



Annual Report and Accounts

For year ended 31 March 2021



Supporting better quality health and social care for everyone in Scotland

Contents

| | |
|---|-----------|
| Performance report | 3 |
| Overview | 3 |
| Analysis..... | 14 |
| Accountability Report | 29 |
| Corporate Governance Report | 29 |
| Directors' Report | 29 |
| Statement of Board Members' Responsibilities | 30 |
| Statement of Accountable Officers' Responsibilities | 31 |
| The Governance Statement | 32 |
| Remuneration and Staff Report | 39 |
| Remuneration report | 39 |
| Staff Report | 46 |
| Parliamentary Accountability Report | 51 |
| Independent Auditors Report | 52 |
| Financial statements | 57 |
| Statement of Comprehensive Net Expenditure | 57 |
| Statement of Financial Position | 58 |
| Statement of Cash Flows | 60 |
| Statement of Changes to Taxpayers Equity..... | 61 |
| Notes to the Financial statements | 62 |
| Accounts Direction | 94 |
| Direction by the Scottish Ministers..... | 94 |

Performance Report – Overview

Foreword from our Chair and Chief Executive

This past year has seen the most unprecedented crisis and the greatest peacetime public health emergency.

The COVID-19 pandemic has required a clarity of purpose in refocusing the efforts of Healthcare Improvement Scotland, as the national improvement agency, to helping the NHS and social care navigate their way through the pandemic.

Inevitably, the pandemic has had a significant impact on many of our activities, and required us to make decisions at speed. Many aspects of our work had to be paused from the outset of the pandemic, with others redesigned, curtailed or refocused. In doing so, we have sought to balance continuing to achieve our aims, including protecting patient safety, whilst reducing the demands on a health and social care system under the most extreme pressure.

Despite a very tough year, every one of our employees has been resilient and committed in making their own indelible mark. Whether it be in meeting challenges to help the system, new ways of working, or in returning to provide frontline care, our staff have gone well beyond the extra mile. They should all be proud of their unique contribution in the most challenging year since the inception of the NHS.

The rapid shift to working from home – since 18 March 2020 – has required a very different approach to leadership, communication and support for those working in Healthcare Improvement Scotland. In a relatively short space of time we have become an agile and digitally enabled organisation, whilst giving close attention to the health and well-being of staff. The very positive results of our own and national staff surveys have shown we have worked hard to build a safe, inclusive and caring work environment.

We want to ensure that we hold the gains of our new way of working, and support a more flexible approach to employment which gives staff a greater degree of choice and control in how they work. We will design this in partnership with our staff.

We also continued to strengthen the senior leadership team, with the appointment of Dr Simon Watson as our Medical Director. We expanded Directors' individual responsibilities so they all now have a visible cross-organisational role providing strategic oversight of our key delivery priorities.

Over the course of the year, it would be impossible, in this foreword, to describe every aspect of what we have achieved. Whether it be in supporting the roll out of NHS Near Me, supporting the provision of timely and practical evidence about how best to respond to the pandemic, ensuring an inclusive approach to virtual visiting, or assisting our colleagues at the Care Inspectorate in carrying out inspections of care homes, we have demonstrated our resilience and responsiveness. We also achieved our financial targets over a period of considerable uncertainty.

Our efforts are only successful by a strong partnership ethos. In our work with national bodies such as NHS Education for Scotland, Public Health Scotland and Care Inspectorate and local delivery organisations such as NHS boards and integration authorities, we continue to make a shared and strong impact.

We are now working to develop our strategy for the next several years. It will build on the solid foundations as a growing and confident national improvement agency, but tailored to ensuring that we support a smooth recovery from the pandemic. Our national Quality Management System will be embedded in our future approach, with a balanced and tailored response to key priorities such as mental health, children and young people and the care of older people.

Just as this has been the most challenging year for both the NHS and social care in their long history, it has also been the most demanding period in the relatively short life of Healthcare Improvement Scotland. It has been a privilege to lead such an organisation through this period of upheaval and turbulence. We are both enormously grateful for the support of everyone in Healthcare Improvement Scotland for their professionalism, commitment and determination to give of their best in a year of exceptionally challenging circumstances.

DocuSigned by:
Carole Wilkinson
Carole Wilkinson.....8547308C7DF745B.....
Chair

DocuSigned by:
Robbie Pearson
Robbie Pearson.....6585DF0E8701445... ..
Chief Executive

Healthcare Improvement Scotland is a national health body that aims to improve the quality of health and social care for everyone in Scotland.

Our key statutory duties are:

- 1. further improving the quality of health and care;
- 2. providing information to the public about the availability and quality of NHS services; and
- 3. advising Scottish Ministers about any matter relevant to our health service functions.

We work collaboratively with people at every level of the health and social care system, making sure improvements in care are informed by the experiences of the people who deliver and use the services.



Our directorates



Advice on new medicines

Advice on health technologies

Death Certification Review Service

Scottish Patient Safety Programme

Inspections and reviews

Community Engagement

Standards, guidelines and indicators

Safeguarding antibiotics

Global quality improvement webinars

Enabling health and social care improvement

Summary of Performance

Being involved at every level of the health and care system allows us to respond rapidly to changing circumstances.

From the outset of the COVID-19 pandemic, which created the single biggest risk to our ability to carry out our functions in 2020-21, our strategic goal was to support the response of Scotland's health and social care services, adapting our work programme and methods of working as circumstances have changed.

While we began the year with an annual operational plan, we quickly adapted our response to meet the priority needs across our Health and Social Care system. As required by Scottish Government, we set out our detailed adapted work programmes in our mobilisation plan (August 2020) and our remobilisation plan to the end of March 2021 (published in December 2020). All of our key [operational documents](#) are published on our web site.

This approach will be carried forward into 2021-22 by our [third remobilisation plan](#) (RMP3) 'From Emergency Response to Recovery.'

We regularly reviewed our work programmes to respond to the changing needs of the health and care system and the evolving context of COVID-19. This ensured they remained appropriately focused, and this will continue for 2021-22.

In 2020 up to one quarter of our workforce was deployed out to NHS boards and other partner organisations over several months to support the delivery of front line health and care. Others have assisted behind the scenes, playing vital roles in workforce planning, sourcing PPE and volunteering to support the training of additional NHS24 call handlers.

Work Plan Evolution in 12 months

From mid-March 2020, in agreement with Scottish Government, we suspended a number of operational activities requiring input from front line healthcare professionals for three months and focussed on maintaining only essential statutory and regulatory duties. The purpose was to minimise the pressure on, and maximise the availability of, health and social care professionals in the provision of frontline care.

We continued to provide assurance to the service and the wider public about the safety of services by:

1. following up any significant emerging concerns we received about the quality of care being provided
2. meeting appropriate and essential statutory duties regarding the regulation of independent clinics and Ionising Radiation (Medical Equipment) Regulations
3. providing regular intelligence to the seven partner agencies constituting the Sharing Intelligence for Health & Care Group
4. monitoring patterns of data across our set of indicators of the quality of care

We continued throughout the year to undertake core activities in relation to our statutory duties and to enable us to respond to concerns received directly or via intelligence sharing mechanisms. We ensured that critical business within Healthcare Improvement Scotland continued to make health and social care better for people in Scotland.

In agreement with Scottish Government, NHS Boards and Integrated Joint Boards (IJBs) some of our core work programmes were temporarily suspended, including that of the Scottish Medicines Consortium, and routine hospital inspections. Our Excellence in Care and Safer Staffing programmes were also put on hold with clinical staff going back out to Boards, and our Access QI programme paused as its focus is on elective care. Other work, including the work of the Death Certification Review Service, was scaled down or refocused to avoid placing unnecessary additional pressure on frontline services and to release capacity to respond to new requirements.

Work in other areas was initiated, scaled up or accelerated to lend further support to the action against COVID-19 and help the system adjust to new ways of doing things. This included work to support the roll out of Hospital at Home, Anticipatory Care Planning, NHS Near Me and Virtual Visiting, as well as supporting the capture and spread of learning as new and good practice emerged in response to the COVID-19 context.

We also began working alongside the Care Inspectorate, providing joint inspections to care homes. This was completely new for us in a care sector severely impacted by COVID-19, and involved the recruitment of additional inspectors.

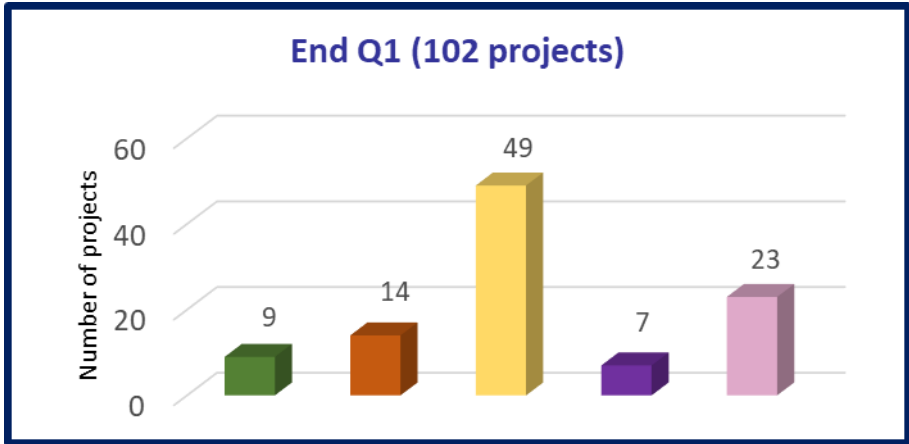
The graphs below illustrate the movement between categories in the work plan by quarter, as described above, i.e.

- Continued delivery of core and statutory duties where required, and the reduction or pausing of non-essential work
- Introduction of new commissions to respond to essential requirements
- Existing work refocused to support the response to COVID-19

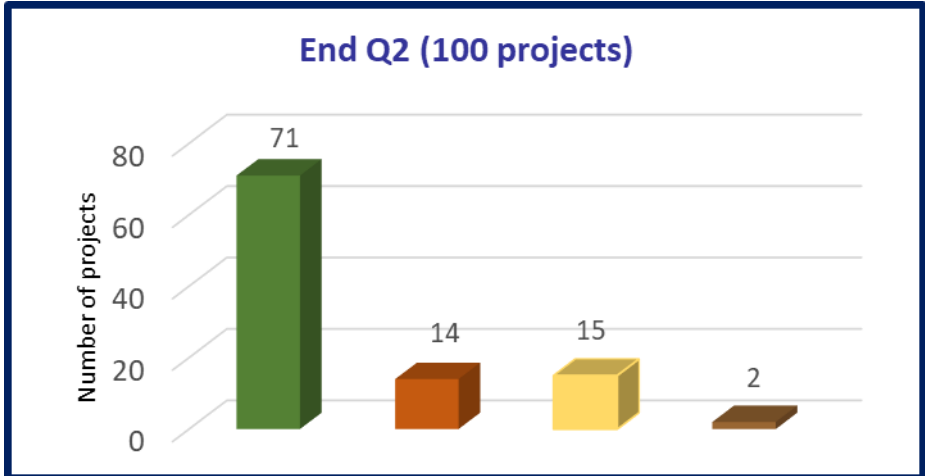
Work Plan Evolution in 12 months

Note: The graphs are intended to indicate movement between categories in the work plan by quarter, rather than progress with delivery of projects. During the year some projects were closed (completed or removed as they would no longer be taking place in the reporting year) or merged with other projects to reflect changes to delivery. This means that the total number of active projects does not remain consistent throughout the year.

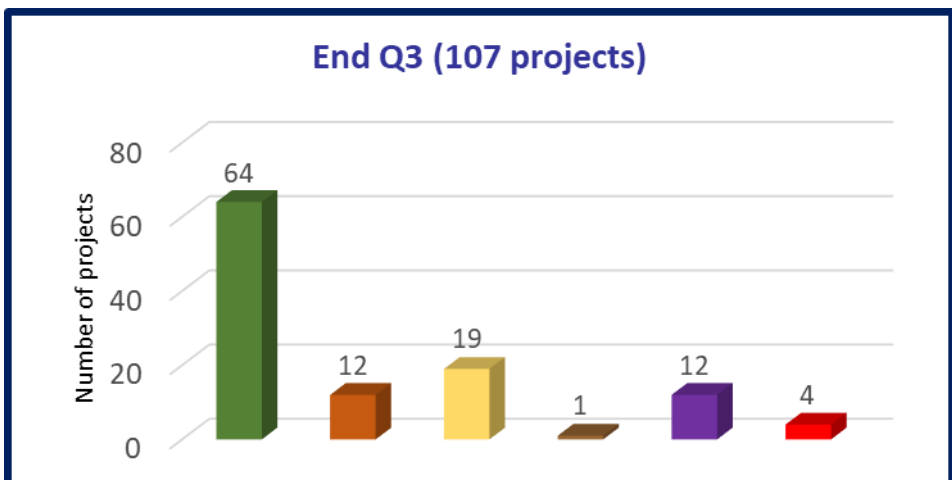
| LEGEND | | | | | | | |
|--------|------------------|--|--------|--|-----------------|--|--|
| | Continue | | Merged | | New Commissions | | |
| | Continue Reduced | | Paused | | Refocussed | | |
| | Closed | | | | | | |



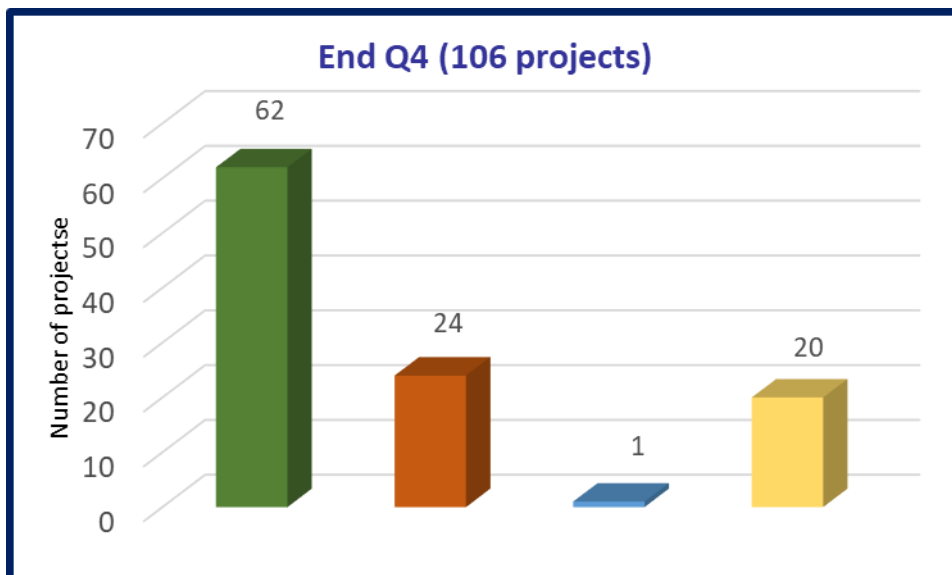
Note: Q1 began with 95 projects, to which seven new commissions were added



Note: From Q2 onwards refocused projects were classed as continuing work; during Q2, two projects were merged into another project



Note: during Q3, twelve new projects began, four projects were closed and one project was merged into another



Note: during Q4 one project was closed

A key component of our ability to flex and adapt our work was our move to remote working, which we achieved within 48 hours of the 'stay at home' instruction. Just as we were able to support health and social care, we were also able to focus on the resilience of our workforce, equipping staff to deliver their work to the best of their ability.

At the same time we captured our own learning so we can continue to improve the ways we have adapted, while maintaining our core approaches of evidence based, person centred, quality management guided advice for safe and effective health and care. This learning is now a key component of our work, and cross organisational working has become even more key as we seek to share and build on our knowledge.

In anticipation of the end of our lease for the use of Delta House in Glasgow on 31 March 2021, we undertook scoping work and extensive staff consultation to identify suitable premises in the city for the future. The resulting business case, agreed by Scottish Government, led to the refurbishment of Delta House beginning at the end of 2020 despite the limitations of COVID-19 restrictions. This work will be completed in autumn 2021.

As the year progressed we began to focus our work around seven key delivery areas, that support national priorities as the health and social care system recovers and continues to redesign how services are delivered. This will continue into the new financial year.

Seven key delivery areas



Our work in these areas will be based on the Quality Management approach to ensure we maximise our impact by garnering expertise from across the whole organisation. While we are still in the early stages of aligning our work around these seven areas, we are confident that using them as the basis for what we do will ensure we continue to make health and care better for the people of Scotland.

We implemented on time on 1 April 2021 the new national whistleblowing standards, having spent the last three months of the reporting year preparing for this.

Strategic leadership for our COVID-19 response

In early March 2020, our resilience working group was quickly re-established as our COVID-19 Emergency Response Team. The role of this group was to provide a forum for considering key issues and operational decision-making for the organisation's internal response to the pandemic. This was supported by a second group which oversaw the external and internal temporary redeployment of staff in response to the requests received. These groups provided advice on a daily basis, initially to the Executive Team for strategic decision-making, later changing to a frequency of meetings which matched the progress of the pandemic.

Key Performance Indicators

The operational planning we carried in preparation for 2020-21 was overtaken in March 2020 at the very start of the pandemic. Subsequent discussion with Scottish Government about NHS priorities meant our priority was to respond solely to COVID-19. As a result we had to set aside many Key Performance Indicators we had set for the year, and for the whole year we managed a flexible and changing programme of work as set out in our remobilisation plans. For example KPIs set for hospital inspections, or for regulation of independent healthcare, could not be met as we were required to suspend these activities for part of the year to avoid adding pressure to the health and care system. We carried out nine NHS community hospital inspections between July 2020 and March 2021, and five acute hospital inspections between January and March 2021. Our Death Certification Review Service continued to operate but with a revised level of random sampling ranging from 4% to 12% month by month, compared with the usual selection rate of approximately 14%.

During 2020-21 the organisation delivered savings targets included within its budget and operated within the financial targets agreed with Scottish Government. The average number of days to pay suppliers improved from 13 days in 2019-20 to 4 days in 2020-21 and is now within the target range of up to 10 working days. Workforce targets relating to sickness absence improved from 3.0% in 2019-20 to 1.8% in 2020-21 and remains below the Scottish Government benchmark of 4%.

