Healthcare Improvement Scotland

Leading quality health and care for Scotland:

Annual Report and Accounts

For year ended 31 March 2022

NHS SCOTLAND

Contents

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Section 1: Performance Report

Performance Report

Foreword from our Chair and Chief Executive

It has been another challenging year, but everyone at Healthcare Improvement Scotland has risen to that challenge. In the face of the sustained impact of the pandemic, we have needed to be agile, as well as adjusting and refocusing our efforts and priorities.

We are proud of the contribution everyone in Healthcare Improvement Scotland has made in responding to the pandemic, whether at the frontline or in supporting the health and social care system to remain resilient.

At the pandemic's peak, 112 of our staff were deployed to a wide range of frontline roles, including assisting the delivery of direct patient care, call handling and administering vaccinations. Other colleagues ensured that our responsibilities and support were tailored to meet the fast-changing needs of the service, for example in improvement support and the provision of timely and practical evidence. We also continued to ensure that health and social care services remained safe with appropriate external assurance and that the views of those who use healthcare were listened to and acted upon.

Set against this exceptionally difficult set of circumstances, we also took a moment to acknowledge that this was the tenth anniversary of the establishment of Healthcare Improvement Scotland. The organisation has changed markedly and made a demonstrable impact on the quality of care along the way. The shift – along with other partner bodies – to supporting the more effective integration of health and social care has been a major development for us over the past decade. In building on this, and with the proposed creation of a National Care Service, we are committed to using all our skills, knowledge and experience to help enable fairer and more consistent access to high quality social care.

> **It has also been another year of robust and effective governance for the organisation. We have achieved our financial targets and ensured sound delivery of the majority of objectives in our operational plan.**

The achievements set out in this Annual Report are a testimony to the exceptional hard work of our staff. Throughout the pandemic, we have made their wellbeing central to our thinking and actions. The results of our most recent iMatter staff survey suggest that our people have appreciated the support they have been given. This year saw 91% of staff submitting a response to the survey, the highest-ever rate. It was particularly pleasing to see that 84% of respondents felt that the organisation cares about their health and wellbeing. We also achieved our highest-ever score (81 points) on the NHS Scotland Employee Engagement Index. As we move to a very different way of working, based on flexibility, efficient use of resources and a good work / life balance, we need to continue to ensure we have the strongest possible support, and highest standards, for everyone who works at Healthcare Improvement Scotland.

We continue, through strategic workforce and succession planning, to ensure we have the right people with the right skills in the organisation and that we can attract and retain the best talent by offering rewarding, well designed jobs and career opportunities. In the past year, we have undertaken accelerated recruitment drives and looked closely at how we can maximise the potential of our people. As part of this, we are also focussing closely on equalities and ensuring we increase diversity throughout the organisation, including at board level where we are taking positive action to recruit a more diverse cohort. We will all benefit from a broader range of lived experiences by authentically demonstrating that our organisation is welcoming to everyone.

As we move forward into 2022-23, we will continue to build on our learning to adjust to rapidly changing circumstances and accelerate the roll out of initiatives such as Hospital at Home to ensure that our contribution remains relevant and timely in supporting the health and social care system to recover and improve.

Carole Wilkinson
Chair

Robbie Pearson
Chief Executive

Performance Overview

What we do

Healthcare Improvement Scotland is the national health body responsible for improving the quality of health and social care for everyone in Scotland.

The purpose of Healthcare Improvement Scotland is to enable the people of Scotland to experience the best quality of health and social care.

We focus our efforts on the areas where we can make most impact:

- Helping health and social care organisations to redesign and continuously improve services.
- Enabling people to make informed decisions about their care and treatment.
- Provide evidence and share knowledge that enables people to get the best out of the services they use and helps services improve.
- Provide quality assurance that gives people confidence in services and supports providers to improve.
- Making the best use of resources, we aim to ensure every pound invested in our work adds value to the care people receive.

Our key statutory duties are:

- further improving the quality of health and social care;
- providing information to the public about the availability and quality of NHS services;
- advising Scottish Ministers about any matter relevant to our health service functions; and
- Supporting, ensuring and monitoring community engagement activities across NHS boards and Integration Authorities.

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

Healthcare Improvement Scotland is structured into nine directorates

Summary of performance

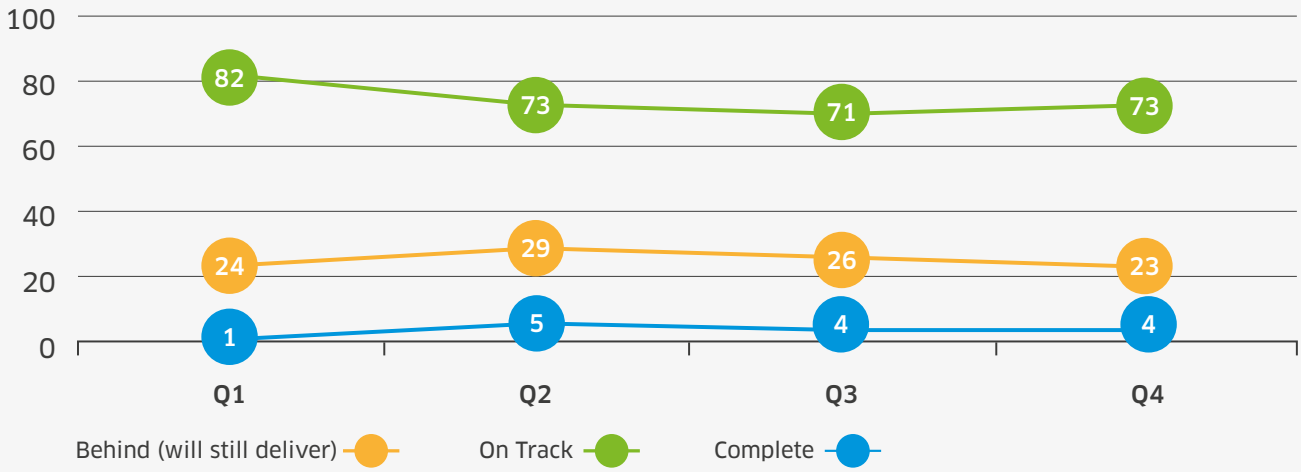
As we entered the second year of the pandemic, our work continued to be dominated by responding to the changing needs of the health and care system and the evolving context of COVID-19. As the NHS remained on an emergency footing for the full year, we were agile, flexible and responsive, recognising the ever-changing and unpredictable state of the pandemic and its impact on frontline services and patients.

Priorities in 2021-22

We remained committed to ensuring a close alignment of our priorities to the National Recovery Plan and the commitments in the Programme for Government, as well as the developing health and care programmes during the year. We continued to provide assurance to the NHS and the wider public about the safety of services and undertook core activities in relation to our statutory duties to enable us to respond to concerns.

We started the year with 106 items of work in our work programme and finished it with 96. 14 projects completed during the year, 73 remain in progress and 23 were delayed mainly due to system pressures experienced across the NHS.

Movement in project status over time



RAG	Q1	Q2	Q3	Q4
Late (may not complete)	-	-	-	-
Behind (will still deliver)	24	29	26	23
On Track	82	73	71	73
Complete	1	5	4	4
C/fwd - Active Projects	106	102	97	96

For the second year, and in agreement with Scottish Government, some of our work was temporarily suspended. Other areas were initiated, scaled up or accelerated to lend further support to the system. This changing programme of work has been captured in a series of remobilisation plans.

The most significant changes to our operating context in 2021-22 were:

1. Ceased Healthcare Improvement Scotland involvement in care home inspections

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'. This measure was stood down in April 2021 and Healthcare Improvement Scotland has not carried out any joint inspections since.

2. Resumption or refocusing of planned work in relation to advice, guidance, and improvement activity

Earlier in the pandemic, work on a number of Scottish Intercollegiate Guidelines Network (SIGN) guidelines was paused to release capacity to support COVID-19-related pressures. During the year the majority of this work has resumed. Similarly, work on the Scottish Patient Safety Programme for Acute Adult care, which had also been reduced, was refocused over winter 2021-22 to support hospital safety huddles and best practice during a time of intense system pressures. In response to those system pressures, we also initiated work to support primary care to improve access. Our Community Engagement directorate (HIS-CE), working with the Care Inspectorate, progressed the draft Quality Framework for Community Engagement and Participation to support services to ensure meaningful public involvement during a time of considerable change.

3. Virtually all externally seconded clinical staff returned to the organisation

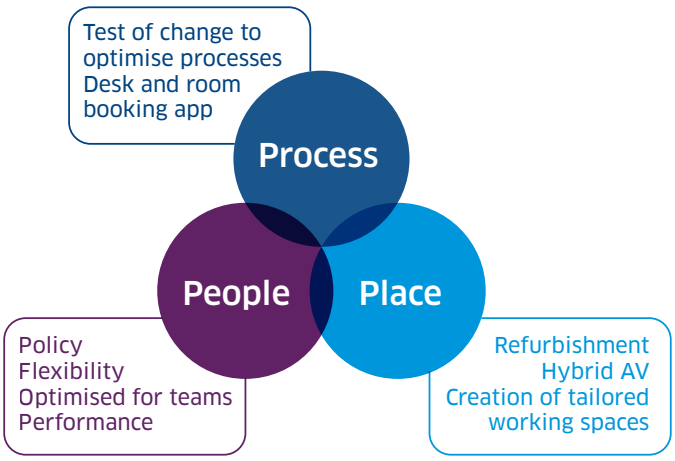
In 2020-21, nearly one quarter of our workforce was deployed to NHS boards and other partner organisations to support the delivery of front line health and care. Others assisted behind the scenes, playing vital roles in workforce planning, sourcing PPE and volunteering to support the training of additional NHS24 call handlers. This continued into 2021-22 albeit on a smaller scale, especially in the latter half of the year when pressures from a new COVID-19 variant and the need to rapidly deploy more vaccinations arose. By 31 March 2022 no members of our workforce were seconded due to COVID-19 pressures.

> **"Seeing the impact the pandemic had, like most people I was delighted when a vaccine finally came in to use. Supporting its set up was quite another thing. In many ways it's been like flying a plane when you are still trying to build it."**
>
> Tracy Hunter Assistant Programme Advisor, Healthcare Staffing Programme, deployed to support vaccinations

4. Development and progression of internal improvement activity, particularly with a view to supporting future ways of working

While our staff continued working remotely, we took the opportunity to plan for our new ways of working post pandemic. Our Internal Improvement Team led on the vision and implementation of our new hybrid way of working, having been integral to the refurbishment of our Glasgow office.

Focusing on the three key areas of People, Process and Place we delivered a flexible, digitally-enabled working environment for our staff which was available from 4 April 2022.



Key achievements in 2021-22

Our key achievements during the year have been classified into four strategic areas:

1. supporting the service at a national level during COVID-19
2. focusing on safety and ensuring the quality of care
3. promoting person centred care, and
4. engaging with people and communities.

1. Supporting the service at a national level during COVID-19

Hospital at Home

Pressures on acute bed capacity across Scotland have been a significant issue over the last year. Hospital at Home provides acute, hospital-level care, delivered by healthcare professionals, in a home context for a number of conditions that would otherwise require acute hospital inpatient care. It has a range of benefits, including removing risks of hospital acquired infections (which in the COVID-19 context has become even more important), reducing likelihood of admission to residential care, and much higher patient satisfaction (90% prefer).[1]

- Between September 2021 and February 2022 4,566 patients were admitted to Hospital at Home services who would have otherwise been admitted to an acute hospital. This resulted in an estimated saving of 26,684 acute hospital bed days.
- In response to the significant pressures on acute hospitals during the most recent wave of COVID-19, we supported an increase of 24% (223 to 277) in virtual bed capacity from January 2022.

