NHS National Services Scotland

Annual Report and Accounts

For the year to 31 March 2026



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Part A: Overview



Performance Report

Performance overview

This Performance Report sets out the purpose of the Common Services Agency, (commonly known as NHS National Services Scotland (NSS) until 1 April 2026), the key risks to the achievement of our objectives and how we performed during 2025/26. Further detail 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 2025/26 NHS National Services Scotland (NSS) Annual Report. This is the final report under the name NHS National Services Scotland, as from 1 April 2026, we joined with NHS Education for Scotland (NES) to form Public Services Delivery (PSD) Scotland. This report highlights the valuable role that NSS has played across NHS Scotland over the past 12 months, building on the vital work we have delivered for many years.

Founded as the Common Services Agency in April 1974, our mandate was to provide national strategic support services and expert advice to Scotland's health sector. This continues to this day and will be the foundation for PSD Scotland. Many of our services remain the same as the day NSS was founded, including National Procurement, Central Legal Office and the Scottish National Blood Transfusion Service (SNBTS). We can't underestimate the role they have played for more than 50 years, and the importance of the services they will continue to deliver as we move forward with a vision to become Scotland's national enabler of transformation.

Our dedicated SNBTS teams ensure NHS Scotland has enough blood to meet the transfusion needs of patients in Scotland and make sure that blood, tissues and cells are available when patients need them 365 days of the year. National Procurement is the largest procurement organisation in the Scottish public sector and our team plays a critical role in ensuring hospitals and health centres have access to the medicines, equipment and

supplies they need to deliver safe and effective care.

As well as delivering these essential services, NSS has continued to change and evolve in line with new demands through the work of our teams such as those in NHS Scotland Assure and Digital and Security (DaS). NHS Scotland Assure was established to improve the safety, quality and sustainability of the healthcare-built environment across Scotland, bringing together expertise in infection prevention, engineering, construction, facilities management and sustainability. DaS specialise in managing and delivering national digital and data platforms, support services and cyber security across NHS Scotland.

PSD Scotland will build on the work of both NSS and NES as we drive digital innovation, workforce development and 'Once for Scotland' services to deliver efficient, equitable and future-ready health and social care.

As we reflect on our achievements during this financial year and our contribution to NHS Scotland over many years, we also look ahead to an exciting future as part of PSD Scotland. I retain my confidence in the ability of the teams from both NSS and NES 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 Annual Report and Accounts 2025/26 demonstrate the key role that NSS has played in delivering national solutions and services for NHS Scotland.

As we move to the next chapter for NSS as PSD Scotland we should reflect on the achievements over the past 12 months and throughout the history of the organisation.

Collaboration has been integral to the NSS way of working and will continue to be at the heart of the way PSD Scotland will work, providing national strategic support services and expert advice to Scotland's health and social care sector and beyond.

This is the very strong foundation upon which PSD Scotland will build, and I extend my gratitude to everyone who has supported us on this journey and who has ensured that NSS achieved this excellent performance outcome for 2025/26, under the leadership and guidance of my predecessor Mary Morgan.

I look forward to continuing to work in partnership to ensure that PSD Scotland maintains its essential role in the public sector in Scotland. Our focus is on reshaping support for the health and social care system across Scotland and helping partners deliver better outcomes for the people and communities they serve.



Professor Karen Reid

Chief Executive, Public Services Delivery Scotland

Purpose

The Common Services Agency, commonly known as NHS National Services Scotland (NSS) until 1 April 2026 and subsequently known as Public Services Delivery (PSD) Scotland is a public body, accountable to Scottish Ministers. The Common Services Agency has a mandate to provide national strategic support services and expert advice to Scotland's health and social care sector while maximising health impacts and cost savings.

The organisation 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:	£1,201 million
Workforce:	3,531 headcount which equated to 3,281 Whole Time Equivalent (WTE) staff
Sites:	20
Impact and value added:	£13.1 million in cash-releasing efficiency savings. £435.6 million of services provided on a recovery basis to territorial health boards. £2.1 billion of payroll administered by NSS on behalf of nine health boards. £3.5 billion payments to primary care contractors on behalf of Scottish Government and territorial health boards. £291 million procured on behalf of NHS Scotland. £350 million services nationally commissioned on behalf of NHS Scotland. £42.6 million secured savings and £26.4 million cost avoidance achieved by National Procurement. £8.3 million fraud recoveries and cost avoidance delivered in 2025/26.

Public Services Delivery Scotland

On 17 June 2025, the Scottish Government announced the publication of the Population Health Framework and the Health and Social Care Service Renewal Framework. As part of this framework NHS National Services Scotland (NSS) and NHS Education for Scotland (NES) would join to form a new organisation, and it was later agreed this organisation would be known as Public Services Delivery (PSD) Scotland.

As part of the creation of PSD Scotland, the National Health Service (Functions of the Common Services Agency) (Miscellaneous Amendments) (Scotland) Order 2026 was laid before Parliament on 23 January 2026 to enact the transfer of functions carried out by NES to the Common Services Agency on 1 April 2026. The Common Services Agency acts as the legal vehicle for PSD Scotland with the name NHS National Services Scotland (NSS) changing to Public Services Delivery (PSD) Scotland on 1 April 2026.

The Annual Report and Accounts has been signed by Professor Karen Reid as the Chief Executive of the Common Services Agency at the date of their approval. On 1 April 2026, the Common Services Agency changed its trading name from National Services Scotland to Public Services Delivery Scotland. This was also the date when Professor Reid took up her position as Chief Executive of the Common Services Agency. For the financial year 2025/26 covered by this report, Mary Morgan held the role of Chief Executive and was responsible for the performance of the Board throughout that period.



Our services

During the reporting year, we provided services and advice to the NHS and wider public sector in Scotland.

Since its inception, we have provided a wide range of national services that ensure health boards and other 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 NHS Scotland, 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 NHS Scotland. 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

National Service Division commissions a range of specialist and rare condition treatments to ensure equitable and affordable access to these services when needed.

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.

NHS Scotland Assure

We deliver a coordinated approach to the improvement of risk management and quality in the healthcare environment across NHS Scotland. 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 NHS Scotland 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 NHS Scotland 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 nine NHS Scotland 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 services.

Our strategy

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

We also play an important role by **underpinning** NHS Scotland with excellent services and **assisting** other organisations involved in health and social 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 2025/26.

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 NHS Scotland.



Climate sustainability

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

Service Excellence



Service excellence enables and underpins health and social care services across NHS Scotland. Examples of this work include:

- **Our Counter Fraud Services (CFS) team** saw £8.3 million fraud recoveries and cost avoidance delivered in 2025/26, exceeding the £4.2 million target.
- **Product availability from our National Distribution Service was 98.7%.** Product availability relates to the status of a product in our warehouses and whether it is available in stock and shipped to health boards and other customers.
- We were **awarded People Development Partner (PDP) status** by the Chartered Institute of Personal Development (CIPD). This recognition marks us as the first organisation headquartered and operating in Scotland to achieve the award and is a significant milestone for our HR team and their work across NHS Scotland.
- To improve blood provision for patients with Sickle Cell Disorder (SCD) in Scotland and address increasing demand for well-matched and rare blood types, **Scottish National Blood Transfusion Service (SNBTS) set up a national Blood Group Genotyping programme for patients**, enabling more accurate blood matching and safer transfusion, with over 75% of eligible patients participating.
- The **Sexual Assault Response Coordination Services (SARCS) Network**, supported by the National Services Division (NSD), produced support videos aimed at children and young people who may have experienced child sexual abuse and were referred for medical examination. The videos explain why a child or young person may require an examination and what to expect.
- Our **Primary and Community Care (PaCC) Directorate** paid all primary care contractors on time and to the required accuracy levels during 2025/26. Over 140 million registration and payment related transactions were received and validated resulting in more than £3.5 billion of payments made.
- **Screening Oversight and Assurance Scotland (SOAS)**, the national coordinator for the Scottish Cervical Screening Programme, developed a new pathway for Human Papillomavirus (HPV) testing enabling screening samples to be taken at home. This is designed to improve the screening uptake of those who have never attended screening or are more than six months overdue for their test.



- Our **ARHAI Scotland team** progressed advanced national guidance in Transmission Based Precautions descriptors (TBP). The programme positions NHS Scotland as a global leader in modernising and standardising TBP practice, strengthening foundations for consistent, risk-based precautions and supporting safer care.
- Our SNBTS team is supporting the **Scottish Government Infected Blood Inquiry (IBI) Oversight and Assurance Group** to implement the IBI Recommendations. In collaboration with other stakeholders, SNBTS is providing expertise across transfusion safety, education, digitalisation, clinical transfusion practice, SNBTS Transfusion Team workforce reform and hospital blood bank sustainability.
- The work of our Scottish Infected Blood Support Scheme (SIBSS) administrative team was recognised by **Nick Thomas–Symonds MP, Paymaster General and Minister for the Cabinet Office of the UK Government**, who expressed his gratitude for their extraordinary efforts in delivering further interim payments to the estates of deceased infected people. During the year, we made payments totalling £58.2 million to the beneficiaries of SIBSS. PSD Scotland will continue to support the scheme until its functions are transferred to the UK-wide Infected Blood Compensation Authority (IBCA), expected in February 2027.
- Our **Payroll Services team achieved the Chartered Institute of Payroll Professionals (CIPP)** Payroll Assurance Scheme accreditation, the first within NHS Scotland. Earning commendation from the CIPP Chief Executive for advancing payroll standards and serving nine NHS boards, the team processed more than 1.2 million payslips valued at £2.1 billion and is recognised for exceptional collaboration, adaptability and customer focus.
- The **Accelerated National Innovation Adoption project** established a national digital service to support Type 2 Diabetes remission across NHS Scotland. The service aims to benefit up to 1,000 users annually, enhancing patient outcomes, reduced medication dependency and more efficient digital pathways.
- Our **Point of Care Testing (PCOT) team** enabled health boards to safely introduce Point of Care Testing to provide rapid results. For example, a rapid cheek swab test can now help clinicians to identify the risk of hearing loss in newborns due to infection. The POCT team is assisting boards to adopt the new technology and support staff to screen effectively.

- Our **Primary and Community Care (PaCC) team** supported the delivery of the new General Ophthalmic Service (GOS) Specialist Supplementary Service, by further enabling independent prescribing (IP) optometrists and ophthalmic medical practitioners (OMPs) to manage acute anterior eye conditions in the community. The service was fully rolled out in January 2026.
- Our **Cyber Centre of Excellence (CCoE)** established a dedicated incident response function to strengthen national capacity to manage cyber incidents and support timely action to reduce potential impact on health services. We also enhanced our capacity to identify and manage cyber incidents including the introduction of a 24-hour incident triage service allowing our team to review and prioritise approximately 1,500 incidents per week.



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 2025/26 all statutory financial targets were achieved.

Financial planning

In March 2026, our Board agreed a balanced three-year revenue plan for financial year 2026/27 to 2028/29 and a balanced five-year capital plan for 2026/27 to 2030/31.

The financial plan is an important part of a wider strategic planning cycle which includes workforce planning and delivery plans. Initial integrated service planning at directorate level is built on at Executive level to focus on cross-cutting organisational themes to drive overall financial sustainability.

The unprecedented financial challenge across NHS Scotland and our reliance on non-recurring funding means our focus on financial sustainability is essential. NSS's focus during the year was not only to ensure full achievement of statutory financial targets in the year but to ensure balanced financial plans in the longer term through data driven integrated planning processes where the identification and delivery of recurring cash releasing efficiency savings across services is key.

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. Our service costing project is key to ensuring we better understand the cost drivers across our services to maximise opportunities and minimise risk. We have a Finance Charter which confirms the roles and responsibilities of delegated budget holders, and the support and tools to drive a robust financial management culture with cost consciousness. In the coming year, while ensuring business continuity, optimised practices for the future state of PSD Scotland will be developed.

Financial governance

The Corporate Governance Framework sets out the governance for the organisation.

This includes the:

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

The SFIs detail the financial responsibilities adopted by the organisation. Along with supporting policies and procedures, they ensure controls for financial and related activities are in place, so they are carried out in accordance with the law and Scottish Government policy.

The SFIs, read in conjunction with Board Standing Orders, the Scheme of Delegation and the Finance, Procurement and Performance Committee and Finance and Resource Committee Terms of Reference, inform the roles and responsibilities of financial decision-making. The SFIs are reviewed annually by the Executive Management Team (replaced by the Transitional Leadership Group on 1 April 2026), the Finance, Procurement and Performance Committee, Finance and Resource Committee and approved by the Board.

The organisation 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 the organisation to support delivery of our services.
- 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

Workforce Plan for 2024 to 2027

Our workforce plan for 2024-2027 has been in place for the last two years. 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 and skilled workforce, with attractive career choices, 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 (Transitional Leadership Group from 1 April 2026).

Anti-racism plan

We're progressing our anti-racism commitments through our Anti-Racism Plan, working with key stakeholders to address racialised health inequalities. To support this, we have created an NSS Anti-Racism SharePoint site offering staff access to the plan and learning resources.

iMatter

We launched the annual iMatter survey with 77% of our staff responding, a 3% decrease from the previous year. However, all other targets set within the Great Place to Work Plan were either met or exceeded. The category of 'Appropriately Trained and Developed' received an index rating of 79 which was two points above the target, and the highest index rating achieved for this governance strand since the iMatter survey started. 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 92% completion rate for all action plans.