Risks

The Board receives the Strategic Risk Register for consideration at each of its meetings. Each governance committee receives the high and very high operational risks assigned to it. The Audit and Risk Committee also review all strategic risks. The most significant risks for the organisation, and the corresponding mitigations, during 2020-21 are all covered elsewhere in this report, but are summarised in the table below:

| | | |
|---|---|---|
| 1 | The expiry of the lease for the Glasgow office accommodation, the renegotiation of the lease and approval of business case for re-fit of the premises | <ul style="list-style-type: none"> • Negotiation with landlord to agree a short term extension to current lease to allow longer term lease to be agreed. • Discussions with SG Capital Investment colleagues to arrange sign off of the Final Business Case for 10 years using delegated authority powers rather than waiting for Ministerial Approval. • Agreement with SG Capital Investment Colleagues and SG Property Surveyor to 'fast track' approval for a short term extension to the current lease in accordance with revised guidance in the Scottish Finance Manual to support business continuity during the pandemic. |
| 2 | The financial arrangements related to the regulation of independent healthcare | An internal group consisting of Senior Quality Assurance Directorate input, IT, Finance, Human Resources, Planning and Independent Healthcare representation has been established to fully assess the sustainability of the current model of regulation. |

| | | |
|---|---|--|
| 3 | The delivery of work and financial management of additional funding allocations issued by Scottish Government | <ul style="list-style-type: none"> Weekly updates being provided to Scottish Government finance colleagues showing impact of COVID19 on financial projections. Close contact with Scottish Government policy leads to confirm additional allocations and their use. Review of the work programme for HIS to ensure that work is prioritised based on current knowledge. |
| 4 | Leadership arrangements for our Quality Assurance work | Members of the Executive Team assumed the role of Interim Director of Quality Assurance and leadership responsibility on an interim basis for inspections and regulatory activity. |
| 5 | The impact of the COVID-19 pandemic on staff wellbeing, the organisation's work and the stability of the budget | <ul style="list-style-type: none"> Develop and implement mobilisation plan. Minimise pressure on both frontline healthcare and our own staff by re-focusing work programme. Consider pause as an opportunity and develop process for active consideration and prioritisation of restart of work. Ensure good communication with staff. Ongoing process of line managers maintaining contact with individual members of staff from a health and wellbeing basis. Weekly updates being provided to Scottish Government finance colleagues showing impact of COVID19 on financial projections. |
| 6 | Inability to deliver our work because of a skills shortage or lack of capacity resulting in a failure to meet our objectives. | <ul style="list-style-type: none"> The organisational 'interim' workforce plan for 2021/22 for Healthcare Improvement Scotland has been completed and includes a detailed action plan for delivery and the current workforce challenges are identified. Activity on this plan will be reported to Staff Governance Committee, Partnership Forum and the Board. The Strategic and operational risk register detail in relation to workforce risks is also regularly assessed and reviewed in light of the overarching plan for the organisation. |

We continue to treat the impact of the COVID-19 pandemic (risk 5 above) as an ongoing area of risk which may affect performance during 2021-22. Other ongoing/future areas of risk relate to the following, on which there are further details elsewhere in this report:

- The organisation's role in supporting the Care Inspectorate with care home inspections.
- Model for delivery of independent healthcare regulation and the unpredictability of this market.

Internal Improvement and learning from the pandemic

We restarted our internal improvement programme to build on the gains from our learning during the COVID-19 pandemic for the longer term. This learning research was conducted internally and we produced reports focused on our agility, innovation, resilience, external impact and staff experience. Our internal improvement programme recognises we are the national improvement organisation for health and care, and we succeed in improving ourselves, while continually striving for more. The Internal Improvement Oversight Board (IIOB) is partnership driven, providing leadership, governance and accountability for three agreed key work stream areas of improvement – *'people, place and process'*.

This programme aims to inspire and enable staff to make the changes needed to keep the organisation sustainable, effective and fit for the future. The three key priority areas across the work streams:

- Ways of Working including our culture and values and staff health and wellbeing
- Staff capacity and capability – including embedding the quality management system approach within Healthcare Improvement Scotland
- Digital transformation – including delivery and implementation of O365 and MS Teams

National Boards Collaborative

We have continued to work as part of the National Boards Collaborative, contributing to two key areas where collaboration could enable the acceleration of progress: supporting the primary care digital reform agenda with a specific focus on prescribing and a 'digital front door'; and sharing data and improving intelligence in relation to older people and health inequalities. Both programmes support the ambition for delivering the right care at the right time and in the right place, while also helping to alleviate unnecessary pressures on the NHS in Scotland.

Preparing to leave the EU

In preparation for UK leaving the European Union, we provided support to our staff who are EU citizens so they were informed about any action needed by them to remain within Scotland.

In line with Scottish Government instructions regarding the risk to the compliance of data flowing between the UK and EU after 1 January 2021, we reviewed our information assets to identify contracts and agreements where personal data was being stored, accessed or inputted into systems or software hosted within the EU.

As the UK's Medicines and Healthcare products Regulatory Agency (MHRA) became the sole regulator for medicines in the UK on January 1 2021, the Scottish Medicines Consortium is working in partnership with MHRA, the National Institute for Health and Care Excellence (NICE) and NHS England and NHS Improvement on the new innovative licensing and access pathway (ILAP). The aim of the ILPA is to reduce the time to market for innovative new medicines, allowing patients to benefit from them more quickly. With partner organisations we continue to monitor the potential for EU exit to impact on access to medicines and other supplies.

Enabling and supporting a remote workforce

On the UK and Scottish Government's advice to 'stay at home' we moved over 400 people to remote working, achieving this within 48 hours. While the majority of staff were already equipped with laptops and mobile phones, this move still presented many challenges.

Our Facilities team ensured all essential buildings maintenance was in order and our Health and Safety Advisor took the lead role in ensuring that every member of staff had the necessary equipment to work safely from home. Our ICT team, as well as ensuring all staff had the technology they required, reinforced our organisational ability to work remotely by leading an earlier than planned roll out of Microsoft Teams, supported by a team of Office 365 champions.

Staff wellbeing was given priority from the beginning, including recognition of flexible working being a key component of supporting staff to manage in unprecedented and extreme circumstances. We also introduced an interim Gender Based Violence policy, accompanied by a staff training programme, in recognition of greater risks emerging from people spending more time at home.

We quickly established means of communicating with staff to ensure they were kept informed of the latest advice on COVID-19 and our own activities. A COVID-19 staff information intranet page was developed, virtual all staff huddles were established to ensure visibility of senior leadership and regular staff emails were circulated. Our chief executive started a weekly staff update which continues now.

The Shaping our Future survey told us that 80% of staff responding had adapted well to working remotely. 86% had the equipment and resources they needed to work effectively outside of the office environment, and 86% of respondents were coping well with the new technology introduced. 98% of our staff agreed that Healthcare Improvement Scotland had communicated very well, or well since home working began, and were using a variety of sources to keep up to date. 83% of respondents agreed their line manager was offering them the support / direction they need at this time, and 96% reported having a clear work focus within the circumstances.

Our report from the 2020 iMatter Pulse Survey placed Healthcare Improvement Scotland as an organisation that is ranked very highly by staff in most of the categories, including that this organisation would be recommended as a good place to work. The [full national results](#), in which our position can be compared, is published by the Scottish Government.

Statutory responsibilities in relation to the Public Interest Disclosure Act and the Scottish Regulators' Strategic Code of Practice

During 2020-21 Healthcare Improvement Scotland received 8 disclosures from NHS Scotland staff under the **Public Interest Disclosure Act**, this compares against 14 received in 2019-20. For one of these, we sought information from the relevant NHS board to understand whether the board was aware of the issues raised and, where applicable, to seek evidence of how the concerns had been addressed. Following a review of the information provided, we were satisfied that no further assessment was required in relation to this disclosure. Of the remaining disclosures, one related to procurement and supply issues which were being taken forward nationally, therefore we shared the information with the relevant NHS board for local consideration and response within this national context. Three cases were referred to the relevant NHS board to address locally and three are ongoing cases currently under assessment. In undertaking this work we are providing public assurance that concerns are being addressed, and can also, through our assessments and investigation process, identify areas for improvement.

In line with the **Scottish Regulators' Strategic Code of Practice**, Healthcare Improvement Scotland is required to publish an annual statement on compliance with the Code. All of our quality assurance and regulatory work is:

- a. user-focused
- b. transparent and mutually supportive, yet independent
- c. intelligence-led and risk-based
- d. integrated and co-ordinated
- e. improvement-focused

In line with the Code and our principles we offer a wide range of support and information to regulated services to help them to deliver straightforward compliance solutions. We have shared considerable guidance with new providers to assist them in becoming registered with us. We also routinely engage with stakeholder groups including opportunities to inform the development of our policies, and we have published all of our inspection methodologies.

We ensure that our regulatory work is intelligence-led through links with the work of Healthcare Improvement Scotland's Data Measurement and Business Intelligence team. We also use information on previous inspection performance, notifications and service level risk assessment to inform and target our regulatory activity.

The following operational arrangements are also in place:

All services we inspect have the opportunity to review our inspection reports to ensure they are factually accurate. Services required to register with us can also review and agree any conditions that will be attached to their registration, and there are also systems in place to allow the opportunity to comment, and in some cases appeal, in relation to any enforcement action. We have a complaints process in place that allows providers of services the opportunity to complain if they feel we have not followed our published methodology.

The global COVID-19 pandemic has required us to review and think innovatively about our regulatory approach and interventions. We have worked hard to make sure that regulated services have been supported through the pandemic and offered them help to understand the restrictions imposed and what that means for them. We have also used technology to remain in touch and to maintain oversight where regulated service continued to provide healthcare.

In particular the rapid deployment and widespread adoption of video calling during the pandemic allowed us to speak to staff and see inside services in a proportionate and COVID secure way.

We are constantly reviewing learning from our inspection, review and regulatory activity, which is informing the development of our Quality Assurance System. As we move forward we will take the learning from continuing regulation and assurance during the pandemic to inform further the development of our approach across all types of our work with a view to the continual improvement of overarching operational guidance fit for the way healthcare is delivered today.

Performance Report – Analysis

The performance analysis section details how Healthcare Improvement Scotland and its directorates have performed against our strategic objectives as set out in our operational plans and key indicators.

Financial

Healthcare Improvement Scotland measures its progress toward achieving the Scottish Government's nine national health and wellbeing outcomes and the strategic improvement priority areas identified in the Annual Operating Plan (AOP) using a suite of performance indicators. The AOP gives detailed targets and trends for a number of key performance indicators towards achieving these outcomes. Healthcare Improvement Scotland also measures its performance against the financial targets set by the Scottish Government Health and Social Care Directorate (SGHSCD). Performance against these targets is monitored by the Executive Team and reported to the Board on a regular basis.

The Scottish Government require NHS Boards to meet three key financial targets:

1. a Revenue Resource Limit;
2. a Capital Resource Limit; and
3. a Cash Requirement.

Further details on non-core elements of expenditure, typically comprising items of a technical accounting nature, can be found in the Summary of Resource Outturn (page 72).

Financial Performance against Three Key Financial Targets

For the Year Ended 31 March 2021

| | Limit as set by SGHSCD £'000 | Actual Outturn £'000 | Variance (deficit)/ surplus £'000 |
|--------------------------------------|---------------------------------|----------------------------|--|
| Core revenue resource limit | 32,635 | 32,264 | 371 |
| Non – core revenue resource limit | (596) | (595) | (1) |
| Total | 32,039 | 31,669 | 370 |
| Core capital resource limit | 288 | 288 | 0 |
| Non-core Capital Resource Limit | 0 | 0 | 0 |
| Total Capital Resource Limits | 288 | 288 | 0 |
| Cash requirement | 32,277 | 32,283 | (6) |

For the Year Ended 31 March 2020

| | Limit as set by SGHSCD £'000 | Actual Outturn £'000 | Variance (deficit)/ surplus £'000 |
|--------------------------------------|---------------------------------|----------------------------|--|
| Core revenue resource limit | 32,583 | 32,056 | 527 |
| Non – core revenue resource limit | 1,091 | 1,093 | (2) |
| Total | 33,674 | 33,149 | 525 |
| Core capital resource limit | 0 | 0 | 0 |
| Non-core Capital Resource Limit | 0 | 0 | 0 |
| Total Capital Resource Limits | 0 | 0 | 0 |
| Cash requirement | 32,061 | 32,075 | (16) |

All cash balances are held in accounts that form part of the Government Banking Services, with the likelihood of monies being irrecoverable considered to be minimal.

Memorandum for In Year Outturn

| | £'000 |
|--|---------|
| Core revenue resource Variance (Deficit)/Surplus in 2020-21 | 371 |
| Financial flexibility: funding banked with/(provided by) Scottish Government | 257 |
| Underlying (Deficit)/Surplus against Core Revenue Resource Limit | (156) |
| Percentage | (0.48)% |

A three-year financial plan was submitted to Scottish Government by Healthcare Improvement Scotland on 5th March 2020. Due to the impact of the Covid-19 pandemic, the Scottish Government paused the Annual Operating and financial planning process. Recognising the exceptional nature of 2020-21 and the impact on delivery of financial plans, additional non-repayable funding was provided to support in-year financial balance across all NHS Boards. Healthcare Improvement Scotland received £0.6m.

Excluding provision of financial flexibility provided by the Scottish Government, the Board's outturn would have been an under spend on RRL of (£0.156m) (equivalent to (0.48%). The under spend is within one percent flexibility afforded by the three-year financial planning and performance cycle, and will be managed within an overall breakeven position in the period 2021-22.

Efficiency Targets

The budget for 2020-21 featured a number of efficiency targets that are summarised below.

| | Target £'000 | Achieved £'000 | Recurring | Non Recurring |
|------------------------------|--------------|----------------|-----------|---------------|
| Staff Turnover | 704 | 1,890 | - | 1,890 |
| General Expenditure | 1,560 | 1,999 | - | 1,999 |
| National Board Collaboration | - | 250 | - | 250 |
| Total | 2,264 | 4,139 | 0 | 4,139 |

Payment Policy

The Scottish Government is committed to supporting business in the current economic situation by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies. The statistics below include disputed invoices for 2019-20.

In 2020-21:

- Average credit taken was 4 days.
- Healthcare Improvement Scotland paid 99.58% by value and 99.25% by volume within 30 days.
- Healthcare Improvement Scotland paid 90.98% by value and 93.83% by volume within 10 working days.

The comparators for 2019-20 are:

- Average credit taken was 13 days.
- Healthcare Improvement Scotland paid 99.12% by value and 91.75% by volume within 30 days.
- Healthcare Improvement Scotland paid 94.75% by value and 79.22% by volume within 10 working days

Note: These calculations only relate to non-NHS suppliers

The above calculations include all invoices and during 2019-20 the main reason for the increase in average credit days was the clearance of disputed backlog invoices mostly relating to one supplier.

During 2020-21 an exercise was carried out and disputed invoices were removed from the calculation which has reduced the number of days significantly. The revised approach is compliant with the requirements under SPFM.

Independent Healthcare

Independent Healthcare incorporates independent hospitals, which includes hospices, private psychiatric hospitals and independent clinics. The financial results are shown below and the remaining surplus has been carried forward to the financial year 2020-21.

| OUTTURN | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|--------------------------|-----------|-------------|-----------|-----------|
| | £'000 | £'000 | £'000 | £'000 |
| Income | 601 | 793 | 749 | 648 |
| SG Funding (COVID-19) | 394 | 0 | 0 | 0 |
| Expenditure | (955) | (810) | (705) | (593) |
| Surplus (Deficit) | 40 | (17) | 44 | 55 |

Flexibly realigning our operational priorities

Working closely with stakeholders including Scottish Government policy leads, Health and Social Care Scotland and NHS Boards, we identified ways to support system resilience, redesigning our services to support the rapid implementation of several vital programmes of work.

Evidence and Research

We agreed with the office of the Chief Medical Officer that our health service researchers' function would pull together evidence to support critical decision making, with a particular focus on decisions about prioritisation of treatment. Applying the same robust techniques that inform all their work, we produced a weekly bulletin bringing together the current research and evidence available at the height of the pandemic. We developed a series of rapid evidence reviews and guidelines, both for Scotland and the wider UK in partnership with NICE. This advice covered a range of topics, from practical advice on the management of antimicrobial stewardship practice to palliative care guidelines.

SG clinical cell guidance moved to SIGN website <https://www.sign.ac.uk/scottish-government-clinical-advice/> - and we balanced clinical cell work with long COVID guideline work. The second wave of the pandemic brought more activity for SIGN.



“Over the past 27 years, SIGN has developed an international reputation in producing highly regarded clinical guidelines. We have worked to a robust methodology during this time, but quickly realised that the lack of high-quality evidence related to COVID-19 wouldn't fit this mould. Uncomfortable as it was, we had to adapt to ensure that our contribution would be meaningful and timely.”

Angela Timoney, Chair of Scottish Intercollegiate Guidelines Network (SIGN)

For these reasons, planned work on SIGN guidelines including those in relation to dementia, diabetes in pregnancy and eating disorders has been delayed but is carried forward into the work programme for 2021-22. Work on a number of standards has also been paused but will restart during 2021-22.

Person Centred Care

To ensure some patients got the care they needed without having to have a stay in hospital, our ihub directorate led work to provide knowledge and tailored support to NHS boards to help accelerate the roll out of [Hospital at Home](#). This is a short term, targeted intervention that provides a level of acute hospital care in an individual's own home equivalent to that provided within a hospital.

We published a series of web-based resources on all aspects of Anticipatory Care Planning to support health and social care professionals throughout the ACP process. ACP involves conversations between individuals, their families, carers, and professionals. It helps people communicate goals and preferences, and gives them opportunities to consider realistic options and plan for future changes in their health and care that can be recorded, shared and reviewed. This became particularly relevant during 2020.

In a major initiative in partnership with Scottish Government, the ihub led work which included 52 staff from teams across our organisation working with 652 GP practices across 10 NHS Boards, maternity services, and mental health community and crisis teams to support the roll out of the NHS [Near Me](#) video consultation platform. NHS Near Me supported the reduction of physical interactions and help reduce the spread of COVID-19 while enabling the delivery of vital healthcare.

Video technology also provided the ability for patients to stay in touch with loved ones while in hospital. In order to capture how widely this [Virtual Visiting](#) scheme was being rolled out, we undertook a scoping exercise which found that many more devices were needed to enable this vital service. As a result Scottish Government is providing funding to support Virtual Visiting and more than 1,000 new devices will be purchased to ensure people can stay connected with their loved ones when in hospital.

Our ihub also led work to gather and share examples of emerging practice during COVID-19 through [two new national learning systems](#). Supporting person-centred care in COVID-19 situations by sharing compassionate practice provides a central source of information about how health and care staff have found ways to provide compassionate care and overcome communication barriers during COVID-19. Health and Social Care Learning in Scotland highlights ideas, insights and examples of how health and social care services are rapidly adapting in order to mitigate the challenges presented by COVID-19.

In 2020, the ethos of 'What matters to you' (WMTY) became even more important for those working in, and for the people receiving health and social care. Twitter proved the most successful channel for engagement, and while participants were not asked to formally register this year the level of Twitter activity using #WMTY20 was almost at the same level as previous years.

The 'What matters to you?' day [Annual Report 2020](#), which is now published, contains case studies of how WMTY made a difference during the pandemic.