4,566
Patients admitted to Hospital at Home services

26,684
Hospital day beds saved

24%
Increase in virtual bed capacity

Prior to 2020, there were 7 health and social care partnerships (HSCPs) across Scotland delivering Hospital at Home services. In phase one of the programme, the ihub team supported a further seven HSCPs to develop services, increasing this total to 14. Over the last year we have provided support to increase this to a total of 20 HSCPs.

1 Based on a UK randomised control trial (Echevarria C, Gray J, Hartley T, Steer J, Miller J, Simpson AJ, et al. Home treatment of COPD exacerbation selected by DECAF score: a non-inferiority, randomised controlled trial and economic evaluation. Thorax. 2018;73(8):713-22.)

"Experience tells us that not everyone needs to go into hospital. Some people will be worse off as a result of their illness, either through the risk of delirium, falls or infection. In addition they will miss their family, partner or friends, as well as their own home surroundings and comfort. But, at the same time, they need the kind of interventions and care that a hospital can provide."

Richard Wells-Holland, Hospital at Home nurse

COVID-19 response

Over the course of the year we continued to support the Scottish Government's Chief Medical Officer clinical cell with the development of SIGN and Scottish Government guidance for the clinical management of patients with COVID-19. We worked in partnership with National Institute for Health and Care Excellence (NICE) and the Royal College of General Practitioners (RCGP) to publish revised joint UK guidance on the management of patients with Long COVID. The guideline on managing the long-term effects of COVID-19, first issued in 2020, was updated in November 2021. A paper describing the qualitative systematic review undertaken by the Evidence Directorate in collaboration with the Joanna Briggs Institute was published in British Medical Journal Open in January 2022 and received over 1,000 views in the first week after publication.

In addition, our Scottish Medicines Consortium, alongside other partners, published (RAPID-C19). This collaboration aims to get promising new treatments to patients quickly and safely.

Our Scottish Antimicrobial Prescribing Group monitored and supported the use of antibiotics through the pandemic, publishing in July 2021 updated advice on Antibiotic use in patients with COVID-19 and Antibiotic prescribing for respiratory tract infection in patients with suspected and proven COVID-19: results from an antibiotic point prevalence survey in Scottish hospitals. Advice was also prepared to support dentists to manage the increase in dental antibiotic prescribing that was seen during the pandemic.

We also continue to support the production and management of standard operating procedures for the national community testing programme overseen by the Scottish Government.

"We have a long way to go to ensure that we manage the uncertainties and find an effective path forward for those with Long COVID, but the revised guideline, the implementation note and the patient booklet are important steps in the right direction."

Scott Jamieson, GP, NHS Tayside and a member of Royal College of GPs Scotland's Scottish Council

Healthcare Staffing Programme

Working with Scottish Government and NHS Education for Scotland (NES), our Healthcare Staffing Programme team developed resources to support boards to identify staffing requirements based on patient occupancy and acuity levels during the pandemic. This also provided a mechanism for escalating and mitigating any staffing risks. This work was supported by engagement with healthcare staffing champions in boards and the care sector, who have continued to champion improved workforce planning in preparation for the implementation of the Health and Care (Staffing) (Scotland) Act 2019. The team also developed a learning system based on our Quality Management System to help make decisions and manage risks associated with reduced staffing capacity.

> **"My experience and that of many of my colleagues is that the pandemic has demonstrated that multi-professional collaboration and improvement are possible in the most challenging of circumstances."**
>
> Karen Mackenzie, Assistant Programme Advisor with Healthcare Improvement Scotland's Healthcare Staffing Programme

Excellence in Care

The Excellence in Care – Quality of Nursing and Midwifery Care during the COVID-19 Pandemic; Principles and Best Practice guidance produced by our Excellence in Care team was approved by Scottish Executive Nursing Directors in August 2021. The guidance informs and supports best practice when reflecting on the significant pressures and impact on teams and staff during the recovery and remobilisation of services.

2. Focusing on safety and ensuring the quality of care

External Commissions

Healthcare Improvement Scotland can be commissioned to undertake new programmes of work at any point during the year, in response to an identified need. For example, during 2021-22 we were commissioned to undertake a review of the processes, systems and governance for the application and management of exclusions in the cervical screening programme in Scotland. We also received a commission to work with HM Inspectorate of Constabulary in Scotland to develop a framework to inspect healthcare provision within police custody centres across Scotland.

Inspections

During the emergency phase we continued to focus on our statutory responsibilities, including inspections, through the lens of public safety, while at the same time adjusting to the altered capacity of staff due to restrictions.

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

- Following up any significant emerging concerns we received about the quality of care being provided.
- Meeting appropriate and essential statutory duties regarding the regulation of independent clinics and Ionising Radiation (Medical Equipment) Regulations.
- Sharing intelligence regularly with the seven partner agencies constituting the Sharing Intelligence for Health and Care Group.
- Monitoring patterns of data across our set of indicators of the quality of care.

All inspection programmes during the year continued to be adapted in response to the changing operational environment and service pressures across health and care. Inspections of acute hospitals continued but the methodology was adapted to minimise the impact on staff providing front-line care and help services to identify and mitigate current risks. Similarly, joint inspections of Adult Support and Protection and Children's Services involved adapting the methodology to focus on key public protection considerations and take account of the impact of inspection on partnerships at the time. All our inspection reports are available to view on our website.

Inspections

1 joint inspection
2 progress reviews
3 safe delivery of care in hospitals
4 safe use of ionising radiation
9 acute hospital
10 Adult Protection Partnerships
14 independent hospitals
15 liaison visits to prisons
116 responses to statutory notifications
128 independent clinics

Our hospital inspections team undertook nine COVID-19 focused inspections and three safe delivery of care inspections of NHS hospitals during the year to ensure compliance with national guidance and make recommendations for improvements.

Much of our joint inspection activity, particularly that related to public protection, continued during the pandemic. We undertook 10 joint inspections of adult protection partnerships, one full joint inspection focusing on children at risk of harm, one progress review following a joint inspection of services for children and young people in need of care and protection, and one piece of supported improvement work with a community planning partnership. One progress review following a joint inspection of services for older people was also completed.

COVID-19 prison liaison visits that started in the previous year continued in 2021-22. The visits took place every 3-4 weeks and sites were selected by Her Majesty's Inspectorate of Prisons for Scotland (HMIPS), based on a risk algorithm. Our Prisoner Healthcare team was responsible for inspecting all healthcare aspects of the visits. During the year, we carried out four liaison visits and supported the inspection of a detention centre. All 15 prisons in Scotland have now received a liaison visit.

HMIPS recommenced full inspections and Healthcare Improvement Scotland's Prisoner Healthcare team continued to inspect the healthcare aspect of these inspections. Two full inspections were undertaken during the year and a full programme of inspections has been agreed for 2022/23. In addition, the Prisoner Healthcare team contributed to and supported the Independent Review of the Response to Deaths in Prison Custody.

We also carried out four inspections of NHS hospitals to ensure the safe use of Ionising Radiation. Due to pressures in the system, we then switched our attention to independent facilities and carried out a further three inspections. We responded to 116 statutory notifications including, where necessary, undertaking visits. We engage and coordinate with other IR(ME)R regulators and national radiation safety groups to improve radiation safety. This supports implementation of the recommendations from the International Atomic Energy Authority UK Integrated Regulatory Review Service mission report.

We also inspected 14 independent hospitals and 128 independent clinics. Many of these were focused on ensuring compliance with COVID-19 guidance. Further information on independent healthcare clinics can be found in the Performance Analysis Report.

Scottish Patient Safety Programme

The Scottish Patient Safety Programme (SPSP) is a national quality-improvement programme that improves the safety and reliability of care and reduces harm. Underpinned by the robust application of quality improvement methodology, SPSP has brought about significant change in outcomes for people across Scotland. Further details on this programme can be found in the Performance Analysis report.

> **"Embedding the Essentials of Safe Care provides an opportunity to accelerate the sharing of learning and improvement within and between teams in maternity services."**
>
> Professor Alan Cameron, Clinical Lead for Obstetrics with Healthcare Improvement Scotland

3. Promotion of Person Centred Care

Elective Care

Quality Improvement (Access QI) is a national quality improvement programme delivered in a partnership between us, NES and participating NHS boards. It was re-commissioned by Scottish Government in 2021-22 to spread the use of quality improvement (QI) methods to sustainably improve waiting times.

Examples of improvements delivered during the year include:

↓48%	NHS Borders Psychological Services reducing number of patients waiting more than 18 weeks to access care by 48% by increasing activity through group follow-up appointments.
↓30%	NHS Fife General Surgery increasing activity by increasing the number of same-day treatment/investigations, resulting in a 30% reduction in patients requiring transfer to a down-stream bed.
↓20%	NHS Forth Valley Alcohol and Drugs Services reduced the number of people waiting for support by 20% through a 30% reduction in Did Not Attends (DNA).
↓30%	NHS Forth Valley Gastroenterology Service reduced the number of people waiting to be seen for IBS by 30% through improved referral guidance and patient information.
↓40%	NHS Forth Valley Urology Service reduced demand through improvement assessment and released consultant capacity by transferring activity to Healthcare Assistance for Trial Without Catheter (TWOC) pathway leading to a 40% reduction in inappropriate demand and 90% increase in successful TWOC.
↓70%	NHS Greater Glasgow and Clyde reduced the number of patients waiting more than 4 weeks for a first appointment to Podiatry by 70% through use of remote consultation, reducing the average waiting times from 13 weeks to 4 weeks.

Access QI will continue to expand in 2022-23 as it has been commissioned by Scottish Government to support the national recovery of elective care services from the pandemic by delivering a Scottish Patient Safety Programme-like national improvement collaborative.

Primary Care

In 2021-22 issues arose regarding access to primary care across Scotland. As part of our support for system pressures, we identified that the Access QI approach could also add value within the primary care context. We worked with six GP practices to rapidly prototype approaches to improving access. Tools, guidance and case studies from the testing were developed into a toolkit and published in early February 2022 to support implementation across Scotland.

> **"If we didn't have the tool, we wouldn't know if our appointment system was working or not."**
>
> Practice Administrative Staff, Arbroath Practice

Alongside this, we worked with Scottish Government, the Royal College of General Practitioners and NES to develop a series of GP resilience webinars, covering topics including managing patient care with technology, medicines in primary care and Long COVID. To date, almost 3000 people have registered to take part in the eight webinars.

Following work in 2020-21 to increase serial prescribing and reduce requests for repeat prescriptions during the pandemic, we developed a serial prescribing toolkit. A serial prescription allows for up to 56 weeks of supply of medication and is part of the Medicines: Care and Review service. The toolkit, which was launched in September 2021, was downloaded 222 times between November and December 2021 and over 400 people registered to attend the supporting webinars in October 2021.

Continuing access to medication while reducing the risk of viral transmission during the pandemic was a particular issue in Scotland's prisons, where an estimated 1,800 people need daily treatment for opiate addiction. Following a decision made by colleagues in SMC in August 2019, a long-acting alternative to daily treatment with buprenorphine allowed our Prisoner Healthcare team to start and then rapidly progress a pilot scheme that drastically reduced the number of interactions required to administer treatment from daily to twice in a 28 day period. Guidance around the use of long-acting buprenorphine was recently formalised in a position statement from SIGN.

