place. Board Member attendance is monitored at all Board and Standing Committee meetings to assure active participation. Please see the table below for 2024/25 attendance.

Board Member Attendance

Table 4 - Board Member Attendance

	Board	ARC	CGC	FPPC	RC	SGC
Meetings in year	4	6	4	5	2	4
Keith Redpath	4	n/a	3	5	-	4
Lisa Blackett	4	n/a	3	5	2	3
Paul Buchanan	4	5	n/a	n/a	n/a	4
Ian Cant	4	n/a	n/a	5	1	4
Gordon Greenhill	4	6	n/a	5	2	n/a
Sharon Hilton-Christie	4	n/a	4*	4*	n/a	n/a
Arturo Langa	4	5	3	n/a	n/a	4
Beth Lawton	4	6	4	3	n/a	3
Carolyn Low	4	6*	n/a	5*	n/a	n/a
Maria McGill	4	6	4	5	n/a	n/a
Mary Morgan	4	4*	3*	4*	2*	2*
Alison Rooney	4	6	4	n/a	2	n/a

*In attendance only.

- NSS exercises governance over its IT and information security matters in a coordinated and effective manner. The Director of Digital and Security (DaS), who is also the Senior Information Risk Owner (SIRO) reports to the Chief Executive. DaS publishes a monthly electronic update on all its activities to a wide range of NSS staff; submits a

report to each Executive Management Team and Audit and Risk Committee meeting highlighting achievements, challenges, risks and upcoming activity; and conducts regular reviews with its key external suppliers on their service delivery and development performance. DaS publishes a monthly report highlighting the NSS Information Governance position which is compiled by the Data Protection Officer (DPO) for scrutiny by the Executive Management Team. DaS publishes a monthly report on its cyber security position which is reviewed by the Cyber Centre of Excellence Governance Board.

- Digital and Security is also fully integrated into NSS Business Continuity Planning.





Internal Audit

The Head of Internal Audit submits quarterly reports to the Audit and Risk Committee providing an update on the progress and delivery of the Plan. The findings and recommended actions arising from each internal audit carried out are also presented to the Audit and Risk Committee.

Each year the Head of Internal Audit also submits an annual report outlining audit coverage in the year, a summary of follow up work findings and the independent opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

For the period 2024/25 an internal audit opinion of significant assurance with minor improvements was given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The internal audits carried out in 2024/25 were:

- **Core Financial Controls: Accounts Payable**

The internal audit raised four findings, none of which were considered high priority. Areas for improvement related to control improvements around purchase orders and requisitioner management. Internal Audit's overall assessment was 'Significant assurance with minor improvement opportunities'.

- **Property and Estates Management**

An assessment of 'Significant assurance' was made in relation to making efficiencies in the NSS estate portfolio, and internal audit raised three low risk findings relating to Property Strategy improvements and further opportunities for cross-directorate engagement.

- **Managing Internal Data – Data Strategy**

Internal Audit considered the extent to which the Board had achieved the strategic priorities of the Data Strategy. An assessment of "Partial assurance with improvements required" was given and improvements focused on pace of progress, ownership and operational plans.

- **Internal Change Programmes**

Internal Audit considered the planned changes to the portfolio governance arrangements at NSS and the design and operating effectiveness of program management controls. Two medium risk findings related to the application of the Benefits Framework and guidance to aid programme budget building. The overall assessment was 'Significant assurance with minor improvement opportunities'.

- Risk Management

The internal audit focussed on governance of risk across all lines of defence and the management of operational risks within Directorates, as well as an assessment of the current risk culture within the Board. The internal audit raised four findings, three of which were rated moderate and related to Risk Appetite improvements, application of the Integrated Risk Management Approach (IRMA) within Directorates, and monitoring of Programme Risks. An overall assessment of 'Significant assurance with minor improvement opportunities' was made.

- Central Legal Office Follow-up

This follow up review sought to assess progress against the seven medium risk management actions raised as part of the 2023 CLO internal audit. Internal Audit verified that significant action has been taken to implement agreed actions and as such, all seven management actions were closed during the review and an updated assessment of 'significant assurance' was provided.

- Property Transactions Monitoring

Two Property Transactions Monitoring reviews (Hassockrigg and Meridian Court) were conducted during 2024-25, as per the requirements of the NHS Scotland Property Transactions Handbook. The audits assessed compliance with mandatory requirements as outlined in the Handbook. Both audits achieved an overall assessment of "significant assurance".


- Pharmacy Remuneration and Data Assurance Follow-Up

The follow up review confirmed that NSS (working with Public Health Scotland) had taken significant action to address the control deficiencies identified in the previous audit. As such, Internal audit was able to conclude that all five of the findings raised in the initial report were suitably addressed, and internal audit provided a 'significant assurance' rating. The progress that was made was testament to the strong collaborative approach between the two organisations and a significant strengthening in governance and oversight.

Service Audits

Service Audits were undertaken in accordance with the International Standard on Assurance Engagements (ISAE) 3402 – Assurance Reports on Controls at a Service Organisation – issued by the International Auditing and Assurance Standards Board.

ISAE 3402 allows NSS to disclose our control activities and processes in a uniform reporting format which describes the control objectives, the key controls and processes implemented by NSS, and the results of the testing undertaken by the Service Auditor. It



also provides positive assurance over the controls in place and clearly identifies areas of control weakness.

The areas covered by Service Audit are:

- Payment of Primary Care Contractors
- National IT Services
- Payroll Services

The Service Auditors have provided audit opinions for the Payment of Primary Care Contractors, national IT and Payroll Services. NSS also receive a service audit report for the national finance system by service auditors, appointed by NHS Ayrshire and Arran who provide this service to all NHSScotland boards.

Payroll

The Type 2 Payroll Report, confirmed the suitability of the description and design of the payroll controls in place and concludes that they are operating effectively. Six exceptions were identified and responded to resulting in a minor qualification, not an adverse opinion.

Management accepted the exceptions, and action has already been taken to mitigate impact. This includes staff training and review of procedures. Additional checks have also been carried out as a result of these exceptions and no incorrect payments arose as a result. Going forward, planned changes to structure and operating model will support a consistent approach.

Practitioner Services

The Practitioner Services Type 2 report confirmed the suitability of the description and design of the controls in place and concludes that, with one exception, they are operating effectively.

IT Services

The IT Services Type 2 report considers controls carried out by NSS Digital and Security (DaS) and Atos. The report confirmed the suitability of the description and design of the controls in place and concludes that they are operating effectively with the exception of the controls relating to logical access to applications.

Management accepted most of the exceptions and action has already taken place to mitigate impact including training for relevant staff and review of procedures.

Cumulatively, the above has resulted in a qualified opinion. This is minor qualification, not an adverse opinion.



Information Commissioner Office Audit

The Information Commissioner Office (ICO) undertook an audit of data protection practices in NSS in June 2023, with follow-up interim assessments in December 2023, April 2024, August 2024 and a final assessment in February 2025. These assessments were conducted following the Information Commissioner's data protection audit methodology. Weaknesses were identified and recommendations made to facilitate compliance with the UK GDPR and DPA18. In the culminating review, ICO found no remaining urgent actions and most high priority recommendations completed or progressing. There were two actions yet to be started which are dependent on national NHSS work. Measures are in place to address the remaining actions which are due to complete during 2025/26.





External Audit

Audit Scotland submitted regular reports to the Audit and Risk Committee. I have received these reports and have ensured that we have acted on any matters raised.

Review of adequacy and effectiveness

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

- The Executive Directors within NSS who have responsibility for the development and maintenance of the internal control framework. To this end I have requested and received a positive certificate of assurance from all directors on the standard of internal control within NSS.
- The work of the Internal Auditors who submit reports to the NSS Audit and Risk Committee which include their independent and objective opinion on the adequacy and effectiveness of the NSS systems of internal control together with recommendations for improvement.
- The work of the Service Auditors who submit reports to the NSS Audit and Risk Committee which includes their independent opinion on the controls in place around the services we provide to customer NHS boards.
- Comments made by the External Auditors in their management letters and other reports.

I have been advised on the implications of my review of the system of internal control by the Board and the Audit and Risk Committee and plan to ensure continuous improvement by addressing areas where controls can be improved.

As a public body, NSS is committed to achieving best value in the delivery of our services.

Remuneration report and staff report

Determination of senior employees remuneration

The remuneration of the members of the NSS Executive and senior management cohort is determined by the Scottish Government Health and Social Care Directorates (SGHSC) under Ministerial Direction and in accordance with HDL(2006)23, HDL (2006)59, CEL(2007)4, CEL(2007)22, CEL(2008)52, CEL(2010)6, CEL(2011)7 and subsequent circulars PCS(ESM)2012/1 and PCS(ESM)2013/1. All Director and senior management posts are subject to evaluation by the National Evaluation Committee, an independent panel that reports to the SGHSC. Salary on appointment is authorised by the NSS Remuneration Committee. Performance appraisal for managers in the Executive cohort is monitored by the National Performance Management Committee (NPMC). The performance management of staff within the senior management cohort is the responsibility of the Directorate Directors and NSS Remuneration and Succession Planning Committee in line with HDL (2007)15. Assessment of performance must be systematic, evidence based and properly recorded.

Business interests

NSS Executive and Non-Executive Directors are required to declare any business interests on a Register of Interests, and this is amended when any new interests are declared. This is published on [the NSS website](#) and in the Annual Report. All Executive Directors and senior managers are also governed by the NSS Code of Conduct as part of the Standing Orders and Standing Financial Instructions.

Remuneration Committee

The Remuneration Committee was chaired Ian Cant. Its membership consists Lisa Blackett as vice-chair, Keith Redpath, Alison Rooney, and Gordon Greenhill. The Committee met twice during the year.

The remit of the committee is to:

- Conduct a regular review of the NSS policy for the remuneration and performance management for the members of the Executive and senior management cohorts;
- Agree all terms and conditions of employment of the Executive cohort;
- Agree objectives for members of the Executive cohort in line with guidance from the SGHSC and NPMC;
- Ensure effective measures are in place for the performance management of the senior management cohort; and

- Review and approve annually the discretionary points awarded by the NSS Committee on consultants' discretionary points.

Remuneration of senior managers

Remuneration for NSS Executive Management for current and future financial years is subject to Ministerial direction and circulars published by the SGHSC. The NSS Remuneration Committee approves all appointment salaries where the lower half of the salary scale would not secure the appointment. The Committee will also approve all performance ratings for end of year payments for staff within the executive and senior management cohorts.

Assessment of performance conditions

Annual performance objective setting and appraisal is conducted as part of a normal appraisal cycle. Appraisals for members of the NSS Executive and senior management cohorts are in line with the recommendations set out in HDL (2006)54, HDL (2007)15, subsequent circulars and the Good Practice Guide. Performance management and appraisal arrangements follow the nationally prescribed format and are directly linked to the improved performance of NSS in the delivery of its objectives and Annual Delivery Plan.

Performance ratings are based on a scoring matrix as set out in the defining Scottish Government Health and Social Care circulars. All ratings must be fully evidenced.

The Remuneration Committee has oversight of the performance management outcomes for senior management cohort and approves the performance rating for the Chief Executive. The Chair and Chief Executive approve the performance ratings for staff within the senior management cohort. Performance ratings for staff in the Executive cohort are considered by the National Performance Management Committee to provide assurances to Ministers.

Performance appraisal and connections to the remuneration package

Executive and senior managers' progression through the pay range is subject to the fully acceptable performance of the individual. Performance Related Pay is subject to Ministerial direction and any payments will be made in accordance with Scottish Government Health and Social Care circulars. All payments to Executive and senior managers are approved by the Remuneration Committee and the Scottish Government Health and Social Care Directorate (where appropriate).