Death Certification Review Service

During the COVID-19 pandemic, DCRS focussed on the quality and accuracy of Medical Certificates of Cause of Death (MCCDs) where this had assumed significant public interest because of the difference between those cases clinically diagnosed in contrast to deaths where a positive swab result was recorded. The Coronavirus Act 2020 was the mechanism used to permit temporary suspension of random reviews rather than the Certification of Death (Scotland) Act which would have required secondary legislation enacted. This was used for as limited period as possible and the service returned to normal reviews and sampling once the pressures on delivering clinical care in the NHS eased.

In response to the COVID-19 pandemic, the service worked closely with the Scottish Government, National Records of Scotland, Registrars and the Procurator Fiscal and changes to the service were put in place to support:

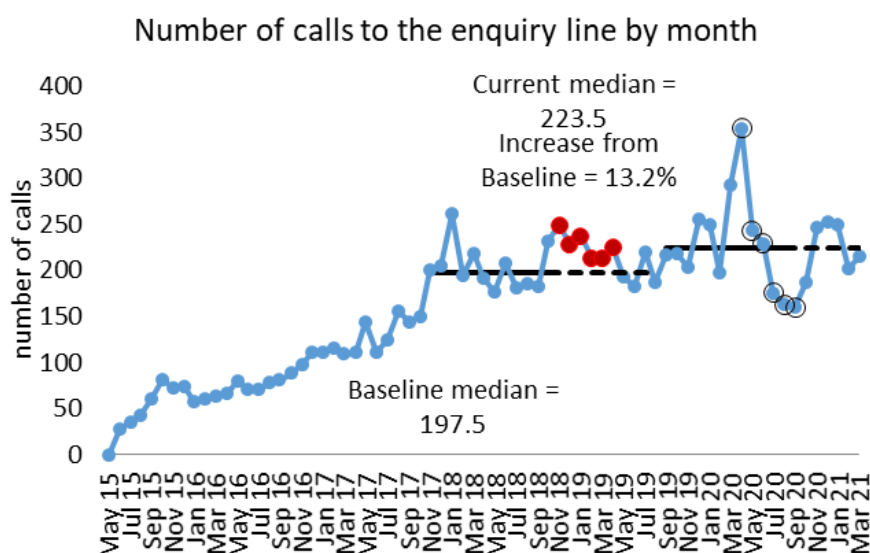
1. Families and give public reassurance
2. Health Boards and to reduce pressures on frontline staff
3. Crown Office and Procurator Fiscal services to manage reports on deaths from COVID-19
4. Registrars to manage the significant increase in death registrations
5. Funeral directors to progress funerals quickly

On the 31 August 2020, 'business as usual' was resumed. However, on 24 November 2020 the decision was taken to move to performing only Level 1 Hybrid reviews to protect the integrity of the service following a rise in the numbers of reviews and the difficulty in securing Certifying Doctor availability. The table below shows the changes to the selection rate with the corresponding dates. During periods where there was a reduced selection rate the new Hybrid level 1 review process was used.

| Date | Selection rate | Date | Selection rate |
|-------------|--------------------------|-------------|---|
| 24 Mar 2020 | 4% | 31 Aug 2020 | Normal selection rate and process implemented |
| 27 Mar 2020 | Selection rate suspended | 24 Nov 2020 | 12% |
| 11 May 2020 | 4% | 18 Jan 2021 | 8% |
| 10 Jun 2020 | 8% | 15 Mar 2021 | 10% |
| 22 Jul 2020 | 10% | 29 Mar 2021 | 12% |
| 3 Aug 2020 | 12% | | |

DCRS continues to provide advice to certifying doctors, supporting them during these exceptional times through the enquiry line. Guidance and advice on how to accurately complete death certificates during the COVID-19 pandemic was provided. Calls to the enquiry line have increased by 1.34% in the past 12 months with the service now responding to around 223 calls per month.

There has been an increase in the number of calls received to the DCRS enquiry line of 13.2%, from a baseline level of 197.5 in January 2018 to 223.5 per month in March 2021.



The total number of calls for 2020-21 is 2,677, of which:

1. GP clinical advice is the most common advice type at 67.3%, other calls come from hospital doctors, registrars, funeral directors and families

2. 20.8% of calls were COVID-19 related

Patient Safety

In March 2021 we published the 2020 Essentials of Safe Care, a practical package of evidence-based guidance and support that enables Scotland's health and social care system to deliver safe care. This was developed with and for Scotland's health and social care system and continues to demonstrate our world leading role in the application of quality improvement to support safer health and care. The development was led by the [Scottish Patient Safety Programme \(SPSP\)](#), the national quality improvement programme that aims to improve the safety and reliability of care and reduce harm. A number of existing elements of SPSP were required to be paused during the pandemic response, particularly where there was a requirement for NHS board engagement.

We also began work to develop a new safety strategy which will form a major element of our forthcoming organisational strategy for 2022-25. We took part in WHO World Patient Safety Day which had a focus on the impact of staff safety on patient safety.

The Scottish Medicines Consortium temporarily paused its programme at the start of the pandemic at the request of Scottish Government. Work restarted in the late summer 2020 by way of virtual committee meetings and post-meeting surveys indicated that members were generally satisfied with the virtual approach. An interim approach to requesting submissions from companies for medicines that were likely to offer greatest benefit to patients also worked well during that time.

By February 2021 the first phase of recovery was complete with the processing of all medicines that were in the system at the time meetings were suspended. The approach to expedite some decisions has been working as intended, minimising delay and reducing demand on committee members, who undertake frontline clinical work. We will continue with these interim processes, with some modifications, and will review in autumn 2021.

- Advice for medicines accepted by the New Drugs Committee (NDC) will continue to be issued following SMC executive review, i.e. these submissions will not be considered by the SMC committee.
- Advice for abbreviated submissions will also continue to be issued following SMC executive review rather than full committee consideration. These will now follow the standard timelines.
- Medicines where alternatives within the same class have previously been accepted for use (or restricted use) by SMC may be eligible for the abbreviated submission process.



“I think virtual meetings certainly have a place in the future of the SMC... especially... when a patient organisation nominates a patient or carer to attend and speak about their own experience... It would be a huge advantage for patients to be able to contribute from the comfort of their own home instead of journeying in to attend a meeting in person.”

Daniel Cairns, Patient Advocacy and Policy Officer, Myeloma UK / Member of SMC's Public Involvement Network Advisory Group

Access

Our Access QI programme started in 2019 as a new programme of quality improvement (QI) work to complement the National Waiting Times Improvement Plan (WTIP). Working with NHS National Education Scotland and NHS boards, its aim was to demonstrate how QI methods can improve access to care via sustainable reduction in waiting times.

We recruited three NHS boards to work with us, covering nine elective care pathways to be part of this work. However, four months in the programme went into hibernation due to the pandemic. We restarted in July 2020 but lost five of the nine test pathways due ongoing pressures on NHS Boards from the pandemic. The four remaining pathways (in Grampian and Tayside) continued to use QI to help with the remobilisation of elective care services and delivered some impressive improvements including: NHS Grampian's Gynaecology service redesigned pathway to redirect **62% of referrals** to community physiotherapy; NHS Grampian started to apply QI approach to other pathways, leading to an all-time high of **99% for the 31 day cancer performance**; and NHS Tayside's Gynaecology service reduced the average time from GP referral to Hysteroscopy by **103 days**.

We also ran a learning system capturing 50 local innovations that enabled elective care services to continue operating during the pandemic, contributing to keeping the waiting lists down.

We developed a toolkit and training programme to enable other elective care teams to apply QI to the challenging of improving waiting times and in February 2021 Scottish Government re-commissioned us to spread the approach across Scotland.

Access QI – Tayside Case Study

NHS Tayside identified Post-Menopausal Bleeding pathway as a priority for focus as:

- Gynaecology was a specialty with long waits.
- An initial DCAQ analysis highlighted the Post-Menopausal Bleeding pathway as the one to focus on to maximize impact on waiting times.



Through Access QI:

1. Developed a new electronic referral route to ensure urgent referrals are coded correctly and inappropriate referrals are reduced.
2. Developed a new pathway based on a “one-stop” clinic that enabled individuals to have a hysteroscopy on the same day as the first outpatient appointment. Tested and refined the new pathway with a small number of patients before full implementation.

Outcome:

1. By the end of October 2020, **92% of patients were referred through the new electronic referral route**.
2. The one stop clinic reduced **the average time from GP referral to hysteroscopy by 103 days**, from 137 to 34 days.

Independent Healthcare

Healthcare Improvement Scotland has been responsible for regulating independent hospitals (including palliative care hospices) and private psychiatric hospitals since it was established in 2011, and since April 2016, has regulated independent clinics. Inspections of independent clinics began in late summer 2018, and there are now more than 420 registered independent clinics.

In order to minimise the spread of COVID-19 and protect our staff we had already stopped all routine face-to-face regulatory activity before 1 April 2020, restarting inspections again in August 2020. Our regulatory activity is self-financing with the costs being recouped from the independent sector by way of regulatory fees. Independent healthcare providers were directly impacted by COVID-19 regulations, for a large part of the year. To support them, and ensure that Healthcare Improvement Scotland can continue to effectively regulate the sector, the Scottish Government agreed to meet the cost of our regulatory service for the period from 1 April to 31 August 2020, enabling us to suspend continuation fees for the same period.

| IHC Statistics | | Q1 | Q2 | Q3 | Q4 | Total 2020-21 |
|---|----------------|-----|-----|-----|-----|------------------|
| Year - 2020-2021 | 2019-20 | | | | | |
| No. registrations received (full appls) | 85 | 7 | 17 | 14 | 25 | 63 |
| No. services registered | 89 | 3 | 22 | 18 | 9 | 52 |
| No. services registered within 90 days | 18 | 1 | 4 | 5 | 5 | 15 |
| No. services cancelled registration | 37 | 4 | 15 | 14 | 6 | 39 |
| No. inspections completed | 158 | 0 | 7 | 36 | 18 | 61 |
| No. Complaints received | 20 | 8 | 13 | 8 | 3 | 32 |
| No. complaints investigated (by IHC) | 9 | 1 | 5 | 3 | 1 | 10 |
| No. enquiries received (logged on CRM) | 15 | 0 | 0 | 0 | 0 | 0 |
| No. notifications received | 796 | 573 | 316 | 483 | 423 | 1,795 |
| No. referrals to CFS | 3 | 0 | 0 | 0 | 0 | 0 |

In March 2020, the Cabinet Secretary for Health and Sport requested Healthcare Improvement Scotland stop carrying out routine safety and cleanliness inspections in NHS hospitals. We recommenced our NHS inspections in community hospitals in July 2020 with an adapted methodology in light of COVID-19, and planning for inspections based on intelligence, including nosocomial outbreaks and service pressures. For the remainder of the year we carried out nine inspections of community hospitals, which combined elements of our healthcare environment and older people in acute care inspections, adapted to take account of the pandemic context.

In January 2021, following an announcement by the Cabinet Secretary, we took steps to recommence inspections of acute NHS hospitals that were adapted in light of COVID-19, but taking account of any significant service pressures identified at any specific site. Using a new streamlined process, with a shorter inspection process and shorter reporting time, these have also been planned based on intelligence, including nosocomial outbreaks and service pressures.

Between January and March 2021 we conducted five inspections of acute hospitals. We suspended our joint inspections (with the Care Inspectorate) of Children’s Services and Adult Support and Protection Services as our inspectors were deployed elsewhere in the health and care system or undertaking the new joint inspections of care homes. Our Adult Support and protection Inspections recommenced in April 2021.

Routine prisoner healthcare inspections paused and replaced by adapted COVID-19-focused prison visits, 11 of which carried were out during 2020-21.

Responding to Concerns

From mid-March to June 2020 we suspended the requirement on NHS Boards to notify us of Category 1 adverse events where a Serious Adverse Event Review (SAER) had been commissioned. The boards were still required to apply the guidance in the National Framework: *“Learning from adverse events through reporting and review.”*

Service Reviews

We published our review of Adult Community Mental Health Services in Tayside in July 2020. This was the culmination of an intense and challenging period for the review team, which was impacted towards the end of the review process by lockdown. This review was the first one carried out for adult community mental health services, and we anticipate doing more of this in the future.

Care Homes

As a result of the COVID-19 pandemic, the Scottish Government asked for urgent additional whole system support to protect residents and staff in older people’s care homes. The enhanced professional clinical and care oversight of care homes announced by the Cabinet Secretary for Health and Sport on 17 May 2020 requested that ‘Joint inspection visits (of care homes) are undertaken as required by the Care Inspectorate and Healthcare Improvement Scotland, working together, to respond to priorities and concerns’. Both organisations worked together to respond rapidly to this request, with Healthcare Improvement Scotland subsequently taking part in around 30% of care home inspections.

During 2020-21, Healthcare Improvement Scotland took part in 325 care home inspections (219 initial inspections, 106 follow up inspections).

IRMER

During the first and second waves of the pandemic, routine IRMER (Ionising Radiation (Medical Exposure) Regulations) inspections were paused. During the pause periods, any concerns raised in the event of a mandatory notification by an NHS board, for example in relation to an over-exposure, continued to be followed up as appropriate.

Gathering and sharing intelligence

Work continued to understand challenges and good practice across all NHS Boards, with the work of the Sharing Intelligence Health and Care Group, a mechanism which enables seven national agencies to share, consider, and respond to intelligence about care systems across Scotland (in particular NHS boards). The seven organisations, each of which has a Scotland-wide remit, are: Audit Scotland, Care Inspectorate, Healthcare Improvement Scotland, Mental Welfare Commission for Scotland, NHS Education for Scotland, Public Health Scotland, and Scottish Public Services Ombudsman.

Feedback letters were provided to: -

2021 NHS Grampian; NHS Greater Glasgow and Clyde; Golden Jubilee National Hospital; NHS Forth Valley; Scottish ambulance Service; NHS Lanarkshire; NHS24.

2020 NHS Highland; NHS Dumfries and Galloway; The State Hospital; NHS Tayside; NHS Ayrshire & Arran; NHS Borders; NHS Fife; NHS Lothian; NHS Grampian; NHS Western Isles; NHS Shetland; NHS Orkney.

Community Engagement

On 1 April 2020, the operational directorate of Healthcare Improvement Scotland previously known as the Scottish Health Council became HIS-Community Engagement. This was accompanied by changes to the way it delivers support to NHS Boards and Integrated Joint Boards, while the primary purpose remains to support, ensure and monitor community engagement activities.

Our local engagement office network has continued its work to enable local communities to participate in the planning, development, and delivery of services, while some of our local office premises were temporarily given back to the host Boards for their own use.

We developed 'Engaging differently' with resources to support NHS Boards and Integration Authorities continue to engage with people and local communities during the pandemic. These are designed to help organisations consider the best ways to engage in the context of physical distancing requirements and ensure people of all backgrounds affected by a particular policy, event, or service change can have their voice heard and acted upon.

Our Service Change team offered advice and support on engagement to 26 service changes across 10 NHS Boards and 9 Integration Authorities. This included NHS Lanarkshire's Monklands Replacement Project, with the Quality Assurance report published in December 2020. The team also provided support to NHS Boards and Integration Joint Boards by producing advice to support organisations engaging on service changes as a result of the pandemic.

We published our 7th [Citizens' Panel report](#) in early 2021. This focused on health and social care experiences during the COVID-19 pandemic and priorities for health and social care in the future. A total of 652 responses (56% response rate) were received.

The Scottish Government asked us to gather information about the existence, role and support for Maternity Services Liaison Committees across NHS Scotland. This [report](#) was published in October 2020 and the findings are being used to help improve engagement in the way maternity services are delivered.

To help ensure that we are meeting our statutory duties of engagement and involving people and communities in all that we do we have introduced strengthened governance arrangements. The Governance for Engagement committee (a sub-committee of the Scottish Health Council Committee) started working with our directorates in January 2021 to explore ways of improving engagement practice comprehensively across the organisation.

Developments in medicines and technology

We accelerated progress in two key areas of medicines and pharmacy work, [off-label cancer prescribing](#) and a pilot of a new, longer lasting treatment for [opioid addiction in prisons](#), pieces of work which allowed patients to be treated safely while reducing the risk of contact during COVID-19. We also successfully completed important work around [consent for cancer care](#), which took on a new significance as more patients had virtual consultations due to the pandemic.

Safeguarding other vital medicines – antibiotics – continued to be the focus for our Scottish Antimicrobial Prescribing Group (SAPG) as they conducted point prevalence surveys which showed previous work around antimicrobial stewardship had paid off, as prescribing in both [hospitals](#) and [the community](#) during the pandemic showed no significant increase.

While their regular work was paused, the Scottish Medicines Consortium joined a UK-wide [multi-agency initiative](#) to secure access to potential new treatments for COVID-19 quickly and safely.

Impacts of COVID-19

As the pandemic progressed and its impact became clearer, our Evidence team played a central role in the development of a [guideline and accompanying patient booklet for long-COVID](#). These documents that will continue to be updated as the impact of this condition becomes clearer.

We also supported the development of standard operating procedures for the programme of community testing which began in early 2021.

A number of our staff also became volunteer vaccinators as the national vaccination programme began in January 2021.

There has been an increase in the number of people presenting with a first episode of psychosis during the pandemic. Since the quarter January-March 2020, when the COVID-19 pandemic began, the Esteem service in Glasgow has experienced an increase of 20-25% in caseload. This is consistent with the experience of specialist Early Intervention Psychosis (EIP) services in England.

During the year the ihub led work with input from our evidence team and produced a report with recommendations for how EIP services can be delivered in urban, semi-urban and rural communities, tailored to their specific needs, including workforce and cost implications. The recommendations were accepted in full by the Scottish Government and we have now been commissioned to deliver a further phase of work supporting their implementation

Workforce

The Workforce Development Plan for 2019-22 set out how the organisation would continue to implement the Staff Governance Standard and work in Partnership to develop and support staff. The actions for 2020-21 were ambitious with staff development built around improving cross organisational working, improving career pathways and involving the senior staff in more decision making and problem solving.

At 31 March 2021 the total workforce was 507 headcount (payroll and non-payroll) with 482 of these being payroll staff (permanent and fixed term). Compared to 2019/20, there was an increase of 14 payroll staff during the year and a decrease of 12 non-payroll workers (Secondees), resulting in a net increase of 2 across the entire workforce. Staff turnover during the year was 9.1% (compared to 12.8% in 2019-20) with a total of 48 leaving the organisation and 50 being recruited. Sickness absence fell to 1.8% (compared to 3.0% in 2019-20) which reflected a similar trend across a number of other NHS Special Boards and remains below the Scottish Government benchmark of 4%. More sickness absence hours were lost due to anxiety, stress or depression than any other reason, accounting for 36% of all hours lost.

The requirement for all staff to work from home accelerated the development and implementation of new technologies, and Zoom, Skype and MS Teams calls became commonplace. We have now adopted MS Teams as the accepted platform through which we communicate with each other, stakeholders and partners.