> **"It's incredibly satisfying to have worked with colleagues at Healthcare Improvement Scotland to have delivered a simple and effective change that has made such a difference to people's lives."**
>
> Dr Steve Conroy, Lead Medical Practitioner in NHS Lanarkshire's Addictions Community Prescribing Service

Our Alcohol and Drug Partnership and Homeless Programme: Reducing Harm, Improving Care worked with specialist alcohol, drug and homeless services, alongside the people who use them, to understand services, improve access, reduce harm and achieve better outcomes. The programme is in its exit phase and during the year delivered:

- System-wide recommendations to improve access and ensure individuals have choice and control in their care.
- Principles for integrated care coordination.
- Increased quality improvement (QI) capacity across the alcohol, drug and homeless system.
- Mobilisation of the first data linkage project with Public Health Scotland to link homelessness data with health service use data. This will help to identify further opportunities to improve services alongside improving our understanding of whether changes are leading to better outcomes.

4. Engaging with people and communities

We have a statutory duty to support, ensure and monitor community engagement activities across NHS boards and Integration Authorities. In addition, we carry out independent quality assurance of community engagement in key circumstances, for example, where the Cabinet Secretary for Health and Wellbeing views a proposed change to a health service as major.

Scottish Health Council Committee (SHCC)

Healthcare Improvement Scotland-Community Engagement (HIS-CE), governed by the SHCC, works towards the meaningful engagement of people and communities in the NHS in Scotland, with the support and monitoring of NHS boards to improve individual and collective participation and equal opportunities in relation to the provision of services and public involvement.

During the year, HIS-Community Engagement focused on the support of our health and social care stakeholders by delivering meaningful engagement at a time of remobilisation. Specific areas reviewed by the SHCC included the Corporate Parenting Action Plan, Equality Mainstreaming Report, Volunteering and Public Partner Roles and the Citizens' Panel.

Outputs from HIS-CE include the draft revised national guidance on community engagement for health and care services and joint work with the Care Inspectorate to develop a Quality Framework for Community Engagement.

Meaningful Engagement in Service Change

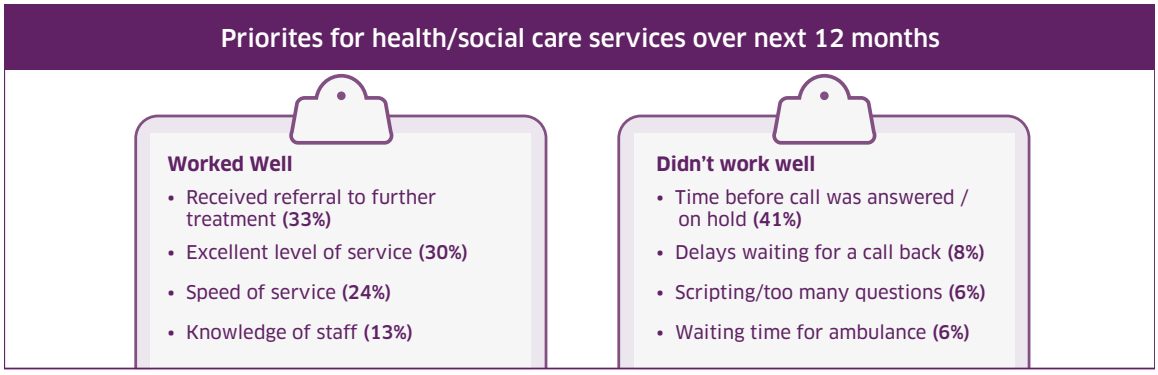
Our Service Change team within HIS-CE offered advice and support on engagement to a variety of service changes across NHS boards and Integration Authorities. The team also continued to provide support to NHS boards and Integration Joint Boards by producing advice to support organisations engaging on service changes as a result of the pandemic, as well as on how to engage differently during the pandemic to take account of social restrictions.

In November 2021 the Scottish Government advised on the postponement of the review of draft community engagement guidance, Planning with People, in recognition that the current pressures on the service mean stakeholders across health and social care may not have capacity to participate in the exercise. It is expected this will resume in summer 2022.

Citizens' Panel

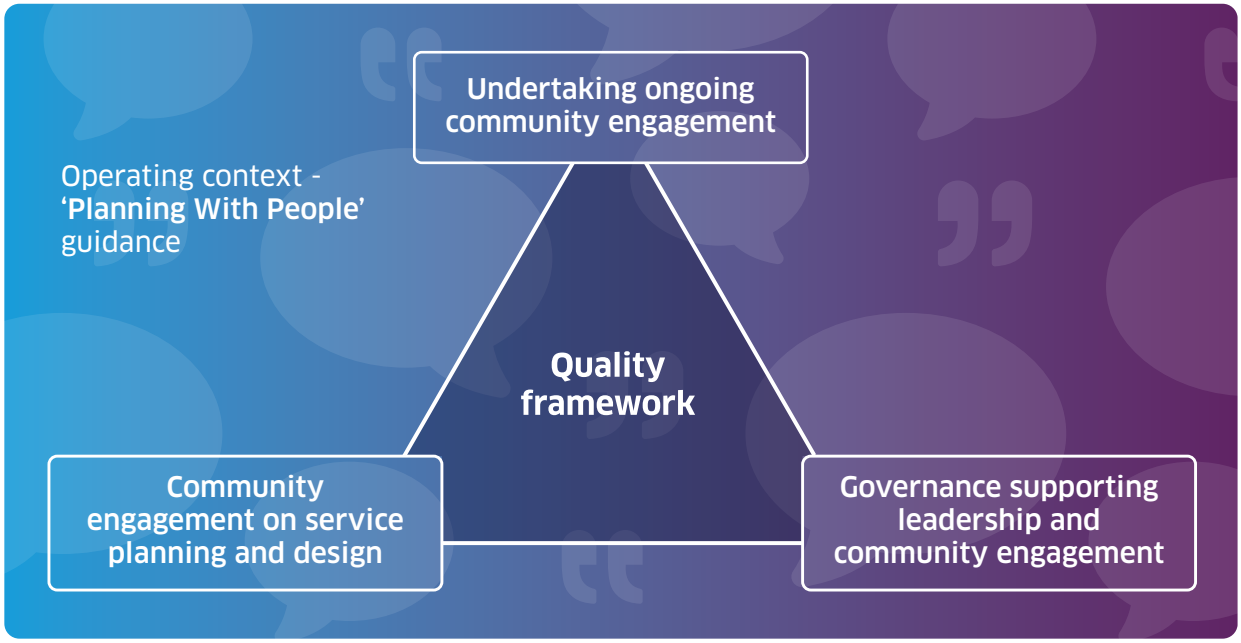
The pandemic created a positive cultural shift for engagement, with remote parts of Scotland now able to participate on a more equitable basis as a result of the increased use of virtual meetings. This has helped to generate some vital and important work over the year, including Citizens Panel reports. Our Eighth Citizens' Panel report was published in early 2022. This captured views in relation to dentistry services, urgent and planned care services and the remit of the Patient Safety Commissioner.

A total of 599 responses (63% response rate) were received across 953 panel members from all 32 local authority areas.



Quality Framework for Community Engagement and Planning with People

The Quality Framework for Community Engagement supports NHS boards, local authorities and integration authorities to carry out effective community engagement and demonstrate how they are meeting their statutory duties for public involvement.



We published a set of draft self-evaluation statements with the Care Inspectorate to support NHS boards, Integration Joint Boards and Local Authorities in meeting the requirements of Planning with People, Community Engagement and Participation guidance (March 2021) published by the Scottish Government and COSLA.

We also gathered nominations and notes of interest from NHS boards and Health and Social Care Partnerships and will commence testing of the Quality Framework in May 2022 with a plan to launch the final version in line with the next iteration of Planning with People.

We also supported the redesign of urgent care through the Gathering Views work, while the Governance for Engagement Sub-Committee, a sub-committee of the Scottish Health Council, ensured that, as an organisation, our directorates are engaging with people to develop co-produced services. This work extended to supporting other boards to continue to engage effectively throughout the pandemic through the continued development of the Engaging Differently resources and their volunteering programme, which helped ensure NHS Scotland continued to benefit from the support of the voluntary sector.

The Volunteering in NHS Scotland Programme team provides leadership, governance, support and advice to all 22 NHS boards across Scotland on all aspects of volunteering practice. During 2021-22, the programme operated in an agile and flexible way, supporting volunteering programmes to continue to operate safely and in a different way in line with restrictions.

The team delivered:

166 / 1:1	166 requests for 1:1 support
7 / 129	7 peer support / practice development sessions, with 129 attendees
21 / 89	21 bulletins issued to the 89 members of the volunteer managers' network
12 / 35	12 volunteer information system training sessions delivered to 35 volunteer managers

Key Issues and Risks

The board maintains an overview of the main issues that impact on our operating environment and the risks to the achievement our organisational objectives. The most significant new risks for the organisation during 2021-22 and the corresponding mitigations are all covered in the Performance Analysis Report, but the main risk areas are summarised in the table below:

Description of Risk	Mitigating Actions
The impact of the COVID-19 pandemic on development of our strategy and on our role in ensuring boards meet their statutory responsibilities to ensure meaningful public engagement in service change.	• The Remobilisation Plan is being developed on an ongoing basis to enable us to adjust to changing circumstances. This includes information on the ability of programmes of work to be paused, scaled back or refocused and identifies those that are critical to continue during times of crisis. • Ongoing discussions with boards and partnerships to emphasise the need for engagement and the support available via Healthcare Improvement Scotland's Community Engagement Directorate.
System pressures together with regional/national planning and COVID remobilisation reduces the priority given to meaningful public involvement and engagement in service change.	• The Scottish Health Council Committee Service Change Sub-Committee continues to provide governance. • Ongoing discussions with boards and partnerships to emphasise need for engagement and support available via our Community Engagement Directorate
Regulation of independent healthcare with a complex range of financial, clinical, policy and operational risks.	• Short life working group which includes Scottish Government colleagues is considering the risks to enable effective and sustainable regulation of this sector into the future.

Description of Risk	Mitigating Actions
The threat of a cyber-security attack on our Information and Communications Technology (ICT) systems.	• Business Case request for investment in cyber-security, ICT Resilience and Digital Transformation. • Self-assessment audit as part of the national resilience work to ensure that the controls in place are adequate to protect the organisation.
Introduction of the National Care Service and other external developments including economic, environmental and political pressures.	• Discussion with other national bodies around agreeing key principles about how we work together. • Joint proposal with the Care Inspectorate and Scottish Government around the design of national improvement programmes.
Inability to deliver our work because of a skills shortage or lack of capacity resulting in a failure to meet our objectives.	• The Workforce Plan for 2021-22 provides information on current and planned service arrangements within the organisation and is supported by a detailed action plan with timescales is in place. • Activity and progress is monitored quarterly via the Staff Governance Committee.

Emerging risks since year end include the economic impact on the increasing cost of living and rising inflation. Whereas most of our cost base is fixed, we are mindful of the impact this will have on patients, staff and our supply chain. We will continue to work closely with our stakeholders to adapt as required.

Performance Analysis

The performance analysis section details how we have performed against our strategic objectives as set out in our operational plans and key indicators.

Financial Performance and Position

The Scottish Government Health Finance and Governance Directorate sets two budget limits and a cash target at a health board level on an annual basis. These limits are:

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

The performance against each of these limits at 31 March 2022 is set out in the table below:

	Limit as set by SGHFGD £'000	Actual Outturn £'000	Variance (deficit)/surplus £'000
Revenue resource limit – core	34,705	34,423	282
Revenue resource limit – non core	54	114	-60
Total Revenue Resource Limit	**34,759**	**34,537**	**222**
Capital resource limit – core	1,597	1,597	-
Capital resource limit – non-core	-	-	-
Total Capital Resource Limit	**1,597**	**1,597**	**-**
Cash requirement	35,969	35,969	-

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.