Contractual arrangements for senior management

Senior managers' contracts are determined by the Scottish Government Health and Social Care Directorate as laid out in HDL (2006)23, HDL (2006)59 and subsequent publications. These govern the terms and conditions and remunerations of senior managers. These terms and conditions and contracts came into effect from 1 October 2005 and supersede contracts prior to that date.

The duration of contracts must be approved by the NSS Remuneration Committee and, in line with legislation and best practice, the use of fixed term appointments is restricted.

If the contract of employment is terminated by NSS for any reason other than gross misconduct, such termination shall be with notice or payment in lieu of notice if appropriate, typically three months for senior managers. In the event of termination of contract by reason of redundancy, the termination shall be in accordance with PCS(RED)2006/1 and PCS(DD)2007/1 and associated addendums which state that redundancy will be based on one month's salary for each year of reckonable service up to 24 years' service. All senior managers have a notice period of three months, except for the Chief Executive who has a notice period of six months.

Amounts payable to third parties for services of a senior manager

There have been no payments to third parties for the services of an Executive or senior management staff. This excludes arrangements with other NHS boards and the Scottish Government Health and Social Care Directorate for staff secondments.

Significant awards made to senior managers

There is no provision for non-consolidated performance payments. This is in line with the guidance contained in the Scottish Government Health and Social Care circulars PCS(ESM)2012/1 and PCS(ESM)2013/2.

Board members and senior employees remuneration

Remuneration for the year ended 31 March 2025 (audited)

Remuneration table	Gross salary (bands of £5,000)	Total earnings in year (bands of £5,000)	Pension benefits	Benefits in kind	Total remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£	£'000
Executive members					
Chief Executive Ms. M Morgan	150 – 155	150 – 155	133	–	285 – 290
Director of Finance, Corporate Governance and Legal Services Ms. C Low	140 – 145	140 – 145	44	–	185 – 190
Medical Director Dr. S Hilton-Christie (from 8 April 2024)	195 – 200	195 – 200	459	–	655 – 660
Non-Executive members					
Mr. K Redpath	40 – 45	40 – 45	–	–	40 – 45
Ms. A Rooney	10 – 15	10 – 15	–	–	10 – 15
Ms. L Blackett	10 – 15	10 – 15	–	–	10 – 15
Mr. G Greenhill	10 – 15	10 – 15	–	–	10 – 15
Prof. A Langa	10 – 15	10 – 15	–	–	10 – 15
Ms. B Lawton	10 – 15	10 – 15	–	–	10 – 15
Mr. P Buchanan	10 – 15	10 – 15	–	–	10 – 15
Ms. M McGill	10 – 15	10 – 15	–	–	10 – 15
Employee Director Mr. I Cant	65 – 70	65 – 70	38	–	105 – 110
Senior employees					



Remuneration table	Gross salary (bands of £5,000)	Total earnings in year (bands of £5,000)	Pension benefits	Benefits in kind	Total remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£	£'000
Director of Digital and Security Mr. S Flockhart	140 – 145	140 – 145	39	–	180 – 185
Director of Primary Care and Counter Fraud Services Mr. M Bell (to 2 June 2024)	15 – 20	15 – 20	8	–	25 – 30
Director of National Procurement Mr. G Beattie	125 – 130	125 – 130	60	–	185 – 190
Director of National Specialist Services and Screening Ms. S Buchanan	120 – 125	120 – 125	–	–	120 - 125
Director of NHSScotland Assure Ms. J Critchley	115 – 120	115 – 120	75	–	190 – 195
Director of Scottish Blood Transfusion Service Prof. M Turner	155- 160	155 – 160	56	–	210 - 215
Director of HR and Workforce Development Ms. S Barnatt	115 – 120	115 – 120	97	–	215 – 220
Director of Strategy, Performance and Service Transformation Mr. L Neary	125 – 130	125 – 130	34	–	155 – 160
Director of Nursing Prof. J Reilly (to 31 March 2025)	120 – 125	120 – 125	73	–	195 – 200

Remuneration table	Gross salary (bands of £5,000)	Total earnings in year (bands of £5,000)	Pension benefits	Benefits in kind	Total remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£	£'000
Director of Nursing Ms K Brechin (from 24 February 2025)	10 - 15	10 – 15	7	-	15 - 20
Total			1,123	–	

Note:

1. Remuneration excludes employer pension and employer NI contributions.
2. The proportion of the Employee Director total remuneration for non-Board duties for Mr. I Cant was Band 55 – 60.
3. The annualised remuneration (in bands of £5,000) for members who have joined or left during the year is as follows: Mr. M Bell 105 - 110, Ms. S Hilton-Christie 200 – 205, Ms. K Brechin 115 - 120.
4. The calculation of the pension benefits 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.
5. The total earnings in year column show the remuneration relating to actual earnings payable in 2024–25

Remuneration for the year ended 31 March 2025 (audited)

Pension values table	Total accrued pension at 31 March 2025 (Bands of £5,000)	Total accrued lump sum at pension age at 31 March 2025 (Bands of £2,500)	Real increase in pension (Bands of £2,500)	Real increase in lump sum at pension age at 31 March 2025 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Cash Equivalent Transfer Value (CETV) at 31 March 2025	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive members							
Chief Executive Ms. M Morgan	75 – 80	205 - 210	5 – 7.5	10 – 12.5	1,703	1,885	133
Director of Finance, Corporate Governance and Legal Services Ms. C Low	25 – 30	-	2.5 – 5	-	368	428	35
Medical Director Dr. S Hilton-Christie (from 8 April 2024)	80 - 85	-	22.5 - 25	-	865	1,266	361
Non-Executive members							
Employee Director Mr. I Cant	30 – 35	30 – 35	0 – 2.5	0 – 2.5	431	476	31
Senior employees							

Pension values table	Total accrued pension at 31 March 2025 (Bands of £5,000)	Total accrued lump sum at pension age at 31 March 2025 (Bands of £2,500)	Real increase in pension (Bands of £2,500)	Real increase in lump sum at pension age at 31 March 2025 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Cash Equivalent Transfer Value (CETV) at 31 March 2025	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Director of Strategy, Performance and Service Transformation Mr. L Neary	5 – 10	-	2.5 – 5	-	95	133	20
Director of Digital and Security Mr. S Flockhart	10 – 15	-	2.5 – 5	-	143	188	24
Director of Primary Care and Counter Fraud Services Mr. M Bell (to 2 June 2025)	15 – 20	-	0 – 2.5	-	295	312	10
Director of National Procurement Mr. G Beattie	40 – 45	100 – 105	2.5 – 5	2.5 - 5	858	955	66
Director of NHSScotland Assure Ms. J Critchley	45 – 50	120 - 125	2.5 – 5	5 – 7.5	956	1,067	79
Director of Scottish National Blood Transfusion Service Prof. M Turner	35 – 40	-	2.5 – 5	-	656	741	54

Pension values table	Total accrued pension at 31 March 2025 (Bands of £5,000)	Total accrued lump sum at pension age at 31 March 2025 (Bands of £2,500)	Real increase in pension (Bands of £2,500)	Real increase in lump sum at pension age at 31 March 2025 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Cash Equivalent Transfer Value (CETV) at 31 March 2025	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Director of Nursing Prof. J Reilly (to 31 March 2025)	55 – 60	140 - 145	2.5 – 5	5 – 7.5	1,136	1,254	82
Director of HR and Workforce Development S Barnatt	40 – 45	105 – 110	5 – 7.5	7.5 - 10	842	975	103
Director of Nursing Ms K Brechin (from 24 February 2025)	25 – 30	65 – 70	0 – 2.5	0 – 2.5	542	632	80
Total					8,890	10,312	1,078

Note:

1. The CETV calculator is obtained from the Civil Service Pensions and is updated for the NHS Pension Scheme factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed the "CETV at start of the period" can be different from the "CETV at end of the period" reported in 2023/24. The table excludes Non-Executive and Senior Employees who are not members of the pension scheme.

Remuneration for the year ended 31 March 2024 (audited)

Remuneration table	Gross salary (bands of £5,000)	Total earnings in year (bands of £5,000)	Pension benefits	Benefits in kind	Total remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£	£'000
Executive members					
Chief Executive Ms. M Morgan	140 - 145	140 – 145	–	–	140 – 145
Director of Finance, Corporate Governance and Legal Services Ms. C Low	130 – 135	130 – 135	41	–	170 – 175
Medical Director Dr. L Ramsay (to 21 January 2024)	140 – 145	140 – 145	39	–	180 – 185
Non-Executive members					
Mr. K Redpath	25 – 30	25 – 30	–	–	25 – 30
Ms. J Burgess (to 30 November 2023)	5 – 10	5 – 10	–	–	5 – 10
Mr. J Deffenbaugh (to 31 March 2024)	5 – 10	5 – 10	–	–	5 – 10
Ms. A Rooney	5 – 10	5 – 10	–	–	5 – 10
Ms. L Blackett	5 – 10	5 – 10	–	–	5 – 10
Mr. G Greenhill	5 – 10	5 – 10	–	–	5 – 10
Prof. A Langa	5 – 10	5 – 10	–	–	5 – 10
Ms. B Lawton	5 – 10	5 – 10	–	–	5 – 10
Mr. P Buchanan (from 1 February 2024)	0 – 5	0 – 5	–	–	0 – 5
Mr. M McGill (from 1 February 2024)	0 – 5	0 – 5	–	–	0 – 5
Employee Director Mr. I Cant	60 – 65	60 – 65	32	–	95 – 100
Senior employees					



Remuneration table	Gross salary (bands of £5,000)	Total earnings in year (bands of £5,000)	Pension benefits	Benefits in kind	Total remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£	£'000
Director of Digital and Security Mr. S Flockhart	130 – 135	130 – 135	37	–	165 – 170
Director of Primary Care and Counter Fraud Services Mr. M Bell (to 2 June 2024)	100 – 105	100 – 105	30	–	130 – 135
Director of National Procurement Mr. G Beattie	120 – 125	120 – 125	99	–	215 – 220
Director of National Specialist Services and Screening Ms. S Buchanan	115 – 120	115 – 120	–	–	115 – 120
Director of NHSScotland Assure Ms. J Critchley	110 – 115	110 – 115	17	–	125 – 130
Director of Scottish Blood Transfusion Service Prof. M Turner	150 – 155	150 – 155	–	–	150 – 155
Director of HR and Workforce Development Ms. J Jones (to 30 June 2023)	30 – 35	30 – 35	–	–	30 – 35
Director of HR and Workforce Development Ms. S Barnatt (from 1 September 2023)	60 – 65	60 – 65	90	–	150 – 155
Director of Strategy, Performance and Service Transformation Mr. L Neary	120 – 125	120 – 125	33	–	150 – 155

Remuneration table	Gross salary (bands of £5,000)	Total earnings in year (bands of £5,000)	Pension benefits	Benefits in kind	Total remuneration (bands of £5,000)
Remuneration of:	£'000	£'000	£'000	£	£'000
Director of Nursing Prof. J Reilly	115 – 120	115 – 120	–	–	115 – 120
Total			418	–	

Note:

1. Remuneration excludes employer pension and employer NI contributions.
2. Proportion of Employee Director total remuneration for non-Board duties for Mr. I Cant is Band 50 – 55.
3. The annualised remuneration (in bands of £5,000) for members who have joined or left during the year is as follows: Mr. P Buchanan 5 – 10, Ms. M McGill 5 – 10, Ms. J Jones 110 – 115 and Ms. S Barnatt 130 – 135.
4. The calculation of the pension benefits 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.
5. The total earnings in year column show the remuneration relating to actual earnings payable in 2023–24.