Reduction in working week

We've implemented the national reduction in the working week for our Agenda for Change staff, progressing toward a 36-hour week from 1 April 2026. This change supports improved staff wellbeing and work life balance, enabling a more modern, flexible rostering approach across our services.

eRostering

We've implemented eRostering, a modern digital approach that streamlines roster, attendance and leave management. The system improves staff access to shift information supporting efficient workforce planning and safe staffing.

Recruitment

As part of our continuous improvement journey, we've launched a Recruitment hub via HR Connect, which brings together updated guidance and resources to make the recruitment process easier and more user-friendly for our hiring managers, candidates and applicants.



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."



Our reporting on climate-related financial disclosures is 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 and we comply with the TCFD recommendations and disclosures involving governance, risk management, metrics and targets.

Environment and Sustainability Strategy

The NSS Environmental and Sustainability Strategy 2022-2040 was approved in 2022 and is reviewed every five years. National Services Scotland Environmental and Sustainability Strategy 2022 - 2040. A comprehensive approach has been taken to understanding the implications of climate change on 'business as usual' operations, as well as during unexpected climate-related events.

Sustainability Governance

Our assurance goal has been managed through the Sustainability and Infrastructure Board (SIB), Finance, Procurement and Performance Committee (FPPC), non-executive Sustainability Champion and Executive Sustainability Lead.

Our NHS Scotland Assure Internal Sustainability team 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:

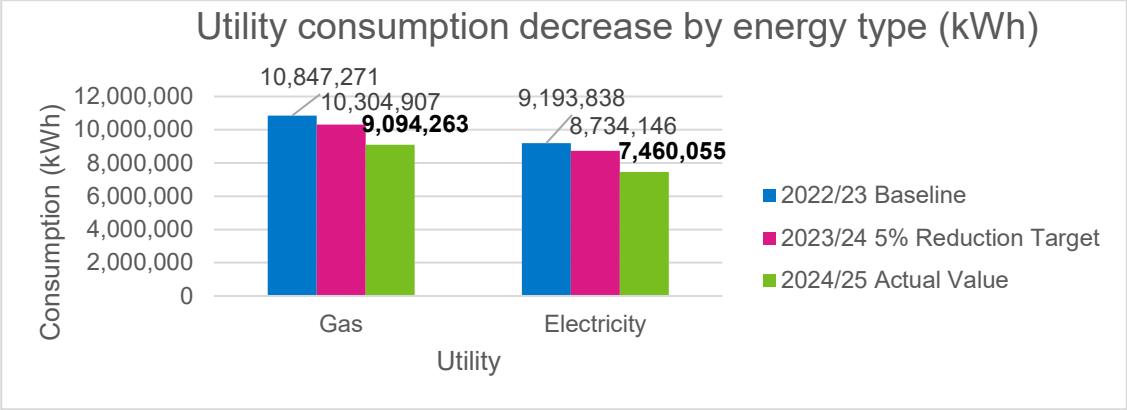
- Scottish Government targets for a net zero health service by 2040 and a policy for NHS Scotland on the Climate Emergency and Sustainable Development DL (2021) 38.
- NSS's Environmental and Sustainability Strategy 2022-2040, based on Scottish Government targets.
- NSS Annual Delivery Plan which sets 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.

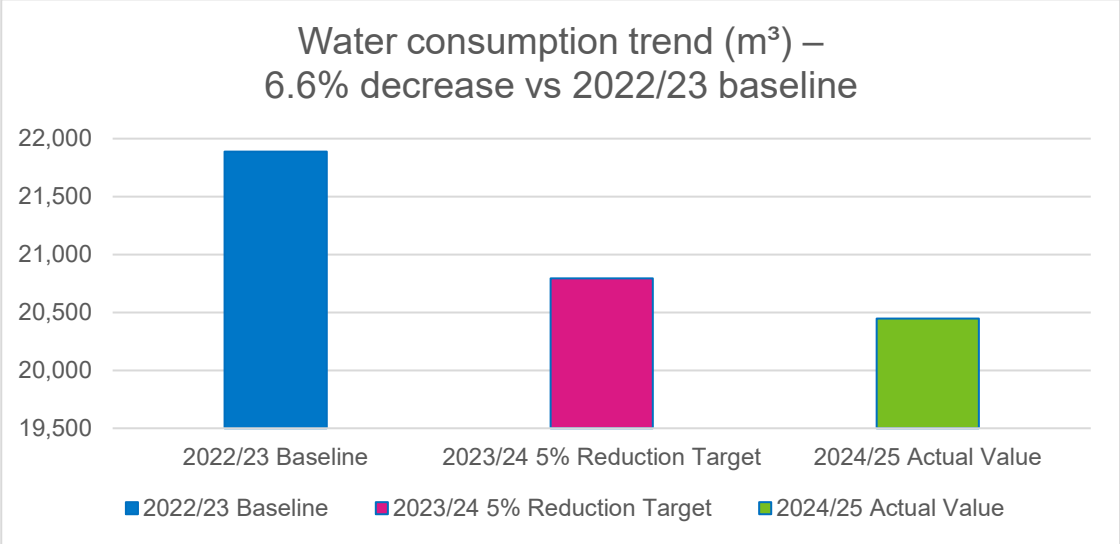
Table 1: Overview of NSS Utility Use Performance Indicators

	2022/23 (Baseline)	2023/24 (5% Reduction Target)	2024/25 (Actual Value)	2024/25 Percentage Decrease from Baseline (%)
Gas (kwh)	10,847,271	10,304,907	9,094,263	**(16.2%)**
Electricity (kwh)	9,193,838	8,734,146	7,460,055	**(18.9%)**
Water (m3)	21,888	20,794	20,447	**(6.6%)**
Fuel {SNBTS + Logistic} (Ltrs)	629,705	598,220	560,125	**(11.1%)**

Note: Data for 2025/26 was not fully available by the time of approval of the Annual Report.



2024/25 vs 2022/23 baseline: Gas down 16.2%, Electricity down 18.9%.



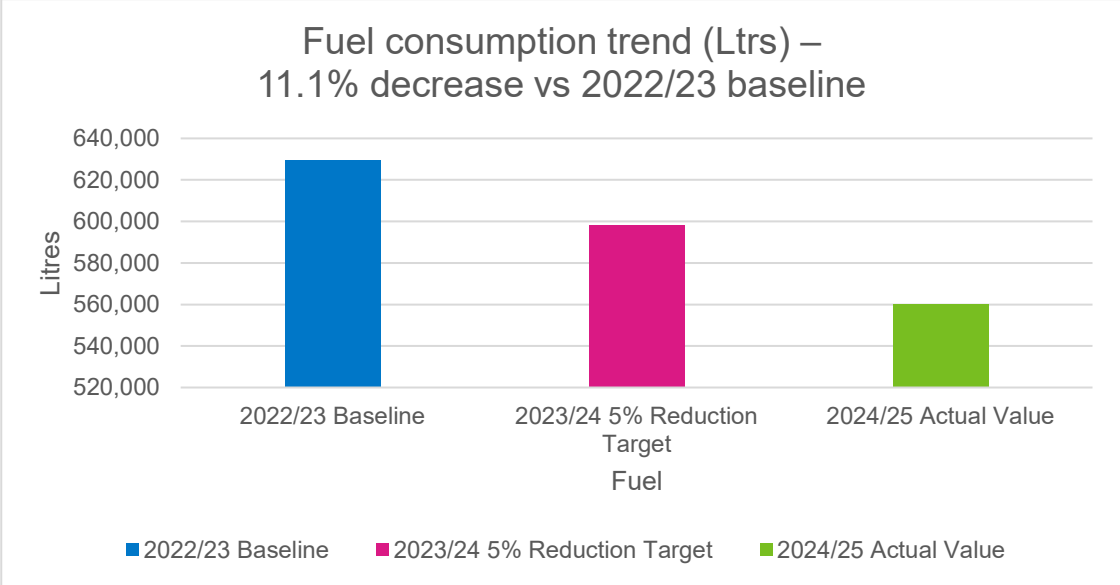
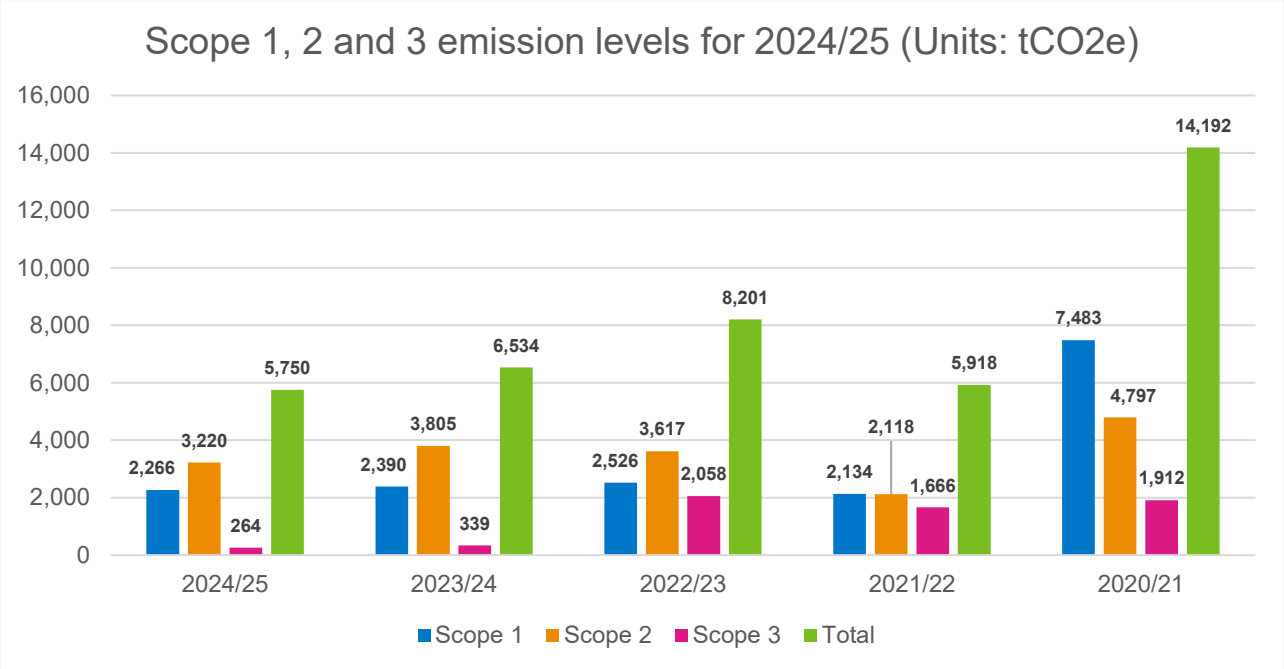


Table 2: Overview of the Public Bodies Climate Change Duties Reports Scope 1, Scope 2 and Scope 3 emission levels for 2024/25

Year	Scope 1	Scope 2	Scope 3	Total	Units
2024/25	2,266	3,220	264	5,750	tCO2e
2023/24	2,390	3,805	339	6,534	tCO_2e
2022/23	2,526	3,617	2,058	8,201	tCO_2e
2021/22	2,134	2,118	1,666	5,918	tCO_2e
2020/21	7,483	4,797	1,912	14,192	tCO_2e



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 tCO_2e.

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.

Scope 1, Scope 2 and Scope 3 Green House Gas (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 2024/25.

Table 3: Overview of Scope 1, Scope 2 and Scope 3 emissions for NSS in 2024/25

Scope	Source	Emissions (tCO_2e)	Risks
1	HGV Fleet vehicles (km)	2,183.6	Regulatory, Reputational, Operational
1	Water Treatment	3.2	Compliance, Operational, Environmental
2	Electricity Consumption	1,556.6	Compliance, Financial, Reputational, Supply Chain
	Gas Consumption	1,663.3	
3	Waste (including Clinical Waste)	30.8	Environmental, Cost, Regulatory, Reputational
3	Electricity Transmission and Distribution	137.6	Efficiency, Cost
3	Water Use	1.6	Resource, Operational

Sustainability risk management

A structured and integrated approach has been developed 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. 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.