	£'000
Core revenue resource variance in 2021-22	222
Financial flexibility: funding provided by Scottish Government	(371)
Underlying (Deficit)/Surplus against Core Revenue Resource Limit	**(149)**
Percentage	0.43%

Healthcare Improvement Scotland's outturn is an underspend of 222k (2020-21: 371k). The underspend is within one percent flexibility afforded by the three-year financial planning and performance cycle.

Accounting Convention

The Annual Accounts and Notes have been prepared under the historical cost convention modified to reflect changes in the value of fixed assets and in accordance with the Financial Reporting Manual (FReM). The accounts have been prepared under a direction issued by Scottish Ministers, which is reproduced in the Accounts Direction section at the end. The statement of the accounting policies, which have been adopted by the organisation, is shown at Note 1.

Going Concern Basis

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 2023 has been confirmed by Scottish Government and Healthcare Improvement Scotland 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. Healthcare Improvement Scotland is also not aware of any Scottish Government policy change that would result in Healthcare Improvement Scotland ceasing to exist in the foreseeable future. Therefore, these accounts have been prepared on the going concern basis.

Outstanding Liabilities

Healthcare Improvement Scotland has recognised a dilapidation liability of £414k (2020-21: £464k) for leased premises. This provision is based on the outcome of dilapidation assessments and relates to occupied premises in Glasgow and Edinburgh. Further information is in Note 11.

Legal Obligations

CNORIS is the Clinical Negligence and Other Risk Indemnity Scheme on behalf of the NHS in Scotland. There are currently no ongoing CNORIS cases.

There are no legal proceedings ongoing involving Healthcare Improvement Scotland. Alongside other Scottish health boards, Healthcare Improvement Scotland is participating in the Scottish COVID-19 Public Inquiry, but those proceedings will not involve claims against the board.

Complaints

During the year Healthcare Improvement Scotland received 13 complaints relevant to our organisation. Of these, six were not upheld, two were partially upheld and five were fully upheld. There were no cases being investigated by Scottish Public Services Ombudsman at year end.

Prior Year Adjustments

There are no prior year adjustments.

Significant Changes in the Statement of Financial Position

Property, Plant and Equipment – During the year refurbishment of our Glasgow office, Delta House, drew to a close with the building available in late 2021 and reopened to staff in April 2022, post COVID-19 restrictions. The asset was brought into use during the financial year and had a net book value of £1.8m at year end. See Note 7 for further details.

Current Assets - the increase in trade payables and cash equivalents between years is due to a higher balance at year end for the Delta House refurbishment. See Note 10 for further details.

Pension Liabilities

The accounting policy note for pensions is provided in Note 1. The disclosure of the expenditure is shown within Note 12 and in the Remuneration Report.

Post Statement of Financial Position Items

There are no post Statement of Financial Position items

Budget

A three year financial plan was submitted to Scottish Government in March 2021, which included a £0.9m savings target. During the year we achieved an underspend against this budget of £0.2m (0.6%), which included the achievement of the savings target.

Independent Healthcare

Healthcare Improvement Scotland is responsible for regulating independent healthcare services. It 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 2022-23.

	2021-22	2020-21	2019-20
Number of registered services	519	441	428
Number of services registered in year	98	52	89
Number of inspections completed	135	61	158
	£'000	**£'000**	**£'000**
Income	1,030	601	793
Scottish Government Funding	150	394	0
Expenditure	(990)	(955)	(810)
Surplus (Deficit)	**190**	**40**	**(17)**

Non-Financial Performance

Key Performance Indicators

Healthcare Improvement Scotland continues to measure performance at a programme level, for example within hospital inspections, regulation of independent healthcare, or our Death Certification review Service. These metrics have been disclosed in the various sections in this Performance Analysis. There are no key performance indicators used at an organisation level, but these are under development for 2022-23.

Payment Policy

The board is committed to working with the Scottish Government to support businesses in the current economic climate by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies. The table below excludes disputed invoices:

	2021-22	2020-21
Average credit days taken	4 days	4 days
% invoices (by value) paid within 30 days	99.5%	99.6%
% invoices (by volume) paid within 30 days	99.7%	99.3%
% invoices (by value) paid within 10 days	93.5%	91.0%
% invoices (by volume) paid within 10 days	93.0%	93.8%

Workforce, skills and location

The Interim Workforce Plan for 2021-22 sets out how the board continues to implement the Staff Governance Standard and work in partnership to develop and support staff. The actions for 2021-22 were ambitious, with a continued focus on:

- staff development built around improving an organisation-wide focus on learning and development activity
- continued improvement of workforce-planning recording to assist with financial planning and reporting, and
- improved contractual management arrangements.

There has also been continued work to develop the focus on Healthcare Improvement Scotland as an exemplar employer and ensure we continue to be an attractive and ambitious employer within NHS Scotland.

Workforce Mix

Our current workforce is:

554 total headcount
519 payroll headcount
35 non-payroll headcount

Sickness absence

29,093 hours or **3,879** days were lost due to sickness absence this year, which represents a rate of **2.9%** of available capacity.

65% of sickness has been due to long term conditions and the main reason given for absence is anxiety, stress or depression which accounts for **45%** (**13,178** hours or **1,757** days) of the reported absence lost.

Staff changes

During the financial year, **53** people have left the organisation in total - representing an overall turnover rate of **9.7%** YTD.

106 people have also joined our organisation in this period, representing a net increase of **53** to our overall workforce headcount (payroll & non-payroll) since April.

The board has a proactive policy on the management of sickness absence and the average absence rate for 2021-22 was 2.9% (2020-21: 1.8%). This rate has returned closer to pre-pandemic levels and remains below the Scottish Government target of 4%.

The continued requirement for working from home has meant we have worked hard to provide staff with the necessary tools to do so, as well as engage effectively with them. In recognition of the need for some individuals to access a place to work as an alternative to home, arrangements were also put in place to enable access to working space in the Gyle Square in Edinburgh and Meridian Court in Glasgow while the refurbishment of Delta House was completed.

In late 2021, we committed to delivery of an accelerated programme of recruitment, including a bulk element to a number of posts, an activity that had not been undertaken for some time across the organisation. This has enabled the organisation to move quickly to fill a range of posts. We have also learned from this process to ensure we can continue to flex and build our recruitment arrangements for organisational needs.

Our Nursing, Midwifery and Allied Health Professionals (NMAHP) directorate has introduced profession-specific forums to support clinical colleagues and our policy for registration and revalidation has been updated and approved. To enhance NMAHP staff professionalism we launched clinical supervision in January 2022, offering all NMAHP registrants a minimum of two sessions of clinical supervision per year. During the pandemic, we were the first national board to offer nursing undergraduates practice placement opportunities, building on the success of previous Allied Health Professional undergraduate placements.

Innovation, technology and data

In our second year of working from home, we continue to evolve into an agile and digitally-enabled organisation. Our creation of the Digital Services Group during the year, brought together the ICT Team, the Systems Development team and the Digital Transformation Programme as one group to meet the digital needs of the organisation and its stakeholders.

In June 2021 we began the transfer of our key operational systems to a cloud environment. This involved migrating an on-premise Microsoft Customer Relationship Management (CRM) system to the new Cloud based Microsoft Dynamics 365 environment. Since this successful transfer, a further three CRM systems have been migrated with the fifth and final system in the process of migrating. This provides the organisation with a new level of digital security, resilience and development potential.

Delivery, evaluation and collaboration

We work closely with Scottish Government to ensure we are maximising our response to priorities in the system and that there is ongoing discussion in relation to opportunities and concerns. Our Annual Review took place in December 2021, chaired by the Minister for Public Health, Women's Health and Sport. This recognised our contribution over the previous year as well as emphasising our key role in the future development of the National Care Service.

The COVID National Cancer Medicines Advisory Group (NCMAG) was supported by our Medicines and Pharmacy Team as an interim collaborative of the three adult cancer networks to deliver "Once for Scotland" advice on cancer medicines. This advice was critical in supporting the delivery of treatments that are safer for patients during the pandemic and less resource intensive for services. As a result of this work the NCMAG Programme is continuing to provide advice to NHS Scotland on the clinical and cost-effectiveness of the use of certain cancer medicines which are outside the remit of Scottish Medicines Consortium.

Our Medical Directorate was commissioned by the Scottish Government Chief Medical Officer's Directorate (CMOD) to create an ethical support and learning forum for chairs of the health boards' ethical advice and support groups to help achieve national consistency in ethical decision making. Working in partnership, our medical team engaged with key external stakeholders including CMOD, General Medical Council and Royal Colleges to compile a report sharing key learning, emerging issues and recommendations.

Not all requests for new work received by Healthcare Improvement Scotland in 2021-22 have progressed to a formal commission. During early discussions of proposals by the Executive Team and with Scottish Government Policy Leads, several requests were withdrawn for various reasons, including that another national organisations may be better placed to lead a piece of work given their remit, and that the nature of Healthcare Improvement Scotland's input was more appropriate as a partner than the lead body.

Sustainability

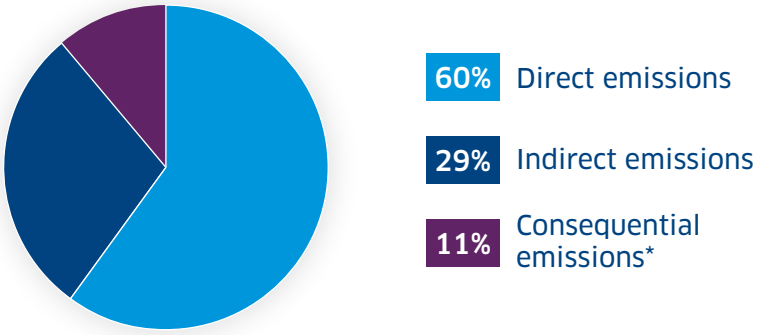
Healthcare Improvement Scotland is committed to delivering against the national targets outlined in the Scottish Government's Climate Emergency and Sustainability Strategy 2022-2026 and net zero target by 2045.

Following submission of our National Sustainability Assessment Tool report, we were awarded a bronze award with independently analysed and verified progress noted in the areas of energy, waste, transport, governance, buildings, procurement, communities and workforce.

In January 2021, we were one of five health boards selected by Scottish Government to pilot and help establish the NHS Scotland net zero baseline, resulting in the development of our first net zero baseline route map.

During the year we quantified our pre-pandemic carbon footprint at 284 tCO2 for 2019-20.

Carbon footprint 2019-20



* Consequential emissions are from sources not owned or controlled by the organisation.

We have ambitious plans to reduce this carbon footprint by 15% by March 2023, by focussing on energy, transport and waste. Recognising the commitment from staff to support steps to embed a more sustainable approach in both behaviours and work undertaken, we established a cross organisational working group to help achieve this.

Healthcare Improvement Scotland continues on a path to become a more sustainable organisation. We have a mature sustainability governance structure in place, including an Executive Lead, which oversees all internal and external performance reporting. Our progress is reviewed by our Resilience Group, with regular updates provided to the Executive Team, Audit and Risk Committee and the board.

Social responsibility

We began the year with the publication of our Equality Mainstreaming Report, which included new equality outcomes we aim to achieve by April 2025.

Our focus this year has been on supporting, celebrating and learning from our diverse staff while increasing awareness about different communities. Staff equality networks were established, meaning people from minority ethnic backgrounds, those with LGBT+ identities and those who identify as disabled or neuro-divergent have a distinct voice in the organisation and are able to actively shape a range of important activities.