Remuneration for the year ended 31 March 2024 (audited)

Pension values table	Total accrued pension at 31 March 2024 (Bands of £5,000)	Total accrued lump sum at pension age at 31 March 2024 (Bands of £2,500)	Real increase in pension (Bands of £2,500)	Real increase in lump sum at pension age at 31 March 2024 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2023	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Executive members							
Chief Executive Ms. M Morgan	65 – 70	190 – 195	(2.5) – 0	(17.5) – (15)	1,654	1,703	(82)
Director of Finance, Corporate Governance and Legal Services Ms. C Low	20 – 25	-	2.5 – 5	-	299	368	31
Medical Director Dr. L Ramsay	5 – 10	-	2.5 – 5	-	49	97	24
Non-Executive members							
Employee Director; Mr. I Cant	25 – 30	30 – 35	0 – 2.5	0 – 2.5	360	417	28
Senior employees							

Pension values table	Total accrued pension at 31 March 2024 (Bands of £5,000)	Total accrued lump sum at pension age at 31 March 2024 (Bands of £2,500)	Real increase in pension (Bands of £2,500)	Real increase in lump sum at pension age at 31 March 2024 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2023	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Director of Strategy, Performance and Service Transformation Mr. L Neary	5 – 10	-	0 – 2.5	-	57	95	18
Director of Digital and Security Mr. S Flockhart	10 – 15	-	0 – 2.5	-	100	146	21
Director of Primary Care and Counter Fraud Services Mr. M Bell	20 – 25	-	0 – 2.5	-	267	323	24
Director of National Procurement G Beattie	35 – 40	95 – 100	5 – 7.5	7.5 – 10	690	858	105
Director of NHSScotland Assure Ms. J Critchley	40 – 45	115 – 120	0 – 2.5	(2.5) – 0	864	956	20

Pension values table	Total accrued pension at 31 March 2024 (Bands of £5,000)	Total accrued lump sum at pension age at 31 March 2024 (Bands of £2,500)	Real increase in pension (Bands of £2,500)	Real increase in lump sum at pension age at 31 March 2024 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2023	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Real increase in CETV in year
Remuneration of:	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Director of Scottish National Blood Transfusion Service Prof. M Turner	30 – 35	-	(2.5) – 0	-	628	656	(36)
Director of HR and Workforce Development Ms. J Jones	25 – 30	-	(2.5) – 0	-	458	489	(4)
Director of Nursing Prof. J Reilly	50 – 55	185 – 190	0 – 2.5	(5) – (2.5)	1,051	1,137	(1)
Director of HR and Workforce Development Ms. S Barnatt (from 1 September 2023)	35 – 40	95 – 100	0 – 5	5 – 7.5	693	842	94
Total					7,170	8,087	242

Note:

1. The CETV calculator is obtained from the Civil Service Pensions and is updated for the NHS Pension Scheme factors advised by the Government Actuary's Department (GAD). As the factors supplied by GAD have changed the "CETV at start of the period" can

be different from the “CETV at end of the period” reported in 2022/23. The table excludes Non-Executive and Senior Employees who are not members of the pension scheme.

2. J Critchley pension calculation includes pension transferred in from NHS previous employer.

Fair pay disclosure (audited)

	2024/25	2023/24	% change
Range of Staff remuneration (£'000's)	0 – 205	0 – 190	8%
Band of Highest Paid Director's Total Remuneration (£'000s)	195 – 200	140 – 145	39%
Median Total Remuneration (£)	44,073	42,944	3%
Median Salary only	42,879	41,658	3%
Ratio	4.61	3.42	35%
25th Percentile (total pay and benefits)	33,682	32,314	4%
25th Percentile (salary only)	32,860	31,538	4%
Ratio	6.01	4.52	33%
75th Percentile (total pay and benefits)	57,939	55,478	4%
75th Percentile (salary only)	56,881	54,671	4%
Ratio	3.47	2.61	33%

Commentary

1. Total remuneration includes salary and benefits in kind. It does not include severance payments, employer pension contributions and the CETV of pensions.
2. This highest paid director in 2024/25 was the Medical Director.
3. The departure of the Medical Director during the 2023/24 resulted in a reduction in the highest paid Director's total remuneration in that year. Following the reappointment of that role in the current year, the full year impact is reflected in 2024/25.

Staff numbers and costs (audited)

	Executive team members	Non-Executive members	Permanent staff	Inward/ (Outward) secondees	Other staff	Total 2024/25	Total 2023/24
Staff costs	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and wages	496	134	154,107	(2,391)	–	152,346	145,770
Social security costs	65	7	16,862	–	–	16,934	16,153
NHS pension scheme employer's costs*	112	–	32,258	–	–	32,370	28,283
Inward secondees	–	–	–	1,575	–	1,575	2,557
Agency staff	–	–	–	–	4,084	4,084	9,108
Total	673	141	203,227	(816)	4,084	207,309	201,871
Staff numbers (WTE's)	3	1	3,244	22	84	3,354	3,464
The number of disabled staff included in the total staff numbers above are:						152	137

*Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are in note 18.

Reconciliation of staff costs to note 3 employee expenditure

	£'000
Total employee expenditure 2024/25 as above	207,309
Add employee income (outward secondees above) included in note 3	2,391
Total employee expenditure disclosed in note 3	209,700

Higher paid employees remuneration (unaudited)

Employees whose remuneration fell within the following ranges:

	2024/25	2024/25	2023/24	2023/24
	Number clinicians	Number other	Number clinicians	Number other
£70,001 to £80,000	26	128	22	65
£80,001 to £90,000	17	64	16	71
£90,001 to £100,000	13	27	12	24
£100,001 to £110,000	7	17	4	10
£110,001 to £120,000	4	7	6	5
£120,001 to £130,000	3	5	4	3
£130,001 to £140,000	1	-	2	2
£140,001 to £150,000	3	2	3	1
£150,001 to £160,000	3	2	1	2
£160,001 to £170,000	4	-	2	-
£170,001 to £180,000	1	-	3	-
£180,001 to £190,000	2	-	1	1
£190,001 to £200,000	2	-	-	-
£200,000+	1	-	-	-
Total	87	252	76	184

Staff composition (unaudited)

	2024/25			2023/24		
	Male	Female	Total	Male	Female	Total
Non-Executive Directors and Employee Director	5	5	10	6	6	12
Executive Directors	–	3	3	–	3	3
Senior Employees	166	173	339	138	134	272
Other	1,147	1,908	3,055	1,315	2,207	3,522
Total Headcount	1,318	2,089	3,407	1,459	2,350	3,809

For this section of the report the definition of senior employee is anyone earning over £70k in the year.

Sickness absence data (unaudited)

	2024/25	2023/24
Sickness absence rate	4.4%	4.3%

The HEAT standard for sickness absence for NHSScotland is 4.0%

Workforce policies (unaudited)

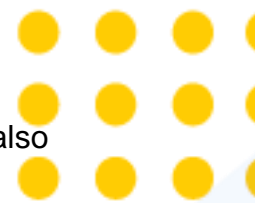
NSS ensures that NHS Once for Scotland Workforce Policies and Partnership Information Network (PIN) Policies are in place to support our requirements in accordance with the Staff Governance Standard, including the Recruitment and Selection Policy.

In addition, the organisational goals and strategy has been developed with specific reference to a positive staff experience, within a sustainable workforce via the NSS Great Place to Work plan.

The plan has specific targets for the organisation to deliver relating to the NSS Corporate Responsibility, which includes increase in (i) youth employment and (ii) increased employment of people with disabilities.

Progress against these targets is monitored by the NSS Board, the NSS Staff Governance Committee and the Executive Management Team (EMT) and is reported through the NSS Partnership Forum.

The NSS Workforce Strategy includes our Organisational Learning and Development Strategy with an operation plan of delivery in place. The Learning and Development Plan is available to all NSS staff and ensures equity of access.



The NSS (dis)Ability Group supports all staff with a disability and the LGBTi Group also supports staff as appropriate across the wider organisation to share best practice, influence outcomes and provide support. These groups are both self-organised and have an EMT member as a sponsor to promote our approach to inclusion throughout NSS.

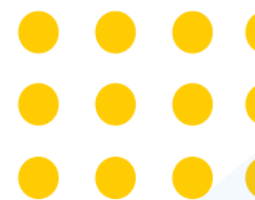
Exit packages (audited)

	2024/25	
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed
<£10,000	–	6
£10,000 - £25,000	–	3
£25,000 - £50,000	–	–
£50,000 - £100,000	–	-
£150,000 - £200,000	–	-
Total number of exit packages	–	9
Total cost of exit packages (£000)	–	80

	2023/24	
Exit package cost band	Number of compulsory redundancies	Number of other departures agreed
<£10,000	–	3
£10,000 - £25,000	–	3
£25,000 - £50,000	–	-
£50,000 - £100,000	–	2
£150,000 - £200,000	–	1
Total number of exit packages	–	9
Total cost of exit packages (£000)	–	322

Trade union facility time (unaudited)

Number of employees who were relevant during the period 1 April 2024 to 31 March 2025	Full-time equivalent employee number
28	27
Percentage of time spent on facility time	
Percentage of time	Number of Representatives
0%	–
1 – 50%	26
51 – 99%	–
100%	2
Percentage of pay bill spent on facility time	£000
Total cost of facility time	194
Total pay bill	209,700
Percentage of the total pay bill spent on facility time	0.1%
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%



Parliamentary Accountability Report

Losses and special payments

	2024/25		2023/24	
	Number of cases	£'000	Number of cases	£'000
Losses	2	10,527	3	12,739

In the year to 31 March 2025 NSS had the following balances more than £300,000 which were written off.

Description	2024/25 £'000
Pandemic Personal Protection Equipment (PPE) – expired stock	5,474
Pandemic related stocks donated to charities	2,433
National Distribution Centre stock	1,562
National emergency planning medicines stockpile – expired stock	529
Flu vaccines – expired stock	444

During the year, covid anti viral stocks of Nirmatrelvir and Molnupiravir expired and were disposed of. This stock had been donated free of charge by the UK Government. There was no direct cost to NSS for the expiry of this stock. The expired stock for flu vaccines and PPE were approved and fully funded by the Scottish Government. In order to utilise pandemic era stock that would otherwise have had to been disposed of, £2.4m of stock were donated to charities in the year avoiding related disposal costs and promoting the use of the stocks.

NSS continuously reviews our stock levels and demand for products to reduce the level of write offs.

Fees and charges

NSS provides a variety of services as detailed under Purpose and key facts of NSS (see page 7). These services include the provision of legal services, the supply of blood and blood products, management of national IT infrastructure, procurement, healthcare commissioning, facilities management and provision of data and analytics. Services are provided to NHSScotland, the wider public sector and third-party suppliers. The expenditure and income relating to these services can be found in note 3 operating expenses and note 4 operating income of the accounts.



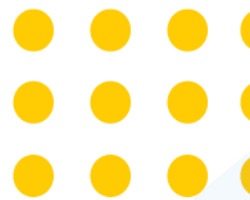
Remote contingent liabilities

NSS has reported all contingent liabilities known to the organisation in note 13.

Mary C Morgan

Mary Morgan
Chief Executive

27 June 2025



Independent Auditor's Report

Independent auditor's report to the members of NHS National Services Scotland, the Auditor General for Scotland and the Scottish Parliament.