Due to COVID-19, recruitment was paused in Q1 of 2020/21 as resources were re-aligned to changing priorities. As recruitment re-started in Q2, the entire recruitment and selection process has successfully taken place online and virtually via MS Teams (shortlisting, interview and inductions).

Our 2019/20 Workforce Equality Monitoring Report was reviewed during the year and updated with actions to be completed and reviewed again by April 2022. This work is fundamental to understanding the composition of the workforce and to devising strategies for improving its balance.

In 2021-22 we will be undertaking a 'deep dive' into our workforce risks, as highlighted earlier in this report, and reporting to the Staff Governance Committee on mitigations and progress.

Staffing support to NHS Boards

While the number of staff we released fluctuated between April and July, the fact we were without them had a direct impact on our ability to sustain a number of our work programmes until after their return in August.



“While all the pre-learning and support was wonderful, going back to the frontline on day one was initially terrifying. Yet the moment I stepped in through the doors of Ward 20, I felt held and safe.”

Jane Ross, Improvement Advisor and ICU nurse



“The best thing about going back to the labour ward is that it's reignited that passion inside me that started my professional journey all those years ago.”

Laura Boyce, Improvement Advisor and midwife



“I've got over 20 years' clinical nursing experience... I thought I'd seen plenty of what life throws at the NHS. I remember the SARS and flu outbreaks in recent years, but both now seem like a storm in a teacup compared to this.”

Scott Hamilton, Improvement Advisor and COVID-19 ward nurse

At the peak of activity, **112 members of staff were deployed** to a range of roles in the following organisations:



The table below provides an overview of this movement over a key period in 2020.

| Staff category | Deployment figures over four months in 2020 | | | |
|--------------------|---|------------|-----------|-----------|
| | 23 April | 21 May | 18 June | 2 July |
| Clinical staff | 30 | 41 | 12 | 11 |
| Non-clinical staff | 16 | 22 | 7 | 3 |
| Secondees | 50 | 49 | 36 | 32 |
| TOTAL | 96 | 112 | 55 | 46 |

Our Director of Nursing and Director of Workforce committed some of their time in the early months working as part of the team establishing the [NHS Louisa Jordan](#).

More widely, we helped to provide strategic and operational advice on the management and deployment of volunteers for NHS Scotland, with both demand and offers of support far exceeding anything our Volunteering in NHS Scotland programme team had ever seen.

Many of our own staff, while continuing to deliver their day to day work, also chose to [volunteer](#) in their own time, undertaking additional caring roles and helping to support their local communities.

Social Matters

Healthcare Improvement Scotland was created by the Scottish Parliament and its functions and powers are compliant with human rights, as is required of all legislation passed by the Parliament. Policies are in place to deter bribery, corruption and collusion with external parties. Awareness sessions for staff relating to deterring and detecting fraud take place and are led by the Counter Fraud Service.

Our recruitment processes are designed to ensure that all applicants are treated fairly and without favour. We work closely with the Glasgow Centre for Inclusive Living and have successfully recruited graduates from this source.

Sustainability and Environmental Reporting

The Climate Change (Scotland) Act 2009 set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. In 2015, an Order was introduced requiring all designated Major Players (of which Healthcare Improvement Scotland is one) to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Scottish Government's approach can be found in the [Climate Change Plan 2018-2032](#) while national reports can be found at the following resource:

<https://sustainablescotlandnetwork.org/reports>

In 2020 the National Environmental Sustainability group (NESG) advised that the base line results from 2018-19 would remain in place until the new National Sustainability measurement system was in place. The baseline audit for Healthcare Improvement Scotland identified that bronze status had been reached which was in line with most of our peers.

It was expected that 2019-20 board submissions would be completed by February 2021, but due to the failure of the new national measurement tool, the deadline was extended to March 2021. An audit review of board submissions will take place during April/May and final results published in June 2021 on the above website.

In December/January 2020-21 Healthcare Improvement Scotland worked with other Special boards to produce a collaborative draft biodiversity report, the final version will be published on boards' intranet sites after final approval.

The impact of COVID-19 lockdown on business and active travel in particular has begun to be analysed as we look to reducing our carbon emissions for all forms of transport and how we might look to plan the future with new environmentally sustainable ways of working in order to reach the government targets for emissions reduction. Waste and energy consumption will also be analysed with the learning being taken into future sustainability planning. Within this plan, during 2021 we aim to build a forward thinking strategy to raise staff awareness and to look at ways in which we might monitor and measure our reduction in annual carbon emissions in line with government guidelines.

At its meeting in March 2021 the NESG agreed that the requirement for boards to comply with the ever increasing ask for reports, national audits, undertaking development and training in the use of new tools and various other aspects of Sustainability, Biodiversity and Climate Change is becoming a very real challenge and concern for every board in terms of capacity and resource. The Chair of this group intends to undertake a gap analysis on tools and resources available within boards which will be carried out by the end of June. This will be included in a letter from NESG to all NHS Chief Executives to help highlight concerns.

Forward Look

Our detailed plans for the year 2021-22 are set out in our third Remobilisation Plan 'from Emergency to Recovery' and the organisation will continue to flex its work to support the immediate needs of health and social care. A financial forecast has been prepared to support the remobilisation plan and we have also submitted our workforce plan to the Scottish Government.

In 2021-22 we will develop our strategy for the next several years from 2022, in anticipation of the evolving needs of the health and care system. At the same time we are developing a safety strategy and we will consult with stakeholders on this before publication in the early summer.

As we enter the new financial year 2021-22, all staff within Healthcare Improvement Scotland continue to work from home in accordance with Scottish Government Coronavirus safety guidance. Only our Quality Assurance teams regularly travel from home into care settings for the purpose of carrying out inspections.

We are progressing well with the refurbishment of Delta House, due to be completed and ready for occupation in the autumn of 2021. We have begun planning for our return to the office as part of our Internal Improvement work, and this will encompass our new ways of working with practical actions and underpinning principles which have been agreed in partnership. Our Partnership Forum agreed a vision for this work in April 2021, and this will involve an extensive programme of staff engagement.

DocuSigned by:

Robbie Pearson

Robbie Pearson.....6585DF0E8701445.....

Chief Executive

Date 30 June 2021

The Accountability Report 2020-2021

Corporate Governance Report

The Directors' Report

Date of Issue

These financial statements were approved and authorised for issue by the Board on 30 June 2021.

Appointment of Auditors

The Public Finance and Accountability (Scotland) Act 2000, places personal responsibility on the Auditor General for Scotland to decide who is to undertake the audit of each health body in Scotland. The Auditor General appointed Deloitte LLP to undertake the audit of Healthcare Improvement Scotland for the five year period 2016 to 2021. On 12th October 2020, Audit Scotland formally advised that that this period had been extended by one year until the completion of the 2021-22 audit. The general duties of the auditors of health bodies, including their statutory duties, are set out in the Code of Audit Practice issued by Audit Scotland and approved by the Auditor General.

In the financial year 2020-21, Deloitte LLP only undertook audit related work for Healthcare Improvement Scotland.

Board Membership

Under the terms of the Scottish Health Plan, the Board of Healthcare Improvement Scotland is a Board of governance whose membership will be conditioned by the functions of the organisation. Members are selected on the basis of their position or the particular expertise which enables them to contribute to the decision making process at a strategic level.

The Board of Healthcare Improvement Scotland has collective responsibility for the performance of the organisation as a whole, and reflects a Partnership approach, which is essential to improving health and social care.

The Board members of Healthcare Improvement Scotland who were in office during the year and up to the date of signing the financial statements were as shown in the following table.

| Individual | Board post | Date of Appointment |
|--------------------|---|-----------------------------|
| Ms C Wilkinson | Chair | 10/10/2018 |
| Ms J Brock | Non-Executive Board Member | 01/04/2015 |
| Mr K Charters | Non-Executive Board Member & Whistleblowing Champion | 12/10/2020 |
| Ms S Dawson | Non-Executive Board Member & Chair of the Scottish Health Council | 01/03/2019 |
| Dr Z M Dunhill MBE | Non-Executive Board Member | 01/06/2014 |
| Cllr P Edie | Non-Executive Board Member | 15/04/2013 |
| Mr J Glennie OBE | Non-Executive Board Member | 01/06/2014 |
| Mrs G Graham | Non-Executive Board Member | 01/03/2019 |
| Ms R Hotchkiss | Non-Executive Board Member | 01/03/2019 |
| Mrs C Lester | Non-Executive Board member | 01/04/2019 |
| Mrs E McPhail | Non-Executive Board member | 05/10/2020 |
| Mrs K Preston | Non-Executive Board Member | 01/06/2014 until 31/10/2020 |
| Mr D Service | Employee Director | 01/03/2011 |
| Mr R Pearson | Chief Executive | 01/08/2016 |

The Statement of Healthcare Improvement Scotland Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, Healthcare Improvement Scotland 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 organisation as at 31 March 2021 and of its operating costs for the year then ended. In preparing these accounts the Board Members are required to:

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

Board members are responsible for ensuring that proper accounting records are maintained which disclose with reasonable accuracy at any time the financial position of HIS 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 Healthcare Improvement Scotland and hence taking reasonable steps for the prevention of fraud and other irregularities.

The members of Healthcare Improvement Scotland confirm they have discharged the above responsibilities during the financial year and in preparing the accounts.

Board Members' and Senior Managers' Interests

The register of interests is published on the Healthcare Improvement Scotland website and is considered on an annual basis by the Audit and Risk Committee

http://www.healthcareimprovementscotland.org/about_us/our_board.aspx

Director Third Party Indemnity Provisions

No qualifying third party indemnity provision was in place for any director at any time during the financial year.

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.

The information required to meet the disclosure requirements of the Act may be found on the HIS website at the link:

http://www.healthcareimprovementscotland.org/about_us/what_we_do/freedom_of_information/expenditure.aspx

Personal data related incidents reported to the Information Commissioner

There were no occasions where a personal data related incident was reported to the Information Commissioner during the year 2020-21 (2019-20 Nil).

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 organisation's auditors are unaware; and each Director has taken all the steps that he/she ought reasonably to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the organisation's auditors are aware of that information.

The Statement of the Accountable Officers' Responsibilities

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

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 Healthcare Improvement Scotland.

In preparing the accounts I am required to comply with the requirements of the government's Financial Reporting Manual and in particular to observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;

- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the government Financial Reporting Manual have been followed and to 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.

I am responsible for ensuring proper records are maintained and that the accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as accountable officer as intimated in the Departmental Accountable Officers letter to me of 28 November 2016.

The Governance Statement

Scope of Responsibility

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

Purpose of the System of Internal Control

The system of internal control is based on an on-going process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically. The system set out below was operational throughout 2020-21 up to and including the date of signing the annual accounts.

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

The process within the organisation accords with guidance from Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance, and has been in place from 2016-17 and up to the date of approval of the annual report and accounts.

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

Governance Framework of the Board

Healthcare Improvement Scotland has a comprehensive governance framework in place to support delivery of its strategic direction and that supports me, as the Accountable Officer, to discharge my responsibilities.

The Governance Framework is set out in the Code of Corporate Governance which was reviewed during 2020 and approved by the Board. This defines and documents the roles and responsibilities of the Board through detailed guidance on standing orders, standing financial instructions, scheme of delegation, contract/procurement regulations and a code of conduct. The organisation has a Board of 12 Non-Executive Board Members and one Executive member of the Board, the Chief Executive.

Board meetings are held in both public and private session. Public meetings were held on the 23 September 2020, the 9 December 2020 and 24 March 2021. The Board is supported in its assurance role by a number of governance committees. Each Committee submits an annual report to the Board which specifies whether or not it has met its remit during the year and describes the outcomes from the Committee during the year, including improvement actions for the subsequent year. Progress against the actions is reviewed by the Board.

Key aspects of the organisation's governance are assured by our Committees – financial and information governance by the Audit and Risk Committee; Staff governance by the Staff Governance Committee; and clinical governance by the Quality and Performance Committee.

In Healthcare Improvement Scotland, we interpret clinical governance to be the provision of assurance that clinical and care governance arrangements are in place in all programmes of our work to support the delivery of safe, effective and person-centred health and social care services to improve outcomes for the people of Scotland.

During 2020-21 Healthcare Improvement Scotland responded quickly to the national counter measures that were introduced to respond to COVID-19. Business continuity arrangements were

introduced during February 2020, with the Emergency Response Team (ERT) meeting daily to assess the latest information and reporting directly to the Executive Team (ET) and to the Board. All staff and Board members moved to working from home from 16 March 2020 and adjusted governance arrangements were introduced. ERT met daily and reported to ET who also met daily in the first 3 months in order to respond quickly to a rapidly changing situation.

The work of the governance committees was rationalised to focus on the most important and urgent aspects of their work. This included reviewing the management of risk. Board meetings took place as scheduled in April, June, and December 2020 and in March 2021. Additional meetings took place in April and May to consider urgent business and to approve the Mobilisation Plan which superseded the Annual Operating Plan. The board seminar in August was used to discuss in detail and approve the Remobilisation Plan and associated financial plan. Regular meetings took place with the chairs of the governance committees to review governance arrangements during the course of 2020-21.

By the end of March 2021, ERT were meeting twice weekly and ET had introduced regular huddles on Monday and Friday mornings with a more formal meeting being held fortnightly.

The details of the Committees and their membership during 2020-21 are set out in the table below:

| Committee | Principal Function | Committee Membership |
|-----------------------------------|--|---|
| Audit and Risk Committee | To assist the Board to deliver its responsibilities for the issues of risk, control and governance and associated assurance through a process of constructive challenge. | Mr J Glennie OBE (Chair) Mrs G Graham (Vice Chair) Mrs C Lester Mrs E McPhail (co-opted to the Committee until 4/10/20; Non-Executive Director member from 5/10/20) Mrs K Preston (until 31/10/20) |
| Executive Remuneration Committee | To assist the Board in discharging its responsibilities for staff employed on executive and senior management terms & conditions and remuneration arrangements ('Executive Cohort') and to maintain the highest possible standards of corporate governance in this area. In addition, the Committee takes an overview of the wider Executive Team, some of whom are employed on 'Agenda for Change' terms & conditions and remuneration arrangements. | Mrs K Preston (Chair until 31/10/20) Ms R Hotchkiss (Vice Chair until 31/10/20; Chair from 1/11/20) Mr J Glennie OBE Mr D Service (Vice Chair from 1/11/20) Ms C Wilkinson |
| Quality and Performance Committee | Responsible for providing assurance to the Board in relation to progress against delivery of the organisational Strategy: Making Care Better (2017-2022). The Committee will assure the Board that the organisation is delivering to the highest quality, including the appropriate provision of clinical and care expertise. | Dr Z M Dunhill MBE (Chair) Ms J Brock (Vice Chair) Mr K Charters (from 12/10/20) Ms S Dawson Mrs G Graham Mr D Service Service |
| Scottish Health Council Committee | Responsible for oversight of the governance and assurance of the statutory duties of the Scottish Health Council as set out in the National Health Service (Scotland) Act 1978 as amended by the Public Service Reform (Scotland) Act 2010: Ensuring, supporting and monitoring NHS Boards compliance with the duty to involve the public Ensuring, supporting and monitoring the NHS Boards compliance with the duty of Equal Opportunities (in relation to the provision of services and public involvement) | Ms S Dawson (Chair)* Mr J Glennie OBE (Vice Chair)* Mrs C Lester * Ms A Cox MBE Ms E Cuthbertson Mr D Bertin Mr J Mallan Ms E Cooper Dr S Bradstreet *Healthcare Improvement Scotland Board member |
| Staff Governance Committee | Holds the organisation to account in terms of meeting the requirements of the Standard. More specifically, the role of the Committee is to support and maintain a culture where the delivery of the highest possible standard of staff management is understood to be the responsibility of everyone working within the organisation and is built upon partnership and collaboration. Finally, the Committee ensures that robust arrangements to implement the Standard are in place and monitored, and that any associated risks assigned to the Committee are managed. | Mr D Service (Chair) Ms R Hotchkiss (Vice Chair from 1/11/20) Mrs K Preston (Vice Chair until 31/10/20) Mr K Charters (from 12/10/20) Mrs E McPail (from 05/10/20) |
| Succession Planning Committee | Improve the diversity of the membership of the Healthcare Improvement Scotland Board by: Leading the process for non-Executive Board appointments to ensure it captures a more diverse applicant pool and providing advice and recommendations to the Board. Leading the review and evaluation of the skills, knowledge, diversity and expertise of current non-Executive Directors on an annual basis in line with the Blueprint for Good Governance. Work with and influence the Scottish Government approach to Public Appointments. | Ms C Wilkinson (Chair) Ms S Dawson (Vice Chair) Ms R Hotchkiss |

Attendance at the Board and Committee meetings by Non-executive Directors during 2020-21 is set out below.

| | Board Meetings | Audit and Risk | Executive Remuneration | Quality and Performance | Scottish Health Council | Staff Governance | Succession Planning |
|-------------------------------|----------------|----------------|------------------------|-------------------------|-------------------------|------------------|---------------------|
| Ms J Brock | 6/7 | - | - | 3/4 | - | - | - |
| Mr K Charters | 2/2 | - | - | 2/2 | - | 2/2 | - |
| Ms S Dawson | 7/7 | - | - | 4/4 | 4/4 | - | 2/2 |
| Dr Z M Dunhill MBE | 7/7 | - | - | 4/4 | - | - | -- |
| Cllr P Edie | 7/7 | - | - | - | - | - | - |
| Mr J Glennie OBE (Vice Chair) | 7/7 | 4/4 | 4/5 | - | 2/4 | - | - |
| Mrs G Graham | 7/7 | 4/4 | - | 4/4 | - | - | - |
| Ms R Hotchkiss | 6/7 | - | 5/5 | - | - | 3/4 | 2/2 |
| Mrs C Lester | 6/7 | 3/4 | - | - | 3/4 | - | - |
| Mrs E McPhail | 2/2 | 2/2 | - | - | - | 2/2 | - |
| Mrs K Preston | 5/5 | 2/2 | 1/2 | - | - | 2/2 | - |
| Mr D Service | 7/7 | - | 5/5 | 4/4 | - | 4/4 | - |
| Ms C Wilkinson (Board Chair) | 7/7 | 3/4 Observer | 5/5 | 3/4 Observer | - | 4/4 Observer | 2/2 |

Corporate Governance

The framework for corporate governance is reviewed on an ongoing basis with any amendments being considered by the Audit and Risk Committee and approved by the Board. During 20-21 there was a revision of the Code of Corporate Governance to incorporate revised terms of reference for the Scottish Health Council Committee and terms of reference for the new Succession Planning Committee. As with other NHS Boards across Scotland, Healthcare Improvement Scotland implemented revised governance arrangements to take account of the COVID-19 pandemic. These changes were incorporated into the Code of Corporate Governance.