We were delighted to support NHS Scotland's Pride Badge Initiative. Over 100 members of Healthcare Improvement Scotland staff, including the whole Executive Team, signed the Pride Pledge and committed to being aware of the issues experienced by the LGBT+ community, being a safe person to talk to and someone who will listen, using inclusive language and respecting identity.

> **"We have put the care and wellbeing of our staff at the heart of our response to the pandemic. My signing of the Pride Pledge emphasises the commitment that all our LGBT+ colleagues are guaranteed a safe and inclusive workplace."**
>
> Robbie Pearson, Chief Executive

Our efforts to create a safe and inclusive workplace for all has also seen us take forward our commitment to developing an organisational policy to support transgender – including non-binary – colleagues. With the expertise of our Equality and Diversity Working Group, we created an Inclusive Language Guide to support our staff. The guide details current best practice language in relation to each of the protected characteristic groups, as well as around socio-economic deprivation, homelessness and substance dependence and is already supporting colleagues to be confident and consistent in their use of appropriate, respectful and person-centred language within our publications.

In line with The Equality Act 2010, 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 and have recently begun mentoring arrangements for six school leavers as part of the Career Ready process.

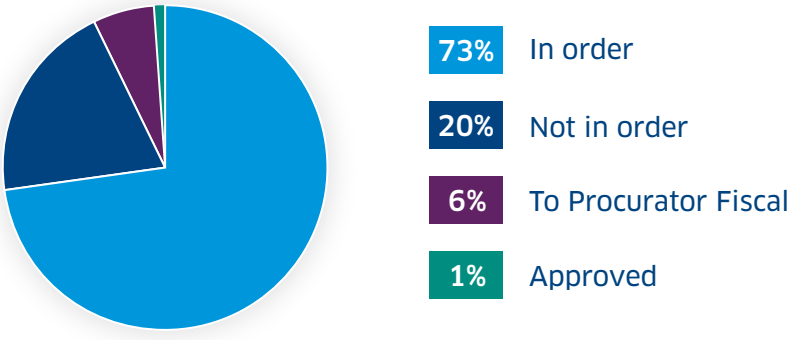
Operational Performance

Death Certification Review Service (DCRS)

DCRS is the review service that checks on the accuracy of a sample of Medical Certificates of Cause of Death (MCCD), the form issued when someone dies. The aim is to improve the quality and accuracy of MCCDs, improve public health information about causes of death in Scotland and improve clinical governance issues identified during the death certification review process.

In 2021/22 the service reviewed over 5,500 MCCDs cases using a combination of standard and hybrid reviews. During this period, at the request of Scottish Government, changes were also made to the percentage of reviews selected, varying from 4% at the peak of the pandemic, to 12% when the number of deaths being reported had reduced significantly.

Number of DCRS cases in 2021-22



In addition, DCRS continued to provide up-to-date advice across the NHS on how to effectively and accurately complete death certificates, in particular where there were questions around the role of COVID-19.

> **"It has been vital that death certificates have been completed correctly and that doctors have been given the proper advice to know how to record COVID-19, especially when there can be a range of other co-morbidities that may have impacted on an individual's death. The evidence tells us that we've risen to the challenge and carried out our task effectively for the service."**
>
> George Fernie, Senior Medical Reviewer at Healthcare Improvement Scotland

The DCRS annual report for 2021-22 has been published, outlining the work undertaken, what has been achieved over the past year and what the team will work on in the year ahead. Some of the key outcomes from the service during the year include:

- Over 2,600 calls to our enquiry line, with 97% of doctors rating this service as helpful.
- Of the MCCDs found to be 'not in order', 69% had a clinical error as the 'cause of death was too vague', compared to 75% last year.
- Decrease in the number of MCCDs classed as 'not in order' across all NHS boards.
- Completed all Advance Registration requests within 2 hours, minimising any additional stress to those that lost a loved one.

Responding to concerns

We have a duty to respond to concerns raised by NHS Scotland staff under the Public Interest Disclosure Act or referred to us by another organisation about the safety and quality of patient care. All concerns are assessed within the context of the current safety and quality of care of the service they relate to. During the year, we received five concerns from NHS staff (2020-21: eight) and 16 concerns referred from other organisations (2020-21: two). We believe the significant increase in referrals from other organisations may be linked to external engagement with national organisations to raise awareness of the Responding to Concerns Programme and explain the remit of this work.

We have also worked with other partner agencies over this period to further define the roles and responsibilities of our respective organisations in responding to concerns. This has included working with the Independent National Whistleblowing Officer (INWO) to develop referral / information sharing arrangements between our organisations and with the INWO and Care Commission to consider scenarios where joint working may be required in assessing concerns. This work is ongoing and continues to be reviewed as new cases arise. We are also developing core information that will be reflected across all our respective websites to provide further consistent guidance/support to individuals who may wish to raise concerns.

Adverse events

We have been working with NHS boards to develop a national Adverse Events Notification System. The launch of the notification system commenced shortly before the COVID-19 pandemic. We published a report covering the timeframe from beginning the notification system in January 2020 to October 2021.

We also worked with NES to undertake a qualitative study exploring what matters to patients and their families through the adverse events process. The findings of this work suggested that there are many advantages to actively involving patients and their families in adverse event reviews. An open, collaborative, person-centred approach that listens to, and involves, patients and their families is perceived to lead to improved outcomes for all.

A new national learning platform was launched in March 2022 and will be tested with the Adverse Events network initially. Learning events and webinars will be undertaken along with the introduction of a revised national learning summary template. This platform will replace the existing community of practice hosted on the Knowledge Network.

Gathering & Sharing Intelligence

Healthcare Improvement Scotland is a member of the Gathering & Sharing Intelligence group that includes seven national organisations.

The group ensures that any potentially serious concerns about the quality and safety of care, identified by member organisation, are shared and acted upon appropriately.

The group's sixth annual report summarised key points about the work of the group, which coincided with the COVID-19 pandemic. Throughout the year the key achievements of the group included:

- Sharing, considering and responding to intelligence about the quality and safety of care delivered by 18 NHS boards.
- Publishing our feedback to each of these boards and where required meeting with the board to discuss our findings.
- Publishing our analytical framework, derived from existing health and care datasets.
- Developing an emerging concerns protocol to define thresholds for appropriate escalation with regulatory bodies in the United Kingdom.

Scottish Patient Safety Programme

During 2021-22 we delivered the programme with a focus in three core areas:

i. The Essentials of Safe Care (EoSC)

The EoSC is an evidence-based package of practical advice and guidance that supports the safe delivery of care for every person within every setting every time.

Over 2021-22 we extended the toolkit to include a readiness for change assessment and prioritisation toolkit and developed measures that services can use to understand whether their changes are leading to improvements. We also updated the EoSC based on the feedback and practical learning from services who had been using it to deliver safer care.

ii. SPSP Improvement Programmes

During 2021-22 each of the SPSP programmes worked with the clinical communities to identify key safety priorities and what improvement interventions were needed to address them, alongside embedding the key principles of EoSC into the programmes, including:

- Designed and launched an acute adult improvement collaborative with the aim of reducing cardiopulmonary resuscitation rate in acute care by September 2023 and reducing all falls by 20% and falls with harm by 30% by September 2023.
- The SPSP Maternity, Neonates and Paediatrics team reviewed the programme to ensure it is focusing on the current high priority safety issues coupled with design work to embed the EoSC into each of the improvement activities. In addition, SPSP Maternity worked with the clinical community across Scotland to design a programme of improvement support to address the variation in primary and elective caesarean section rates across Scotland.

- The SPSP Mental Health programme designed and launched a new improvement collaborative with a focus on implementing the national Observation in Practice Guidance and reducing restraint and seclusion practices within acute settings. Alongside this collaborative, the team initiated work on further developing their world leading safety climate tool.
- In response to the system pressures in acute care, worked with clinicians and managers to produce guidance on how to design and deliver hospital safety huddles that effectively support clinical teams to improve patient safety, flow and communication.

iii. SPSP Learning Systems

The SPSP Learning System is a key element of our work and underpins all of the safety improvement activities. It aims to accelerate sharing of learning and improvement work through a range of engagement and learning opportunities. This includes delivering webinars and producing implementation resources and case studies.

Public Protection

As a public body, we have a duty to co-operate with local authority councils in relation to protecting the most vulnerable people in our communities and support our staff to fulfil this duty. Public Protection is now well embedded across Healthcare Improvement Scotland.

In September 2021, the Scottish Government launched the revised National Child Protection Guidance in Scotland. Healthcare Improvement Scotland are part of the national Child Protection Guidance Implementation Group formed in November 2021. The group aims to support agencies including health boards to benchmark their current position with the national guidance and progress and implement any required improvements.

We have continued to offer public protection learning sessions to staff. 91 staff undertook the Gender Based Violence e-Learning module during the year. An additional 104 undertook Public Protection e-Learning and 106 took the Preventing Radicalisation e-Learning.

In addition we hosted five Gender Based Violence and six Public Protection facilitated sessions using MS Teams. An additional 50 staff members attended the Gender Based Violence sessions and a further 38 members of staff attended the Public Protection sessions.

Feedback from the facilitated sessions was very positive, particularly around scenario-based learning, with 100% of participants saying they had a greater understanding of their individual professional responsibilities to protect vulnerable children and adults and were better able to identify the range of causes for concern for children and adults post learning session.

“Once for Scotland” Public Protection e-Learning Education Resource for health boards

In December 2021, NES were commissioned by the Scottish Government to develop a “Once for Scotland” national Public Protection e-learning resource for NHS boards. We have been working with NES in developing e-learning resources that reflect current national legislative and policy directives findings from inspections and learning reviews and are written through a child/adult’s rights-based and trauma-informed lens.

The voice of the Scottish public

The views of the people of Scotland are key to the development of our work, using both an evidence and research-based approach. Examples of this delivered during the year include our work to develop national standards for a "Barnahus" or "Bairns' Hoose", a child-centered response for children who are victims of, or witnesses to, serious crime and abuse, and our Scottish Intercollegiate Guidelines (SIGN) Eating Disorders Guideline which placed the experiences of children and young people at the heart of the evidence, emphasising the requirement for their needs to be carefully considered in any treatment.

> **"I had been in treatment for over 10 years before a psychiatrist asked me what I wanted out of my treatment. Maybe recovery would not be so hard to define if patients were engaged more collaboratively with their care."**
>
> Ellen Maloney, patient representative on SIGN Eating Disorders Development Group

National Hub for Reviewing and Learning from the Deaths of Children and Young People

From October 2021, national data began to be recorded on the deaths of all children and young people in Scotland to age 18, or 26 if receiving continuing care or aftercare. Scotland has a higher mortality rate for under 18s than any other western European country, with over 300 children and young people dying every year. It is estimated that around a quarter of those deaths could be prevented.

The health and social care system in Scotland reviews every death and reports the data gathered to us at Healthcare Improvement Scotland. Working alongside the Care Inspectorate as the National Hub, the data is used to channel learning from review processes. National guidance has been published that sets out the process organisations should follow when responding to and reviewing the death of a child or young person.

> **"This is our opportunity to make a change. Can we make Scotland the best country to grow up in and one in which you are less likely to die before adulthood?"**
>
> Dr Alison Rennie, Consultant Community Paediatrician, NHS Greater Glasgow and Clyde, seconded to Healthcare Improvement Scotland as national clinical lead for the National Hub for Reviewing and Learning from Child Deaths

Clinical and care governance

Clinical and Care Governance (CCG) is the structure, system and processes through which health and social care organisations are corporately accountable for providing assurance that the programmes they deliver have the right clinical and care input and impact. Within our organisation, this includes working with directors to ensure that the right clinical and care expertise and capacity is in place to support the development and delivery of our work and to ensure the work is evidence-based.