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS National Services Scotland for the year ended 31 March 2025 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the accounts, including 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 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the board's affairs as at 31 March 2025 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2024/25 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 27 May 2025. My period of appointment is three years, covering 2024/25 to 2026/27. I am independent of the board in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



Conclusions relating to going concern basis of accounting

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

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

These conclusions are not intended to, nor do they, provide assurance on the board's current or future financial sustainability. However, I report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

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

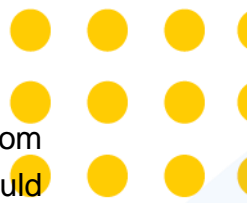
Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK)



will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

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

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

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

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

This description forms part of my auditor's report.



Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income.

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

Reporting on other requirements

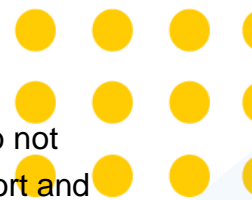
Opinion prescribed by the Auditor General for Scotland on the audited parts of the Remuneration Report and Staff Report

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

Other information

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

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



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

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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



Use of my report

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

Lisa Duthie

Lisa Duthie

Audit Director

Audit Scotland

4th Floor,
The Athenaeum Building
8 Nelson Mandela Place
Glasgow,
G2 1BT

27 June 2025

Part B: Primary financial statements



Statement of Comprehensive Net Expenditure (SoCNE)

For the year ended 31 March 2025

2023/24				2024/25
£'000		Note	£'000	£'000
204,575	Employee Expenditure	3a	209,700	
	Other Operating Expenditure	3b		
10,914	Drugs and Medical Supplies		-	
322,255	Clinical Services		350,153	
568,803	Non-Clinical Services		657,808	
249	Other Healthcare Expenditure		254	
1,106,796	Gross Expenditure for the year			1,217,915
(403,902)	Less: Other operating income	4		(427,114)
702,894	Net expenditure for the year			790,801

The primary statements and notes to the accounts, numbered 1 to 20 on the following pages, form an integral part of these accounts.

Statement of Financial Position (SoFP)

As at 31 March 2025

2023/24				2024/25
£'000		Note	£'000	£'000
	Non-current assets			
89,809	Property, plant and equipment	7c	85,415	
23,739	Intangible assets	6	27,222	
36,470	Right of Use assets	16a	31,954	
150,018	Total non-current assets			144,591
	Current assets			
41,685	Inventories	8	43,014	
	Financial assets:			
44,355	Trade and other receivables	9	43,153	
5,873	Cash and cash equivalents	10	6,232	
91,913	Total current assets			92,399
241,931	Total assets			236,990
	Current liabilities			
(4,235)	Provisions	12a	(2,932)	
	Financial liabilities:			
(108,080)	Trade and other payables	11	(133,358)	
(112,315)	Total current liabilities			(136,290)
129,616	Non-current assets +/- net current assets/liabilities			100,700
	Non-current liabilities			
(20,280)	Provisions	12a	(19,718)	
	Financial liabilities:			
(57,572)	Trade and other payables	11	(52,293)	
(77,852)	Total non-current liabilities			(72,011)
51,764	Total assets less liabilities			28,689
	Taxpayers' equity			
41,735	General fund	SOCTE		17,955

2023/24				2024/25
£'000		Note	£'000	£'000
10,029	Revaluation Reserve	SOCTE		10,734
51,764	Total taxpayers' equity			28,689

Authorised and approved by the Board on 27 June 2025

Carew

Ms C Low

Director of Finance, Corporate Governance and Legal Services

27 June 2025

Mary C Morgan

Ms M Morgan

Chief Executive

27 June 2025

The primary statements and notes to the accounts, numbered 1 to 20 on the following pages, form an integral part of these accounts.

Statement of Cash Flows (SoCF)

For the year ended 31 March 2025

2023/24				2024/25
£'000		Note	£'000	£'000
	Cash flows from operating activities			
(702,894)	Net operating cost	SOCNE	(790,801)	
19,397	Adjustments for non-cash transactions	2b	17,162	
2,273	Add back: Interest payable recognised in net operating expenditure	2b	2,196	
76,299	Movements in working capital	2c	22,976	
(604,925)	Net cash outflow from operating activities			(748,467)
	Cash flows from investing activities			
(8,037)	Purchase of property, plant and equipment (PPandE)	7	(4,273)	
(4,141)	Purchase of intangible assets	6	(4,778)	
–	Transfer of assets from NHSScotland bodies		–	
488	Proceeds from disposal of PPandE		14	
(11,690)	Net cash outflow from investing activities			(9,037)
	Cash flows from financing activities			
630,674	Funding		766,815	
1,054	Movement in general fund working capital	SOCTE	474	
631,728	Cash drawn down	SOCTE	767,289	
(863)	Capital element of payments in respect of on-balance sheet PFI	17	(918)	
(10,808)	IFRS 16 cash lease payment	16b	(6,310)	

2023/24				2024/25
£'000		Note	£'000	£'000
(2,273)	Interest element of leases and on balance sheet PFI	2b	(2,196)	
	Cash flows from financing activities			
617,784	Net financing			757,865
1,169	Net change in cash/cash equivalents in period		361	
4,704	Cash and cash equivalents at beginning of period		5,871	
5,873	Cash and cash equivalents at end of period			6,232
	Reconciliation of net cash flow to movement in net (debt)/cash			
1,169	Change in cash in year	10	359	
4,704	Net cash at 1 April		5,873	
5,873	Net cash at 31 March			6,232

The primary statements and notes to the accounts, numbered 1 to 20 on the following pages, form an integral part of these accounts.

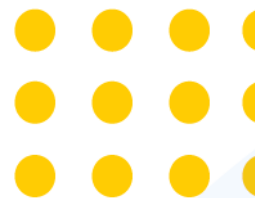
Statement of Changes in Taxpayers' Equity (SoCTE)

For the year ended 31 March 2025

		General fund	Revaluation reserve	Total reserves
		£'000	£'000	£'000
Balance at 1 April 2024		41,735	10,029	51,764
Changes in taxpayers' equity for 2024/25				
Net gain on revaluation of PPandE	7a	–	1,023	1,023
Impairment of PPandE	7a	–	(386)	(386)
Revaluation and impairments taken to operating costs	2b	–	386	386
Transfer between reserves	6, 7a	318	(318)	–
Transfer of assets		(112)	–	(112)
Net operating cost for the year	SOCNE	(790,801)	–	(790,801)
Total recognised income and expense for 2024/25		(790,595)	705	(789,890)
Funding:				
Drawn down	SOCF	767,289	–	767,289
Movement in general fund	SOCF	(474)	–	(474)
Balance at 31 March 2025	SOFP	17,955	10,734	28,689

		General fund	Revaluation reserve	Total reserves
		£'000	£'000	£'000
At 1 April 2023		117,194	7,245	124,439
Changes in taxpayers' equity for 2023/24				
Net gain on revaluation of PPandE	7a	–	2,895	2,895
Impairment of PPandE	7a	–	95	95
Revaluation and impairments taken to operating costs	2b	–	(95)	(95)
Transfer between reserves		111	(111)	–
Transfer of assets	6, 7a	(3,350)	–	(3,350)
Net operating cost for the year	SOCNE	(702,894)	–	(702,894)
Total recognised income and expense for 2023/24		(706,133)	2,784	(703,349)
Funding:				
Drawn down	SOCF	631,728	–	631,728
Movement in general fund	SOCF	(1,054)	–	(1,054)
Balance at 31 March 2024	SOFP	41,735	10,029	51,764

The primary statements and notes to the accounts, numbered 1 to 20 on the following pages, form an integral part of these accounts.



Notes to the Accounts

Note 1. Accounting policies

1. Authority

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 appended, these Accounts have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the United Kingdom, Interpretations issued by the IFRS Interpretations Committee (IFRIC) and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the accounts.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section 30 below.

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

There are no new standards, amendments or interpretations effective in the year 2024-2025. However, 24/25 FReM mandates reporting indexation linked payments in PPP liabilities in accordance with IFRS 16 from 2024-25.

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

There are no new standards, amendments or interpretations early adopted in 2024/25.

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

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

- IFRS 14: Regulatory Deferral Accounts. Effective for accounting periods starting on or after 1 January 2016. This is not applicable to NHSScotland bodies.

- IFRS17: Insurance Contracts. Effective for accounting periods beginning on or after 1 January 2023. However, this Standard is not yet adopted by the FReM. Expected adoption by the FReM from April 2025.
- IFRS 18: Presentation and disclosure in financial statements. Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.
- IFRS 19 Subsidiaries without public accountability: disclosures: Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.

NSS does not expect that the adoption of the standards listed above will have a material impact on the financial statements in future periods.

2. Basis of consolidation

As disclosed in 2023/24, due to the wind up of the Trinity Park Foundation in that year, there was no body requiring consolidation into NSS under IFRS 10 – Consolidated Financial Statements in the current year.

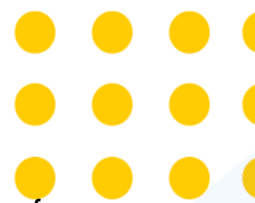
3. Retrospective adjustments

The comparative undiscounted PFI liabilities disclosed in note 19 have been restated due to discounted liabilities being disclosed in the prior year. The restatement of note 19 has no impact on the primary financial statements

4. Going concern

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

As detailed on page 11 on 17 June 2025 it was announced by the Cabinet Secretary for Health and Social Care that NSS and NHS Education for Scotland will be combined to create NHS Delivery. The Common Services Agency will become the legal basis for NHS Delivery. A reassessment of going concern was carried out and concluded no impact on NSS's ability to be considered a going concern.



5. Accounting convention

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

6. Funding

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

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

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

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

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

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

7. Property, plant and equipment

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

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

7.1 Recognition

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

All assets falling into the following categories are capitalised:

1. Property, plant and equipment assets which are capable of being used for a period which could exceed one year and have a cost equal to or greater than £5,000.
2. In cases where a new facility would face an exceptional write off of items of equipment costing individually less than £5,000, NSS has the option to capitalise initial revenue equipment costs with a standard life of ten years.
3. Assets of a lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000 (including VAT where this is not recoverable).

7.2 Measurement

Valuation

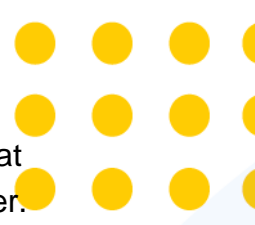
All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Thereafter, valuations of all land and building assets are reassessed by valuers under a five year programme of professional valuations and are adjusted in the intervening years to take account of movements and process since the last 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 for delivering front line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual are adopted:

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

All assets that are not held for their service potential (such as 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 proxy fair value as agreed by the District Valuer.
 - Non-specialised land and buildings, such as offices, are stated at fair value.

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

Assets under construction are valued at current cost. No depreciation is charged nor is indexation applied to assets under construction. These are also subject to impairment review.

Subsequent expenditure

Subsequent expenditure is capitalised into an asset carrying value when it is probable the future economic benefits associated with the item will flow to NSS 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 derecognised, 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 or losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

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

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

7.3 Depreciation

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

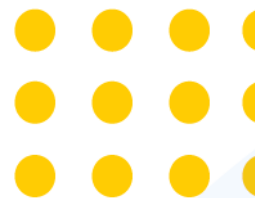
Depreciation is charged in each main class of tangible asset as follows:

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

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

Asset category	Component	Useful life
Buildings	Structure	Up to 93 years based on valuations
	Engineering	Up to 49 years based on valuations
	External Plant	Up to 49 years based on valuations
Transport equipment		From 3 to 15 years
Machinery and equipment		From 2 to 25 years
Furniture and fittings		From 2 to 25 years
IT equipment		From 3 to 10 years



8. Intangible Assets

8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of NSS 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 NSS, and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in NSS 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;
- NSS intends to complete the asset and sell or use it;
- NSS 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 NSS to complete the development and sell or use the asset; and
- NSS can measure reliably the expenses attributable to the asset during development.