Strategic Direction

Healthcare Improvement Scotland's Strategy '[Making Care Better](#) – Better quality health and social care for everyone in Scotland 2017-22' describes the Board's priorities and how they are aligned the national health and wellbeing outcomes. Work to review the organisation's strategy during 2020 was paused due to the requirement to prepare a Mobilisation Plan and subsequent Remobilisation Plan in response to the phases of the COVID-19 pandemic.

Performance Reporting

A performance report is provided quarterly to the Board which includes an assessment of progress, finance and workforce data, horizon scanning and operational risks. During 2020-21 the report measured progress against the Mobilisation Plan and the Remobilisation Plan in response to the pandemic which superseded the Annual Operating Plan 2020-21.

Stakeholder Engagement

We engage with our stakeholders in a variety of ways to ensure that our work meets their needs based on feedback. The Strategic Stakeholder Advisory group which includes membership from the

Board, holds meetings with stakeholders in a workshop format to gain views on priority areas of work. During 2020-21 meetings were temporarily suspended. One meeting was held in November 2020 where views were sought on our work in Patient Safety.

The Chair and Chief Executive meet with MSPs and other key stakeholders on a regular basis. During 2020-21 and in response to the pandemic, there was an increase in the number of meetings held with Scottish Government colleagues, the Care Inspectorate and with other NHS Boards.

Policies and Procedures

Policies and procedures to manage compliance with relevant laws, regulations and internal arrangements are in place. All members of staff are responsible for compliance with these arrangements. Organisational policies are reviewed regularly and are accessible to staff via the intranet.

Staff Governance

The Code of Conduct for members of Healthcare Improvement Scotland describes the minimum standards of conduct expected from all staff. This details the Board's regulations regarding remuneration, confidentiality, gifts and hospitality, registration and declaration of interests.

There are clear mechanisms in place to enable employee concerns relating to the Code of Conduct to be dealt with quickly and effectively either formally or informally. A Health and Wellbeing group has been established which provides access to a range of services and interventions for staff.

In March 2020, all staff were directed to work from home in response to government direction in response to the pandemic. To date, staff have continued to work from home with one exception where specific arrangements were made for staff who were unable to work from home to have access to office accommodation in Edinburgh and Glasgow.

All staff have been supported during 2020-21 to work flexibly to help cope with the impact of the pandemic e.g. particularly where additional caring duties were necessary and particularly with child care arrangements.

During 2020 the Board conducted a survey with staff about their wellbeing and home working arrangements as a consequence of the pandemic. The findings from the survey were largely positive. Staff continue to be supported with weekly communications from the Chief Executive, the Covid Emergency response team, and via monthly all staff huddles which take place virtually and are well attended. These huddles share the latest developments in the organisation and provide an opportunity for staff to ask questions and share information. The staff performance and development reviews this year included a wellbeing element and are now known as Performance, Development and Wellbeing reviews.

Complaints and Whistleblowing Arrangements

There is an established complaints process in place within Healthcare Improvement Scotland and this includes a Whistleblowing Policy. These are clearly stated on the website. Details of complaints received are reported to the Board. An annual report on complaints, feedback and concerns is prepared for the oversight of the Quality and Performance Committee.

A Board member has been appointed as Whistleblowing Champion. This role reports directly to the Staff Governance Committee and provides updates directly to the Board. A short life working group is in place to ensure the successful implementation of the whistleblowing standards within Healthcare Improvement Scotland.

Internal Audit

The 2020-21 Internal Audit Plan, approved by the Audit and Risk Committee, included a range of reviews that were prioritised based on the risk register. All recommendations by Internal Audit are recorded in a register to create an action plan and progress against these actions are reported to each meeting of the Audit and Risk Committee.

Internal Audit produced and presented their Annual Report to the Audit and Risk Committee meeting on 23 June 2021. In their opinion, Healthcare Improvement Scotland has a framework of controls in place that provides reasonable assurance regarding the organisation's governance framework, internal controls, effective and efficient achievement of objectives and the management of key risks.

Fraud Prevention

Healthcare Improvement Scotland worked in partnership with Counter Fraud Services during 2020-21 to proactively manage the risk of fraud. There were no incidents of fraud during the year. (2019-20 Fraud cases: nil). The organisation participated in the data collection process for the biennial National Fraud Initiative (NFI) data matching exercise to help prevent and detect fraud, overpayments and errors.

Review of Performance

The Scottish Government Annual review of Healthcare Improvement Scotland for 2019-20 was held on 5 October 2020. The review was a ministerial review and took place virtually.

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 Team and senior managers who are responsible for developing, implementing and maintaining internal controls across their areas which is supported by an annual statement of assurance from the Executive Team
- the work of the internal auditors, who submit regular reports to the Audit and Risk Committee which include their independent and objective opinion on the effectiveness of risk management, internal controls and governance processes, together with their recommendations for improvement
- the work of the external auditors through their annual report
- the review of performance against key performance and risk indicators
- the maintenance of an organisation-wide risk register formally reviewed by the Executive Management Team, the Audit and Risk Committee and the full Board
- the performance appraisal system for all staff with personal objectives and development plans designed to support the Board in the attainment of the corporate objectives set out in the Annual Operating Plan.
- the work of the service auditors in relation to the control frameworks operated by the following, which are reported through the Annual Service Audit Reports:
 - Atos and NSS Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards
 - NHS Ayrshire and Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

For the year 2020/21, the Service Audit Reports in relation to the NSI financial ledger, IT services and Payroll were unqualified.

I have taken assurance from the annual statements provided to me by my Executive Team and the additional sources noted above. I conclude that appropriate arrangements are in place to address any weaknesses identified and to ensure the continuous improvement of the system.

Risk Management

All NHS Scotland bodies are subject to the requirements of the SPFM and must operate a Risk Management Strategy in accordance with relevant guidance issued by Scottish Ministers. Healthcare Improvement Scotland aims to manage risk to an acceptable level, in line with the organisation's risk appetite.

The Risk Management Advisory Group, formed of a representative from each directorate, met regularly throughout 2020-21 to share best practice and take forward the actions arising from the Internal Audit report on the review of the application of risk across the organisation.

The Risk Management Short Life Working Group oversees progress with the actions and its membership includes the Chair and Vice Chair of the Audit and Risk Committee.

The Board receives the Strategic Risk Register for consideration at each of its meetings. Each governance committee receives the high and very high operational risks assigned to it. The Audit and Risk Committee also review all strategic risks.

Best Value

In accordance with the principles of Best Value, the Board aims to foster a culture of continuous improvement. As part of this, executive directors and senior managers are encouraged to review, identify and improve the efficient and effective use of resources. I can confirm that arrangements are in place to secure best value as set out in the Scottish Public Finance Manual.

Disclosures

During 2020-21, control weaknesses were identified regarding procurement activity. In particular, breaches of non-competitive tendering arrangements were identified and a lack of record keeping to evidence market testing were identified by internal audit. Actions have been agreed with Internal Audit and the Audit and Risk Committee to improve all internal controls for procurement and these are being implemented.

During 2019-20 no significant control weaknesses or issues were identified.

Attention is also drawn to the key risks reported in the risk management section of this statement.

Remuneration and Staff Report

Board Members and Senior Employees Remuneration

Executive Remuneration

The Executive Remuneration Committee met on 8 July 2020 to appraise the performance of all Executive and Senior Managers for the year 2019/20. They considered the performance review information against the objectives which had been set for 2019/20. On this basis, each post holder was assigned one of the five performance bands. There were seven Executive Managers included in this process. One Senior Staff member was on Agenda for Change terms and conditions.

NHS Circular PCS (ESM) 2020, issued on 26 October 2020 gave effect to the pay uplift for the Executive cohort from 1 April 2020. NHS Circular PCS (ESM) 2021/1 advised of the consolidated performance related pay uplift to be applied for this period. Both circulars have been implemented for the relevant staff group within Healthcare Improvement Scotland.

Remuneration Report

For the Year Ended 31 March 2021

Remuneration Table (Audited Information)

| Remuneration of: | Gross Salary (Bands of £5,000) | Benefit in Kind (£'000) | Total Earnings in Year (Bands of £5,000) | Pension Benefits (£'000) | Total Remuneration (Bands of £5,000) | Notes |
|----------------------------------|--------------------------------|-------------------------|--|--------------------------|--------------------------------------|--|
| Executive Members | | | | | | |
| Chief Executive: Mr R Pearson | 120-125 | - | 120-125 | 69 | 190-195 | - |
| Non Executive Members | | | | | | |
| The Chair: Ms C Wilkinson | 25-30 | - | 25-30 | - | 25-30 | - |
| Dr Z M Dunhill MBE | 0-5 | - | 0-5 | - | 0-5 | - |
| Cllr P Edie | 0-5 | - | 0-5 | - | 0-5 | (see note 1 below) |
| Mr J Glennie OBE | 0-5 | - | 0-5 | - | 0-5 | - |
| Mrs K Preston | 0-5 | - | 0-5 | - | 0-5 | Mrs K Preston ceased office as non-executive Board member on 31 October 2020. |
| Mr D Service (Employee Director) | 55-60 | - | 55-60 | 37 | 90-95 | The Employee Director's salary includes £47.6K in respect of non-Board duties. |
| Ms J Brock | 0-5 | - | 0-5 | - | 0-5 | - |
| Ms S Dawson | 10-15 | - | 10-15 | - | 10-15 | - |
| Mrs G Graham | 0-5 | - | 0-5 | - | 0-5 | - |
| Ms R Hotchkiss | 0-5 | - | 0-5 | - | 0-5 | - |
| Mrs C Lester | 5-10 | - | 5-10 | - | 5-10 | - |

| | | | | | | |
|---------------|-----|---|-----|---|-----|--|
| Mrs E McPhail | 0-5 | - | 0-5 | - | 0-5 | Mrs E McPhail took up office as non-executive Board member on 5 October 2020. |
| Mr K Charters | 0-5 | - | 0-5 | - | 0-5 | Mr K Charters took up office as non-executive Board member on 12 October 2020. |

| Other Senior Employees | | | | | | |
|---|---------|-----|---------|-----|---------|---|
| Director of Finance & Corporate Services: Ms M Waterston | 90-95 | - | 90-95 | 35 | 125-130 | Ms M Waterston left office as Director of Finance & Corporate Services on 31 March 2021. |
| Director of Safety & Improvement: Ms R Glassborow | 95-100 | - | 95-100 | 36 | 130-135 | - |
| Interim Director of Quality Assurance: Ms S McDougall | 75-80 | - | 75-80 | 31 | 105-110 | - |
| Nurse Director: Ms A Gow | 95-100 | 2.7 | 100-105 | 75 | 170-175 | Benefit in kind for lease car of £2.7k. |
| Director of Workforce: Mrs S Canavan | 80-85 | - | 80-85 | 62 | 145-150 | - |
| Director of Community Engagement: Mrs L Cleland | 80-85 | - | 80-85 | 21 | 100-105 | - |
| Director of Evidence: Dr S Qureshi | 80-85 | 1.6 | 80-85 | 45 | 125-130 | Benefit in kind for lease car of £1.6k. |
| Medical Director: Dr S Watson | 155-160 | - | 155-160 | 191 | 350-355 | Dr S Watson took up office as the Medical Director on 6 April 2021 and had a full year equivalent salary of £162.1k. Dr S Watson salary includes £24.4k for services provided to NHS Lothian via a Secondment Agreement. |

Note 1 The chair of Healthcare Improvement Scotland, Ms C Wilkinson, and the chair of the Care Inspectorate, Cllr P Edie, are non-executive members of one another's Boards. In both cases neither received any remuneration from the non-executive appointment, with all payments being made on a quid pro quo basis by the Board they chair.

Remuneration Report

For the Year Ended 31 March 2020

Remuneration Table (Audited Information)

| Remuneration of: | Gross Salary (Bands of £5,000) | Benefit in Kind (£'000) | Total Earnings in Year (Bands of £5,000) | Pension Benefits (£'000) | Total Remuneration (Bands of £5,000) | Notes |
|-------------------------------------|--------------------------------------|-------------------------------|---|--------------------------------|---|--|
| Executive Members | | | | | | |
| Chief Executive: Mr R Pearson | 115-120 | - | 115-120 | 48 | 165-170 | Mr R Pearson Pension Benefit has been restated as he is in the 2008 Choice Optant scheme rather than the prior classification of the 2008 Unprotected Scheme FY19-20 Pension Benefit has been restated from £49k to £48k. Total Remuneration remains the same at £165k - £170k. |
| | | | | | | |
| Non Executive Members | | | | | | |
| The Chair: Ms C Wilkinson | 25-30 | - | 25-30 | - | 25-30 | - |
| Dr Z M Dunhill MBE | 0-5 | - | 0-5 | - | 0-5 | - |
| Cllr P Edie | 0-5 | - | 0-5 | - | 0-5 | (see note 1 below) |
| Mr J Glennie OBE | 0-5 | - | 0-5 | - | 0-5 | - |
| Mrs K Preston | 0-5 | - | 0-5 | - | 0-5 | - |
| Mr D Service (Employee Director) | 50-55 | - | 50-55 | 18 | 70-75 | The Employee Director's salary includes £44.1K in respect of non-Board duties. |
| Ms J Brock | 0-5 | - | 0-5 | - | 0-5 | - |
| Dr B Anderson | 0-5 | - | 0-5 | - | 0-5 | Dr B Anderson ceased office as non-executive Board member on 31 August 2019. |
| Ms S Dawson | 10-15 | - | 10-15 | - | 10-15 | - |
| Mrs G Graham | 0-5 | - | 0-5 | - | 0-5 | - |
| Ms R Hotchkiss | 0-5 | - | 0-5 | - | 0-5 | - |
| Mrs C Lester | 5-10 | - | 5-10 | - | 5-10 | Mrs C Lester took up office as non-executive Board member on 1 April 2019. |

| Other Senior Employees | | | | | | |
|---|-------|-----|-------|----|---------|--|
| Director of Finance & Corporate Services: Ms M Waterston | 85-90 | - | 85-90 | 15 | 100-105 | - |
| Director of Safety & Improvement: Ms R Glassborow | 90-95 | - | 90-95 | 35 | 125-130 | - |
| Director of Quality Assurance: Mr A Delaney | 65-70 | - | 65-70 | 17 | 85-90 | Mr A Delaney left office as Director of Quality Assurance on 30 September 2019. * |
| Interim Director of Quality Assurance: Ms S McDougall | 65-70 | - | 65-70 | 14 | 80-85 | - |
| Nurse Director: Ms A Gow | 90-95 | 2.7 | 90-95 | 93 | 185-190 | Restatement of Remuneration from £180-185k to £185-190k due to car lease benefit in kind of £2.7k having previously been omitted from numbers. |
| Director of Workforce: Mrs S Canavan | 70-75 | - | 70-75 | 37 | 105-110 | Mrs S Canavan took up office as the Director of Workforce on 29 April 2019 and had a full year equivalent salary of £76.5k. |
| Director of Community Engagement: Mrs L Cleland | 60-65 | - | 60-65 | 16 | 75-80 | Mrs L Cleland took up office as the Director of Community Engagement on 3 Jun 2019 and had a full year equivalent salary of £76.8k. |
| Director of Evidence : Dr S Qureshi | 55-60 | 1.2 | 55-60 | 34 | 90-95 | Dr S Qureshi took up office as the Director of Evidence on 1 Jul 2019 and had a full year equivalent salary of £77.7k. Restatement of table as car lease benefit in kind of £1.2k having previously been omitted from numbers. Total earnings (£55-60k) and remuneration (£90-95k) are unchanged. |

Note 1 The chair of Healthcare Improvement Scotland, Ms C Wilkinson, and the chair of the Care Inspectorate, Cllr P Edie, are non-executive members of one another's Boards. In both cases neither received any remuneration from the non-executive appointment, with all payments being made on a quid pro quo basis by the Board they chair.

Remuneration Report

For the Year Ended 31 March 2021

Pension Values Table (Audited Information)

Scottish Public Pensions Agency are still assessing the impact of the McCloud judgement in relation to changes to benefits in 2015. The benefits and related CETVs disclosed do not allow for any potential future adjustments that may arise from this judgement.

During the year, the Government announced that public sector pension schemes will be required to provide indexation on the Guaranteed Minimum Pension element of the pension. Scottish Public Pensions Agency has updated the methodology used to calculate CETV values as at 31 March 2021. The impact of the change in methodology is included within the reported real increase in CETV for the year.

| | Total accrued pension at age 60 at 31 March 2021 (Bands of £5,000) | Total accrued lump sum at age 65 at 31 March 2021 (Bands of £5,000) | Real increase in pension at age 60 at 31 March 2020 (Bands of £2,500) | Real increase in lump sum at age 65 at 31 March 2020 (Bands of £2,500) | CETV at 31 March 2020 (£'000) | CETV at 31 March 2021 (£'000) | Real increase in CETV in year (£'000) |
|--|--|---|---|--|-------------------------------|-------------------------------|---------------------------------------|
| Remuneration of: | | | | | | | |
| Executive Members | | | | | | | |
| Chief Executive: Mr R Pearson | 120-125 | 70-75 | 2.5-5 | 2.5-5 | 695 | 766 | 71 |
| Non Executive Members | | | | | | | |
| Mr D Service (Employee Director) | 20-25 | 0-5 | 0-2.5 | 0-2.5 | 265 | 297 | 32 |
| Other Senior Employees | | | | | | | |
| Director of Finance & Corporate Services : Ms M Waterston | 60-65 | 45-50 | 0-2.5 | 5-7.5 | 337 | 385 | 48 |
| Director of Safety & Improvement: Ms R Glassborow | 115-120 | 80-85 | 0-2.5 | 0-2.5 | 614 | 660 | 46 |
| Interim Director of Quality Assurance: Ms S McDougall | 10-15 | 0-5 | 0-2.5 | 0-2.5 | 143 | 169 | 26 |
| Nurse Director: Ms A Gow | 50-55 | 0-5 | 2.5-5 | 0-2.5 | 669 | 744 | 75 |
| Director of Workforce: Mrs S Canavan | 95-100 | 65-70 | 2.5-5 | 5-7.5 | 480 | 546 | 66 |
| Director of Community Engagement: Mrs L Cleland | 0-5 | 0-5 | 0-2.5 | 0-2.5 | 12 | 27 | 15 |
| Director of Evidence : Dr S Qureshi | 70-75 | 45-50 | 2.5-5 | 2.5-5 | 403 | 454 | 51 |
| Medical Director: Dr S Watson | 165-170 | 110-115 | 7.5-10 | 17.5-20 | 717 | 889 | 172 |

For the Year Ended 31 March 2020**Pension Values Table (Audited Information)**

| | Total accrued pension at age 60 at 31 March 2020 (Bands of £5,000) | Total accrued lump sum at age 65 at 31 March 2020 (Bands of £5,000) | Real increase in pension at age 60 at 31 March 2019 (Bands of £2,500) | Real increase in lump sum at age 65 at 31 March 2019 (Bands of £2,500) | CETV at 31 March 2019 (£'000) | CETV at 31 March 2020 (£'000) | Real increase in CETV in year (£'000) |
|--|--|---|---|--|-------------------------------|-------------------------------|---------------------------------------|
| Remuneration of: | | | | | | | |
| Executive Members | | | | | | | |
| Chief Executive: Mr R Pearson | 50-55 | 0-5 | 2.5-5 | 0-2.5 | 662 | 716 | 54 |
| Non Executive Members | | | | | | | |
| Mr D Service (Employee Director) | 20-25 | 0-5 | 0-2.5 | 0-2.5 | 245 | 264 | 19 |
| Other Senior | | | | | | | |
| Director of Finance & Corporate Services : Ms M Waterston | 55-60 | 40-45 | 0-2.5 | 2.5-5 | 307 | 335 | 28 |
| Director of Safety & Improvement: Ms R Glassborow | 115-120 | 75-80 | 0-2.5 | 0-2.5 | 568 | 611 | 43 |
| Director of Quality Assurance: Ms S McDougall | 10-15 | 0-5 | 0-2.5 | 0-2.5 | 127 | 142 | 15 |
| Nurse Director: Ms A Gow | 45-50 | 0-5 | 5-7.5 | 0-2.5 | 582 | 666 | 84 |
| Director of Workforce: Mrs S Canavan | 85-90 | 55-60 | 0-2.5 | 0-2.5 | 437 | 478 | 41 |
| Director of Community Engagement: Mrs L Cleland | 0-5 | 0-5 | 0-2.5 | 0-2.5 | - | 12 | 12 |
| Director of Evidence : Dr S Qureshi | 65-70 | 45-50 | 0-2.5 | 0-2.5 | 362 | 401 | 39 |

Remuneration Report

Fair Pay Disclosure Required (Audited Information)

| 2020-21 £'000 | | 2019-20 £'000 | |
|--|---------|--|---------|
| Range of Staff Remuneration | 15-165 | Range of Staff Remuneration | 15-135 |
| Highest Earning Director's Total Remuneration (£'000s) | 160-165 | Highest Earning Director's Total Remuneration (£'000s) | 115-120 |
| Median Total Remuneration * | 41,803 | Median Total Remuneration * | 39,169 |
| Ratio | 3.89 | Ratio | 3.00 |

Commentary The highest earning director has increased to the 160-165 remuneration banding, while the average (median) workforce salary has increased by 6.72%, compared to the previous year. The gap between the median workforce salary and our highest earning director has therefore increased, and expressed as a ratio 3.89, this represents an increase of 29.67%

*Note - Total remuneration is equivalent to the total earning for the year and excludes employer superannuation contributions.