Getting all of this right directly improves our immediate impact on the quality and outcomes of health and care in Scotland and enhances our credibility with our stakeholders and partners, amplifying the original benefits and our broader influence.

During 2021-22, phase one of our CCG delivered a revised operational guide and a revised Directorate Improvement Planning Tool. Phase two commenced in January 2022 and so far has delivered a communications and engagement plan to support spread and ownership of the CCG framework and operational guide and a revision of a directorate monitoring and reporting framework.

Scottish Medicines Consortium

The Scottish Medicines Consortium (SMC) provides advice to NHS Scotland about the value for patients of newly licenced medicines. During the year the medicines landscape continued to evolve rapidly, with SMC considering 103 submissions, an increase from 63 in the previous year.

Year	Full submissions received	Abbreviated submissions received	Total submissions received	Total advice published
2021/22	76	27	103	81
2020/21	46	17	63	60
2019/20	65	9	74	73
2018/19	56	17	73	65

Note: submissions received towards the end of a calendar year may not be published until the following year.

SMC's horizon-scanning team gathers intelligence on new medicines through access to numerous information sources, consultation with clinical specialists across Scotland and engagement with the pharmaceutical industry. The pipeline of new medicines in development is strong, with a continued focus on medicines for rare conditions and cancer. The annual horizon-scanning report 'Forward Look' was published commercially in confidence in October 2021.

During the year, and in partnership with the Medicines and Healthcare Products Regulatory Agency (MHRA) and the National Institute for Health and Care Excellence (NICE), SMC developed processes for assessing and bringing to market new medicines to support the COVID-19 response. They also introduced a number of fast-track approaches on a temporary basis to maintain publication of timely advice. This demonstrated both agility and responsiveness while maintaining rigour and independence.

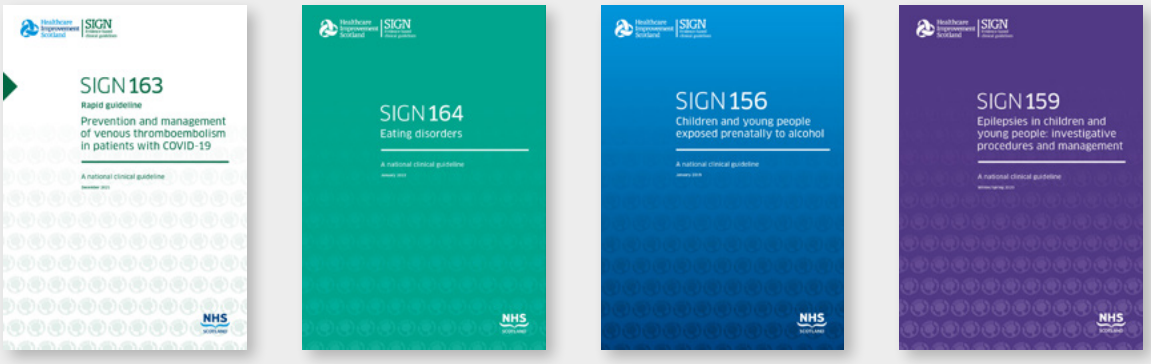
SMC also partners MHRA and NICE in the UK Innovative Licensing and Access Pathway (ILAP) that aims to align medicines regulation with health technology assessment. This should accelerate the time to market for new medicines, facilitating access to innovative medicines that benefit patients.

Scottish Intercollegiate Guidelines Network (SIGN)

This has been a very productive and positive year for SIGN, with their work being recognised for the contributions to the work of the Clinical Cell throughout the pandemic. Learnings from this work resulted in the development of rapid guidelines allowing a faster methodology where there is a need for immediate guidance. The first rapid guideline to be developed using the new rapid development methodology was published in December: SIGN 163–Prevention and management of venous thromboembolism in COVID-19.

In addition, a number of other deliverables were achieved during the year, including:

- SIGN guideline 164 on eating disorders, including the management of people with anorexia nervosa, bulimia nervosa and binge eating disorders was published in January 2022.
- SIGN 156 on children and young people exposed prenatally to alcohol was used in the development of a number of resources for healthcare professionals and the public that were launched on International Fetal alcohol spectrum disorder Awareness Day in September 2021.
- An article on the 'User testing of SIGN public guideline for the parents of children with autism' was published in January 2022. The study tested a public version of a guideline for the parents of children and young people with autism with the aim of implementing suggested improvements and identifying what made it usable and accessible.
- SIGN worked in partnership with representatives from three charities, young people and carers to produce two patient/public versions of the guideline on Epilepsies in children and young people: investigative procedures and management.
- SIGN collaborated with the Digital Health and Care Institute to produce a decision support tool and app on the risk reduction and management of delirium. The app includes a 4AT calculator to support healthcare professionals in identifying delirium, and collates guidance from SIGN 157, advice on delirium associated with COVID-19 from the British Geriatrics Society, the Scottish Delirium Association clinical pathway, and Think Delirium materials from the ihub.



Scottish Health Technologies Group (SHTG)

SHTG is a member, alongside, NICE and MHRA in the development of the Innovative Devices Access Pathway (IDAP). IDAP is a supported-access pathway for innovative medical technologies that meet critical needs in the health and care system across the UK and Scotland to get access to key innovative health technologies in a timely and consistent manner.

During the year SHTG published advice on 11 technologies (2020-21: 12).

Key publications include:

	Minuteful Kidney, a smartphone-based diagnostic test that allows people with diabetes, high blood pressure or other risk factors for chronic kidney disease to test their urine at home and receive immediate results.
	Orthotic bracing in children and young people with pectus carinatum
	vCreate Neuro, an asynchronous secure video messaging service for delivering care to adults and children with epilepsy and other neurological disorders.
	SARUS-CPR hoodTM a single use containment/exposure-control device designed to improve safety for personnel and patients during traditional 'bag and mask' ventilation.
	DxcoverTM a brain cancer liquid biopsy test for early brain cancer detection in primary care proposing the use of machine learning to identify and compare patterns in the biochemical profile of serum from patients with and without brain cancer.
	DDAS, which is an online asynchronous virtual dermatology clinic that allows patients to submit images of their skin condition, along with answers to specific questions about their skin condition, to a dermatology specialist.
	HeartFlow FFRCT for estimating fractional flow reserve from coronary CT angiography, simulation software that creates three dimensional visualisations of coronary physiology from data acquired from a standard CT-CA image.
	Unique Device Identifier (UDI) systems NHS Scotland is exploring the introduction of a standard and consistent practice for recording and safekeeping of UDI and patient information for implanted devices.
	Paroxysmal atrial fibrillation in patients with newly diagnosed ischaemic stroke selected for prolonged electrocardiogram (ECG) monitoring.

Risk Profile of the Organisation

The Strategic Risk Register for the organisation contained a total of 12 risks at 31 March 2022 (8 at 31 March 2021). New risks added to the Strategic Risk Register during the year included:

Description of Risk	Mitigating Actions
Inspections or other assurance activity fails to identify significant risks to the safety and quality of care, resulting in potential harm to patients	• Revision of Quality Assurance System • Inspections and reviews informed by risk assessments and relevant data and intelligence • Workforce and capacity planning plus review of learning and development • Review and evaluation of inspections and reviews to ensure continuous improvement
Failure to achieve sustainability and net zero targets	• Annual Sustainability Assessment Report • Collaboration with other NHS boards • Development of an organisational net-zero route map action plan
A range of financial, clinical, policy and operational risks that impact the regulation of independent healthcare	• Short life working group with Scottish Government to examine various considerations to enable effective and sustainable regulation
System pressures along with COVID remobilisation reduce the priority given to meaningful public involvement and engagement in service change	• Scottish Health Council Committee Service Change Sub-Committee continues to provide governance over the issue • Ongoing discussions with boards and partnerships
A vacancy in a critical role cannot be filled satisfactorily within an acceptable timeframe	• Ongoing management activities including role design, staff development, knowledge of the external labour market, and recruitment and attraction activities
The influence of a number of external factors including lack of detail around the creation of the National Care Service	• Horizon scanning and ongoing stakeholder engagement • Joint proposal with the Care Inspectorate to move forward now with the design of national improvement programmes

The largest risk that affected the achievement of our objectives during the year was COVID-19. This impacted our ability to deliver our operational plan due to the pressures in the health and care system impacting its capacity for engaging with our work programmes. The COVID-19 pandemic also

hindered development of the organisation's future strategy, created increased instability with the budget and impacted our Community Engagement function as boards made changes to services in their response to the pandemic.

The most significant emerging risk for 2022-23 is the availability and recruitment of suitable workforce to allow us to deliver against our objectives. The competitive labour market and rising cost of living presents a risk at a crucial time when we support the remobilisation of the system post pandemic.

The governance structure of our Risk Management Strategy is detailed in the Corporate Governance Report.

Forward Look

Our priority into 2022-23 continues to be supporting the remobilisation of the NHS in Scotland. We will continue to build on our learning to adjust to rapidly changing circumstances and accelerate the roll out of initiatives such as the National Cancer Medicines Advisory Group to ensure that our contribution remains relevant and timely in supporting the health and social care system to recover and improve.

In 2022-23, we will also publish our five year strategy to support better quality health and social care for everyone in Scotland. This will build on what we are currently working towards, setting a clear vision, purpose and ambitions for Healthcare Improvement Scotland over the forthcoming years.

Approval of the Performance Report

As Accountable Officer, I approved these financial statements for issue on 29 June 2022.

Robbie Pearson
Chief Executive

Section 2: Accountability Report

Accountability Report

Corporate Governance Report

The Director's Report

Date of Issue

These financial statements were approved by the board on 29 June 2022.

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 2021-22, 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 and Whistleblowing Champion	12/10/2020
Ms S Dawson	Non-Executive Board Member and Chair of the Scottish Health Council	01/03/2019
Dr Z M Dunhill MBE	Non-Executive Board Member	01/06/2014 until 31/05/2022
Mr P Edie	Non-Executive Board Member	15/04/2013

Individual	Board post	Date of Appointment
Mr J Glennie OBE	Non-Executive Board Member	01/06/2014 until 31/05/2022
Mrs G Graham	Non-Executive Board Member	01/03/2019
Mrs N Hanssen	Non-Executive Board Member	01/08/2021
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 and Counter Fraud Champion	05/10/2020
Mr D Service	Employee Director	01/03/2011
Mr R Pearson	Chief Executive	01/08/2016

Statement of 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 who require that those accounts give a true and fair view of the state of affairs of the organisation as at 31 March 2022 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 Healthcare Improvement Scotland 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 Healthcare Improvement Scotland 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 board 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 and 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 Healthcare Improvement Scotland website.

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 2021-22 (2020-21 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.

Scottish Regulators' Strategic Code of Practice

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 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 though 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 services continued to provide healthcare.

We are constantly reviewing learning from our inspection, review and regulatory activity, which is informing the development of our Quality Assurance System. 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.

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 directed Healthcare Improvement Scotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Healthcare Improvement Scotland and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Scottish Government, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis, state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Scottish Government has appointed the Chief Executive as Accountable Officer of Healthcare Improvement Scotland. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding Healthcare Improvement Scotland's assets, are set out in Managing Public Money published by HM Treasury.