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

Software

Software which is integral to the operation of hardware e.g. an operating system, is capitalised as part of the relevant 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 fixed 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 allowances held and a liability for the obligation to deliver allowances equal to emissions that have been made.

Intangible Assets, such as CRC emission allowances intended to be held for use on a continuing basis whether allocated by government or purchased are classified as intangible assets. Allowances that are issued for less than their fair value are measured initially at their fair value.

When allowances are issued for less than their fair value, the difference between the amount paid and fair value is revaluation and charged to the general fund. The general fund account 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 NSS, where the cost of the asset can be measured reliably, and where the cost is at least £5,000.

8.2 Measurement

Valuation

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



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

Revaluation and impairment

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

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

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

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

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

8.3 Amortisation

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

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

- Internally generated intangible assets: Amortised on a systematic basis over the period expected to benefit from the project.
- Software: Amortised over their expected useful life.

- Software licences: Amortised over the shorter term of the licence and their useful economic lives.
- Other intangible assets: Amortised over their expected useful life.
- Intangible assets which have been reclassified as “Held for Sale” cease to be amortised upon reclassification.

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

Asset category	Useful life
Software licences	From 3 - 15 years
Software	From 2 - 11 years

9. Non-current assets held for sale

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

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

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

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

10. Donated Assets

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset. Donated assets are revalued, depreciated/amortised and subject to impairment in the same way as other non-current assets in accordance with the NHS Capital Accounting Manual.

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

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

12. Leases

Scope and classification

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


Contracts or parts of contracts 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 of both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

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

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present



value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed, or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

Subsequent measurement

The asset is subsequently measured using the fair value model. The cost model is considered to 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 process 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.

Lessor arrangements

NSS leases assets to other health bodies, these leases are recognised as operating leases. The rental income for operating leases is recognised on a systematic basis (on a straight-line basis over the lease term).

Estimates and judgements

NSS determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease



components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FReM requires right-of-use assets held under “peppercorn” leases to be measured at existing use value.

13. Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes for 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. Impairments 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 NSS has positive net cash book balance at the year end, a corresponding creditor is created, and the general fund debited with the same amount to indicate that this cash is repayable to the Scottish Government Health and Social Care Directorate (SGHSCD).

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

16. Losses and Special Payments

Operating expenditure includes certain losses which would have been made good through insurance cover had the NHS not been bearing its own risks. Had the NHS provided

insurance cover, the insurance premiums would have been included as normal revenue expenditure.

17. Employee Benefits

Short-term Employee Benefits

Salaries, wages and employment-related payments are recognised in the year in which the service is received from employees. The cost of annual leave and flexible working time entitlement earned but not taken by employees at the end of the year is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following year.

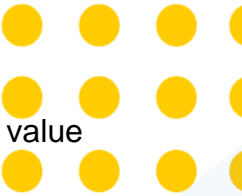
Pension Costs

NSS participates in the NHS Superannuation Scheme (Scotland). This scheme is unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively high marginal rates based on pensionable pay as specified in the regulations. NSS is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents NSS employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and 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 NSS 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 employing authorities from a central fund held as part of the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS) by the Scottish Government.



NSS provides for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as “Category 3” are deemed most likely and provided for in full, those in “Category 2” as 50% of the claim and those in “Category 1” as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in 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 the respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

NSS also provides for its liability from participating in the scheme. The participation in CNORIS provision recognises the NSS’s respective share of the total liability of NHSScotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in Annually Managed Expenditure (AME) provision and is classified as non-core expenditure.

19. Related Party Transactions


Material related party transactions are disclosed in Note 20 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 4.

20. Value Added Tax

Most of the operations of NSS are outside the scope of VAT and in general, input tax is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. However, certain operations are classified by HMRC as business activities and are subject to output tax and input tax relating to these activities is recoverable. In addition, VAT charged to NHS organisations on the purchase of contracted-out services is refundable at the direction of HM Treasury under section 41(3) of the Value Added Tax Act 1994. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

21. PFI/HUB/NPD Schemes

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



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

Transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as "on-Statement of Financial Position" by NSS. The underlying assets are recognised as Property, Plant and Equipment and Intangible Assets at their fair value. An equivalent liability is recognised in accordance with IFRS 16. Where it is not possible to separate the finance element from the service element of the unitary payment streams this has been estimated from information provided by the operator and the fair values of the underlying assets. Assets are subsequently revalued in accordance with the treatment specified for their applicable asset categories.

The total unitary payment is then divided into three: the service charge element, repayment of the capital element of the contract obligation and the interest expense on it (using the interest rate implicit in the contract).

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

An IFRS 16 approach requires the liability to be remeasured if there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The liability does not include estimated future indexation linked increases.

22. Provisions

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

23. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within NSS's control) are not recognised as assets but are disclosed in note 13 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised but are disclosed in note 13, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

- Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
- Present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

24. Corresponding Amounts

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

25. Financial Instruments

Financial Assets

Business Model

NSS'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 NSS first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. NSS classifies its financial assets in the following categories: at fair value through profit or loss and 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 receivables for sale.

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

This is the default basis for financial assets

(b) Financial assets held at amortised cost



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

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

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

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

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

Impairment of financial assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. NSS 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 NSS where there has been a significant increase credit risk since the assets initial recognition. Where NSS does not hold reasonable and supportable information to measure the 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 NSS 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 NSS 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 and losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Financial assets held at amortised cost:

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

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

Financial Liabilities

Classification

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

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

(a) Financial liabilities at fair value through profit or loss: Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. NSS 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. NSS'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 NSS 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 cost

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

26. Segment reporting

Operating segments are reported in Note 5 in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the Executive Management Team of NSS.

Operating segments are not directly related to the analysis of expenditure shown in Note 3.

27. Cash and cash equivalents

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

28. Foreign Exchange

The functional and presentational currency of NSS is pound sterling.

A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction.

Where NSS has assets or liabilities denominated in a foreign currency at the Statement of Financial Position date:

- Monetary items (other than financial instruments measured at “fair value through income and expenditure”) are translated at the spot exchange rate on 31 March;

- Non-monetary assets and liabilities measured at historic cost are translated using the spot exchange rate at the date of the transaction; and
- Non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined.

Exchange gains or losses on monetary items (arising on the settlement of the transaction or on re-translation at the Statement of Financial Position date) are recognised in income or expenditure in the period in which they arise.

Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

29. Third party assets

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

30. Key sources of judgement and estimation uncertainty


NSS makes subjective and complex judgements in applying its accounting policies and relies on a range of estimation techniques and assumptions concerning uncertain future events. It is recognised that sources of estimation uncertainty are likely to vary from year to year and resulting accounting estimates will, by definition, seldom equal the related actual results. As such key judgements and estimates are continually reviewed, based on historical experience and other factors, including changes to past assumptions and expectations of future events that are believed to be reasonable under the circumstances.

The key judgements exercised in the application of NSS's accounting policies which have the most significant effect on the carrying amounts of assets and liabilities within the financial statements within the next financial year are summarised below.

Judgements

PFI – when considering the application of IFRIC 12 for the Jack Copland Centre judgements were made regards the Interpretation of IFRIC 12 that gives guidance on the accounting by operators for public-to-private service concession arrangements. It is the Board's view that they control and regulate what services the operator must provide with the infrastructure, to whom it must provide them, and at what price, and hence the application of IFRIC 12 is appropriate.

Clinical and Medical Negligence - The Scottish Government provides Risk Levels via Central Legal Office returns on a quarterly basis for all clinical and medical negligence claims lodged against NSS. All Risk Level 3 and 50% of Risk Level 2 claims are provided



for within Note 12 of the accounts, and all Level 1 and the remaining 50% of Level 2 claims are presented as Contingent Liabilities within Note 13 of the accounts.

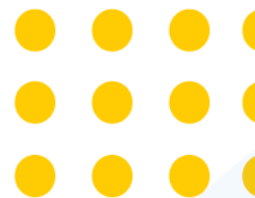
The key estimates and assumptions that are deemed to present a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are summarised below:

Estimates

Pensions: Future Pension payments are estimated using a discount rate provided by HM Treasury and life tables provided by the Office for National Statistics (ONS). Any future significant changes to the discount rate or the life tables could have a material impact on the level of provision required. The provision for future pension payments at 31 March 2025 was £1.9m and further details are contained in Note 12.

Revaluation of Land and Buildings: The Board commissioned a full revaluation of the NSS estate as at 31st March 2025. Judgements are made about the status of property which affects the valuation methodology based on Royal Institute of Chartered Surveyors (RICS) guidance, International Financial Reporting Standards (IFRS) as interpreted, and also guidance contained within the HM Treasury Financial Reporting Manual (FREM). The valuation of land and buildings at 31 March 2025 was £60.0m and further details of the financial impact of the revaluations are contained in Note 7(c).

Useful Life of Property, Plant & Equipment (PPandE): as shown in Note 7(a), property plant and equipment (PPandE) is material to these consolidated accounts. In section 7 of this note we disclose, for each category of PPandE, the lowest minimum and the highest maximum in the ranges of useful lives used by NSS. Useful lives are the period over which assets are depreciated. The net book value of PPandE (excluding land, buildings and assets under construction) at 31 March 2025 was £21.9m.



2. Notes to the cash flow statement

2a. Summary of core revenue resource outturn

		2024/25
		£'000
Net Expenditure	SOCNE	790,801
Dilapidation settlement payment (re-allocated to capital)		(212)
Total non-core expenditure (see below)		(15,879)
Total Core Expenditure		774,710
Core Revenue Resource Limit provided by SG		665,608
Capital Annually Managed Expenditure transferred to Core Revenue Resource Limit (see note below)		109,600
Core Revenue Resource Limit		775,208
Savings against Core Revenue Resource Limit		498
SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN		
Capital grants to other bodies	578	
Depreciation/Amortisation	9,367	
Annually Managed Expenditure – Impairments	386	
Annually Managed Expenditure – Provisions	(1,544)	
Right of Use (RoU) Asset Depreciation	6,306	
PFI asset depreciation	786	
Total Non-Core Expenditure		15,879
Non-core Revenue Resource Limit		15,879
Savings against Non-Core Revenue Resource Limit		-

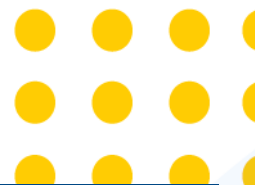
Summary resource outturn	Resource	Expenditure	Savings
	£'000	£'000	£'000
Core	775,208	774,710	498
Non-Core	15,879	15,879	-
Total	791,087	790,589	498

As instructed by Scottish Government in June 2025, NSS have treated £109.6m of Capital Annually Managed Expenditure (CAME) relating to the payments made in 2024/25 to beneficiaries of the Scottish Infected Blood Support Scheme as Core Revenue Resource Limit funding for the purposes of preparing these Accounts. In accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, the expenditure has been recognised through the Statement of Comprehensive Net Expenditure. The effect of this instruction is to match the funding provided to the treatment in the Accounts. This has been effected in Note 2a, Note 7d and in the Financial Performance section on page 31.