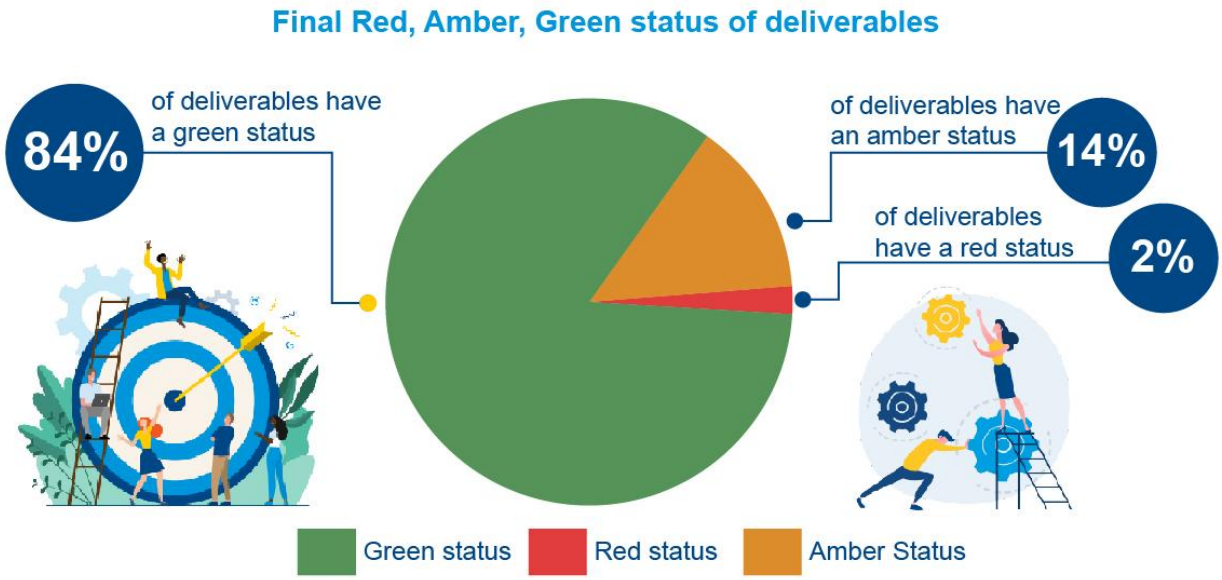
Performance Analysis

Our performance against key non-financial targets

Our Annual Delivery Plan in 2025/26 focused on NHS Scotland priorities and was designed to support our strategic aims of underpinning NHS Scotland services.

Milestones achieved or on track (green)

We achieved 84% of our plan, which equated to 36 of the 43 deliverables – outlined in the infographic below. This compares with 34 out of 38 deliverables achieved in 2024/25.



Annual Delivery Plan

Within the 2025/26 Annual Delivery Plan (ADP), we achieved 36 deliverables. Six are amber (behind schedule) and one is red (not achieved). Of the 36 deliverables that have been achieved, examples of achievements are as follows:

- £42.6 million in secured savings and £26.4 million in cost avoidance achieved by our National Procurement team.
- £3.5 billion of payments made to primary care contractors with 99.9% accuracy and 98% on time.
- Our SNBTS team met the target of 20% self-sufficiency in immunoglobulin and 75% in albumin by end 2025/26 to ensure the supply of plasma from the whole blood and plasmapheresis donor programmes. This secured the provision of UK Plasma Derived Medicinal Products.
- As part of a three-year agreed survey programme, our NHS Scotland Assure team met the target to deliver Reinforced Autoclaved Aerated Concrete (RAAC) surveys for NHS Scotland buildings and have delivered training for NHS boards.
- We implemented the eRostering system within the organisation which is a ‘Once for Scotland’ system for managing staff rosters.
- The national vaccination digital solutions continued to be managed with population level appointment scheduling and booking service for the spring COVID-19 vaccination campaign and the autumn/winter COVID-19 and flu vaccination campaign.
- We led the introduction of an effective governance system to improve NHS Scotland's clinical transfusion practice and drive improvements in patient blood management and the quality and safety of the clinical transfusion process in line with Infected Blood Inquiry recommendations.
- We established a programme of work to implement the introduction of lung cancer screening. This is subject to direction and funding from Scottish Government and includes consideration of IT requirements, initiating a programme of work to deliver the Computed Tomography (CT) screening part of the pathway, engaging with a programme of work in Manchester to see a live screening programme in action and scoping a model of service.
- Our Digital and Security service completed the transition of over 5,000 sites across Scotland to the new Scottish Wide Area Network (SWAN) services. This included more than 90 public sector organisations from schools and hospitals, now benefitting from increased bandwidth, reduced costs and improved service.

- SNBTS maintained blood supply and met the clinical demand of three days' supply of blood at all times. The number of whole blood donors decreased from approximately 96,000 to 92,000 in the reporting period. This is partly offset by an increase in plasma donors during this time, with platelet donors continuing to donate at an average of 1,100.
- On 23 March 2026, Scotland became the first part of the UK to introduce newborn bloodspot screening for spinal muscular atrophy (SMA), a rare genetic condition. Earlier diagnosis should enable prompt clinical assessment and treatment, improve outcomes and ensure families receive timely support.
- Significant progress has been made in the development and testing of processes to support population-level planning by our National Services Division (NSD) team, working with a range of stakeholders to identify current and future need, demands, access and consistent intelligence to inform national and regional planning decisions.
- Building on population health analysis and clinical intelligence, our NSD team led work to support the development of optimal operating models for highly specialised services such as vascular services and thrombectomy services, including structured assessment of service demand, capacity, workforce, and interdependencies across the system.
- We worked to enable the move to form a new organisation – Public Services Delivery Scotland. A project plan was put in place to deliver readiness for the new organisation. This was successfully implemented by 1 April 2026.

Deliverables behind schedule are as follows:

- Our final year to date sickness absence rate was marginally above the 4% standard at 4.35%. Our HR team is working with managers to support attendance matters and progress cases in line with policy while also providing regular absence reports to managers and ensuring there are regular discussions between HR and Occupational Health to keep delays to a minimum.
- The target to reduce waste by 15% against the 2014/15 baseline was not achieved, reflecting the changes associated with estate growth, increasing from 12 in 2014/15 to 20 estates in 2025/26. In 2025/26, year to date at Quarter 3, 133 tonnes were generated across residual, recycling, cardboard, glass, food and plastics waste streams. A change in waste contractor during the year has improved data quality and reporting.

  The target to limit domestic waste sent to landfill has been achieved, with no domestic waste going to landfill in 2025/26. Due to the contractor change, it has not been possible to confirm whether 70% of domestic waste was recycled or composted;

however, most of the waste is diverted to recycling or energy-from-waste. Performance against the food waste target was strong, with an 82% reduction achieved against the 2015/16 baseline, exceeding the 33% reduction target.

- The NHS Scotland Business Systems Programme is a multi-year programme to be completed by 2028 and remains in progress, with some timeline adjustments required due to legal and procurement considerations. The programme is expected to be delivered by the 2028 deadline.

- The Picture Archiving and Communication system (PACS) stores, retrieves and manages medical records. There have been challenges within the programme relating to data migration, given a move to a new supplier, and migration has started slower than expected, meaning NHS boards have not gone live yet. The programme continues to work to resolve issues and progress towards moving forward with delivery by the new supplier.

- The National IT Contract (NITC) Futures programme supports NHS Scotland to mobilise efforts to reprovision from the NITC. The contract ends in 2028, all applications and services are being tracked in relation to preparation for their exit, and resource challenges within the programme have been overcome. However, funding is required and service delivery impacts on readiness preparations.
- Provision of a new Document Management and Workflow (DMW) solution within Primary Care in Scotland. The programme is reporting amber due to previous supply constraints, however we are continuing to work with the supplier on a deployment schedule. Some trial migrations have been completed for a plan for an initial deployment site.

One deliverable was red or not achieved.

- While the target to rebuild the blood donor base and increase active donors has not yet been fully met, the whole blood donor base and overall blood supply remain stable at around 92,000 donors. Encouraging progress continues in plasma donation, with educational sessions increasing by 20%, supporting growth in the plasma donor base.

  The number of people donating blood from ethnic minority communities is also increasing, with further targeted opportunities planned for 2026/27 to re-engage lapsed donors and build on this momentum.

Financial performance

The Scottish Government sets three financial targets 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)	737,991	737,373	618
Non-core Revenue Resource Limit (RRL)	17,667	17,660	7
Total Revenue Resource Limit (RRL)	**755,658**	**755,033**	**625**
Capital Resource Limit (CRL)	18,295	18,189	106
Cash Requirement	760,732	760,729	3

Memorandum for in-year outturn		£000
Core Revenue Resource Surplus in 2025/26		618
Financial flexibility funding banked with / (provided by) Scottish Government		–
Underlying surplus against Core Revenue Resource Limit		618
Percentage		**0.1%**

A three-year financial plan was submitted to Scottish Government by NSS on 18 March 2026. A letter was issued by Scottish Government in response to NSS' financial plan on 25 March 2026. Excluding the provision of financial flexibility provided by Scottish Government, the outturn was an underspend on RRL of £0.6 million (equivalent to 0.08%).

As instructed by Scottish Government in March 2026, NSS have treated £44.4 million of Capital Annually Managed Expenditure (CAME) relating to the payments made in 2025/26 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 £755.7 million (2024/25: £791.1 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 £755.0 million (2024/25: £790.6 million) resulting in a surplus for the year of £0.6 million (2024/25: £0.5 million).

Within net expenditure for the year, NSS earned operating income of £445.7 million (2024/25 £427.1 million) which offset against total revenue expenditure in the year of £1,200.7 million (2024/25 £1,217.9 million).

The revenue expenditure decrease in the year of £17.2 million was driven by a decrease in the value of payments made to beneficiaries of the Scottish Infected Blood Support Scheme during 2025/26 of £70.0 million, offset by an increase in National Services Division commissioned services by £18.4 million, increased Digital costs of £15.0m and increased employee expenditure in the year of £12.3 million.

Services provided to NHS Scotland

NSS provided services to NHS Scotland for which the income and expenditure for 2025/26 of £3,358.4 million (2024/25 £3,188.1 million) is recognised in the accounts of the NHS boards. These included payments to primary care contractors on behalf of NHS Boards in Scotland of £3,497.4 million (2024/25 £3,330.0 million), the procurement and central payment of maintenance invoices for high value imaging and associated equipment of £3.7 million (2024/25 £3.7 million) and rebates from pharmaceutical suppliers on behalf of NHS Scotland of £142.7 million (2024/25 £145.6 million).

Non-current assets – capital expenditure

During the year NSS invested £13.4 million (2024/25 £9.0 million) in capital projects.

NSS continued its investment in 2025/26 in the Community Health Index programme and investment in data centre equipment for £3.5 million.

Further investment of £9.9 million includes plant and equipment to support the Scottish National Blood Transfusion Service and purchase of breast screening equipment.

Cash and cash equivalents

The cash and cash equivalents balance at the 31 March 2026 was £5.4 million, a decrease of £0.9 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 £0.6 million to £23.3 million (2024/25 £22.7 million). Further details on provisions are disclosed in note 12.

Contingent liabilities

Contingent liabilities not provided for in the accounts total £0.9 million (2024/25: £0.6 million). These are clinical and medical compensation payments and employer liability and are disclosed in note 13.

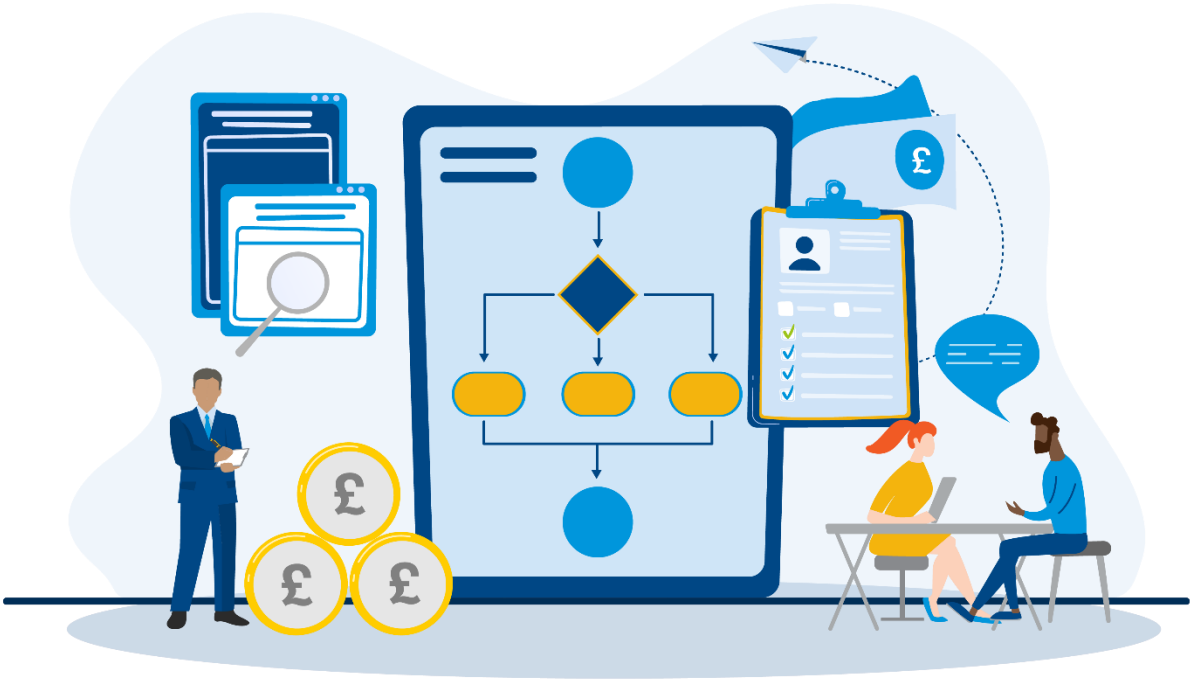
Private Finance Initiative (PFI) and Public Private Partnership (PPP) scheme

The value of the related asset for the Jack Copland Centre on the statement of financial position is £37.5 million (see note 7c). 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 2025/26, the average period of credit taken from all suppliers was seven days (2024/25 nine days).
- In 2025/26, NSS paid 87.0% (2024/25 87.2%) of all invoices by value and 86.2% (2024/25 87.0%) of all invoices by volume, within ten days.
- In 2025/26, NSS paid 95.6% (2024/25 95.6%) of all invoices by value and 95.4% (2024/25 95.0%) of all invoices by volume, within 30 days.