As the Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that Healthcare Improvement Scotland's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

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 ongoing process designed to identify, prioritise and manage the principal risks facing the organisation. The system aims to evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically. The system set out below was operational throughout 2021-22 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 for the financial year 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 is 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 13 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 30 June 2021, 29 September 2021, 8 December 2021 and 23 March 2022. The board is supported in its assurance role by a number of governance committees. Each committee submits an annual report to the board that 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. The Chairs of the Governance Committees meet quarterly to ensure alignment of governance arrangements.

The details of the committees and their membership during 2021-22 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 until 31/5/22) Mrs G Graham (Chair appointed 1/6/22, Vice Chair until 31/5/22) Mrs N Hanssen (from 1/8/21) Mrs C Lester Mrs E McPhail
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.	Ms R Hotchkiss (Chair) Mr D Service (Vice Chair) Mr J Glennie OBE (until 31/5/22) 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, until 31/5/22) Mrs E McPhail (Chair, appointed 1/6/22) Ms J Brock (Vice Chair) Mr K Charters Ms S Dawson Mrs G Graham Mr D Service Dr Abhishek Agarwal (co-opted member from 1/8/21)

Committee	Principal function	Committee membership
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: 1. Ensuring, supporting and monitoring NHS boards' compliance with the duty to involve the public 2. Ensuring, supporting and monitoring 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 until 31/5/22) 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 Staff Governance 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) Mr K Charters Mrs N Hanssen (from 1/8/21) Mrs E McPhail
Succession Planning Committee	Improve the diversity of the membership of the Healthcare Improvement Scotland board by: 1. 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. 2. 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. 3. Work with and influence the Scottish Government approach to Public Appointments.	Ms C Wilkinson (Chair) Ms S Dawson (Vice Chair) Ms R Hotchkiss

Despite the ongoing COVID-19 pandemic in 2021-22 Healthcare Improvement Scotland continued to ensure good governance was adhered to, with little adjustment to our governance processes required. We continued to undertake formal reviews of the COVID-19 situation every two weeks to ensure we were prioritising our resources to best support the service. Committees and the board continued to meet virtually where appropriate and governance and scrutiny were maintained. Public board meetings were open to the public to attend virtually.

Attendance at the board and committee meetings by Non-Executive Directors during 2021-22 is set out below.

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

*Mr P Edie is also Chair of the Care Inspectorate. During the year, due to other work commitments, Mr P Edie attended one of Healthcare Improvement Scotland's board meeting.

**Dr Abhishek Agarwal is a co-opted member of the Quality and Performance Committee from 18 August 2021.

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. The Governance Committees of the board undertake an annual review of their terms of reference when they are completing their annual reports.

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.

Over the course of the year we started to develop our 2022-27 strategy, and while we could not engage with key stakeholders on an in-depth basis, again so as not to create additional burden for the NHS in the continuation of the emergency response period, we did conduct light-touch engagement to the extent possible. We are planning to conduct further engagement on our draft in early summer 2022, with publication later in the year.

Review of Performance

A performance report is provided quarterly to the relevant Committees and the board. The report includes an assessment of progress, finance and workforce data, horizon scanning and strategic risks. During 2021-22 the report also measured progress against the Remobilisation Plan in response to the pandemic.

The Scottish Government annual review of Healthcare Improvement Scotland for 2020-21 was held on 2 December 2021, chaired by the Minister for Public Health, Women's Health and Sport, and recognised Healthcare Improvement Scotland's contribution over the previous year as well as emphasising Healthcare Improvement Scotland's key role in the future development of the National Care Service.

Stakeholder Engagement

We engage with our stakeholders in a variety of ways to ensure that our work meets their needs based on ongoing feedback. In 2021-22, as in the previous year, much of our usual activity was curtailed due to the need to focus efforts on responding to the pandemic and ensuring there was no additional burden created for the NHS in the face of ongoing pressure.

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 and this continued into 2021–22.

The Chair and Chief Executive correspond, and meet, with MSPs and other key stakeholders regularly. During 2021-22 we began a series of meetings with MSPs from all parties, with three held and one postponed to the next reporting year. These are an important opportunity to further discuss parties' priorities for health and social care and to communicate Healthcare Improvement Scotland's position in the health and care landscape.

As in 2020-21, and in ongoing response to the pandemic, we continued to meet regularly with Scottish Government colleagues, the Care Inspectorate and other NHS boards. Throughout each year, there are formal, set points of engagement between Healthcare Improvement Scotland and Scottish Government, as noted in the operating framework that defines the terms within which we work together.

The operating framework was updated in 2021-22 to address factual changes, such as those in legislation, policy, and strategies, as well as considering opportunities to strengthen commissioning of Healthcare Improvement Scotland's work and connections with work commissioned by other organisations.

Healthcare Improvement Scotland also regularly responds to stakeholder consultations and Scottish Parliament committee calls for evidence where we can offer constructive insight derived from our work. In 2021-22, over 40 responses were submitted, including a substantial response to the consultation on the National Care Service. Others include the consultation on a Patient Safety Commissioner for Scotland, the NHS Scotland climate emergency and sustainability draft strategy, as well as those covering topics in cancer, mental health, regulation of healthcare professionals and certain medications, and reducing drug deaths. We also responded to the Health, Social Care and Sport Committee inquiries.

Financial Control Environment

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.

There is an established Complaints and Whistleblowing Policy in place within Healthcare Improvement Scotland. Details of both are reported to the relevant committees and board, with a board member appointed as Whistleblowing Champion. New Whistleblowing Standards came into effect in 2021-22 and we worked closely with fellow champions in other boards to develop knowledge and experience across NHS Scotland.

In 2021-22 one concern was raised anonymously which was resolved to the individual's satisfaction. This case enabled us to test our new process and as a result, we made one change to ensure easy access to an appropriate Whistleblowing Confidential Contact.

Healthcare Improvement Scotland works in partnership with Counter Fraud Services to proactively manage the risk of fraud and participates in the biennial National Fraud Initiative (NFI) data matching exercise. 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. There were no material incidents of fraud, or data security breaches during the year (2020-21 fraud cases: nil).

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 was identified by internal audit. During 2021-22 all of the recommended actions were implemented and agreed with Internal Audit and the Audit and Risk Committee. During 2021-22 no significant control weaknesses or issues were identified.

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 as set out in the Scottish Public Finance Manual.

Internal Audit

The 2021-22 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 is reported to each meeting of the Audit and Risk Committee.

Internal Audit presented their Annual Report to the Audit and Risk Committee meeting on 23 June 2022. 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.

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 to be dealt with quickly and effectively, either formally or informally. A Health and Wellbeing group has been established that provides access to a range of services and interventions for staff.

In March 2020, relevant staff were directed to work from home in accordance with the government response to the pandemic. Most continued to work from home even as restrictions began to be lifted, but specific arrangements were made to allow access to office accommodation in Edinburgh and Glasgow for staff unable to work from home.

All staff have continued to be supported during 2021-22 to work flexibly to help cope with the impact of the pandemic, particularly on additional caring duties and childcare arrangements.

During 2021, the iMatter process was undertaken across NHS Scotland. Once again, Healthcare Improvement Scotland staff engagement was significant, ranking second only to NES for the staff response rate. The action planning process has been undertaken and, following some learning from the revised national arrangements for the survey that was run, work is underway to plan the process for the 2022 survey.

Anticipating changes to working arrangements as Scottish Government guidance evolved, a significant period of planning and engagement was undertaken with our workforce to reflect and develop new Ways of Working for all. This is to enable the learning from our period of homeworking, along with the move to a more hybrid model, to be implemented and measured during a six-month test-of-change period. No NHS boards worked this way prior to the pandemic and the need for a period of learning and adjustment after two years of working remotely is recognised as important. The organisational engagement around this has been, and continues to be, significant and important as we change our approach to working life in 2022.

Review of Adequacy and Effectiveness

As Accountable Officer, the Chief Executive is responsible for reviewing the adequacy and effectiveness of the system of internal control. Their 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 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 NHS National Services Scotland (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 2021–22, 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. The general principles for a successful risk management strategy are set out in the SPFM.

The board maintains an overview of the main issues that impact on our operating environment and the risks to the achievement our organisational objectives. They receive the Strategic Risk Register for consideration at each of their meetings. Each governance committee receives the strategic risks and high/very high operational risks assigned to it. In addition, the Executive Team and the Audit and Risk Committee also review all strategic risks.

Healthcare Improvement Scotland has a Risk Management Strategy that underpins our corporate governance processes and that has been reviewed during 2021-22. The strategy sets out processes to enable the identification, evaluation and mitigation of risks. The organisation aims to manage risk to an acceptable level, in line with its risk appetite.

The Risk Management Advisory Group, formed of representatives from across the organisation, met quarterly throughout 2021-22 to share best practice and to support the ongoing development of staff training and the review of the Risk Management Strategy.

Details on the risks facing the organisation can be found in the Performance Analysis Report.

Section 3: Remuneration Report

Remuneration Report

Determination of Senior Employees' Remuneration

Senior employees' remuneration is determined by the Scottish Government. For senior staff on executive or senior managers' pay arrangements, pay and conditions are determined by ministerial direction and are mandatory. It is the responsibility of the Remuneration Committee to ensure that the performance of staff in this cohort is formally assessed at the end of the performance year. Details of the Remuneration Committee's remit can be found in the Governance Report.

The Executive Remuneration Committee met on 24 May 2022 to appraise the performance of all executive and senior managers for the year 2021-22. They considered the performance review information against the objectives that had been set for 2021-22. On this basis, each post holder was assigned one of the five performance bands. There were nine executive managers included in this process.

NHS Circular PCS (ESM) 2021/3, issued on 22 December 2021 gave effect to the pay uplift for the Executive cohort from 1 April 2021. NHS Circular PCS (ESM) 2022/4 issued in January 2022 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 Table for the Year Ended 31 March 2022 (Audited Information)

	Gross Salary	Benefits in Kind	Total Earnings	Pension Benefits	Total Remunera-tion	Notes
	(Bands of £5,000)	(£'000)	(Bands of £5,000)	(£'000)	(Bands of £5,000)	
Executive Members:						
Chief Executive: Mr R Pearson	125-130	-	125-130	67	195-200	-
Non Executive Members:						
The Chair: Ms C Wilkinson	25-30	-	25-30	-	25-30	-
Dr Z M Dunhill MBE	5-10	-	5-10	-	5-10	Term of appointment ended 31 May 2022
Mr P Edie	0-5	-	0-5	-	0-5	(see Note 1 below)
Mr J Glennie OBE	5-10	-	5-10	-	5-10	Term of appointment ended 31 May 2022
Mr D Service (Employee Director)	55-60	-	55-60	10	65-70	Includes £47.9K in respect of non-board duties
Ms J Brock	5-10	-	5-10	-	5-10	-

continued	Gross Salary (Bands of £5,000)	Benefits in Kind (£'000)	Total Earnings (Bands of £5,000)	Pension Benefits (£'000)	Total Remunera-tion (Bands of £5,000)	Notes
Ms S Dawson	10-15	-	10-15	-	10-15	-
Mrs G Graham	5-10	-	5-10	-	5-10	-
Ms R Hotchkiss	5-10	-	5-10	-	5-10	-
Mrs C Lester	5-10	-	5-10	-	5-10	-
Mrs E McPhail	5-10	-	5-10	-	5-10	
Mr K Charters	5-10	-	5-10	-	5-10	
Mrs N Hanssen	0-5	-	0-5	-	0-5	Appointed 1 August 2021
Other Senior Employees:						
Nurse Director: Ms A Gow	100-105	0.2	100-105	50	150-155	Benefit in kind for lease car of £0.2k which ceased on 5 August 2021
Director of Safety and Improvement: Ms R Glassborow	95-100	-	95-100	24	120-125	-
Interim Director of Quality Assurance: Ms S McDougall	70-75	-	70-75	15	85-90	Left office on 2 May 2021
Director of Quality Assurance: Mrs L Cleland	90-95	-	90-95	25	115-120	Seconded from Director of Community Engagement on 2 May 2021 to Director of Quality Assurance
Director of Workforce: Mrs S Canavan	85-90	-	85-90	37	120-125	-
Director of Evidence: Dr S Qureshi	85-90	2.6	85-90	34	120-125	Benefit in kind for lease car of £2.6k
Medical Director: Dr S Watson	165-170	-	165-170	45	210-215	Includes £25.3k for services provided to NHS Lothian via a Secondment Agreement

continued	Gross Salary (Bands of £5,000)	Benefits in Kind (£'000)	Total Earnings (Bands of £5,000)	Pension Benefits (£'000)	Total Remunera-tion (Bands of £5,000)	Notes
Director of Community Engagement: Ms R Jays	N/A	N/A	N/A	N/A	N/A	Appointed 4 May 2021 (see Note 2 below)
Director of Finance, Planning and Governance: Mrs A Moodie	70-75	-	70-75	18	85-90	Appointed 21 June 2021, annual gross salary £90k-95k

Note 1 The chair of Healthcare Improvement Scotland, Ms C Wilkinson, and the Chair of the Care Inspectorate, Mr 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.