Changes to the Roles of Senior Staff

Changes have taken place within the Executive Team cohort during the year. The Director of Finance and Corporate Services retired on 31st March 2021, with her successor taking up post in June 2021. The Director of Community Engagement has taken up the role of Director of Quality Assurance on an interim basis, and the Director of Community Engagement role has been filled on a secondment basis with effect from 1st May 2021.

Staff Report**Higher Paid Employees Remuneration (Audited Information)****For the Year Ended 31 March 2021**

| Clinical staff | 2021 | 2020 |
|-----------------------|-------------|-------------|
| £70,001 to £80,000 | 5 | 4 |
| £80,001 to £90,000 | - | 1 |
| £90,001 to £100,000 | 5 | 4 |
| £100,001 to £110,000 | 1 | 1 |
| £130,001 to £140,000 | 1 | 1 |

| Other staff non-clinical | 2021 | 2020 |
|---------------------------------|-------------|-------------|
| £70,001 to £80,000 | 7 | 4 |
| £80,001 to £90,000 | 6 | 6 |
| £90,001 to £100,000 | 3 | 1 |
| £110,001 to £120,000 | - | 1 |
| £120,001 to £130,000 | 1 | - |
| £130,001 to £140,000 | 1 | - |

Remuneration Report (Audited Information)**For the Year Ended 31 March 2021**

| 2019-20 | | Executive Board Members | Non Executive Members | Permanent Staff | Inward Secondees | Other Staff | Outward Secondees | 2020-21 Total |
|---------------|---|-------------------------|-----------------------|-----------------|------------------|--------------|-------------------|---------------|
| £'000 | | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| | STAFF COSTS | | | | | | | |
| 17,038 | Salaries and wages | 123 | 78 | 17,770 | - | 1,668 | (371) | 19,268 |
| 1,800 | Social security costs | 16 | 4 | 1,896 | - | 157 | (44) | 2,029 |
| 3,283 | NHS scheme employers' costs | 26 | - | 3,405 | - | 293 | (75) | 3,649 |
| 2,582 | Inward secondees | - | - | - | 2,032 | - | - | 2,032 |
| 439 | Agency staff | - | - | - | - | 298 | - | 298 |
| 25,142 | | 165 | 82 | 23,071 | 2,032 | 2,416 | (490) | 27,276 |
| 0 | Compensation for loss of office or early retirement | - | - | - | - | - | - | - |
| 25,142 | TOTAL | 165 | 82 | 23,071 | 2,032 | 2,416 | (490) | 27,276 |
| | STAFF NUMBERS | | | | | | | |
| 462 | Whole time equivalent (WTE) | 1 | 1 | 401 | 25 | 50 | (8) | 470 |
| 0 | Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of: (Unaudited) | | | | | | | - |
| 19 | Included in the total staff numbers above were disabled staff of:(Unaudited) | | | | | | | 19 |
| 0 | Included in the total staff numbers above were Special Advisers of: | | | | | | | - |

Staff composition (Unaudited Information) – an analysis of the number of persons of each sex who were directors and employees

| Staff Composition | 2021 | | | 2020 | | |
|---|------------|------------|------------|------------|------------|------------|
| | Male | Female | Total | Male | Female | Total |
| Executive Directors | 1 | - | 1 | 1 | - | 1 |
| Non-Executive Directors and Employee Director | 3 | 8 | 11 | 2 | 8 | 10 |
| Senior Employees | 10 | 17 | 27 | 5 | 17 | 22 |
| Other | 101 | 367 | 468 | 107 | 349 | 456 |
| Total Headcount | 115 | 392 | 507 | 115 | 374 | 489 |

Remuneration Report

Note: The numbers in the staff composition table reflect employees in post at 31 March in both the current and prior year.

Sickness absence data (Unaudited Information)

| | 2021 | 2020 |
|-----------------------|-------|-------|
| Sickness Absence Rate | 1.80% | 3.24% |

Staff turnover

| | 2021 | 2020 |
|----------------|-------|--------|
| Staff Turnover | 48 | 66 |
| Headcount | 507 | 489 |
| | 9.47% | 13.50% |

Staff policies applied during the financial year relating to the employment of disabled persons

- For giving full and fair consideration to applications for employment by the Board made by disabled persons, having a regard to their particular aptitudes and abilities
- For continuing the employment of, and for arranging appropriate training for, employees of the Board who have become disabled persons during the period when they were employed by the Board
- Otherwise for the training, career development and promotion of disabled persons employed by the Board

Other Staff Information

Pay policies used within the organisation are based on national agreements. The majority of employees are employed under the conditions of Agenda for Change.

The Partnership Forum has continued to meet regularly to discuss all and any relevant directorate, service or terms and conditions issues that need to be reviewed and raised at an organisational level.

A proactive Equality and Diversity Working group is in place to ensure that all policies and practices within Healthcare Improvement Scotland are fair for all staff and stakeholders. All policies are being refreshed nationally on a 'Once for Scotland' basis and these are equality impact assessed. This group has been set up in Partnership and reports to the Staff Governance Committee. The Equalities Monitoring Report is reviewed by the Partnership Forum prior to being submitted to the Staff Governance Committee.

DSE Assessments have been carried out for all staff by the Health and Safety Adviser, and all staff have been encouraged to complete another review questionnaire for the coming year. A Lone Working 'app' is being trialled, to ensure the safety of staff who require to work alone. A number of Risk Assessments resulting from the COVID-19 pandemic have been put in place. No major incidents were reported during the 2020 - 21. The Health and Safety adviser has continued to provide support for the current home working arrangements and will support the revised arrangements for office accommodation in Glasgow.

Healthcare Improvement Scotland is one of 6 Boards involved in moving to the East Region Recruitment Service. Following the agreement of the Business Case late in 2020 and a process inviting expressions of interest from all 6 boards involved in the arrangements, NHS Lothian was

identified as the lead employer for the East Region Recruitment Transformation process. Discussions are currently underway with NHS Lothian to confirm the final resource implications for Healthcare Improvement Scotland as a proposed member of this Regional Shared Service arrangement. Following this, further actions will be undertaken to ensure governance and oversight of the necessary work to have the service in place within the required timescales. The service is expected to be 'soft' launched from the end of August 2021 on a phased basis across the Boards involved and the planned timetable for Healthcare Improvement Scotland will be publicised across the organisation when it is available.

Following lockdown in March 2020, the national iMatter survey cycle was paused. A local Healthcare Improvement Scotland survey was developed with the aim of seeking feedback on the experience of Healthcare Improvement Scotland staff working from home during the early months of the COVID pandemic. The 'Shaping Our Future' survey, was issued on 4 May 2020. The data gathered through the Shaping Our Future survey enabled useful and broad assessment of staff experience at an early stage of the pandemic, highlighting areas of strength, and areas for further exploration and action.

In lieu of the iMatter cycle for 2020, the 'Everyone Matters' national pulse survey was launched in September 2020. The results of this survey included confirmation that Healthcare Improvement Scotland achieved the highest response rate of any board, staffs' overall experience rating is 7.53 - ahead of the national average of 6.8 and our rating for recommended as a place to work is 80, higher than all of the territorial boards and second highest overall (to NES 83)

Exit packages (Audited Information)

There was no instances in 2020-21 and one instance in 2019-20 which was <£13,000

| | 2021 | | | |
|---------------------------------------|-----------------------------------|-----------------------------------|--|------------------------------|
| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Cost of exit packages (£000) |
| Total number of exit packages by type | - | - | - | - |
| Total resource cost (£000) | - | - | - | - |

| | 2020 | | | |
|---------------------------------------|-----------------------------------|-----------------------------------|--|------------------------------|
| Exit package cost band | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages by cost band | Cost of exit packages (£000) |
| £10,000 - £25,000 | - | 1 | 1 | 13 |
| Total number of exit packages by type | - | 1 | 1 | 13 |

| | | | | |
|-----------------------------------|---|-----------|---|-----------|
| Total resource cost (£000) | - | 13 | - | 13 |
|-----------------------------------|---|-----------|---|-----------|

Facility Time (Unaudited Information)

| Facility Time 2020-21 - Union | |
|---|--------------------------------------|
| Table 1 | |
| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
| 7.00 | 0.91 |
| Table 2 | |
| Percentage of time | Number of Employees |
| 0% | - |
| 1-50% | 7 |
| 51-99% | - |
| 100% | - |
| Table 3 | |
| Provide the total cost of facility time | £48,924 |
| Provide total pay bill | £27,276,303 |
| Provide the percentage of the total pay bill spent on facility time | 0.18% |
| Table 4 | |
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 100% |

Parliamentary Accountability Report

Losses and Special Payments

There was no redundancy payment during 2020-21 (2019-20: £12,523) No losses or special payments above £300k.

Fees and Charges

Independent Healthcare (Audited Information)

Independent Healthcare encompasses independent hospitals, which includes hospices, private psychiatric hospitals and independent clinics.

Financial Objective

The financial objective is to set fees at a level that achieve a breakeven position over time. The table below summarises the outturn for both the financial year 2020-21 and the prior three years. This information has been reviewed and is subject to the audit opinion

| OUTTURN | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
|-----------------------|---------|---------|---------|---------|
| | £'000 | £'000 | £'000 | £'000 |
| Income | 601 | 793 | 749 | 648 |
| SG Funding (COVID-19) | 394 | - | - | - |
| Expenditure | (955) | (810) | (705) | (593) |

Performance against Financial Objectives

The position with regard to the registration of Independent Clinics at 31 March 2021 is shown below. Comparative information for the prior years is also provided.

| Independent Clinics | As at 31 March 2021 | As at 31 March 2020 | As at 31 March 2019 |
|--|---------------------|---------------------|---------------------|
| Clinics registered | 415 | 404 | 347 |
| Applications being processed by the Inspectorate | 62 | 30 | 42 |
| Applications yet to commence | 10 | 7 | 18 |
| Services that may still require to be registered | 39 | 29 | 34 |
| Total | 526 | 470 | 441 |

DocuSigned by:

Robbie Pearson

Robbie Pearson.....6585DF0E8701445.....

Chief Executive

Date 30 June 2021

Independent auditor's report to the members of Healthcare Improvement Scotland, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Healthcare Improvement Scotland for the year ended 31 March 2021 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers of the state of the board's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 5 years. We are independent of the board in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Risks of material misstatement

We report in a separate Annual Audit Report, available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that we identified and our judgements thereon.

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

- considering the nature of the board's control environment and reviewing the board's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired with management, internal audit and those charged with governance about their own identification and assessment of the risks of irregularities;
- obtaining an understanding of the applicable legal and regulatory framework and how the board is complying with that framework;
- identifying which laws and regulations are significant in the context of the board;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service (Scotland) Act 1978.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

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

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

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Statutory other information

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

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

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

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

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

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

Matters on which we are required to report by exception

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

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

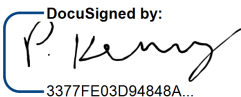
We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

DocuSigned by:

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

30 June 2021

Financial Statements

Statement of Comprehensive Net Expenditure

For Year Ended 31 March 2021

| | Note | 2021 | 2020 |
|---------------------------------------|-------------|----------------------|----------------------|
| | | £'000 | £'000 |
| Employee Expenditure | 3a | 27,766 | 25,509 |
| Other Healthcare Expenditure | 3b | <u>5,214</u> | <u>8,998</u> |
| Gross expenditure for the year | | 32,980 | 34,507 |
| Less: operating income | 4 | <u>(1,311)</u> | <u>(1,358)</u> |
| Comprehensive net expenditure | | <u>31,669</u> | <u>33,149</u> |

Statement of Financial Position**As at 31 March 2021**

| | | 2021 | 2020 |
|--|-------------|----------------|----------------|
| | Note | £'000 | £'000 |
| Non-current assets | | | |
| Property, Plant and Equipment | 7 | 418 | 278 |
| Intangible Assets | 6 | 29 | 67 |
| Total non-current assets | | 447 | 345 |
| Current assets | | | |
| Financial Assets: | | | |
| Trade and other receivables | 8 | 441 | 711 |
| Cash and cash equivalents | 9 | 356 | 757 |
| Total current assets | | 797 | 1,468 |
| Total assets | | 1,244 | 1,813 |
| Current liabilities | | | |
| Provisions | 11 | (9) | (1,203) |
| Financial liabilities: | | | |
| Trade and other payables | 10 | (3,829) | (4,680) |
| Total current liabilities | | (3,838) | (5,883) |
| Non-current assets less net current | | (2,594) | (4,070) |
| Non-current liabilities | | | |
| Provisions | 11 | (490) | (29) |
| Total non-current liabilities | | (490) | (29) |
| Assets less liabilities | | (3,084) | (4,099) |
| Taxpayers' equity | | | |
| General Fund | SoCTE | (3,084) | (4,099) |
| Total taxpayers' equity | | (3,084) | (4,099) |

The notes to the accounts, numbered 1 to 15, form an integral part of the accounts.

The financial statements on pages 57-61 were approved by the Board on 30 June 2021 and signed on their behalf by

Angela Moodie
Director of Finance, Planning and Governance

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Angela Moodie
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Robbie Pearson
Chief Executive

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Robbie Pearson
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For the Year Ended 31 March 2021**Statement of Cash Flows**

| | | 2021 | 2020 |
|--|-------------|-----------------|-----------------|
| | Note | £'000 | £'000 |
| Cash flow from operating activities | | | |
| Net expenditure | SoCTE | (31,669) | (33,149) |
| Adjustments for non-cash transactions | 2b | 118 | 134 |
| Movements in working capital | 2c | (913) | 1,074 |
| Net cash outflow from operating activities | | (32,464) | (31,941) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 7 | (288) | - |
| Proceeds of disposal of property, plant and equipment | | 68 | - |
| Net cash outflow from investing | | (220) | - |
| Cash flows from financing activities | | | |
| Funding | | 32,684 | 31,941 |
| Movement in general fund working capital | | (401) | 134 |
| Net financing | SoCTE | 32,283 | 32,075 |
| Net (decrease)/increase in cash and cash equivalents in the period | | (401) | 134 |
| Cash and cash equivalents at the beginning of the period | | 757 | 623 |
| Cash and equivalents at the end of the period | | 356 | 757 |
| Reconciliation of net cash flow to movement in net cash | | | |
| (Decrease)/increase in cash in year | | (401) | 134 |
| Net cash at 1 April | 9 | 757 | 623 |
| Net cash as at 31 March | 9 | 356 | 757 |

For the Year Ended 31 March 2021**Statement of Changes in Taxpayers' Equity**

| | General Fund |
|---|---------------------|
| | £'000 |
| Balance at 31 March 2020 | (4,099) |
| Changes in taxpayers' equity for 2020-21 | |
| Net operating cost for the year | (31,669) |
| Total recognised income and expense for 2020-21 | (31,669) |
| Funding: | |
| Drawn down | 32,283 |
| Movement in General Fund (creditor)/debtor | 401 |
| Balance at 31 March 2021 | (3,084) |
| Statement of changes in Taxpayers' Equity for the Year Ended 31 March 2020 | |
| Balance at 31 March 2019 | (2,891) |
| Changes in taxpayers' equity for 2019-20 | |
| Net operating cost for the year | (33,149) |
| Total recognised income and expense for 2019-20 | (33,149) |
| Funding: | |
| Drawn down | 32,075 |
| Movement in General Fund (creditor)/debtor | (134) |
| Balance at 31 March 2020 | (4,099) |

Notes to the Financial Statements

Accounting Policies

For the Year Ended 31 March 2021

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 financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury, which follows International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 to the extent that they are meaningful and appropriate to the public sector. They have been applied consistently in dealing with items considered material in relation to the financial statements.

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 23 below.

For all standards, issued but not yet effective in current year

Adoption of New and Revised Standards

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

In the current year, HIS has applied a number of amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- **Amendment to IFRS 9:** Applying IFRS 9 with IFRS 4.
- **Amendment to IFRS 3:** Definition of a Business.
- **Amendments to IAS 1 and IAS 8:** Definition of Material.
- **Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9:** Interest Rate Benchmark Reform (Phase 1).
- Annual Improvements to IFRS Standards 2015-2017 Cycle.

b) Standards, amendments and interpretations early adopted this year

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

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

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

- **IFRS 16: Leases.** HM Treasury have agreed to defer implementation until 1 April 2022.