Key risks and issues

We have undertaken a comprehensive review of our Risk Strategy, Approach and Risk Appetite documentation, engaging with stakeholders and taking on board documented best practice within this review.

Our Risk Strategy sets out the benefits and objectives for risk management with a supporting framework (our Integrated Risk Management Approach) that will ensure all elements of a risk management system are in place. The strategy also defines roles and responsibilities. The approach (Integrated Risk Management Approach) details the process of how we deal with risks within the organisation. Our Risk Appetite statement describes the organisation's attitude towards risk taking and defines the amount of risk an entity is willing to accept or retain in order to achieve its objectives.

We have identified 10 strategic risks developed by the Executive Management Team and the 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:

- of being unable to deliver effective services for its users leading to a negative impact on NHS Scotland health outcomes and NSS credibility.
- that the organisation could be the subject of a cyber-attack resulting in critical loss of service, loss of data, or serious adverse event impacting clinical safety.
- that harm or low-quality care may occur to patients or service users resulting in poor outcomes.
- of failure to meet appropriate corporate legal, governance and regulatory requirements.
- that the organisation does not meet statutory requirements and requests from public inquires 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:

- of being unable to deliver our statutory obligation to deliver services within approved funding limits, whilst delivering cash releasing efficiency savings targets.
- of being unable to deliver the planned benefits, including service improvements and cost reduction, from the NHS Scotland national programmes it has been tasked to deliver.
- of being 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 the organisation will have 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 the organisation does not reduce its impact on the environment in line with climate change targets.

These risks are held on the organisational 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.



Stakeholder engagement

We supported public sector engagement initiatives across a variety of our services, including:

- The Scottish Government's announcement of the **Health and Social Care Service Renewal Framework by First Minister John Swinney, accompanied by Cabinet Secretary for Health and Social Care, Neil Gray MSP**, was held at our Jack Copland Centre, SNBTS headquarters. The state-of-the-art facility is the central blood, tissue and cell processing and testing facility for Scotland.





- **The Royal College of Nursing joined us at the National Procurement National Distribution Centre, Canderside.** During the visit, guests toured the warehouse and heard presentations on the symbiotic relationship between health sector procurement and nursing profession.



- We welcomed **Cabinet Secretary for Health and Social Care, Neil Gray MSP**, to the Cyber Centre of Excellence (CCoE), based at Abertay University's CyberQuarter. Mr Gray was welcomed by our CCoE staff and digital leaders who gave an overview of the centre and its role in advancing Scotland's Health and Social Care Data Strategy.



- The **Minister for Public Health and Women's Health, Jenni Minto MSP,** visited Edinburgh Royal Infirmary to learn more about our Plasma for Medicines programme. The visit coincided with the first NHS Scotland patients in a generation starting to receive plasma derived medicines made from the plasma of UK donors.

Our values in action

Planning with people



There is an agreed approach in place for public involvement and participation to ensure we implement the legal requirements including our commitment to the Equality Act, Public Sector Equality Duty 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 human rights

Equality, inclusion, and human rights are key drivers for all our services and service improvements.

We carried out a review of our approach to the Equality Impact Assessment process. Following this review, we implemented revised guidance and new tools for our workforce to ensure that the process is embedded across all our service areas.

We continue to work collaboratively with our stakeholders involving them in our Equality Impact Assessment process publishing the outcomes of this work.

We publish our equal pay statement, pay gap report, our equality outcomes report and our mainstreaming equality report demonstrating our commitment to equality and inclusion.

We are progressing with our Anti-Racism Plan, which is available to view on our website. NSS Anti-Racism Plan | National Services Scotland.

All our equality reports can be found here equality - Publications | National Services Scotland.

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 for staff and to recognise the contribution they 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, can raise concerns, in line with the National Whistleblowing Standards. This includes bank and agency workers, contractors (including third sector providers), trainees and students, volunteers, and anyone working alongside our staff. We aim to be transparent about how we handle concerns and highlight actions and improvements to our services. Our latest annual whistleblowing report is available on the organisation website.

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. Examples of this include issues around bullying and harassment, grievance, whistleblowing, equality, or wellbeing concerns.

Fraud prevention

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

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 NHS Scotland Counter Fraud Standard in April 2022, we're working

with Counter Fraud Services (CFS) colleagues to maintain or progress the 12 components required to achieve full compliance with the standard.



Karen Reid

Prof Karen Reid

Chief Executive, Public Services Delivery Scotland

26 June 2026

Accountability report

Corporate governance report

Directors report

Date of issue

The Accountable Officer authorised these financial statements for issue on 26 June 2026.

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 Board of the Common Services Agency is a board of governance whose membership will be conditioned by the functions of the Board. Members of the 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 Board has collective responsibility for the performance of the organisation and reflects the partnership approach which is essential to improving health and health care.

On 1 April 2026, the NSS Board was updated to become the Public Service Delivery Scotland Board.

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
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	Current Term End
Mary Morgan	Chief Executive	01/04/21	31/03/2026
Carolyn Low	Director of Finance, Corporate Governance and Legal Services	01/09/14	31/03/2026
Dr. Sharon Hilton-Christie	Medical Director	08/04/24	31/03/2026

Following the transfer of functions from NHS Education for Scotland and the creation of Public Services Delivery Scotland on 1 April 2026, the following joined the Board of the Common Services Agency on that date; Jean Ford, Shona Cowan, Olga Clayton, Annie Gunner Logan, George Valiotis, Prof Karen Reid and employee director, Lynnette Grieve.

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, the Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Board as at 31 March 2026 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

- Apply on a consistent basis the accounting policies and standards approved for NHS Scotland by Scottish Ministers;
- Make 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 the organisation will continue to operate.

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

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

Board members' and senior managers' interests

Details of any interests of Board members, senior managers and other senior staff in contracts or potential contractors with the organisation, 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 2025/26 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, the full information as required by the act is published on the NSS website following the approval of the Directors Report and Accounts. The report for 2025/26 will be available from August 2026 on the Public Services Delivery Scotland website.

The Consumer Scotland Act 2020

The Common Services Agency, known as Public Services Delivery Scotland from 1 April 2026, is a relevant public authority for the purposes of the Consumer Scotland Act 2020. When making decisions of a strategic nature about how it exercises its functions, PSD Scotland has regard to the impact of those decisions on consumers in Scotland and to the desirability of reducing harm to consumers.

PSD Scotland considers how procurement strategies and commercial decisions may affect consumers, including users of public services and small businesses. As an Anchor Institution, PSD Scotland also has regard to the role of procurement in supporting local and Scottish-based suppliers and in contributing to resilient and sustainable public services. Through national procurement activity, PSD Scotland supports small, local, and Scottish-based suppliers where appropriate, embeds community benefits and Fair Work principles within regulated procurements, and seeks to deliver wider social and economic value alongside value for money.

Under the name of Public Services Delivery Scotland, the organisation will continue to keep its approach to meeting the Consumer Duty under review and will publish information annually on the steps taken to comply with the Duty.

Personal data related incidents reported to the Information Commissioner

In 2025/26 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 the Common Services Agency.

This designation carries with it responsibility for:

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

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

- Observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the 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 2026.

Governance statement

Scope of responsibility

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

I confirm that the organisation 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 Member of the organisation and Non-Executive Members. The Board minutes are publicly available at https://publicservicesdelivery.scot/https://publicservicesdelivery.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 organisations Standing 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.

As described on page 10, up until 31 March 2026, the Common Services Agency was commonly known as NHS National Services Scotland. On 1 April 2026, the National Health Service (Functions of the Common Services Agency) (Miscellaneous Amendments)

(Scotland) Order 2026 became effective which had the effect of transferring the functions carried out by NHS Education for Scotland (NES) to the Common Services Agency. The Common Services Agency acts as the legal vehicle for Public Services Delivery Scotland.

The changes made to the governance arrangements for the Common Services Agency from 1 April 2026 are outlined in the following sections.

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 the organisation. The system aims to evaluate the nature and extent of risks and manage risks efficiently, effectively and economically.

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

This process within the organisation 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 NSS 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 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 existed in NSS and the number of times the committees have met during the year:

Committee	Number of meetings 2025/26	Number of meetings 2024/25
Audit and Risk	5	6
Finance Procurement and Performance	5	5
Clinical Governance	4	4
Staff Governance	4	4
Remuneration	2	2
Total	**20**	**21**

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 (term ended 25 June 2025). The Chief Executive, Director of Finance, Corporate Governance and Legal Services, Director of Primary and Community Care, Strategy, Performance and Service Transformation, Internal Auditors, External Auditors and Service Auditors were also usually in attendance at the meetings along with other members of NSS staff as required. The Committee met five times during the year.

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 Board.

The Committee also considers and scrutinises 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.

From the 1st of April 2026, the Audit and Risk Committee was Chaired by Jean Ford with membership comprised of Paul Buchanan, Shona Cowan, Gordon Greenhill, and Beth Lawton. The Committee is routinely joined by the Chief Executive and relevant officers as required. The Executive Director of Finance, Corporate Governance and Legal Services and the Executive Director of Finance serve as Executive Leads for the Committee.

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, and Keith Redpath. John Innes, a Non-Executive Director of NHS Lothian, was co-opted to the Committee for a period of up to one year, with his appointment formally approved by the NSS Board at its meeting on 27 June 2025. The Chief Executive, Director of Finance, Corporate Governance and Legal Services and Director of Primary and Community Care, Strategy, Performance and Service Transformation, were 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 in November 2025 for approval of specific papers).

The Committee regularly scrutinised the financial position of NSS, procurement and sustainability activity and performance management, and provided assurance to the 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.

As the organisation migrated from NSS to Public Service Delivery Scotland, the Finance, Procurement and Performance Committee ceased to operate as a Standing Committee of the Board, being replaced by the Finance and Resource Committee. From the 1 April 2026, the Finance and Resource Committee was Chaired by Gordon Greenhill with membership comprised of Annie Gunner-Logan, Lisa Blackett, Paul Buchanan, Olga Clayton, Keith Redpath. The Committee is routinely joined by the Chief Executive and relevant officers as required. The Executive Director of Finance, Corporate Governance and Legal Services and the Executive Director of Finance, along with the Director of Primary & Community Care, Strategy, Performance & Service Transformation serve as Executive Leads for the Committee.

The Commercialisation Steering Group Sub-Committee

At their meeting on 27 June 2025, the NSS Board approved the establishment of the Commercialisation Steering Group. The group was established to operate on behalf of the Board on matters relating to proposals which require strategic scrutiny, advice or approvals which cannot be accommodated in the normal Board or relevant Standing Committee cycle. The group provided regular reports to the Finance, Procurement and Performance Committee for oversight.

The steering group was chaired by Keith Redpath, its membership consisted of Gordon Greenhill, Maria McGill and John Innes. The Director of Finance, Corporate Governance and Legal Services, Chief Executive, Director of the Scottish National Blood Transfusion Service (SNBTS) and Head of Business Development, SNBTS, were regularly in attendance. The Steering Group met four times in the year, operating from 27 June 2025 to 28 October 2025. The group agreed to disband at their meeting of 28 October 2025.

Clinical Governance Committee

The Clinical Governance Committee was chaired by Alison Rooney until her term ended on 25 June 2025, after which time is has been chaired by Maria McGill. The Committee is comprised of Lisa Blackett, Professor Arturo Langa, Beth Lawton, Maria McGill, and Keith Redpath. The Chief Executive, Executive Medical Director and the Nurse Director were 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 including complaints, clinical risk, and quality of clinical service. It must also satisfy itself that each 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).

From the 1 April 2026, the Clinical Governance Committee was chaired by Maria McGill with membership comprised of Olga Clayton, Arturo Langa, Keith Redpath, and George Valiotis. The Committee is routinely joined by the Chief Executive and relevant officers as required. The Director of Nursing and the Executive Director of Nursing, Midwifery and Allied Health Professionals and the Executive Medical Directors serve as the Executive Leads for the Committee.

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 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 the organisation 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.

From the 1 April 2026, the Staff Governance Committee was chaired by Lisa Blackett with membership comprised of Ian Cant, Shona Cowan, Lynnette Grieve, Arturo Langa, and Keith Redpath with David Allen, Tam Hiddleston, Gerry McAteer, James McCann, and Alex Morrison as Trade Union representatives. The Committee is routinely joined by the Chief Executive and relevant officers as required. The Director of Human Resources and Organisational Development and the Director of People & Culture serve as the Executive Leads for the Committee.

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 (term ended 25 June 2025). 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 64).

From the 1 April 2026, the Remuneration Committee was chaired by George Vallotis with membership comprised of Lisa Blackett, Ian Cant, Lynnette Grieve, and Keith Redpath. The Committee is routinely joined by the Director of Human Resources and Organisational Development and the Director of People and Culture to receive professional advice. The Chief Executive Officer is also regularly invited. Other officers may be invited to attend meetings as required.

Service and Digital Transformation Committee

At the inaugural meeting of Public Service Delivery Scotland Board, the Service and Digital Transformation Committee was established. The Committee holds the portfolio governance for service redesign, digital transformation, data analytics enablement, technology development and assurance, and benefits realisation.