2b. Adjustments for non-cash transactions

2023/24			2024/25
£'000		Note	£'000
	Expenditure not paid in cash		
9,274	Depreciation	7a	7,653
2,036	Amortisation	6	2,500
7,593	Depreciation of Right of Use (RoU) Assets	16a	6,305
244	Impairments of PPandE charged to SoCNE	7a	659
(339)	Reversal of impairments on PPandE charged to SoCNE	7a	(273)
586	Impairments on right of use asset		-
-	Loss / (profit) on disposal of non current assets		318
3	Other movements		-
19,397	Total expenditure not paid in cash	SOCF	17,162

2023/24			2024/25
£'000		Note	£'000
	Interest payable		
1,884	PFI finance lease charges allocated in year	17	1,829
389	Lease Interest	16b	367
2,273	Net interest payable	SOCF	2,196



2c. Movement on working capital balances

2023/24					2024/25
Net movement		Note	Opening balances	Closing balances	Net movement
£'000			£'000	£'000	£'000
54,919	INVENTORIES	8	41,685	43,014	(1,329)
54,919	Net decrease/(increase)				(1,329)
	TRADE AND OTHER RECEIVABLES				
14,866	Due within one year	9	44,355	43,153	1,202
14,866	Net decrease/(increase)				1,202
	TRADE AND OTHER PAYABLES				
(352)	Due within one year	11	108,079	133,358	25,279
(6,557)	Due after more than one year	11	57,572	52,293	(5,279)
3,560	Less: PPandE (capital) included above		(2)	-	2
174	Less: intangible assets (capital) included above		-	-	-
(1,054)	Less: general fund creditor included in above	11	(5,758)	(6,232)	(474)
7,432	Less: lease and PFI creditors included in above		(64,622)	(59,183)	5,439
3,203	Net (decrease)/increase				24,967
3,311	PROVISIONS	12	24,514	22,650	(1,864)
3,311	Net (decrease)/increase				(1,864)
76,299	NET MOVEMENT	SOCF			22,976

3. Expenditure

3a. Employee expenditure

2023/24			2024/25
£'000			£'000
8,639	Medical, Dental and Pharmacy		8,556
14,271	Nursing and Health Promotion		16,422
26,089	Life Sciences		28,158
2,396	Board Members and senior managers		2,756
15,128	Support Services		20,998
138,052	Administrative Services		132,810
204,575	Total	SOCNE	209,700

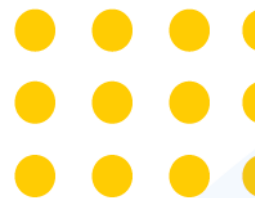
Further detail and analysis of employee expenditure can be found in the remuneration and staff report, forming part of the Accountability Report (see page 57).

3b. Other operating expenditure

2023/24			2024/25
£'000		Note	£'000
	Drugs and Medical Supplies:		
10,914	PPE and Testing Kits		-
10,914	Total Drugs and Medical Supplies		-
	Clinical Services		
305,316	Procurement, Commissioning and Facilities		332,158
16,939	Scottish National Blood Transfusion Service		17,995
322,255	Total Clinical Services		350,153
	Non-Clinical Services		
10,326	Central Legal Office		10,126
127,562	Digital and Security		154,473
33,702	Practitioner and Counter Fraud Services		15,821
319,789	Procurement, Commissioning and Facilities		323,922
57,121	Corporate Services		133,789
20,303	Property Services		19,677
568,803	Total Non-Clinical Services		657,808
	Other Healthcare Expenditure		
249	External auditor's remuneration and expenses		254
902,221	Total Other Operating Expenditure	SOCNE	1,008,215

4. Operating income

2023/24			2024/25
£'000		Note	£'000
	Clinical Services		
650	Procurement, Commissioning and Facilities		520
9,809	Scottish National Blood Transfusion Service		11,964
10,459	Total Clinical Services Income		12,484
	Non-Clinical Services		
19,005	Central Legal Office		19,436
78,938	Digital and Security		91,648
248	Practitioner and Counter Fraud Services		181
254,030	Procurement, Commissioning and Facilities		275,929
24,464	Corporate Services		11,087
16,706	Property Services		16,349
393,391	Total Non-Clinical Services Income		414,630
52	Profit on sale of disposal of assets		-
403,902	Total Income		427,114
	Income source summary		
3,827	Income from Scottish Government		2,222
390,574	Income from other NHSScotland bodies		413,673
3,891	Income from NHS non-Scottish bodies		2,785
-	Income from UK Government		-
5,610	Income from Non-NHS customers		8,434
403,902	Total Income	SOCNE	427,114



5. Segmented reporting

Segmental information as required under IFRS has been reported by Directorate.

2023/24			2024/25
£'000			£'000
812	Central Legal Office		797
84,463	Digital and Security		98,811
56,681	Practitioner and Counter Fraud Services		35,043
436,933	Procurement, Commissioning and Facilities		435,464
55,683	Scottish Blood Transfusion Service		58,849
68,322	Corporate Services		161,837
702,894	Total	SOCNE	790,801

6. Intangible assets

		Software licence	IT software	Assets under development	Total
CURRENT YEAR		£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 April 2024		103,370	61,758	7,165	172,293
Additions		-	-	4,778	4,778
Completions		606	737	(1,343)	-
Asset transfers from other SG consolidated entities		-	-	-	-
Transfer between asset categories		-	-	1,241	1,241
Disposals		(33,596)	(13,010)	-	(46,606)
At 31 March 2025		70,380	49,485	11,841	131,706
Amortisation					
At 1 April 2024		95,114	53,440	-	148,554
Provided during the year		1,319	1,181	-	2,500
Disposals		(33,596)	(12,974)	-	(46,570)
At 31 March 2025		62,837	41,647	-	104,484

		Software licence	IT software	Assets under development	Total
Net book value at 1 April 2024		8,256	8,318	7,165	23,739
Net book value at 31 March 2025	SOFP	7,543	7,838	11,841	27,222
PREVIOUS YEAR		£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 April 2023		98,869	52,854	13,247	164,970
Additions		-	35	3,932	3,967
Completions		4,620	8,875	(13,495)	-
Asset transfers from other SG consolidated entities		-	-	206	206
Transfer between asset categories		-	-	3,275	3,275
Disposals		(119)	(6)	-	(125)
At 31 March 2024		103,370	61,758	7,165	172,293
Amortisation					
At 1 April 2023		94,134	52,509	-	146,643
Provided during the year		1,099	937	-	2,036
Disposals		(119)	(6)	-	(125)
At 31 March 2024		95,114	53,440	-	148,554
Net book value at 1 April 2023		4,735	345	13,247	18,327
Net book value at 31 March 2024	SOFP	8,256	8,318	7,165	23,739

7a. Property, plant and equipment - current year

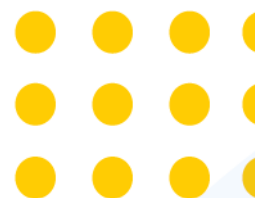
Cost or valuation	Land	Buildings	Transport equipment	Plant and machinery	IT	Fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	3,690	56,464	5,340	41,934	17,555	22,111	4,537	151,631
Additions	-	-	167	1,003	356	-	2,745	4,271
Completions	-	623	-	1,308	-	581	(2,512)	-
Asset transfers to other SG entities	-	-	-	(758)	-	-	-	(758)
Transfer between asset categories	-	-	-	-	-	-	(1,241)	(1,241)
Revaluations	2	(341)	-	-	-	-	-	(339)
Impairment charges	-	(515)	-	-	-	-	-	(515)
Impairment reversals	-	41	-	-	-	-	-	41
Disposals	-	-	(614)	(5,339)	(871)	(1,667)	-	(8,491)
At 31 March 2025	3,692	56,272	4,893	38,148	17,040	21,025	3,529	144,599
Depreciation								
At 1 April 2024	-	-	4,419	23,947	14,530	18,926	-	61,822
Provided during the year	-	1,736	325	4,047	800	745	-	7,653

Cost or valuation	Land	Buildings	Transport equipment	Plant and machinery	IT	Fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset transfers to other SG entities	-	-	-	(646)	-	-	-	(646)
Revaluations	-	(1,362)	-	-	-	-	-	(1,362)
Impairment charges	-	(142)	-	286	-	-	-	144
Impairment reversals	-	(232)	-	-	-	-	-	(232)
Disposals	-	-	(614)	(5,043)	(871)	(1,667)	-	(8,195)
At 31 March 2025	-	-	4,130	22,591	14,459	18,004	-	59,184
Net book value at 1 April 2024	3,690	56,464	921	17,987	3,025	3,185	4,537	89,809
Net book value at 31 March 2025	3,692	56,272	763	15,557	2,581	3,021	3,529	85,415
Asset Financing								
Owned	3,692	20,688	763	15,557	2,581	3,021	3,529	49,831
On-balance sheet PFI contracts	–	35,584	–	–	–	–	–	35,584
Net book value 31 March 2025	3,692	56,272	763	15,557	2,581	3,021	3,529	85,415

7a. Property, plant and equipment - prior year

Cost or valuation	Land	Buildings	Transport equipment	Plant and machinery	IT	Fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	2,873	56,870	4,878	45,533	16,967	28,609	7,447	163,177
Additions	-	-	-	2,373	340	-	1,762	4,475
Completions	-	-	477	390	262	-	(1,129)	-
Asset transfers (to) / from other SG entities	-	(1,870)	-	(4,262)	-	104	-	(6,028)
Transfer between asset categories	817	(817)	-	-	-	-	(3,275)	(3,275)
Revaluations	-	2,234	-	-	-	-	-	2,234
Impairment charges	-	(228)	-	(80)	-	-	2	(306)
Impairment reversals	-	275	-	-	-	-	-	275
Disposals	-	-	(15)	(2,020)	(14)	(6,602)	(270)	(8,921)
At 31 March 2024	3,690	56,464	5,340	41,934	17,555	22,111	4,537	151,631
Depreciation								
At 1 April 2023	-	-	3,952	22,081	13,753	24,452	-	64,238
Provided during the year	-	774	482	6,170	791	1,057	-	9,274
Asset transfers (to) / from other SG entities	-	(34)	-	(2,455)	-	19	-	(2,470)

Cost or valuation	Land	Buildings	Transport equipment	Plant and machinery	IT	Fixtures and fittings	Assets under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revaluations	-	(661)	-	-	-	-	-	(661)
Impairment charges	-	(15)	-	(47)	-	-	-	(62)
Impairment reversals	-	(64)	-	-	-	-	-	(64)
Disposals	-	-	(15)	(1,802)	(14)	(6,602)	-	(8,433)
At 31 March 2024	-	-	4,419	23,947	14,530	18,926	-	61,822
Net book value at 1 April 2023	2,873	56,870	926	23,452	3,214	4,157	7,447	98,939
Net book value at 31 March 2024	3,690	56,464	921	17,987	3,025	3,185	4,537	89,809
Asset Financing								
Owned	3,690	21,017	921	17,987	3,025	3,185	4,537	54,362
On-balance sheet PFI contracts	-	35,447	-	-	-	-	-	35,447
Net book value 31 March 2024	3,690	56,464	921	17,987	3,025	3,185	4,537	89,809



7b. Assets held for sale

There were no assets held for resale at 31 March 2025 (31 March 2024: £nil).