NOTE 1 cont

- **IFRS 17:** Insurance Contracts. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 1:** Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023.
- **Amendment to IAS 8:** Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023.
- **Amendments to IAS 16:** Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022.
- **Amendments to IAS 37:** Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022.
- **Amendments to IAS 39, IFRS 4, IFRS 7 and IFRS 9:** Interest Rate Benchmark Reform (Phase 2). Applicable for periods beginning on or after 1 January 2021.
- Annual Improvements to IFRS Standards 2018-2020 Cycle. Applicable for periods beginning on or after 1 January 2022.

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

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

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

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

HIS has assessed the likely impact to i) comprehensive net expenditure and ii) the Statement of Financial Position of applying IFRS 16. The figures below represent existing leases as at 31 March 2021.

The standard is expected to increase total expenditure by £nil million. Right-of-use assets totalling £5.739 million will be brought onto the Statement of Financial Position, with an associated lease liability of £5.739 million.

2. Basis of Consolidation

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

3. Going Concern

The financial statements are prepared on the going concern basis, which provides that the entity will continue in operational existence for the foreseeable future. Baseline funding for the entity for financial year ending 31 March 2022 has been confirmed by Scottish Government and HIS will continue to carry out its current functions as agreed in its latest remobilisation plan including recent legislation which has enhanced the role of the entity e.g. Health and Care (Staffing) (Scotland) Bill and currently its role with regard to care homes in response to the pandemic. HIS is also not aware of any SG policy change which would result in HIS ceasing to exist in the foreseeable future.

4. Accounting Convention

The financial statements are prepared on a historical cost basis.

5. Funding

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

All other income receivable by HIS that is not classified as funding is recognised in the year in which it is receivable except where income is received for a specific activity which is to be delivered, in whole or in part, in the following financial year, that income is deferred proportionately.

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

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

6. Property, Plant and Equipment

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

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

6.1 Recognition

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

NOTE 1 cont.

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

6.2 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.

Subsequent expenditure

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

6.3 Depreciation

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

- 1) 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.
- 2) Equipment is depreciated over the estimated life of the asset.
- 3) Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

| Asset Category/Component | Useful life (Years) |
|---------------------------------|--------------------------------|
| Buildings (excluding dwellings) | 10-15 |
| Plant & machinery | 1-5 |
| Information technology | 3-5 |
| Furniture & fittings | 3-5 |

7. Intangible Assets

7.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the organisation's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, HIS 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 HIS activities for more than one year and they have a cost of at least £5,000.

The main classes of intangible assets recognised are:

Information Technology Software

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

Software licences

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

7.2 Measurement

Valuation

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

7.3 Amortisation

Amortisation is charged to the statement of comprehensive net expenditure on each main class of intangible asset as follows:

| | |
|--------------------|---|
| Software. | Amortised over their expected useful life. |
| Software licences. | Amortised over the shorter term of the licence and their useful economic lives. |

Amortisation is charged on a straight line basis.

The following asset lives have been used:

| Asset Category/Component | Useful Life (years) |
|---------------------------------|---------------------|
| Software licences | 3-5 |
| Information technology software | 3-5 |

8. Operating Leases

Leases other than finance leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease.

Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

9. Impairment of Non-Financial Assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffer an impairment are reviewed for possible reversal of the impairment. Impairment losses charged to the SoCNE are deducted from future operating costs to the extent that they are identified as being reversed in subsequent revaluations.

10. General Fund Receivables and Payables

Where HIS has a positive net cash book balance at the year end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where HIS 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.

11. 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.

12. Employee Benefits

12.1 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.

12.2 Pension costs

HIS 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 higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year.

The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer.

The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the Statement of Comprehensive Net Expenditure at the time the Board commits itself to the retirement, regardless of the method of payment.

13. 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 by the CNORIS by the Scottish Government.

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

individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

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

14. Related Party Transactions

Material related party transactions are disclosed in the Note 15 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3b.

15. Value Added Tax

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

16. Provisions

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

17. Contingent Liabilities

Contingent liabilities are:

Possible obligations – as it has yet to be confirmed whether HIS has an obligation that could lead to a transfer of economic benefits; or

Present obligations – that do not meet the recognition criteria because either it is not probable that a transfer of economic benefit will be required to settle the obligation or a sufficiently reliable estimate of the obligation cannot be made.

18. 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.

19. Financial Instruments**18.1 Financial assets****Classification**

HIS classifies its financial assets at fair value through profit or loss.

Impairment of Financial Assets

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in the Statement of Comprehensive Net Expenditure and by reducing the carrying amount of the asset in the Statement of Financial Position.

Recognition and Measurement

Financial assets are recognised when HIS Scotland becomes party to the contractual provisions of the financial instrument and are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and HIS has transferred substantially all risks and rewards of ownership.

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.

18.2 Financial Liabilities**Classification**

HIS classifies all 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. HIS 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 HIS 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.

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

20. Directorate Reporting

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

Operating segments are unlikely to directly relate to the analysis of expenditure shown in Note 5.

21. Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, cash balances held with the Government Banking Service, balances held in commercial banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the 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 should not be classed as commercial bank balances.

22. Foreign Exchange

The functional and presentational currencies of HIS are sterling.

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

Exchange gains or losses on monetary items (arising on 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.

23. Key Sources of Judgement and Estimation Uncertainty

HIS makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. HIS also makes judgements in applying accounting policies. Under accounting guidance we are required to disclose the estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year. The judgement and key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are detailed below:

Critical Judgements

Deferred income primarily reflected registration and continuation fees within Independent Healthcare. The deferred income is based on the assumptions shown in the table below. HIS exercises judgement in applying these assumption in order to closely match income with costs incurred.

| | |
|--|--|
| Registration Process still to be allocated to an inspector | 100% Deferred |
| Application been allocated to an inspector | 50% Deferred |
| Registration process completed | 0% Deferred |
| Continuation fees | Deferral % specific to period covered in future year |

Accruals relating to HIS operating activities are estimated on the basis of existing contractual obligations and goods and services received during the financial year.

Significant Estimates

Details of the provisions recognised and the significant estimates and judgements can be seen in note 11. A dilapidations provision is recognised when there is a future obligation relating to the maintenance of leasehold properties. The provision is based on management's best estimate of the obligation which forms part of the Boards unavoidable cost of meeting its obligations under the lease contracts. Key uncertainties are the estimates of amounts due and HIS uses professional advisors as a source for these estimates.

There were no estimates, assumptions and judgements during 2020-21 that gave rise to a significant risk.

Notes to the Financial Statements

For Year Ended 31 March 2021

2a. Summary of Resource Outturn

| | 2021 | 2020 |
|---|---------------|----------------|
| | £'000 | £'000 |
| Summary of Core Revenue Resource Outturn | | |
| Net expenditure | 31,669 | 33,149 |
| <u>Total non-core expenditure</u> | <u>595</u> | <u>(1,093)</u> |
| Total Core Expenditure | 32,264 | 32,056 |
| Core Revenue Resource Limit | 32,635 | 32,583 |
| Saving against core revenue resource limit | 371 | 527 |
| | <hr/> | <hr/> |
| Summary of Non-Core Revenue Resource Outturn | | |
| Depreciation/Amortisation | 131 | 134 |
| Annually Managed Expenditure – creation of provisions | <u>(733)</u> | <u>959</u> |
| Total non-core expenditure | (602) | 1,093 |
| Non-core revenue resource limit | (596) | 1,091 |
| Excess | (6) | (2) |
| | <hr/> | <hr/> |

| Summary of Resource Outturn | Resource | Expenditure | Saving |
|-----------------------------|---------------|---------------|------------|
| | £'000 | £'000 | £'000 |
| Core | 32,635 | 32,264 | 371 |
| Non-Core | (596) | (595) | (1) |
| Total | 32,039 | 31,669 | 370 |
| | <hr/> | <hr/> | <hr/> |

Notes to the Financial Statements

For the Year Ended 31 March 2021

Notes to the cash flow statement

2b. Adjustments for non-cash transactions

| | 2021 | 2020 |
|---|------------|------------|
| | £'000 | £'000 |
| Expenditure not paid in cash | | |
| Depreciation | 93 | 93 |
| Amortisation | 38 | 41 |
| Total expenditure not paid in cash | 131 | 134 |

2c. Movements in working capital

| | Note | 2021 | | 2020 |
|---|------|------------------|------------------|--------------|
| | | Opening balances | Closing balances | |
| | | £'000 | £'000 | |
| Trade and other receivables | | | | |
| Due within one year | 8 | 711 | 441 | 29 |
| Net movement | | | 270 | 29 |
| Trade and other payables | | | | |
| Due within one year | 10 | 4,680 | 3,829 | 241 |
| Less: General Fund creditor included in above | 2 | (754) | (353) | (134) |
| Net movement | | 3,926 | 3,476 | 107 |
| PROVISIONS | | | | |
| Statement of Financial Position | 11 | 1,232 | 499 | 938 |
| Net movement | | 1,232 | 499 | 938 |
| Net movement (decrease) / increase CFS | | | (913) | 1,074 |

Notes to the Financial Statements**For the Year Ended 31 March 2021****Operating expenses****3a. Employee Expenditure**

| | 2021 | 2020 |
|--------------------|---------------|---------------|
| | £'000 | £,000 |
| Medical and dental | 3,178 | 2,826 |
| Nursing | 130 | 122 |
| Other staff | 24,458 | 22,561 |
| Total | 27,766 | 25,505 |

Further detail and analysis of employee costs can be found in the Remuneration and Staff Report, forming part of the Accountability Report.

3b. Other Healthcare Expenditure

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Goods and services from other NHS Scotland bodies | 3,338 | 4,282 |
| Goods and services from other UK NHS bodies | - | - |
| Goods and services from private providers | 1,747 | 4,594 |
| Goods and services from voluntary services | 98 | 96 |
| External auditor's remuneration – statutory audit fee | 31 | 26 |
| Total | 5,214 | 8,998 |

Notes to the Financial Statements

For the Year Ended 31 March 2021

Operating Income

| | 2021 | 2020 |
|-------------------------|--------------|--------------|
| | £'000 | £'000 |
| Scottish Government | 214 | 69 |
| NHS Scotland bodies | 331 | 284 |
| NHS non Scottish bodies | - | 14 |
| Other | 766 | 991 |
| Total income | 1,311 | 1,358 |

Other income is mainly made up of Independent Healthcare (IHC) £560k 73.10% (2019-20 £793k 80.02%). The reduction is due to the COVID-19 impact to this sector.

Notes to the Financial Statements**For the Year Ended 31 March 2021**

| | Net Operating Cost | |
|--|---------------------------|---------------|
| | 2021 | 2020 |
| | £'000 | £'000 |
| Directorates | | |
| Chief Executive's Directorate | 919 | 754 |
| Office of Medical Director | 1,093 | 871 |
| Office of NMAHP Director | 1,644 | 1,647 |
| Finance and Corporate Services Directorate | 1,014 | 970 |
| Property | 1,329 | 1,369 |
| Corporate Provisions | 150 | 1,252 |
| Improvement Support and ihub Directorate | 9,232 | 10,944 |
| Evidence Directorate | 7,088 | 6,697 |
| Quality Assurance Directorate | 5,549 | 4,845 |
| Community Engagement | 2,602 | 2,785 |
| People and Workforce | 1,049 | 1,015 |
| | 31,669 | 33,149 |

Corporate provisions movement is due to the reversal of the mechanical and electrical dilapidation provision (note 11).

Notes to the Financial Statements for the Year Ended 31 March 2021

Intangible Assets (Non-current)

| | Software Licences | Information technology software | Total |
|---|----------------------|---------------------------------------|------------|
| | £'000 | £'000 | £'000 |
| Cost or valuation | | | |
| At 1 April 2020 | 419 | 23 | 442 |
| Disposals | (7) | (23) | (30) |
| At 31 March 2021 | 412 | - | 412 |
| Amortisation | | | |
| At 1 April 2020 | 352 | 23 | 375 |
| Provided during the year | 38 | - | 38 |
| Disposals | (7) | (23) | (30) |
| At 31 March 2021 | 383 | - | 383 |
| Net book value at 1 April 2020 | 67 | - | 67 |
| Net book value at 31 March 2021 | 29 | - | 29 |
| Prior Year Cost or Valuation | | | |
| As at 1 April 2019 | 419 | 46 | 465 |
| Disposals | - | (23) | (23) |
| At 31 March 2020 | 419 | 23 | 442 |
| Amortisation | | | |
| As at 1 April 2019 | 311 | 46 | 357 |
| Provided during the year | 41 | - | 41 |
| Disposals | - | (23) | (23) |
| At 31 March 2020 | 352 | 23 | 375 |
| Net Book Value at 1 April 2019 | 108 | - | 108 |
| Net Book Value at 31 March 2020 | 67 | - | 67 |

Notes to the Financial Statements

For the Year Ended 31 March 2021

Property, Plant and Equipment

| | Buildings (excluding dwellings) | Plant & Machinery | Information Technology | Furniture &Fittings | Assets Under Construction | Total |
|--|---------------------------------------|----------------------|---------------------------|------------------------|---------------------------------|--------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Cost or valuation | | | | | | |
| At 1 April 2020 | 583 | 324 | 351 | 69 | 0 | 1,327 |
| Additions - purchased | - | - | - | - | 288 | 288 |
| Disposals | (269) | (41) | (95) | (69) | - | (474) |
| At 31 March 2021 | 314 | 283 | 256 | 0 | 288 | 1,141 |
| Depreciation | | | | | | |
| At 1 April 2020 | 400 | 324 | 256 | 69 | - | 1,049 |
| Provided during the year | 47 | - | 33 | - | - | 80 |
| Disposals | (201) | (41) | (95) | (69) | - | (406) |
| At 31 March 2021 | 246 | 283 | 194 | - | - | 723 |
| Net Book Value at 1 April 2020 | 183 | - | 95 | - | - | 278 |
| Net Book Value at 31 March 2021 | 68 | - | 62 | - | 288 | 418 |
| Asset financing: | | | | | | |
| Owned | 68 | - | 62 | - | 288 | 418 |
| Net Book Value at 31 March 2021 | 68 | - | 62 | - | 288 | 418 |

Notes to the Financial Statements

For the Year Ended 31 March 2020

Property, Plant and Equipment Disclosures

Prior Year

| | Buildings (excluding dwellings) £'000 | Plant & Machinery £'000 | Information Technology £'000 | Furniture & Fittings £'000 | Total £'000 |
|--|--|-------------------------------|------------------------------------|----------------------------------|----------------|
| Cost or valuation | | | | | |
| At 1 April 2019 | 583 | 344 | 351 | 69 | 1,347 |
| Disposals | - | (20) | - | - | (20) |
| At 31 March 2020 | 583 | 324 | 351 | 69 | 1,327 |
| Depreciation | | | | | |
| At 1 April 2019 | 345 | 344 | 218 | 69 | 976 |
| Provided during the year | 55 | - | 38 | - | 93 |
| Disposals | - | (20) | - | - | (20) |
| At 31 March 2020 | 400 | 324 | 256 | 69 | 1,049 |
| Net book value at 1 April 2019 | 238 | - | 133 | - | 371 |
| Net book value at 31 March 2020 | 183 | - | 95 | - | 278 |
| Asset financing: | | | | | |
| Owned | 183 | - | 95 | - | 278 |
| Net Book Value at 31 March 2020 | 183 | - | 95 | - | 278 |

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Net book value of property, plant and equipment at 31 March | | |
| Purchased | 418 | 278 |
| Total | 418 | 278 |

NOTE 8

Notes to the Financial Statements

For the Year Ended 31 March 2021

Trade and Other Receivables

| | 2021 £'000 | 2020 £'000 |
|--|---------------|---------------|
| Receivables due within one year | | |
| NHS Scotland | | |
| SGHSCD | 29 | 17 |
| Boards | 75 | 141 |
| Total NHS Scotland Receivables | 104 | 158 |
| VAT recoverable | 18 | 28 |
| Prepayments | 102 | 253 |
| Accrued income | 28 | 29 |
| Other receivables | 189 | 243 |
| Total Receivables due within one year | 441 | 711 |
| | | |
| Total Receivables | 441 | 711 |
| | | |
| WGA Classification | | |
| NHS Scotland | 75 | 141 |
| Central Government Bodies | 29 | 17 |
| Balances with bodies external to Government | 337 | 553 |
| Total | 441 | 711 |

Notes to the Financial Statements**For the Year Ended 31 March 2021****Trade and Other Receivables, cont.**

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2021, receivables with a carrying value of £nil (2020: £nil) were past their due date but not impaired.

Concentration of credit risk is due to Independent Healthcare customer base which has been impacted due to COVID-19. Due to this, management have calculated the future credit risk provision of £56k (2019-20 £27k) is required in excess of the normal provision for doubtful receivables.

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

Receivables that are neither past due nor impaired are shown by their credit risk below: HIS does not hold any collateral as security

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Counterparties with external credit ratings (A) | 40 | 64 |
| Existing customers with no defaults in the past | 401 | 647 |
| Total neither past due nor impaired | 441 | 711 |

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

Notes to the Financial Statements**For the Year Ended 31 March 2021****Cash and Cash Equivalents**

| | At 31/03/21 £'000 | At 31/03/20 £'000 |
|--|----------------------------------|----------------------------------|
| Government Banking Service account balance | 353 | 754 |
| Cash at bank and in hand | 3 | 3 |
| Total cash and cash equivalents – balance sheet | 356 | 757 |
| Total cash – cash flow statement | 356 | 757 |

Notes to the Financial Statements**For the Year Ended 31 March 2021****Trade and Other Payables**

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Payables due within one year | | |
| NHS Scotland | | |
| Boards | 550 | 1,003 |
| Total NHS Scotland Payables | 550 | 1,003 |
| General Fund Payable | 353 | 754 |
| Trade Payables | 227 | 392 |
| Accruals | 928 | 793 |
| Deferred Income | 182 | 394 |
| Income tax and social security | 573 | 515 |
| Superannuation | 466 | 438 |
| Holiday Pay Accrual | 380 | 313 |
| Other Payables | 170 | 78 |
| Total Payables due within one year | 3,279 | 4,680 |
| Total Payables | 3,829 | 4,680 |
| WGA Classification | | |
| NHS Scotland | 550 | 1,003 |
| Central Government Bodies | 1,014 | 975 |
| Whole of Government Bodies | - | 50 |
| Balances with bodies external to Government | 2,265 | 2,652 |
| Total | 3,829 | 4,680 |

Notes to the Financial Statements

For the Year Ended 31 March 2021

Provisions

| | Participation in CNORIS | Other | Total |
|--------------------------|----------------------------|------------|------------|
| | £'000 | £'000 | £'000 |
| At 1 April 2020 | 35 | 1,197 | 1,232 |
| Arising during the year | - | - | - |
| Utilised during the year | - | (8) | (8) |
| Reversed Utilised | - | (725) | (725) |
| At 31 March 2021 | 35 | 464 | 499 |

Analysis of expected timing of discounted flows to 31 March 2021

| | £'000 | £'000 | £'000 |
|----------------------------------|-----------|------------|------------|
| Payable in one year | 9 | 0 | 9 |
| Payable between 2 -5 years | 21 | 464 | 485 |
| Payable between 6 -10 years | 2 | - | 2 |
| Thereafter | 3 | - | 3 |
| Total as at 31 March 2021 | 35 | 464 | 499 |

Provisions – (For the Year Ended 31 March 2020)

| | Participation in CNORIS | Other | Total |
|-------------------------|----------------------------|--------------|--------------|
| | £'000 | £'000 | £'000 |
| At 1 April 2019 | 35 | 259 | 294 |
| Arising during the year | - | 979 | 979 |
| Reversed Utilised | - | (41) | (41) |
| At 31 March 2020 | 35 | 1,197 | 1,232 |

Analysis of expected timing of discounted flows to 31 March 2020

| | £'000 | £'000 | £'000 |
|----------------------------------|-----------|--------------|--------------|
| Payable in one year | 6 | 1,197 | 1,203 |
| Payable between 2 -5 years | 21 | - | 21 |
| Payable between 6 -10 | 2 | - | 2 |
| Thereafter | 6 | - | 6 |
| Total as at 31 March 2020 | 35 | 1,197 | 1,232 |

Notes to the Financial Statements**For the Year Ended 31 March 2021****Provisions, cont.****Participation in CNORIS**

HIS share of the total CNORIS liability of NHS Scotland

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

Dilapidations

The dilapidations provision in respect of a lease property in Glasgow (Delta House) increased in the 2019/20 annual report and accounts to £1,177k, in anticipation of the end of the lease at Delta House in 2020/21. This provision was largely to remediate mechanical and electrical works”.