From the 1 April 2026, the Service and Digital Transformation Committee was chaired by Paul Buchanan with membership comprised of Jean Ford, Gordon Greenhill, Annie Gunner Logan, George Valiotis and Keith Redpath. The Committee is routinely joined by the Chief Executive and members of the Transitional Leadership Group. The Director of Planning, Performance and Transformation and the Director of Primary & Community Care, Strategy, Performance & Service Transformation along with the Director of the Technology Service and the Director of Digital and Security serve as Executive Leads for the Committee.

Education Committee

At the inaugural meeting of Public Service Delivery Scotland Board, the PSD Scotland Board established the Education Committee. The Committee ensures that statutory and regulatory requirements for health and social care education and training are being met. It monitors quality, performance, and impact of education programmes through thematic and directorate reviews, accreditation and regulator feedback. The Committee also oversee the NHS Scotland Academy governance and annual reporting and assures the appropriate application of education research governance.

From the 1 April 2026, the Education Committee was Chaired by Olga Clayton with membership comprised of Shona Cowan, Arturo Langa, Maria McGill, and Keith Redpath. The Committee is routinely joined by the Chief Executive and members of the Transitional Leadership Group. The Director of Nursing and the Director of Nursing, Midwifery and Allied Health Professionals and Transitional Leadership Group Medical Directors serve as Executive Leads for the Committee.

Ethics Committee

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

Operation of the Board

Our 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:

- Our vision is to be integral to Scotland's health and social 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 the organisation 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.
- The NSS Annual Delivery Plan (ADP) for the financial year was agreed with the Scottish Government at the beginning of 2025/26. The ADP required NSS to set out our operational priorities and key deliverables. Progress against these commitments was monitored and reported quarterly to the Finance, Procurement and Performance Committee, the NSS Board and Scottish Government.
- The NSS Board reviewed, 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, the Scheme of Delegation, and the Board Assurance Framework. These documents are the focus of the Board's annual review of governance arrangements. Under usual circumstances, the Board review the Corporate Governance Framework at their quarter four meeting to inform the business of the coming year however, due to the merger of NSS and NES, a new Corporate Governance Framework for Public Service Delivery Scotland was drafted and approved by the PSD Scotland Board at their inaugural meeting on 2 April 2026.
- 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 held Board Seminar and Committee Seminar meetings during the year. 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. In 2025/26 this was reviewed by the Finance, Procurement and Performance Committee on 10 March 2026 via the Best Value Duty Report for 2024-2026.
- 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, Strategy, Performance and Service Transformation on service excellence and organisational performance; the Director of NHS Scotland 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 provided regular progress reports to the NSS Board which delegated this responsibility to the Finance, Procurement and Performance Committee.
- 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 the organisation, 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. The commitment to partnership working and engagement will continue in PSD Scotland.
- There is 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 and guidance on these processes are also available on the NSS intranet and will continue to be accessible to staff as part of PSD Scotland.

- There is a well-established complaints system in NSS, 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 organisation's website. PSD Scotland also provides the public with a means to complain about any of its services on its website.
- There is a clear process in place for the review of 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 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 2025/26 attendance.

Board Member Attendance

*In attendance only.

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

Alison Rooney	1	2	1	n/a	1	n/a

- The organisation 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 (Transitional Leadership Group from 1 April 2026) 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 / Transitional Leadership Group. 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 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 provide a conclusion on the design and operating effectiveness of controls covering four areas; governance, risk management, financial reporting and management and data captured and used by the organisation.

For the areas of governance, risk management and financial reporting and management, the annual report found some controls to be effectively designed with some exceptions and testing showed controls are operating effectively. For data captured and used by the organisation, the report found some controls to be effectively designed with some exceptions, and testing showed the need to improve the operating effectiveness of controls. Detailed actions with a specified action owner and agreed timeline for each action have been agreed and will be tracked and reported on by Internal Audit during 2026/27.

The internal audits carried out in 2025/26 were:

Core Financial Controls – Payment Verification

An internal audit reviewed the design and operating effectiveness of NSS payment verification controls across NHS Scotland primary and community care payment streams. The review assessed compliance with the Scottish Government Payment Verification Protocol and related policies, value for money and process efficiency, and the consistency of end-to-end verification arrangements, alongside governance, reporting and coordination with Counter Fraud Services. The audit concluded that the payment verification framework provided significant assurance with minor improvement opportunities, with no significant weaknesses identified. Opportunities for improvement resulted in one medium and one low priority recommendation, primarily relating to enhancing process efficiency, strengthening the clarity and completeness of reporting, and further improving coordination and accountability with counter fraud arrangements.

Digital and Security – Income Recovery

An internal audit review of income recovery within the Digital and Security directorate assessed the design and operating effectiveness of controls across allocations, payment on behalf arrangements, purchase orders and internal recharges. The review found that controls supporting allocations and payment on behalf arrangements were generally effective; however, weaknesses were identified in the management of purchase orders and internal recharges, including the absence of central oversight, a consolidated view of recoverable income and formally documented procedures, together with limitations arising from the use of generic day-rate costing. The audit concluded with partial assurance with five medium-priority recommendations to strengthen consistency, transparency and oversight. Areas of good practice were also identified.

Property Transaction Monitoring

In line with the mandatory requirements of the NHS Scotland Property Transactions Handbook, a Property Transaction Monitoring review was undertaken in relation to the acquisition of 99 Bogleshole Road. The review concluded that NSS had adopted a structured and fully compliant approach, meeting all mandatory requirements. The transaction was therefore deemed to have been properly conducted, with no improvement actions identified, and received a significant assurance rating.

Workforce – Fixed Term and Agency Contracts

An internal audit review assessed the design and operating effectiveness of controls implemented to manage reliance on fixed-term and agency staff and to deliver value for money, including the robustness of redeployment pathways supporting workforce continuity. The review concluded that controls were generally well designed and operating effectively, with significant assurance and minor improvement opportunities. Areas of good practice were identified, alongside two medium-priority recommendations for improvement.

Procurement – Fraud Prevention

In line with the Internal Audit Plan, an internal audit reviewed the design and operating effectiveness of counter-fraud prevention controls across all stages of the procurement cycle, including contract management. The review concluded that the procurement function operated within a strong control environment, particularly in regulated procurements, supported by effective segregation of duties, robust controls over supplier amendments and bank detail verification, and the use of standardised systems and processes, providing significant assurance with minor improvement opportunities. Opportunities for improvement were identified primarily within non-regulated and lower-value procurements, resulting in two medium and three low priority recommendations to further strengthen guidance, consistency and fraud risk awareness.

National Sustainability Service

An internal audit reviewed the adequacy and effectiveness of the governance framework for the oversight and reporting of sustainability plans, including Key Performance Indicator (KPI) monitoring, escalation arrangements and resource sufficiency to support delivery of climate change commitments. The review concluded that governance and reporting arrangements supporting the Climate Change, Sustainability and Environmental (CCSE) portfolio were generally effective, with clear governance structures, escalation mechanisms and KPI monitoring operating as intended, providing significant assurance with minor improvement opportunities. While sustained resource constraints were identified as a risk to the timely delivery of some milestones, two medium and one low priority recommendations were agreed to streamline reporting and strengthen the measurement and evidencing of KPI benefits, further enhancing oversight and delivery assurance.

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 NHS Scotland boards.

Practitioner Services

The Practitioner Services report confirmed the suitability of the description and design of the controls in place and concludes that they are operating effectively. The Service Auditors issued and unmodified (unqualified) opinion on the Practitioner Services Report.

Payroll

The Payroll report confirmed the suitability of the description and design of the payroll controls in place and concludes that they are operating effectively. One minor exception was identified. The Service Auditors issued an unmodified (unqualified) opinion on the Payroll Report.

IT Services

The IT Services 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 has accepted 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 ICO audited NSS data protection practices and issued a final assessment in February 2025. The audit provided assurance over arrangements to meet UK GDPR and the Data Protection Act 2018 (DPA18) and identified some areas for improvement. All urgent actions have been completed with remaining non urgent actions progressing through the ICO improvement plan. There are no ongoing investigations under consideration by the ICO pertaining to NSS.



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 during the year.
- The work of the Internal Auditors who submit reports to the Audit and Risk Committee which include their independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement.

- The work of the Service Auditors who submit reports to the 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, PSD Scotland is committed to achieving best value in the delivery of our services.

Remuneration 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 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

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 of 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 the organisation's Executive Management for current and future financial years is subject to Ministerial direction and circulars published by the SGHSC. The 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 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 the organisation 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 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 the organisation 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 2026 (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	160 – 165	160 – 165	81	-	245 – 250
Director of Finance, Corporate Governance and Legal Services Ms. C Low	145 – 150	145 – 150	47	-	195 - 200
Medical Director Dr. S Hilton-Christie	215 – 220	215 – 220	121	-	335 – 340
Non-Executive members					
Mr. K Redpath	45 – 50	45 – 50	-	-	45 – 50
Ms. A Rooney (to 25 June 2025)	0 – 5	0 – 5	-	-	0 – 5
Ms. L Blackett	10 – 15	10 – 15	-	-	10 – 15
Mr. G Greenhill	15 – 20	15 – 20	-	-	15 – 20
Prof. A Langa	10 – 15	10 – 15	-	-	10 – 15
Ms. B Lawton	10 – 15	10 – 15	-	-	10 – 15
Mr. P Buchanan	15 – 20	15 – 20	-	-	15 – 20
Ms. M McGill	15 – 20	15 – 20	-	-	15 – 20
Employee Director Mr. I Cant	70 -75	70 – 75	20	-	70 – 75
Senior employees					

Director of Digital and Security Mr. S Flockhart	145 – 150	145 – 150	43	-	190 – 195
Director of National Procurement Mr. G Beattie	95 – 100	95 – 100	29	-	125 -130
Director of National Specialist Services and Screening Ms. S Buchanan	130 – 135	130 – 135	-	-	130 – 135
Director of NHS Scotland Assure Ms. J Critchley	120 – 125	120 – 125	56	-	180 – 185
Director of Scottish National Blood Transfusion Service Prof. M Turner	160 – 165	160 – 165	37	-	205 - 210
Director of HR and Organisational Development Ms. S Barnatt	125 – 130	125 – 130	55	-	180 -185
Director of Strategy, Performance and Service Transformation Mr. L Neary	130 – 135	130 – 135	37	-	165 – 170
Director of Nursing Ms K Brechin	120 – 125	120 – 125	110	-	230 - 235
Total			636	-	

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: A Rooney 10 -15.
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 2025/26

6. As part of the transition to PSD Scotland on 1 April 2026, C Low and S Hilton-Christie's appointments to the Board of NSS were concluded on 31 March 2026. They remained as senior managers with PSD Scotland from 1 April 2026.
7. M Morgan's appointment to the NSS Board concluded on 31 March 2026. M Morgan retired under contractual redundancy terms from PSD Scotland on 3 May 2026 and received a related amount of £378k.

Remuneration for the year ended 31 March 2026 (audited)

Pension values table	Total accrued pension at 31 March 2026 (Bands of £5,000)	Total accrued lump sum at pension age at 31 March 2026 (Bands of £2,500)	Real increase in pension (Bands of £2,500)	Real increase in lump sum at pension age at 31 March 2026 (Bands of £2,500)	Cash Equivalent Transfer Value (CETV) at 31 March 2025	Cash Equivalent Transfer Value (CETV) at 31 March 2026	Real increase in CETV in year
Remuneration of:	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Executive members							
Chief Executive Ms. M Morgan (to 3 May 2026)	80 – 85	220 – 225	2.5 - 5	2.5 – 5	1,885	2,053	75
Director of Finance, Corporate Governance and Legal Services Ms. C Low	30 – 35	-	2.5 – 5	-	428	502	39
Medical Director Dr. S Hilton-Christie	90 – 95	-	5 – 7.5	-	1,266	1,445	104
Non-Executive members							

Employee Director Mr. I Cant	30 – 35	30 – 35	0 – 2.5	0 – 2.5	478	505	20
Senior employees							
Director of Strategy, Performance and Service Transformation Mr. L Neary	10 – 15	-	2.5 – 5	-	133	177	23
Director of Digital and Security Mr. S Flockhart	15 – 20	-	2.5 – 5	-	188	241	27
Director of National Procurement Mr. G Beattie	40 – 45	100 – 105	0 – 2.5	0 – (2.5)	955	1,040	33
Director of NHS Scotland Assure Ms. J Critchley	50 – 55	130 – 135	2.5 – 5	2.5 – 5	1,067	1,186	63
Director of Scottish National Blood Transfusion Service Prof. M Turner	40 – 45	-	2.5 – 5	-	762	820	37
Director of HR and Organisational Development S Barnatt	45 – 50	110 – 115	2.5 – 5	2.5 – 5	975	1,090	62
Director of Nursing Ms K Brechin	35 – 40	80 – 85	5 – 7.5	7.5 - 10	632	783	111

Total					**8,769**	**9,842**	**594**

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).

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)
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 NHS Scotland 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
Director of Nursing	10 - 15	10 – 15	7	-	15 - 20

Ms K Brechin (from 24 February 2025)					
Total			**1,123**	**–**	

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. 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	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							

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 G Beattie	40 – 45	100 – 105	2.5 – 5	2.5 - 5	858	955	66
Director of NHS Scotland 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
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.