7c. Property, plant and equipment disclosures

2023/24	Expenditure		2024/25
£000		Note	£'000
89,809	Purchased		85,415
89,809	Total	SOFP	85,415
	Total value of assets held under:		
35,447	PFI Contracts		35,584
35,447	Total		35,584
	Total depreciation charged in respect of assets held under:		
375	PFI Contracts		786
375	Total		786

All land and buildings were revalued by an independent valuer, the Valuation Office Agency, as at 31/03/2025 on the basis of fair value (market value of depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £0.9 million (2023/24 an increase of £3.0 million), with £1.0 million (2023/24 £2.9 million) credited to the revaluation reserve. A revaluation impairment of £0.1 million (2023/24 £0.1 million) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

7d. Analysis of capital expenditure

2023/24	Expenditure		2024/25
£000		Note	£'000
3,967	Acquisition of intangible assets	6	4,778
4,475	Acquisition of property, plant and equipment	7a	4,271
4,240	Right of Use (RoU) Additions	16a	1,818

2023/24	Expenditure		2024/25
£000		Note	£'000
12,682	Gross Capital Expenditure		10,867
	Income		
-	Net book value of disposal of intangible assets	6	36
488	Net book value of disposal of property, plant and equipment	7a	296
-	Net book value of disposal of right of use asset	16a	29
12,194	Net Capital Expenditure		10,506
1,228	Dilapidation settlement payment		212
13,422	Total Capital Resource outturn		10,718
	SUMMARY OF CAPITAL RESOURCE OUTTURN		
9,736	Core capital expenditure		10,718
9,736	Core Capital Resource Limit		10,821
-	Savings against Core Capital Resource Limit		103
3,686	Non-core capital expenditure		-
3,686	Non-core Capital Resource Limit provided by SG		109,600
-	Capital Annually Managed Expenditure transferred to Core Revenue Resource Limit (see note below)		(109,600)
-	Non-core Capital Resource Limit		-
-	Savings against Non-core Capital Resource Limit		-

As noted in note 2a, £109.6m of non-core capital expenditure has been reallocated to revenue resource limit.

8. Inventories

2023/24			2024/25
£000		Note	£'000
41,685	Raw materials and consumables		43,014
41,685	Total Inventories	SOFP	43,014

9. Trade and other receivables

2023/24				2024/25
£000				£'000
	Receivables due within one year			
1,475	SGHSCD			697
15,174	Boards			13,324
16,649				14,021
486	NHS non-Scottish bodies			50
11,144	VAT recoverable			3,201
13,044	Prepayments			20,896
1,414	Accrued Income			930
1,403	Other receivables			3,543
215	Other Public Sector Bodies			512
27,706	Other receivables due within one year			29,132
44,355	Total receivables	SOFP		43,153
	Whole of Government Accounts classification			
15,174	NHSScotland			13,324
12,619	Central Government Bodies			3,898
215	Whole of Government bodies			512
486	Balances with NHS bodies in England and Wales			50
15,861	Balances with bodies external to Government			25,369
44,355	Total			43,153

Receivables that are less than three months past due are not considered impaired. As at 31 March 2025, receivables with a carrying value of £0.7 million were past their due date but not impaired (31 March 2024: £1.4 million). The aging of receivables past their due date but not impaired is as follows:

2023/24		2024/25
£'000		£'000
1,236	Up to 3 months past due	261
95	3 to 6 months past due	351
85	Over 6 months past due	71
1,416	Total	683

Concentration of credit risk, is limited due to customer bases being large unrelated/government bodies. Due to this management believe that there is no future credit risk provision required.

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.

2023/24		2024/25
£'000		£'000
8,372	Existing customers with no defaults in the past	12,040
8,372	Total	12,040

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

2023/24		2024/25
£'000		£'000
44,355	Pounds	43,153
44,355	Total	43,153

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

10. Cash and cash equivalents

	Note	2025	2024
		£'000	£'000
Balance 1 April		5,873	4,704
Net change in cash and cash equivalent balances		359	1,169
Balance at 31 March	SOFP, SOCF	6,232	5,873

The following balances at 31 March were held at

		2025	2024
		£'000	£'000
Government Banking Service account		6,146	5,846
Cash at bank and in hand		86	27
Total cash and cash equivalents	SOFP, SOCF	6,232	5,873

Cash at bank is with major UK banks. The credit risk associated with cash at bank is considered to be low.

11. Trade and other payables

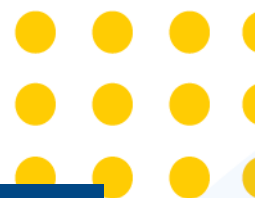
2023/24			2024/25
			£'000
	Payables due within one year		
-	SGHSCD		25
6,561	Boards		8,402
6,561	Total NHSScotland payables		8,427
3,926	NHS non-Scottish bodies		8,319
5,758	General fund payable		6,232
3,291	Trade payables		5,539
40,299	Accruals		51,057
2,793	Deferred Income		2,084
6,157	Net obligations under leases		5,928
918	Net obligations under PFI contracts		977
3,914	Income tax and social security		4,018
3,565	Superannuation		3,963
1,038	Holiday pay accrual		1,271
274	Other public sector bodies		249
29,586	Other payables		35,294
108,080	Total payables due within one year		133,358
	Payables due after more than one year		
5,591	Net obligations under leases due within 2 years		6,215
17,835	Net obligations under leases due after 2 years but within 5 years		16,000
6,568	Net obligations under leases due after 5 years		3,487
977	Net obligations under PFI contracts due within 2 years		1,040
3,324	Net obligations under PFI contracts due after 2 years but within 5 years		3,538
23,252	Net obligations under PFI contracts due after 5 years		21,998
25	Deferred Income		15
57,572	Total Payables due after more than one year		52,293
165,652	Total payables	SOFP	185,651

2023/24			2024/25
			£'000
	Whole of Government Accounts classification		
6,561	NHSScotland		9,368
3,914	Central Government bodies		10,275
3,839	Whole Government bodies		4,212
3,926	Balances with NHS bodies in England and Wales		8,319
147,412	Balances with bodies external to Government		153,477
165,652	Total		185,651
	Borrowings included above comprise:		
36,151	Leases		31,630
28,471	PFI Contracts		27,553
64,622	Total		59,183
	The carrying amount and fair value of the non-current borrowings are as follows:		
29,994	Leases		25,702
27,553	PFI Contracts		26,576
57,547	Total		52,278
	The carrying amount of payables are denominated in the following currencies:		
165,652	Pounds		185,651
165,652	Total		185,651

The carrying amount of short-term payables approximates their fair value.

Note 12a. Provisions

CURRENT YEAR	Pensions and similar obligations	Participation in CNORIS	Dilapidations	Other	2024/25
	£'000	£'000	£'000	£'000	£'000
At 1 April 2024	1,934	286	19,347	2,948	24,515
Arising during the year	174	224	15	544	957
Utilised during the year	(174)	(153)	(212)	(5)	(544)
Reversed unutilised	-	-	(751)	(1,798)	(2,549)
Unwinding of discount	-	-	271	-	271
At 31 March 2025	1,934	357	18,670	1,689	22,650
Payable in one year	180	357	706	1,689	2,932
Payable between 2–5 years	658	-	14,417	-	15,075
Payable between 6–10 years	608	-	3,547	-	4,155
Thereafter	488	-	-	-	488
At 31 March 2025	1,934	357	18,670	1,689	22,650



PRIOR YEAR	Pensions and similar obligations	Participation in CNORIS	Dilapidations	Other	2023/24
	£'000	£'000	£'000	£'000	£'000
At 1 April 2023	2,101	245	18,117	741	21,204
Arising during the year	84	134	3,686	2,891	6,795
Utilised during the year	(165)	(93)	(1,233)	(133)	(1,624)
Reversed unutilised	(86)	-	(1,223)	(551)	(1,860)
At 31 March 2024	1,934	286	19,347	2,948	24,515
Payable in one year	173	72	1,042	2,948	4,235
Payable between 2–5 years	636	174	818	-	1,628
Payable between 6–10 years	596	14	17,487	-	18,097
Thereafter	529	26	-	-	555
At 31 March 2024	1,934	286	19,347	2,948	24,515

Pensions and similar obligations

NSS meets the cost of compensation for the loss of earnings made to employees as a result of injury sustained in the course of their employment by paying the required amounts annually to the Scottish Public Pensions Agency. NSS provides for this when the award is made by establishing a provision for the estimated payments discounted by the Treasury discount rate. NSS expects expenditure to be charged to this provision for the period of up to 38 years.

Participation in Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

NSS have a provision relating to the participation in the CNORIS scheme. Note 12b provides further information on the scheme.

Other (non-endowment)

NSS have provisions relating to organisational restructure and a potential exposure to interest on VAT recovery.

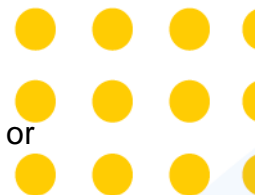
Dilapidations

Provisions have been made relating to potential dilapidations exposures on leased properties.

Note 12b. Clinical Negligence and Other Risk Indemnity Scheme (CNORIS)

2023/24			2024/25
£'000		Note	£'000
154	Provision recognising individual claims against the NHS Board as at 31 March		355
286	Provision recognising the NHS board's liability from participating in the scheme 31 March	12a	357
440	Net Total Provision relating to CNORIS at 31 March		712

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



When a legal claim is made against NSS, the board will assess whether a provision or contingent liability for that legal claim is required.

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

The provision required as a result of participation in the scheme is shown in the note above to aid the reader's understanding of CNORIS. Further information on the scheme can be found at www.clo.scot.nhs.uk/our-services/cnoris.aspx

Note 13. Contingent liabilities

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

2023/24		2024/25
£'000		£'000
	Nature	
844	Clinical and medical compensation payments	570
6	Employer's liability	13
850	Total Contingent Liabilities	583

Contingent liabilities represent estimates of unprovided settlement liabilities for ongoing legal claims against NSS, where it is assessed that it is not probable that an outflow of resources will occur (see key sources of judgement in the accounting policies for further information).

NSS has not entered into any unquantifiable contingent liabilities by offering guarantees, indemnities or by giving letters of comfort.

14. Events after the end of the reporting year

There have been no events after the end of the reporting period, which have a material effect on these accounts other than the events noted below.

Adjusting event – 28 May 2025

On 28 May 2025, HMRC communicated an assessment of vat and associated interest covering VAT periods May 2021 to June 2024, regarding VAT recovered on certain information technology expenditure. An estimate of the VAT and associated interest had

previously been provided for as a liability. The estimate was revised following receipt of the assessment resulting in a net credit of £1.8 million being recognised in the SOCNE.

Non-adjusting event – 17 June 2025

As detailed in Part A – Our Strategic Objectives, on 17 June 2025 it was announced by the Cabinet Secretary for Health and Social Care that, as part of the Health and Social Care Service Renewal Framework, NSS and NHS Education for Scotland will be combined to create NHS Delivery. As a result, the Common Services Agency will become the legal basis for NHS Delivery and at this stage an estimate of the financial effect of this decision cannot be made.