In 2020/21, the lease at Delta House was renewed, and part of the renewal of the lease included a commitment by the landlord to renew the mechanical and electrical works, for which HIS had provided £808k.

As the landlord has committed to renewing the majority of these works, the liability to HIS has been correspondingly reduced, and given the long-life of these items, HIS does not expect that there will be a requirement to remediate works at the end of the renewed lease. Consequently, £713k of the £808k provided has been reversed.

Notes to the Financial Statements**For the Year Ended 31 March 2021****(a) Capital Commitments**

The Board have the following capital commitments which have not been provided for in the financial statements:

Contracted

| | 2021 | 2020 |
|---------------------------|--------------|--------------|
| | £'000 | £'000 |
| Delta House refurbishment | 1,551 | 0 |

(b) Commitments under Leases**Operating Leases**

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

| | 2021 | 2020 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Buildings | | |
| Not later than one year | 573 | 707 |
| Later than one year, not later than two years | 588 | 364 |
| Later than two years, not later than five years | 2,353 | 1,095 |
| Later than five years | 3,633 | 1,516 |
| Other | | |
| Not later than one year | 23 | 39 |
| Later than one year, not later than two years | 7 | 18 |
| Later than two years, not later than five years | 1 | 8 |
| Later than five years | - | - |
| Amounts charged to Operating Costs in the year were: | | |
| Buildings | 719 | 727 |
| Other | 34 | 51 |
| Total | 753 | 778 |

Notes to the Financial Statements

For the Year Ended 31 March 2021

Pension Costs

Notes to the Financial Statements

For the Year Ended 31 March 2020

Pension Costs

I.A.S. 19 – Employee Benefits paragraph 148 - Multi-employer plans

(a) HIS participates in the NHS Pension Scheme (Scotland). The scheme is an unfunded statutory public service pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and from those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay, as specified in the regulations. The rate of employer contributions is set with reference to a funding valuation undertaken by the scheme actuary. The last four-yearly valuation was undertaken as at 31 March 2016. This valuation informed an employer contribution rate from 1 April 2019 of 20.9% of pensionable pay and an anticipated yield of 9.6% employees contributions.

(b) HIS has no liability for other employers' obligations to the multi-employer scheme.

(c) 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.

(d)

(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 (name of body) 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 2020 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay. Expected contributions for 2021-22 is £3,794k

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

(v) HIS's level of participation in the scheme is 0.43% based on the proportion of employer contributions paid in 2019-20.

NOTE 13 cont.**IAS 19 Multi-employer plans 148**

HIS participates in the NHS Superannuation 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.

The new NHS Pension Scheme (Scotland) 2015

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2017-18 members paid tiered contribution rates ranging from 5.2% to 14.7% 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 existing NHS Superannuation Scheme (Scotland)

This scheme closed to new joiners on 31 March 2015 but any benefits earned in either NHS 1995 or NHS 2008 sections are protected and will be paid at the section's normal pension age using final pensionable pay when members leave or retire. Some members who were close to retirement when the NHS 2015 scheme launched will continue to earn benefits in their current section. This may affect members who were paying into the scheme on 1 April 2012 and were within 10 years of their normal retirement age. Some members who were close to retirement but did not qualify for full protection will remain in their current section beyond 1 April 2015 and join the 2015 scheme at a later date.

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 www.sppa.gov.uk.

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.

Notes to the Financial Statements**For the Year Ended 31 March 2020****Pension Costs**

Contributions are taken from qualifying earnings, which are currently from £6,240 up to £50,000, but will be reviewed every year by the government. The initial employee contribution is 1% of qualifying earnings, with an employer contribution of 1%. This will increase in stages to meet levels set by government.

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

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

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

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

| | 2020-21 £'000 | 2020-21 £'000 |
|---|--------------------------|--------------------------|
| Pension cost charge for the year | 3,648 | 3,283 |
| Provisions / Liabilities / Pre-payments included in the Balance Sheet | 466 | 438 |

Notes to the Financial Statements**For the Year Ended 31 March 2021****Financial Instruments****(A) Financial Instruments by Category****Financial Assets**

| | Loans and Receivables £'000 |
|---|--|
| At 31 March 2021 | |
| Assets per balance sheet | |
| Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable | 217 |
| Cash and cash equivalents | 356 |
| | <u>573</u> |
| | £'000 |
| At 31 March 2020 | |
| Assets per balance sheet | |
| Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable | 272 |
| Cash and cash equivalents | 757 |
| | <u>1,029</u> |

Financial Instruments by Category**Financial Liabilities**

| | Liabilities at Fair Value through profit and loss | Other Financial Liabilities | Total |
|---|--|--|--------------|
| | £'000 | £'000 | £'000 |
| At 31 March 2021 | | | |
| Liabilities per balance sheet | | | |
| Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation | | 2,058 | 2,058 |
| | | <u>2,058</u> | <u>2,058</u> |
| | | £'000 | £'000 |
| At 31 March 2020 | | | |
| Liabilities per balance sheet | | | |
| Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation | | 2,330 | 2,330 |
| | | <u>2,330</u> | <u>2,330</u> |

Notes to the Financial Statements**For the Year Ended 31 March 2021****Financial Instruments, cont.****(B) Financial Risk Factors****Exposure to Risk**

HIS's activities expose it to a variety of financial risks:

Credit risk - the possibility that other parties might fail to pay amounts due.

Liquidity risk - the possibility that HIS 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, HIS is not exposed to the degree of financial risk faced by business entities.

HIS provides written principles for overall risk management, as well as written policies covering corporate and clinical governance. The Executive Team consistently monitors and updates the action plan associated with the risk register making recommendations as necessary. The Audit and Risk Committee is updated on a regular basis on how the risks are being managed.

a) Credit risk

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

The utilisation of credit limits is regularly monitored.

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

b) Liquidity risk

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

Notes to the Financial Statements**For the Year Ended 31 March 2021****Financial Instruments, cont.****Financial Risk factors, cont.**

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are 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 £'000 | Between 1 and 2 years £'000 | Between 2 and 5 years £'000 | Over 5 years £'000 |
|--|---|--|--|-----------------------------------|
| At 31 March 2021 | | | | |
| Trade and other payables excluding statutory liabilities | 2,058 | - | - | - |
| Total | 2,058 | - | - | - |
| | £'000 | £'000 | £'000 | £'000 |
| At 31 March 2020 | | | | |
| Trade and other payables excluding statutory liabilities | 2,330 | - | - | - |
| Total | 2,330 | - | - | - |

Market risk

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

Fair Value Estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value. 2020-21 trade receivable impairment £56k (2019-20 £27k). 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.

Notes to the Financial Statements

For the Year Ended 31 March 2021

Related Party Transactions

HIS was previously awarded five grants from the Health Foundation with one of those grants continuing into 2020-21. The grant was awarded under standard terms and conditions specified by the Health Foundation. Ms R Glassborow has declared her relationship to the Health Foundation in the organisation's Register of Interests. The grants are summarised below.

| Grant Award | Period of Award | Value £ | Received 2020-21 £ | Outstanding £ |
|----------------------|---------------------------------|---------------|-----------------------|------------------|
| Quality Rheumatology | October 2017 - November 2018 | 73,378 | 23,378 | - |
| Total | | 73,378 | 23,378 | - |

Prior Year Ended 31 March 2020

| Grant Award | Period of Award | Value £ | Received 2019-20 £ | Outstanding £ |
|----------------------|---------------------------------|----------------|-----------------------|------------------|
| Quality Rheumatology | October 2017 - November 2018 | 73,378 | - | 23,378 |
| Qi Connect | March 2017 - February 2019 | 92,956 | 5,000 | - |
| Total | | 166,334 | 5,000 | 23,378 |

There were no other material transactions that took place with other related parties during the year. HIS is funded by and transacts with Scottish Government Health and Social Care Directorate who are the ultimate parent.

Accounts Direction For the Year Ended 31 March 2021

D I R E C T I O N

The Healthcare Improvement Scotland Accounts Direction 2012

Made - - - - 13th June 2012

Coming into force on being made

The Scottish Ministers make the following Direction in exercise of the powers conferred by section 86(1) and (3) of, and paragraph 13 of Schedule 5A to, the National Health Service (Scotland) Act 1978⁽¹⁾ and all powers enabling them to do so.

Citation and commencement

1. This Direction is called the Healthcare Improvement Scotland Accounts Direction 2012 and comes into force immediately after being made.

Healthcare Improvement Scotland Annual Accounts

2. Healthcare Improvement Scotland must comply with this Direction when preparing statements of accounts in relation to all of its functions.

3. The statement of accounts for the financial year ended 31 March 2012, and subsequent years, must comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) which is in force for the year for which the statement of accounts are prepared.

4. In addition, the accounts must also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.

5. The accounts must be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

6. This direction must be reproduced as an appendix to the statement of accounts.

Revocation

7. For the avoidance of doubt, the direction given on 10th February 2006 relating to NHS QIS is revoked.



A member of staff of the Scottish Ministers

St Andrew's House
Edinburgh
13 June 2012

⁽¹⁾ 1978 c.29. Section 86(1) and (3) was amended by section 36 of the National Health Service and Community Care Act 1990 (c.19) and by schedule 17, paragraph 19 of the Public Services Reform (Scotland) Act 2010 (asp 8) ("the 2010 Act"). Paragraph 13 of Schedule 5A was added by schedule 16 of the 2010 Act.

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Please contact our Equality and Diversity Advisor on 0141 225 6999 or
email contactpublicinvolvement.his@nhs.net

Healthcare Improvement Scotland

| | |
|-----------------------|---------------------|
| Edinburgh Office | Glasgow Office |
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| 1 South Gyle Crescent | 50 West Nile Street |
| Edinburgh | Glasgow |
| EH12 9EB | G1 2NP |

| | |
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| 0131 623 4300 | 0141 225 6999 |
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www.healthcareimprovementscotland.org



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0131 623 4300

0141 225 6999

www.healthcareimprovementscotland.org

Our Ref: PK/HIS/2021

30 June 2021

Dear Pat Kenny

This representation letter is provided in connection with your audit of the financial statements of Healthcare Improvement Scotland ('the entity') for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the entity as of 31 March 2021 and of the results of its operations, other comprehensive net expenditure and its cash flows for the year then ended in accordance with the applicable accounting framework as interpreted by the directions given by the Auditor General for Scotland ('the Auditor General') in accordance with, Section 21 of the Public Finance and Accountability (Scotland) Act 2000.

It is also provided for the purposes of expressing an opinion as to whether 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.

In addition to the above, this representation letter is provided in connection with your audit of the other information in the Annual Report, for the purposes set out in the Code of Audit Practice 2016.

We are aware that it is an offence to mislead an auditor of a public body.

On behalf of the entity, I confirm as Accountable Officer, to the best of my knowledge and belief, the following representations.

Financial statements

1. We understand and have fulfilled our responsibilities for the preparation of the financial statements in accordance with the applicable financial reporting framework, as set out in the directions given by the Auditor General for Scotland ('the Auditor General') in accordance with, Section 21 of the Public Finance and Accountability (Scotland) Act 2000 which give a true and fair view, as set out in the terms of the audit engagement letter.
2. Significant assumptions used by us in making accounting estimates, including those measured at fair value and assessing the impact of COVID-19 on the entity are reasonable. We have made sufficient and appropriate disclosure of the general increased estimation uncertainty arising from the impact of COVID-19.

3. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IAS24 "Related party disclosures".
4. All events subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment of or disclosure have been adjusted or disclosed.
5. There are no uncorrected misstatements and disclosure deficiencies.
6. We confirm that the financial statements have been prepared on the going concern basis and disclose in accordance with IAS 1 all matters of which we are aware that are relevant to the entity's ability to continue as a going concern, including principal conditions or events and our plans. We do not intend to cease operations as we consider we have realistic alternatives to doing so. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern. We confirm the completeness of the information provided regarding events and conditions relating to going concern at the date of approval of the financial statements, including our plans for future actions.
7. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent.
8. We have reconsidered the remaining useful lives of the property, plant and equipment and confirm that the present rates of depreciation are appropriate to amortise the cost less residual value over the remaining useful lives.
9. We are not aware of events or changes in circumstances occurring during the period which indicate that the carrying amount of property, plant and equipment may not be recoverable.
10. With respect to accounting estimates, we confirm:
 - the measurement processes, including related assumptions and models used to determine accounting estimates in the context of the applicable financial reporting framework are appropriate and have been applied consistently;
 - the assumptions appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity where relevant to the accounting estimates and disclosures;
 - the disclosures related to accounting estimates under the entity's applicable financial reporting framework are complete and appropriate; and
 - there have been no subsequent events that require adjustment to the accounting estimates and disclosures included in the financial statements.
11. We confirm that we consider the depreciated historic cost is an appropriate proxy for the fair value of non-property assets, and are not aware of any circumstances that would indicate that these assets require revaluation.
12. We confirm that the provisions included within the financial statements are our best estimate of the liability due by the entity.

Information provided

13. We have provided you with all relevant information and access as agreed in the terms of the audit engagement letter with Audit Scotland.
14. All transactions have been recorded and are reflected in the financial statements and the underlying accounting records.
15. We acknowledge our responsibilities for the design, implementation and maintenance of internal control to prevent and detect fraud and error. We are not aware of any deficiencies in internal control of which you should be aware.
16. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
17. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity or group and involves:
 - (i) management;
 - (ii) employees who have significant roles in internal control; or
 - (iii) others where the fraud could have a material effect on the financial statements.
18. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
19. We are not aware of any instances of non-compliance, or suspected non-compliance, with laws, regulations, and contractual agreements whose effects should be considered when preparing financial statements.
20. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
21. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the applicable financial reporting framework. No other claims in connection with litigation have been or are expected to be received.
22. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
23. We confirm that:
 - (i) we consider that the entity has appropriate processes to prevent and identify any cyber breaches other than those that are clearly inconsequential; and
 - (ii) we have disclosed to you all cyber breaches of which we are aware that have resulted in more than inconsequential unauthorised access of data, applications, services, networks and/or devices.
24. All minutes of Board and Committee meetings during and since the financial year have been made available to you.

25. We have drawn to your attention all correspondence and notes of meetings with regulators.
26. We confirm that all of the disclosures relating to sections of the Annual Report which are considered 'other information' as set out in the Code of Audit Practice 2016 have been prepared in accordance with relevant legislation and guidance.
27. I confirm that I have appropriately discharged my responsibility for the regularity of transactions.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours sincerely

DocuSigned by:

Robbie Pearson

6585DF0E8701445...

Signed as Accountable Officer, for and on behalf of Healthcare Improvement Scotland.

Certificate Of Completion

| | |
|--|----------------------------|
| Envelope Id: 0AE1CE31C72B4A36876C719F426FCE02 | Status: Completed |
| Subject: HIS - Account Signing 2020-21 | |
| Source Envelope: | |
| Document Pages: 99 | Signatures: 8 |
| Certificate Pages: 2 | Initials: 0 |
| AutoNav: Enabled | Envelope Originator: |
| Envelopeld Stamping: Enabled | Grant Baird |
| Time Zone: (UTC) Dublin, Edinburgh, Lisbon, London | Head office |
| | 1 New Street Square |
| | London, London EC4A 3HQ |
| | gbaird@deloitte.co.uk |
| | IP Address: 152.37.118.108 |


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| Status: Original | Holder: Grant Baird | Location: DocuSign |
| 6/30/2021 12:19:16 PM | gbaird@deloitte.co.uk | |

Signer Events

Robbie Pearson
 robbie.pearson@nhs.scot
 Security Level: Email, Account Authentication (None)

Signature

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 angela.moodie@nhs.scot
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Carole Wilkinson
 his.chair@nhs.scot
 Security Level: Email, Account Authentication (None)

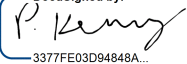
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Pat Kenny
 pakenny@deloitte.co.uk
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 3377FE03D94848A...
 Signature Adoption: Drawn on Device
 Using IP Address: 86.25.219.131

Sent: 6/30/2021 4:38:37 PM
 Viewed: 6/30/2021 4:43:28 PM
 Signed: 6/30/2021 4:44:25 PM

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

In Person Signer Events

Signature

Timestamp

| Editor Delivery Events | Status | Timestamp |
|-------------------------------------|------------------|-----------------------|
| Agent Delivery Events | Status | Timestamp |
| Intermediary Delivery Events | Status | Timestamp |
| Certified Delivery Events | Status | Timestamp |
| Carbon Copy Events | Status | Timestamp |
| Witness Events | Signature | Timestamp |
| Notary Events | Signature | Timestamp |
| Envelope Summary Events | Status | Timestamps |
| Envelope Sent | Hashed/Encrypted | 6/30/2021 12:46:08 PM |
| Certified Delivered | Security Checked | 6/30/2021 4:43:28 PM |
| Signing Complete | Security Checked | 6/30/2021 4:44:25 PM |
| Completed | Security Checked | 6/30/2021 4:44:25 PM |
| Payment Events | Status | Timestamps |