Fair pay disclosure (audited)

	2025/26	2024/25	% change
Range of Staff remuneration (£'000's)	20 - 25 to 215 - 220	20 - 25 to 200 -205	
Band of Highest Paid Directors Total Remuneration (£'000s)	215 – 220	195 – 200	10%
Median Total Remuneration (£)	45,854	44,073	4%
Median Salary only	44,291	42,879	3%
Ratio	4.91	4.61	7%
25th Percentile (total pay and benefits)	34,994	33,682	4%
25th Percentile (salary only)	34,170	32,860	4%
Ratio	6.37	6.01	6%
75th Percentile (total pay and benefits)	59,823	57,939	3%
75th Percentile (salary only)	59,249	56,881	4%
Ratio	3.67	3.47	6%

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. The highest paid director in 2025/26 was the Medical Director. Dr. S Hilton-Christie was appointed on 8 April 2024 and hence was not in role for the full year 2024/25. This impacted on the percentage change in the highest paid Director's total remuneration in the year.
3. The average percentage change in nominal average salaries increased by 2.1% due to the pay awards delivered at a national level for NHSScotland offset by staff turnover.

Staff numbers and costs (audited)

	Executive Board members	Non-Executive members	Permanent staff	Inward/ (Outward) secondees	Other staff	Total 2025/26	Total 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries and wages	528	166	161,373	(2,117)	-	**159,950**	152,346
Social security costs	77	17	21,673	-	-	**21,767**	16,934
NHS pension scheme employer's costs*	119		34,458	-	-	**34,577**	32,370
Inward secondees	-	-	-	1,443	-	**1,443**	1,575
Agency staff	-	-	-	-	2,150	**2,150**	4,084
Total	**724**	**183**	**217,505**	**(674)**	**2,150**	**219,887**	**207,309**
Staff numbers (WTE's)	3	1	3,231	(1)	47	3,281	3,354
The number of disabled staff included in the total staff numbers above are:						**175**	**152**

* 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 2025/26 as above	219,887
Add employee income (outward secondees above) included in note 3	2,117
Total employee expenditure disclosed in note 3	**222,004**

Higher paid employees' remuneration (unaudited)

Employees whose remuneration fell within the following ranges:

	2025/26	2025/26	2024/25	2024/25
	Number clinicians	Number other	Number clinicians	Number other
£90,001 to £100,000	9	46	13	27
£100,001 to £110,000	9	24	7	17
£110,001 to £120,000	7	5	4	7
£120,001 to £130,000	1	8	3	5
£130,001 to £140,000	1	2	1	-
£140,001 to £150,000	5	-	3	2
£150,001 to £160,000	-	2	3	2
£160,001 to £170,000	5	2	4	-
£170,001 to £180,000	1	-	1	–
£180,001 to £190,000	1	-	2	-
£190,001 to £200,000	1	-	2	–
£200,000+	4	-	1	–
Total	44	89	44	60

Staff composition (unaudited)

	2025/26			2024/25 (restated)		
	Male	Female	Total	Male	Female	Total
Non-Executive Directors and Employee Director	5	3	8	5	5	10
Executive Directors	-	3	3	–	3	3
Senior Employees	64	69	133	47	57	104
Other	1,301	2,086	3,387	1,266	2,024	3,290
Total Headcount	**1,370**	**2,161**	**3,531**	**1,318**	**2,089**	**3,407**

For this section of the report the definition of senior employee is anyone earning over £90k in the year. In 2024/25, this threshold was £70k hence the comparative figures above have been restated to ensure comparability.

Sickness absence data (unaudited)

2025/26	2024/25
4.35%	4.40%

The National target for sickness absence for NHS Scotland 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 have 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 increases in (i) youth employment and (ii) increased employment of people with disabilities.

Progress against these targets was monitored throughout the year and is currently monitored by the NSS / PSD Scotland Board, the Staff Governance Committee and the Executive Management Team (EMT) / Transitional Leadership Group (TLG) and is reported through the 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 / PSD Scotland.

Exit packages (audited)

2025/26		
Exit package cost band	**Number of compulsory redundancies**	**Number of other departures agreed**
<£10,000	–	4
£10,000 - £25,000	–	1
£25,000 - £50,000	–	1
£50,000 - £100,000	–	1
>£200,000		1
Total number of exit packages	**–**	**8**
Total cost of exit packages (£000)	–	524

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**

Parliamentary Accountability Report

Losses and special payments

	2025/26		2024/25	
	Number of cases	£'000	Number of cases	£'000
Losses	6	13,156	2	10,527

In the year to 31 March 2026 NSS had the following balances more than £300k which were written off.

Description	2025/26 £'000
Pandemic Personal Protection Equipment (PPE) – expired stock	5,078
Pandemic related stocks donated to charities	1,724
National Distribution Centre stock	1,178
National emergency planning medicines stockpile – expired stock	656
Interest payment to HMRC	3,189
Clinical waste site plant	691

Respiratory facemasks, approved and fully funded by Scottish Government, purchased during the Covid pandemic expired during 2025/26. Where possible, pandemic era stock that would otherwise have had to have been disposed of was donated in the year avoiding related disposal costs and promoting the use of the stocks. PSD Scotland continuously reviews our stock levels and demand for products to reduce the level of write-offs.

In December 2020, NSS made non-statutory clearance request to HMRC in relation to the recovery of VAT on the supply of specific IT services. In May 2025, HMRC issued their decision that in their view the VAT costs were unrecoverable. An associated interest payment related to the decision was made to HMRC September 2025.

Fees and charges

PSD Scotland provides a variety of services as detailed under Purpose and key facts of NSS (see page 9). 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 NHS Scotland, 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.



Prof Karen Reid
Chief Executive
26 June 2026

Independent Auditor's Report

Independent auditor's report to the members of Public Services Delivery 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 2026 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2025/26 Government Financial Reporting Manual (the 2025/26 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 2026 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 2025/26 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; the Chief Executive, as 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 and Staff Report

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

Other information

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

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

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

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

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

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

Matters on which I am required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit;

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

26 June 2026

Part B: Primary financial statements



Statement of Comprehensive Net Expenditure (SoCNE)

For the year ended 31 March 2026

2024/25				2025/26
£'000		**Note**	**£'000**	**£'000**
209,700	Employee Expenditure	3a	222,004	
	Other Operating Expenditure	3b		
350,153	Clinical Services		370,522	
657,808	Non-Clinical Services		607,927	
254	Other Healthcare Expenditure		265	
1,217,915	**Gross Expenditure for the year**			**1,200,718**
(427,114)	Less: Other operating income	4		(445,685)
790,801	**Net expenditure for the year**			**755,033**

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 2026

2024/25				2025/26
£'000	**Non-current assets**	Note	£'000	£'000
85,415	Property, plant and equipment	7c	88,139	
27,222	Intangible assets	6	26,420	
31,954	Right of Use assets	16a	32,137	
144,591	**Total non-current assets**			**146,696**
	Current assets			
43,014	Inventories	8	37,931	
	Financial assets:			
43,153	Trade and other receivables	9	40,667	
6,232	Cash and cash equivalents	10	5,363	
92,399	**Total current assets**			**83,961**
236,990	**Total assets**			**230,657**
	Current liabilities			
(2,932)	Provisions	12a	(3,055)	
	Financial liabilities:			
(133,358)	Trade and other payables	11	(122,431)	
(136,290)	**Total current liabilities**			**(125,486)**
100,700	**Non-current assets +/- net current assets/liabilities**			**105,171**
	Non-current liabilities			
(19,718)	Provisions	12a	(20,241)	
	Financial liabilities:			
(52,293)	Trade and other payables	11	(48,586)	
(72,011)	**Total non-current liabilities**			**(68,827)**
28,689	**Total assets less liabilities**			**36,344**
	Taxpayers' equity			
17,955	General fund	SOCTE		24,645

10,734	Revaluation Reserve	SOCTE		11,699
28,689	**Total taxpayers' equity**			**36,344**

Authorised and approved by the Board on 26 June 2026



Ms C Low
Director of Finance, Corporate Governance and Legal Services

26 June 2026



Prof K Reid
Chief Executive

26 June 2026

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 2026

2024/25				2025/26
£'000		Note	£'000	£'000
	Cash flows from operating activities			
(790,801)	Net operating cost	SOCNE	(755,033)	
17,162	Adjustments for non-cash transactions	2b	17,169	
2,196	Add back: Interest payable recognised in net operating expenditure	2b	2,172	
22,976	Movements in working capital	2c	(6,148)	
(748,467)	**Net cash outflow from operating activities**			**(741,840)**
	Cash flows from investing activities			
(4,273)	Purchase of property, plant and equipment (PPandE)	7	(8,390)	
(4,778)	Purchase of intangible assets	6	(1,791)	
–	Transfer of assets from NHS Scotland bodies		–	
14	Proceeds from disposal of PPandE		5	
(9,037)	**Net cash outflow from investing activities**			**(10,176)**
	Cash flows from financing activities			
766,815	Funding		761,598	
474	Movement in general fund working capital	SOCTE	(869)	
767,289	**Cash drawn down**	**SOCTE**	**760,729**	

(918)	Capital element of payments in respect of on-balance sheet PFI	17	(977)	
(6,310)	IFRS 16 cash lease payment	16b	(6,433)	
(2,196)	Interest element of leases and on balance sheet PFI	2b	(2,172)	
	Cash flows from financing activities			
757,865	**Net financing**			**751,147**
361	Net change in cash/cash equivalents in period		(869)	
5,871	Cash and cash equivalents at beginning of period		6,232	
6,232	**Cash and cash equivalents at end of period**			**5,363**
	Reconciliation of net cash flow to movement in net (debt)/cash			
359	Change in cash in year	10	(869)	
5,873	Net cash at 1 April		6,232	
6,232	**Net cash at 31 March**			**5,363**

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 2026

		General fund	Revaluation reserve	Total reserves
		£'000	£'000	£'000
Balance at 1 April 2025		**17,955**	**10,734**	**28,689**
Changes in taxpayers' equity for 2025/26				
Net gain on revaluation of PPandE	7a	–	1,306	1,306
Impairment of PPandE	7a	–	(1,563)	(1,563)
Revaluation and impairments taken to operating costs	2b	–	1,563	1,563
Transfer between reserves		341	(341)	–
Transfer of assets		(216)	–	(216)
Net operating cost for the year	SOCNE	(755,033)	–	(755,033)
Total recognised income and expense for 2025/26		**(754,908)**	**965**	**(753,943)**
Funding:				
Drawn down	SOCF	760,729	–	760,729
Movement in general fund	SOCF	869	–	869
Balance at 31 March 2026	**SOFP**	**24,645**	**11,699**	**36,344**

		General fund	Revaluation reserve	Total reserves
		£'000	£'000	£'000
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		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**

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

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

IFRS 17 Insurance Contracts have been included within the FreM for 2025/26.

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

There are no new standards, amendments or interpretations early adopted in 2025/26.

(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 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 directed by the Scottish Ministers, the financial statements do not consolidate the NHS Superannuation Scheme for Scotland.

3. Retrospective adjustments

The comparative information contained in notes 3b and 5 have been restated to reflect our current directorate structure. The restatement results in a re-allocation of costs but does not affect the overall totals and does not affect the primary financial statements.

The disclosure of comparative financial liabilities contained in note 19 has been restated from £167,144k to £159,641k following a re-classification of certain liabilities. This restatement does not affect the primary financial statements.

4. Going concern

The accounts are prepared on the going concern basis, which provides that the Common Services Agency, the legal entity that underpins NSS (until 31 March 2026) and PSD Scotland (from 1 April 2026), will continue in operational existence for the foreseeable future, unless informed by Scottish Ministers of the intention for dissolution without transfer of services or functions to another entity.

5. Accounting convention

The accounts are prepared on a historical cost basis, as modified by the revaluation of property, plant and equipment, 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 operational capacity 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 entity should use the best index available to them when indexing their assets in-between full revaluations. In rare circumstances where an index is not available, entities shall revalue the given asset using a quinquennial revaluation supplemented by a desktop revaluation in year 3.

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 operational capacity (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..

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 operational capacity 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.

Websites

Websites are capitalised only when it is probable that future economic benefits will flow to, or operational capacity 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

Cost

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 are measured as per the cost model, carried at historic cost less accumulated amortisation and impairment losses.

The Financial Reporting Manual removes the requirement for public sector bodies to apply a revaluation model to intangible assets. Instead, entities must move to a cost model for subsequent measurement.

The transition is made using a retrospective approach in line with IAS 8, but practically implemented using the deemed cost exemption, meaning no recalculation of prior periods, no restatement of accumulated revaluation reserves, and existing balances simply become the opening position for the cost model going forward.

The carrying amount of each intangible asset held at 1 April 2025 becomes its deemed historic cost. No revaluation or indexation of intangible assets is permitted after this date.

Subsequent expenditure is capitalised only where it enhances or extends the asset's operational capacity.

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 are "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 asset’s 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 be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market 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 operational capacity provided by the asset, unless there has been a reduction in operational capacity. 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 an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively 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 NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in Annually Managed Expenditure (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 in credit risk since the asset's 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 with 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 2026 was £1.8m 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 2026. 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 2026 was £59.4m 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 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 2026 was £18.9m.