15. Capital commitments

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

2023/24	Contracted	Property, plant and equipment	Intangible assets	2024/25
£'000		£'000	£'000	£'000
1,905	IT Equipment	-	-	-
513	IT Infrastructure	48	-	48
770	Medical Equipment	114	-	114
-	Property	1,350	-	1,350
3,188	Total	1,512	-	1,512

2023/24	Authorised but not contracted	Property, Plant and Equipment	Intangible assets	2024/25
£'000		£'000	£'000	£'000
-	Medical Equipment	1,912	-	1,912
267	Transport	1,223	-	1,223
635	Property	2,872	-	2,872
-	IT Infrastructure	555	260	815
902	Total	6,562	260	6,822

16 Right of use assets and liabilities

16a. Right of use assets (RoU)

		Land	Buildings	Plant and machinery	2024/25
		£'000	£'000	£'000	£'000
CURRENT YEAR					
Cost or valuation					
At 1 April 2024		572	48,685	628	49,885
Additions		-	-	1,818	1,818
Disposal		-	(259)	(628)	(887)
At 31 March 2025		572	48,426	1,818	50,816
Depreciation					
At 1 April 2024		30	12,782	603	13,415
Provided during the year		15	6,107	183	6,305
Disposal		-	(230)	(628)	(858)
At 31 March 2025		45	18,659	158	18,862
Net book value at 1 April 2024		542	35,903	25	36,470
Net book value at 31 March 2025	SOFP	527	29,767	1,660	31,954

		Land	Buildings	Plant and machinery	2023/24
		£'000	£'000	£'000	£'000
Prior Year					
Cost or valuation					
At 1 April 2023		572	46,934	627	48,133
Additions		-	4,239	1	4,240
Disposal		-	(2,488)	-	(2,488)
At 31 March 2024		572	48,685	628	49,885
Depreciation					
At 1 April 2023		15	7,408	301	7,724
Provided during the year		15	7,276	302	7,593
Impairment		-	586	-	586
Disposal		-	(2,488)	-	(2,488)
At 31 March 2024		30	12,782	603	13,415
Net book value at 1 April 2023		557	39,526	326	40,409
Net book value at 31 March 2024	SOFP	542	35,903	25	36,470

16b. Lease liabilities

	Land	Buildings	Plant and machinery	2024/25
	£'000	£'000	£'000	£'000
CURRENT YEAR				
Amounts falling due:				
Not later than one year	13	5,573	342	5,928
Later than one year, not later than two years	13	5,843	359	6,215
Later than two years, not later than five years	40	15,019	941	16,000
Later than five years	455	3,032	-	3,487
Balance at 31 March 2025	521	29,467	1,642	31,630
Current	13	5,573	342	5,928
Non-Current	508	23,894	1,300	25,702
	521	29,467	1,642	31,630

	Land	Buildings	Plant and machinery	2023/24
	£'000	£'000	£'000	£'000
PRIOR YEAR				
Amounts falling due:				
Not later than one year	13	6,121	23	6,157
Later than one year, not later than two years	13	5,578	-	5,591
Later than two years, not later than five years	40	17,795	-	17,835
Later than five years	469	6,099	-	6,568
Balance at 31 March 2024	535	35,593	23	36,151
Current	13	6,121	23	6,157
Non-Current	522	29,472	-	29,994
	535	35,593	23	36,151

Amounts recognised in the Statement of Comprehensive Net Expenditure

2023/24		2024/25
£'000		£'000
7,593	Depreciation	6,306
389	Interest expense	367
1,499	Non recoverable VAT on lease payments	1,289
586	Impairment on ROU asset taken to SOCNE	-
10,067	Total	7,962

Amounts recognised in the Statement of Cash Flows

2023/24		2024/25
£'000		£'000
389	Interest expense	367
6,762	Repayment of principal leases	6,310
7,151		6,677

Note 17. Commitments under PFI contracts – On balance sheet

NSS has entered into the following on balance sheet PFI projects.

Jack Copland Centre, 52 Research Park North, Heriot Watt University Research Park, Edinburgh, EH14 4BE. This is the national centre for the Scottish National Blood Transfusion service which had a contract start date of 2017 and ends in 2042.

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

Total obligations under on-balance sheet PFI contracts for the following periods comprises:

2023/24	Gross Minimum Lease Payments	Note	2024/25
£'000			£'000
2,747	Rentals due within one year		2,747
2,747	Due within one to two years		2,747
8,241	Due within two to five years		8,241
34,642	Due after 5 years		31,895
48,377	Total		45,630
	Less Interest Element		
(1,829)	Rentals due within one year		(1,770)
(1,770)	Due within one to two years		(1,707)
(4,917)	Due within two to five years		(4,703)
(11,390)	Due after 5 years		(9,897)
(19,906)	Total		(18,077)
	Present value of minimum lease payments		
918	Rentals due within one year	11	977
977	Due within one to two years	11	1,040
3,324	Due within two to five years	11	3,538
23,252	Due after 5 years	11	21,998
28,471	Total		27,553
	Service elements due in future periods		
1,370	Rentals due within one year		1,377
1,370	Due within one to two years		1,377
4,111	Due within two to five years		4,132
17,814	Due after 5 years		16,530
24,665	Total		23,416
53,136	Total Commitments		50,969
1,884	Interest charges	18b	1,829
1,317	Service charges		1,377
863	Principal repayment		918
4,064	Total		4,124

Note 18. Pension costs


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

The valuation carried out as at 31 March 2016 confirmed that an increase in the employer contribution rate from 14.9% to 20.9% was required from 1 April 2019 to 31 March 2023. The UK Government since confirmed that these employer rates would remain in place until 31 March 2024. In addition, member pension contributions over the period to 30 September 2023 have been paid within a range of 5.2% to 14.7% and have been anticipated to deliver a yield of 9.6%. The valuation carried out as at 31 March 2020 confirmed that an increase in the employer contribution rate from 20.9% to 22.5% will be required from 1 April 2024 to 31 March 2027. In addition, member pension contributions since 1 April 2024 have been paid within a range of 5.7% to 13.7% and have been anticipated to deliver a yield of 9.8%.

NSS has no liability for other employers' obligations to the multi-employer scheme.

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

- i. The scheme is an unfunded multi-employer defined benefit scheme.
- ii. It is accepted that the scheme can be treated for accounting purposes as a defined contribution scheme in circumstances where the NSS is unable to identify its share of the underlying assets and liabilities of the scheme.
- iii. The employer contribution rate for the period from 1 April 2024 is 22.5% of pensionable pay. The employee rate applied is a variable and is anticipated to provide a yield of 9.8% of pensionable pay.
- iv. While a valuation was carried out as at 31 March 2016, work on the cost cap valuation was suspended by the UK Government following the decision by the Court of Appeal (McCloud (Judiciary scheme)/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.

- v. NSS's level of participation in the scheme is 2% based on the proportion of employer contributions paid in 2023–24.

The NHS Pension Scheme (Scotland) 2015

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

The NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched continued to earn benefits in their current section. This affected members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date. All other members automatically joined the NHS 2015 scheme on 1 April 2015. Further information is available on the Scottish Public Pensions Agency (SPPA) web site at [NHS | SPPA](#)

National Employment Savings Trust (NEST)

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

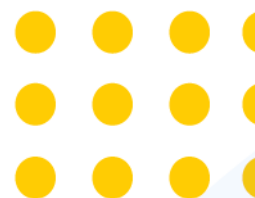
NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment. Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,270 but is reviewed every year by the government. The

current employee contribution is 5% of qualifying earnings, with an employer contribution of 3%.

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

NEST pension members can take money out of NEST at any time from age 55. If suffering from serious ill health or incapable of working due to illness members can request to take money out of NEST early. They can take the entire retirement fund as cash, use it to buy a retirement income or a combination. Additionally, members can transfer their NEST retirement fund to another scheme. NEST is run by NEST Corporation, a trustee body which is a non-departmental public body operating at arm's length from government and is accountable to Parliament through the Department for Work and Pensions.

	2024/25	2023/24
	£'000	£'000
Pension cost charge for the year	32,370	28,174
Additional costs arising from early retirement	174	84
Provisions/liabilities/prepayments included in the Statement of Financial Position	5,897	1,934



19. Financial instruments

(a) Financial instruments by category

Financial assets		Financial assets at fair value through OCI	Total
AT 31 MARCH 2025	Note	£'000	£'000
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions, VAT recoverable and amounts due from other boards	9	5,035	5,035
Cash and cash equivalents	10	6,232	6,232
Total		11,267	11,267
AT 31 MARCH 2024	Note	£'000	£'000
Assets per Statement of Financial Position			
Trade and other receivables excluding prepayments, reimbursements of provisions, VAT recoverable and amounts due from other boards	9	3,518	3,518
Cash and cash equivalents	10	5,873	5,873
Total		9,391	9,391
Financial liabilities			
AT 31 MARCH 2025	Note	£'000	£'000
Liabilities per Statement of Financial Position			
Lease Liabilities	11	31,630	31,630
PFI Liabilities	11	27,553	27,553
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income, superannuation and amounts due to other boards	11	107,961	107,961
Total		167,144	167,144

Financial assets		Financial assets at fair value through OCI	Total
AT 31 MARCH 2024	Note	£'000	£'000
Liabilities per Statement of Financial Position			
Lease Liabilities	11	36,151	36,151
PFI Liabilities	11	28,471	28,471
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income, superannuation and amounts due to other boards	11	84,171	84,171
Total		148,793	148,793

(b) Financial risk factors

Exposure to risk

The activities of NSS expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due
- liquidity risk – the possibility that the Board might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates

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

Credit risk

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

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

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

The utilisation of credit limits is regularly monitored.

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

Liquidity risk

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

The following 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.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
AT 31 MARCH 2025	£'000	£'000	£'000	£'000
Lease Liabilities	6,273	6,489	16,374	3,576
PFI Liabilities	2,747	2,747	8,241	31,895
Trade and other payables excluding statutory liabilities	107,946	15	–	–
Total	116,966	9,251	24,615	35,471
AT 31 MARCH 2024	£'000	£'000	£'000	£'000
Lease Liabilities	6,157	5,591	17,835	6,568
PFI Liabilities *	2,747	2,747	8,241	34,642
Trade and other payables excluding statutory liabilities	84,146	25	–	–
Total	93,050	8,363	26,076	41,210
* Restated – prior year financial statements disclosed discounted liability				

Market risk

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

- **Cash flow and fair value interest rate risk**

NSS 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.

- **Foreign currency risk**

NSS is not exposed to foreign exchange rates.

- **Price risk**

NSS is not exposed to equity security price risk.

c) Fair value estimation

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

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

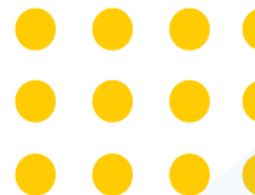
The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current HM Treasury interest rate that is available for similar financial instruments.

20. Related party transactions

NSS had various material transactions with other Scottish Government departments and other UK central government bodies.

NSS Board members have cross directorships with Queen Margaret University, Hall, Aitken Associates Ltd, the Scottish Centre for Children with Motor Impairments, Marie Curie charity, The Care Inspectorate, The Police Negotiating Board Scotland, The Study Conference Commonwealth, Dancesport Scotland, Potential in me and Puzzle Fit consulting. There are no material balances with these bodies in this financial year.

Direction by the Scottish Ministers



The Scottish Ministers, in exercise of the powers conferred by their functions under section 86(1) and (3) of, and paragraph 13 of the National Health Service (Scotland) Act 1978¹, in relation to the functions in that section which apply to The Common Services Agency by virtue of that Act as amended, and all other powers enabling them to do so, hereby DIRECT that:

The Common Services Agency must:

1. 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, The Common Services Agency must use the The Common Services Agency 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, The Common Services Agency 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 –
 - i. The NHSScotland Capital Accounting Manual
 - ii. The Manual for the Annual Report and Accounts of NHS boards and for Scottish Financial Returns
 - iii. The Scottish Public Finance Manual
4. A statement of accounts prepared by The Commons Services Agency 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. The Common Services Agency must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –
 - “financial year” has the same meaning as that given by Schedule 1 of the Interpretation Act 1978
 - “Government Financial Reporting Manual” means the technical accounting guide for the preparation of financial statements issued by HM Treasury

- “Manual for the Annual Report and Accounts of NHS boards and for Scottish Financial Returns” means the guidance on preparing annual accounts issued to NHS boards by the Scottish Ministers
 - “NHS Act 1978” means the National Health Service (Scotland) Act 1978 (c. 29)
 - “NHSScotland 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
 - “The Common Services Agency” is the body established under s.10A of staff of the National Health Service (Scotland) Act 1978
 - “The Common Services Agency Annual Accounts template” means the Excel spreadsheet issued by the Scottish Ministers as a template for their statement of accounts
 - “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

A handwritten signature in black ink, appearing to be 'R. McColl', with a long horizontal stroke extending to the right.

Dated 22 March 2022