2. Notes to the cash flow statement

2a. Summary of core revenue resource outturn

		2025/26
		£'000
Net Expenditure	SOCNE	**755,033**
Total non-core expenditure (see below)		(17,660)
Total Core Expenditure		**737,373**
Core Revenue Resource Limit provided by SG		693,616
Capital Annually Managed Expenditure transferred to Core Revenue Resource Limit (see note below)		44,375
Core Revenue Resource Limit		**737,991**
Savings against Core Revenue Resource Limit		**618**
SUMMARY OF NON CORE REVENUE RESOURCE OUTTURN		
Depreciation/Amortisation	8,110	
Annually Managed Expenditure – Impairments	1,562	
Annually Managed Expenditure – Provisions	485	
Right of Use (RoU) Asset Depreciation	6,715	
PFI asset depreciation	788	
Total Non-Core Expenditure		**17,660**
Non-core Revenue Resource Limit		17,667
Savings against Non-Core Revenue Resource Limit		7

Summary resource outturn	Resource	Expenditure	Savings
	£'000	**£'000**	**£'000**
Core	737,991	737,373	618
Non-Core	17,667	17,660	7
Total	**755,658**	**755,033**	**625**

As instructed by Scottish Government in March 2026, NSS has treated £44.4m of Capital Annually Managed Expenditure (CAME) relating to the payments made in 2025/26 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 30.

2b. Adjustments for non-cash transactions

2024/25			2025/26
£'000		Note	£'000
	Expenditure not paid in cash		
7,653	Depreciation	7a	6,441
2,500	Amortisation	6	2,457
6,305	Depreciation of Right of Use (RoU) Assets	16a	6,715
659	Impairments of PPandE charged to SoCNE	7a	1,911
(273)	Reversal of impairments on PPandE charged to SoCNE	7a	(348)
318	Loss / (profit) on disposal of non-current assets		(5)
-	Other movements		(2)
17,162	**Total expenditure not paid in cash**	**SOCF**	**17,169**

2024/25			2025/26
£'000		Note	£'000
	Interest payable		
1,829	PFI finance lease charges allocated in year	17	1,770
367	Lease Interest	16b	402
2,196	**Net interest payable**	**SOCF**	**2,172**

2c. Movement on working capital balances

2024/25					2025/26
Net movement		Note	Opening balances	Closing balances	Net movement
£'000			£'000	£'000	£'000
(1,329)	INVENTORIES	8	43,014	37,931	5,083
(1,329)	**Net decrease/(increase)**				**5,083**
	TRADE AND OTHER RECEIVABLES				
1,202	Due within one year	9	43,153	40,667	2,486
1,202	**Net decrease/(increase)**				**2,486**
	TRADE AND OTHER PAYABLES				
25,279	Due within one year	11	133,358	122,431	(10,927)
(5,279)	Due after more than one year	11	52,293	48,586	(3,707)
2	Less: PPandE (capital) included above	7	-	(3,210)	(3,210)
(474)	Less: general fund creditor included in above	11	(6,232)	(5,363)	869
5,439	Less: lease and PFI creditors included in above	11	(59,183)	(56,571)	2,612
24,967	**Net (decrease)/increase**		**120,236**	**105,873**	**(14,363)**
(1,864)	PROVISIONS	12	22,650	23,296	646
(1,864)	**Net (decrease)/increase**				**646**
22,976	**NET MOVEMENT**	**SOCF**			**(6,148)**

3. Expenditure

3a. Employee expenditure

2024/25			2025/26
£'000			£'000
8,556	Medical, Dental and Pharmacy		8,886
16,422	Nursing and Health Promotion		17,309
28,158	Life Sciences		30,389
2,756	Board Members and senior managers		2,775
20,998	Support Services		20,248
132,810	Administrative Services		142,397
209,700	Total	SOCNE	**222,004**

Further detail and analysis of employee expenditure can be found in the remuneration and staff report, forming part of the Accountability Report (see page 42).

3b. Other operating expenditure

2024/25 (restated)			2025/26
£'000		Note	£'000
	Clinical Services		
332,158	National Services Division		350,510
17,995	Scottish National Blood Transfusion Service		20,012
350,153	**Total Clinical Services**		**370,522**
	Non-Clinical Services		
10,126	Central Legal Office		10,717
132,265	Corporate Services		63,329
156,315	Digital and Security		171,291
305,049	National Procurement		304,789
38,232	NHS Scotland Assure		41,913
15,821	Practitioner and Community Care		15,888
657,808	**Total Non-Clinical Services**		**607,927**
	Other Healthcare Expenditure		
254	External auditor's remuneration		265
1,008,215	**Total Other Operating Expenditure**	**SOCNE**	**978,714**

As described within note 1, the comparative information contained above has been restated to reflect our current directorate structure. The restatement results in a different allocation of costs but does not affect the overall totals.

4. Operating income

2024/25			2025/26
£'000		Note	£'000
	Clinical Services		
520	National Services Division		743
11,964	Scottish National Blood Transfusion Service		12,548
12,484	**Total Clinical Services Income**		**13,291**
	Non-Clinical Services		
19,436	Central Legal Office		19,556
11,087	Corporate Services		11,585
91,648	Digital and Security		107,141
275,929	National Procurement		277,466
16,349	NHS Scotland Assure		16,596
181	Practitioner and Community Care		50
414,630	**Total Non-Clinical Services Income**		**432,394**
-	Profit on sale of disposal of assets		-
427,114	**Total Income**	**SOCNE**	**445,685**
	Income source summary		
2,222	Income from Scottish Government		1,297
413,673	Income from other NHS Scotland bodies		435,639
2,785	Income from NHS non-Scottish bodies		1,195
–	Income from UK Government		-
8,434	Income from Non-NHS customers		7,554
427,114	**Total Income**	**SOCNE**	**445,685**

5. Segmented reporting

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

2024/25 *(restated)*			2025/26
£'000			£'000
58,849	Scottish National Blood Transfusion Service		64,795
339,399	National Services Division		357,472
797	Central Legal Office		1,270
160,729	Corporate Services		95,817
100,653	Digital and Security		101,345
53,129	National Procurement		52,040
42,202	NHS Scotland Assure		46,121
35,043	Practitioner and Community Care		36,174
790,801	Total	SOCNE	755,034

As described within note 1, the comparative information contained above has been restated to reflect our current directorate structure. The restatement results in a different allocation of costs but does not affect the overall totals.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Further information on these segments can be found at "Our Services" in Part A.

6. Intangible assets

		Software licence	IT software	Assets under development	Total
CURRENT YEAR		**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation:					
At 1 April 2025		70,380	49,485	11,841	131,706
Additions		-	49	1,742	1,791
Completions		146	137	(283)	-
Asset transfers from other SG consolidated entities		-	-	(115)	(115)
Transfer between asset categories		(606)	606	(21)	(21)
Disposals		(8,430)	(2,858)	-	(11,288)
At 31 March 2026		**61,490**	**47,419**	**13,164**	**122,073**
Amortisation					
At 1 April 2025		62,837	41,647	-	104,484
Provided during the year		1,196	1,261	-	2,457
Transfer between asset categories		(75)	75	-	-
Disposals		(8,430)	(2,858)	-	(11,288)
At 31 March 2026		**55,528**	**40,125**	**-**	**95,653**
Net book value at 1 April 2025		**7,543**	**7,838**	**11,841**	**27,222**
Net book value at 31 March 2026	**SOFP**	**5,962**	**7,294**	**13,164**	**26,420**

		Software licence	IT software	Assets under development	Total
PREVIOUS 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)	-
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**
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**

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 2025	3,692	56,272	4,893	38,148	17,040	21,025	3,529	144,599
Additions	-	981	-	733	37	-	9,849	11,600
Completions	-	1,757	625	545	597	-	(3,524)	-
Asset transfers to other SG entities	-	-	-	-	-	-	(99)	(99)
Transfer between asset categories	(2,100)	-	-	-	-	-	21	(2,079)
Revaluations	8	(47)	-	-	-	-	-	(39)
Impairment charges	-	(1,122)	-	-	-	-	-	(1,122)
Impairment reversals	-	(27)	-	-	-	-	-	(27)
Disposals	-	-	(662)	(2,358)	(3,226)	(87)	-	(6,333)
At 31 March 2026	**1,600**	**57,814**	**4,856**	**37,068**	**14,448**	**20,938**	**9,776**	**146,500**
Depreciation								
At 1 April 2025	-	-	4,130	22,591	14,459	18,004	-	59,184
Provided during the year	-	1,802	302	3,074	674	589	-	6,441
Revaluations	-	(1,345)	-	-	-	-	-	(1,345)

Impairment charges	-	(82)	-	691	180	-	-	789
Impairment reversals	-	(375)	-	-	-	-	-	(375)
Disposals	-	-	(662)	(2,358)	(3,226)	(87)	-	(6,333)
At 31 March 2026	**-**	**-**	**3,770**	**23,998**	**12,087**	**18,506**	**-**	**58,361**
Net book value at 1 April 2025	**3,692**	**56,272**	**763**	**15,557**	**2,581**	**3,021**	**3,529**	**85,415**
Net book value at 31 March 2026	**1,600**	**57,814**	**1,086**	**13,070**	**2,361**	**2,432**	**9,776**	**88,139**
Asset Financing								
Owned	1,600	20,359	1,086	13,070	2,361	2,432	9,776	50,684
On-balance sheet PFI contracts	–	37,455	–	–	–	–	–	37,455
Net book value 31 March 2026	**1,600**	**57,814**	**1,086**	**13,070**	**2,361**	**2,432**	**9,776**	**88,139**

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 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) / from 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

Asset transfers (to) / from 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**

7b. Assets held for sale

There were no assets held for resale at 31 March 2026 (31 March 2025: £nil).

7c. Property, plant and equipment disclosures

2024/25	Expenditure		2025/26
£000		Note	£'000
85,415	Purchased		88,139
85,415	**Total**	**SOFP**	**88,139**
	Total value of assets held under:		
35,584	PFI Contracts		37,455
35,584	**Total**		**37,455**
	Total depreciation charged in respect of assets held under:		
786	PFI Contracts		788
786	**Total**		**788**

All land and buildings were revalued by an independent valuer, the Valuation Office Agency, as at 31/03/2026 on the basis of fair value (market value or depreciated replacement costs where appropriate). The values were computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

The net impact was an increase of £0.6 million (2024/25 an increase of £0.9 million), with £1.3 million (2024/25 £1.0 million) credited to the revaluation reserve. A revaluation impairment of £0.7 million (2024/25 £0.1 million) was charged to the Statement of Comprehensive Net Expenditure and Summary of Resource Outturn.

7d. Analysis of capital expenditure

2024/25	Expenditure		2025/26
£000		Note	£'000
4,778	Acquisition of intangible assets	6	1,791
4,271	Acquisition of property, plant and equipment	7a	11,600

1,818	Right of Use (RoU) Additions	16a	4,798
10,867	**Gross Capital Expenditure**		**18,189**
	Income		
36	Net book value of disposal of intangible assets	6	-
296	Net book value of disposal of property, plant and equipment	7a	-
29	Net book value of disposal of right of use asset	16a	-
10,506	**Net Capital Expenditure**		**18,189**
212	Dilapidation settlement payment		-
10,718	**Total Capital Resource outturn**		**18,189**
	SUMMARY OF CAPITAL RESOURCE OUTTURN		
10,718	Core capital expenditure		17,869
10,821	Core Capital Resource Limit		17,950
103	**Savings against Core Capital Resource Limit**		**81**
-	Non-core capital expenditure		320
109,600	Non-core Capital Resource Limit provided by SG		44,720
(109,600)	Capital Annually Managed Expenditure transferred to Core Revenue Resource Limit (see note below)		(44,375)
-	**Non-core Capital Resource Limit**		345
–	**Savings against Non-core Capital Resource Limit**		**25**

As noted in note 2a, £44.4m of non-core capital expenditure has been reallocated to revenue resource limit.

8. Inventories

2024/25			2025/26
£000		Note	£'000
43,014	Raw materials and consumables		37,931
43,014	**Total Inventories**	**SOFP**	**37,931**

9. Trade and other receivables

2024/25				2025/26
£000				£'000
	Receivables due within one year			
697	SGHSCD			804
13,324	Boards			14,354
14,021				**15,158**
50	NHS non-Scottish bodies			519
3,201	VAT recoverable			3,304
20,896	Prepayments			19,145
930	Accrued Income			910
3,543	Other receivables			1,240
512	Other Public Sector Bodies			391
29,132	**Other receivables due within one year**			**25,509**
43,153	**Total receivables**	**SOFP**		**40,667**
	Whole of Government Accounts classification			
13,324	NHS Scotland			14,354
3,898	Central Government Bodies			4,108
512	Whole of Government bodies			391
50	Balances with NHS bodies in England and Wales			519
25,369	Balances with bodies external to Government			21,295
43,153	**Total**			**40,667**

Receivables that are less than three months past due are not considered impaired. As at 31 March 2026, receivables with a carrying value of £1.4 million were past their due date but not impaired (31 March 2025: £0.7 million). The aging of receivables past their due date but not impaired is as follows:

2024/25		2025/26
£'000		£'000
261	Up to 3 months past due	1,395
351	3 to 6 months past due	3
71	Over 6 months past due	5
683	**Total**	**1,403**

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.

2024/25		2025/26
£'000		£'000
12,040	Existing customers with no defaults in the past	10,628
12,040	**Total**	**10,628**

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

2024/25		2025/26
£'000		£'000
43,153	Pounds	40,667
43,153	**Total**	**40,667**

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

10. Cash and cash equivalents

	Note	2026	2025
		£'000	£'000
Balance 1 April		6,232	5,873
Net change in cash and cash equivalent balances		(869)	359
Balance at 31 March	**SOFP, SOCF**	**5,363**	**6,232**

The following balances at 31 March were held at

		2026	2025
		£'000	£'000
Government Banking Service account		5,335	6,146
Cash at bank and in hand		28	86
Total cash and cash equivalents	**SOFP, SOCF**	**5,363**	**6,232**

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

2024/25			2025/26
£'000			£'000
	Payables due within one year		
25	SGHSCD		-
8,402	Boards		20,016
8,427	**Total NHS Scotland payables**		**20,016**
8,319	NHS non-Scottish bodies		11,760
6,232	General fund payable		5,363
5,539	Trade payables		11,009
51,057	Accruals		45,164
2,084	Deferred Income		6,975
5,928	Net obligations under leases		6,960
977	Net obligations under PFI contracts		1,040
4,018	Income tax and social security		4,818
3,963	Superannuation		4,338
1,271	Holiday pay accrual		1,249
249	Other public sector bodies		111
35,294	Other payables		3,628
133,358	**Total payables due within one year**		**122,431**
	Payables due after more than one year		
6,215	Net obligations under leases due within 2 years		7,221
16,000	Net obligations under leases due after 2 years but within 5 years		13,558
3,487	Net obligations under leases due after 5 years		2,256
1,040	Net obligations under PFI contracts due within 2 years		1,107
3,538	Net obligations under PFI contracts due after 2 years but within 5 years		3,765
21,998	Net obligations under PFI contracts due after 5 years		20,664
15	Deferred Income		15

52,293	**Total Payables due after more than one year**		**48,586**
185,651	**Total payables**	**SOFP**	**171,017**
	Whole of Government Accounts classification		
9,368	NHS Scotland		20,900
10,275	Central Government bodies		10,181
4,212	Whole Government bodies		4,449
8,319	Balances with NHS bodies in England and Wales		11,760
153,477	Balances with bodies external to Government		123,727
185,651	**Total**		**171,017**
	Borrowings included above comprise:		
31,630	Leases		29,995
27,553	PFI Contracts		26,576
59,183	**Total**		**56,571**
	The carrying amount and fair value of the non-current borrowings are as follows:		
25,702	Leases		23,035
26,576	PFI Contracts		25,536
52,278	**Total**		**48,571**
	The carrying amount of payables are denominated in the following currencies:		
185,651	Pounds		171,017
185,651	**Total**		**171,017**

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

12a. Provisions

CURRENT YEAR	Pensions and similar obligations	Participation in CNORIS	Dilapidations	Other	2025/26
	£'000	£'000	£'000	£'000	£'000
At 1 April 2025	1,934	357	18,670	1,689	22,650
Arising during the year	80	244	345	25	694
Utilised during the year	(178)	(38)	(25)	(198)	(439)
Reversed unutilised	-	-	(60)	(96)	(156)
Unwinding of discount	-	-	547	-	547
At 31 March 2026	**1,836**	**563**	**19,477**	**1,420**	**23,296**
Payable in one year	184	563	888	1,420	3,055
Payable between 2–5 years	647	-	16,706	-	17,353
Payable between 6–10 years	564	-	1,553	-	2,117
Thereafter	441	-	330	-	771
At 31 March 2026	**1,836**	**563**	**19,477**	**1,420**	**23,296**

PRIOR 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**

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 21 years.

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

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

Other (non-endowment)

NSS has provisions relating to organisational restructuring and a potential exposure to interest on VAT recovery.

Dilapidations

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

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

2024/25			2025/26
£'000		Note	£'000
355	Provision recognising individual claims against the NHS Board as at 31 March		95
357	Provision recognising the NHS board's liability from participating in the scheme 31 March	12a	563
712	**Net Total Provision relating to CNORIS at 31 March**		**658**

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 that 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 NHS Scotland 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

13. Contingent liabilities

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

2024/25		2025/26
£'000		£'000
	Nature	
570	Clinical and medical compensation payments	900
13	Employer's liability	45
583	**Total Contingent Liabilities**	**945**

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.

Creation of Public Services Delivery Scotland

On 17 June 2025, the Cabinet Secretary for Health and Social Care announced the bringing together of NES and NSS to create NHS Delivery. On 4 March 2026, following consultation, it was announced that the combined business would be known as Public Services Delivery Scotland ("PSD Scotland").

A Statutory Instrument was laid before Parliament on 23 January 2026 transferring all assets, liabilities, rights and obligations of NES to the Common Services Agency on 1 April 2026. From that date PSD Scotland assumed operational and financial responsibility for all former NES functions and will trade as Public Services Delivery Scotland.

PSD Scotland will operate in law through an expansion of the existing legal framework of the Common Services Agency (CSA) for the Scottish Health Service, which until 31 March 2026 was the legal entity known as NHS National Services Scotland (NSS).

As the Statutory Instrument does not take effect until after the reporting date, this constitutes a non-adjusting post-balance-sheet event under IAS 10 and the FReM. No NES assets, liabilities, income or expenditure are recognised in the 2025/26 financial statements of NSS.

In accordance with the FReM this statutory reorganisation represents a machinery-of-government change. PSD Scotland will apply the absorption accounting method from 1 April 2026 meaning that:

- All NES assets and liabilities will transfer on 1 April 2026 at their carrying values as presented at 31 March 2026.
- No adjustments will be made to prior-year figures.
- The gain / (loss) from the transfer of net assets will be recognised in the 2026/27 SOCNE as non-operating income / expenditure.

The estimated financial impact of the transfer is summarised in the table below:

Category	NES Balance at 31 March 2026	Transfer to PSD Scotland (1 April 2026)	Notes
	£'000	£'000	
Non-current assets	22,376	22,376	PPE, intangible assets, ROU assets
Current assets	3,830	3,830	Cash, receivables
Current liabilities	(18,919)	(18,919)	Payables, accruals

Non-current liabilities	(2,942)	(2,942)	Provisions, long-term obligations
Net assets transferred	4,345	4,342 (note 1) 3 (note 2)	Absorption accounting

Note 1: (Recorded as non-operating income in SOCNE)

Note 2: (Transferred to revaluation reserve)

15. Capital commitments

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

2024/25	Contracted	Property, plant and equipment	Intangible assets	2025/26
£'000		£'000	£'000	£'000
48	IT Infrastructure	-	14	14
114	Medical Equipment	-	-	-
1,350	Property	919	-	919
1,512	**Total**	**919**	**14**	**933**

2024/25	Authorised but not contracted	Property, Plant and Equipment	Intangible assets	2025/26
£'000		£'000	£'000	£'000
1,912	Medical Equipment	1,735	-	1,735
1,223	Transport	872	-	872
2,872	Property	618	-	618
815	IT Infrastructure	1,175	290	1,465
6,822	**Total**	**4,400**	**290**	**4,690**

16 Right of use assets and liabilities

16a. Right of use assets (RoU)

		Land	Buildings	Transport Equipment	Plant and machinery	2025/26
		£'000	£'000	£'000	£'000	£'000
CURRENT YEAR						
Cost or valuation						
At 1 April 2025		572	48,426	-	1,818	50,816
Additions		-	4,280	281	237	4,798
Transfer between asset categories		2,100	-	-	-	2,100
At 31 March 2026		**2,672**	**52,706**	**281**	**2,055**	**57,714**
Depreciation						
At 1 April 2025		45	18,659	-	158	18,862
Provided during the year		15	6,251	34	415	6,715
At 31 March 2026		**60**	**24,910**	**34**	**573**	**25,577**
Net book value at 1 April 2025		**527**	**29,767**	**-**	**1,660**	**31,954**
Net book value at 31 March 2026	SOFP	**2,612**	**27,796**	**247**	**1,482**	**32,137**

		Land	Buildings	Plant and machinery	2024/25
		£'000	£'000	£'000	£'000
Prior 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**

16b. Lease liabilities

	Land	Buildings	Transport Equipment	Plant and machinery	2025/26
	£'000	£'000	£'000	£'000	£'000
CURRENT YEAR					
Amounts falling due:					
Not later than one year	13	6,456	87	404	6,960
Later than one year, not later than two years	13	6,693	91	424	7,221
Later than two years, not later than five years	41	12,850	11	656	13,558
Later than five years	442	1,814	-	-	2,256
Balance at 31 March 2026	**509**	**27,813**	**189**	**1,484**	**29,995**
Current	13	6,456	87	404	6,960
Non-Current	496	21,357	102	1,080	23,035
Balance at 31 March 2026	509	27,813	189	1,484	29,995

	Land	Buildings	Plant and machinery	2024/25
	£'000	£'000	£'000	£'000
PRIOR 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
Balance at 31 March 2025	**521**	**29,467**	**1,642**	**31,630**

Amounts recognised in the Statement of Comprehensive Net Expenditure

2024/25		2025/26
£'000		£'000
6,306	Depreciation	6,715
367	Interest expense	402
1,289	Non recoverable VAT on lease payments	1,180
-	Impairment on ROU asset taken to SOCNE	-
7,962	**Total**	**8,297**

Amounts recognised in the Statement of Cash Flows

2024/25		2025/26
£'000		**£'000**
367	Interest expense	402
6,310	Repayment of principal leases	6,433
6,677		**6,835**

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:

2024/25	Gross Minimum Lease Payments	Note	2025/26
£'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
31,895	Due after 5 years		29,148
45,630	**Total**		**42,883**
	Less Interest Element		
(1,770)	Rentals due within one year		(1,707)
(1,707)	Due within one to two years		(1,640)
(4,703)	Due within two to five years		(4,476)
(9,897)	Due after 5 years		(8,484)
(18,077)	**Total**		**(16,307)**
	Present value of minimum lease payments		
977	Rentals due within one year	11	1,040
1,040	Due within one to two years	11	1,107

3,538	Due within two to five years	11	3,765
21,998	Due after 5 years	11	20,664
27,553	**Total**		**26,576**
	Service elements due in future periods		
1,377	Rentals due within one year		1,426
1,377	Due within one to two years		1,426
4,132	Due within two to five years		4,278
16,530	Due after 5 years		15,684
23,416	**Total**		**22,814**
50,969	**Total Commitments**		**49,390**
1,829	Interest charges	18b	1,770
1,377	Service charges		1,426
918	Principal repayment		977
4,124	**Total**		**4,173**

18. Pension costs

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

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 2025 is 22.5% of pensionable pay. The employee rate applied is 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 control element of that valuation was suspended by the UK Government following the Court of Appeal (judgments in the McCloud (Judiciary scheme) and Sargeant (Firefighters' Scheme) cases) which found that the transitional protections introduced as part of the 2015 reforms unlawfully discriminated on the grounds of age. Following consultation and the introduction of statutory measures to remedy the discrimination, the UK Government confirmed that the cost control element of the 2016 valuations could be completed. In parallel, the Government Actuary was asked to review whether, and to what extent the employer cost cap mechanism continues to meet its original policy objectives. The findings of that review were taken into account in the completion of the 2020 actuarial valuations, which were substantially delayed as a result of the McCloud remedy and wider economic changes. Employer contribution rates were implemented from 1 April 2024 following the completion of the 2020 valuations and will remain in force pending the outcome of the current 2024 valuation cycle, which is now underway.

v. NSS's level of participation in the scheme is 2% based on the proportion of employer contributions paid in 2024-25.

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 2025-26 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; this will increase to age 57 in April 2028. 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.

	2025/26	2024/25
	£'000	£'000
Pension cost charge for the year	34,577	32,370
Additional costs arising from early retirement	80	174
Provisions/liabilities/prepayments included in the Statement of Financial Position	6,174	5,897

19. Financial instruments

(a) Financial instruments by category

Financial assets		Financial assets at fair value through OCI	Total
AT 31 MARCH 2026	**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	3,060	3,060
Cash and cash equivalents	10	5,363	5,363
Total		**8,423**	**8,423**
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**

Financial assets		Financial assets at fair value through OCI	Total
Financial liabilities			
AT 31 MARCH 2026	**Note**	**£'000**	**£'000**
Liabilities per Statement of Financial Position			
Lease Liabilities	11	29,995	29,995
PFI Liabilities	11	26,576	26,576
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income, superannuation and amounts due to other boards	11	71,672	71,672
Total		**128,243**	**128,243**
AT 31 MARCH 2025	**Note**	**£'000** *(restated)*	**£'000** *(restated)*
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	100,458	100,458
Total		**159,641**	**159,641**

The disclosure of comparative financial liabilities contained in the above table have been restated from £167,144k to £159,641k following a re-classification of certain liabilities. This restatement does not affect the primary financial statements.

(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 2026	**£'000**	**£'000**	**£'000**	**£'000**
Lease Liabilities	7,335	7,505	13,945	2,575
PFI Liabilities	2,747	2,747	8,241	29,148
Trade and other payables excluding statutory liabilities	71,657	15	–	–
Total	**81,739**	**10,267**	**22,186**	**31,723**
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 *	100,443	15	–	–
Total	**109,463**	**9,251**	**24,615**	**35,471**

** Restated – see commentary at Note 19(a) above*

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 Loreburn Housing Association, Another Viewpoint Limited, Scottish Centre for Children with Motor Impairments, The Police Negotiating Board Scotland, Scottish Environment Protection Agency, 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 1978[1], 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 NHS Scotland 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)
- “NHS Scotland Capital Accounting Manual” means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers
- “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



Dated 22 March 2022