Note 2 Ms R Jays was seconded to this position from Scottish Government and the recharge for the year was £112k.

Remuneration Table (Audited Information) for the Year Ended 31 March 2021

	Gross Salary (Bands of £5,000)	Benefits in Kind (£'000)	Total Earnings (Bands of £5,000)	Pension Benefits (£'000)	Total Remunera-tion (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	-
Mr P Edie	0-5	-	0-5	-	0-5	(see Note 1 below)
Mr J Glennie OBE	0-5	-	0-5	-	5-10	-
Mrs K Preston	0-5	-	0-5	-	0-5	Ceased office as non-executive board member on 31 October 2020

continued	Gross Salary (Bands of £5,000)	Benefits in Kind (£'000)	Total Earnings (Bands of £5,000)	Pension Benefits (£'000)	Total Remunera-tion (Bands of £5,000)	Notes
Mr D Service (Employee Director)	55-60	-	55-60	37	90-95	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	Appointed as non-executive board member on 5 October 2020
Mr K Charters	0-5	-	0-5	-	0-5	Appointed as non-executive board member on 12 October 2020
Other Senior Employees:						
Director of Finance and Corporate Services: Ms M Waterston	90-95	-	90-95	35	125-130	Ceased office as Director of Finance and Corporate Services on 31 March 2021
Director of Safety and 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	-

continued	Gross Salary (Bands of £5,000)	Benefits in Kind (£'000)	Total Earnings (Bands of £5,000)	Pension Benefits (£'000)	Total Remunera-tion (Bands of £5,000)	Notes
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	Appointed as the Medical Director on 6 April 2021 and had a full year equivalent salary of £162.1k Dr S Watson's 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, Mr 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.

Pension Benefits (Audited Information) for the Year Ended 31 March 2022

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individuals have accrued as a consequence of their total membership of the scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement, which the individual has transferred to the NHS scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

The Real Increase in the Value of CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. The opening figure is recalculated each year, based on the new market factors, therefore it does not agree to the closing balance in the previous year.

Pension Values Table (Audited Information) for the Year Ended 31 March 2022

	Total accrued pension at age 60	Total accrued lump sum at age 65	Real increase in pension at age 60	Real increase in lump sum at age 65	CETV at 31 March 2021*	CETV at 31 March 2022	Real increase in CETV in year
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	(£'000)	(£'000)	(£'000)
Executive Members:							
Chief Executive: Mr R Pearson	60-65	0-5	2.5-5	2.5-5	816	878	62
Non Executive Members:							
Mr D Service (Employee Director)	20-25	0-5	0-2.5	0-2.5	306	322	16
Nurse Director: Ms A Gow	55-60	0-5	2.5-5	0-2.5	767	827	60
Director of Safety and Improvement: Ms R Glassborow	120-125	80-85	0-2.5	0-2.5	680	718	38
Interim Director of Quality Assurance: Ms S McDougall	15-20	0-5	0-2.5	0-2.5	175	192	17
Director of Quality Assurance: Mrs L Cleland	0-5	0-5	0-2.5	0-2.5	33	54	21
Director of Workforce: Mrs S Canavan	100-105	65-70	0-2.5	0-2.5	563	608	45
Director of Evidence: Dr S Qureshi	75-80	50-55	0-2.5	0-2.5	468	510	42
Medical Director: Dr S Watson	175-180	115-120	2.5-5	2.5-5	916	974	58

continued	Total accrued pension at age 60	Total accrued lump sum at age 65	Real increase in pension at age 60	Real increase in lump sum at age 65	CETV at 31 March 2021*	CETV at 31 March 2022	Real increase in CETV in year
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	(£'000)	(£'000)	(£'000)
Interim Director of Community Engagement: Ms R Jays*	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Director of Finance, Planning and Governance: Mrs A Moodie	0-5	0-5	0-2.5	0-2.5	0	13	13

*Ms R Jays was seconded to this position from Scottish Government during the year and therefore received no pension benefits from Healthcare Improvement Scotland.

Pension Benefits (Audited Information) for the Year Ended 31 March 2021

	Total accrued pension at age 60	Total accrued lump sum at age 65	Real increase in pension at age 60	Real increase in lump sum at age 65	CETV at 31 March 2021*	CETV at 31 March 2022	Real increase in CETV in year
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	(£'000)	(£'000)	(£'000)
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
Director of Finance and Corporate Services : Ms M Waterston	60-65	45-50	0-2.5	5-7.5	337	385	48
Director of Safety and 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

continued	Total accrued pension at age 60	Total accrued lump sum at age 65	Real increase in pension at age 60	Real increase in lump sum at age 65	CETV at 31 March 2021*	CETV at 31 March 2022	Real increase in CETV in year
	(Bands of £5,000)	(Bands of £5,000)	(Bands of £2,500)	(Bands of £2,500)	(£'000)	(£'000)	(£'000)
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

Fair Pay Disclosures (Audited Information)

	2021–22	2020–21
Range of Staff Remuneration	£20,000 – £25,000 to £165,000 – £170,000	£15,000 – £20,000 to £160,000 – £165,000
Highest Earning Director's Total Remuneration	£165,000 – £170,000	£160,000 – £165,000
Median Total Remuneration*	£40,872	£41,803
Ratio	4.10	3.89
25th Percentile Remuneration*	£27,851	£31,966
Ratio	6.01	5.01
75th Percentile Remuneration*	£54,482	£49,975
Ratio	3.07	3.22

*Note – Total remuneration is the total pay and benefits (excluding pension benefits). It is also the salary component as the benefit element is immaterial and does not change the ratios calculated.

The highest earning director's remuneration has increased by 4.0% (2020-21: 29.7%) since last year, which is in line with pay increases. The average (median) workforce salary has decreased by 2.2% (2020-21: increase of 6.7%) due to a relative increase in lower paid staff, net of pay awards delivered at a national level for NHS Scotland.

Section 4: Staff Report

Staff Report

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 on 21 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 4 May 2021.

Higher Paid Employees Remuneration (Audited Information)

Clinical staff	2022	2021
£70,001 to £80,000	4	5
£80,001 to £90,000	1	-
£90,001 to £100,000	5	5
£100,001 to £110,000	2	1
£130,001 to £140,000	1	1
£160,001 to £170,000	1	-

Other staff non-clinical	2022	2021
£70,001 to £80,000	5	7
£80,001 to £90,000	4	6
£90,001 to £100,000	4	3
£120,001 to £130,000	1	1
£130,001 to £140,000	-	1

Staff Expenditure (Audited Information)

2020-21 Total		Executive Board Members	Non-Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2021-22 Total
£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs								
19,268	Salaries and wages	128	91	18,694	-	1,830	(365)	20,378
2,029	Social security costs	16	4	2,067	-	178	(37)	2,228
3,649	NHS scheme employers' costs	27	-	3,716	-	324	(74)	3,993
2,032	Inward secondees	-	-	-	2,192	-	-	2,192
298	Agency staff	-	-	-	-	506	-	506
27,276		171	95	24,477	2,192	2,838	(476)	29,297
-	Compensation for loss of office or early retirement	-	-	-	-	-	-	-
27,276	**TOTAL**	**171**	**95**	**24,477**	**2,192**	**2,838**	**(476)**	**29,297**

Staff Numbers (Audited Information)

2020-21 Average		Executive Board Members	Non-Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2021-22 Total
Staff numbers								
470	Whole time equivalent (WTE)	1	1	419	25	56	(8)	494
-	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)	1	30					31
-	Included in the total staff numbers above were Special Advisers of: (unaudited)	-	-	-	-	-	-	-

Staff composition (Unaudited Information)

	At 31 March 2022			At 31 March 2021		
	Male	Female	Total	Male	Female	Total
Executive Directors	1	-	1	1	-	1
Non-Executive Directors and Employee Director	3	9	12	3	8	11
Senior Employees	10	17	27	10	17	27
Other	107	397	504	101	367	468
Total Headcount	**121**	**423**	**544**	**115**	**392**	**507**

Sickness absence data (Unaudited Information)

	At 31 March 2022	At 31 March 2021
Sickness Absence Rate	2.9%	1.80%

Staff turnover (Unaudited Information)

	At 31 March 2022	At 31 March 2021
Staff turnover	53	48
Headcount	544	507
Percentage staff turnover	9.74%	9.47%

Employment of disabled persons

As an equal opportunities employer, Healthcare Improvement Scotland welcomes applications for employment from individuals irrespective of sex, marital status, race, disability, age, sexual orientation, language, or social origin. During the year the following polices were in place:

- 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.
- 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.
- Training, career development and promotion of disabled persons employed by the board.

Staff Governance

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

During the year, we had one formal consultation process with regard to the implementation of the '3 for 2' public holiday changes for medical staff. This was led in discussion with the British Medical Association through our Local Negotiating Committee, which is in place to support consultation and engagement with our medical staff cohort.

We continued to consult and meet regularly with our Partnership Forum, which consists of board members, management and staff side representatives, on various organisational issues throughout the year, including service or terms and condition issues. We conducted a significant process of partnership and wider staff engagement with regard to our 'ways of working' post pandemic, most particularly in relation to the approach to implementation of revised terms and conditions of service.

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.

Health and Safety

Following completion of Display Screen Equipment assessments (DSE) for all staff in 2020, an annual review cycle has been established to run annually from May 2021. All our Facilities Team members have been trained as DSE assessors and continue to be the main contact for equipment and assessor provision.

COVID risk assessment arrangements have continued to be a significant area of activity along with implementation of a range of new Health and Safety on-line training modules for all staff. The initial areas of focus for these have been DSE, Manual Handling and Fire Awareness. Completion rates have been monitored and details provided to managers.

The organisation had one recorded 'Reporting of Injuries, Diseases and Dangerous Occurrences Regulations' in October 2021 and 8 recorded accidents/ incidents for the calendar year of 2021. Our Health and Safety adviser has continued to provide significant support for home working arrangements and in the development of guidance and support for staff returning to work in our buildings, along with the review and handover of Delta House following completion of the significant refurbishment undertaken during 2021.

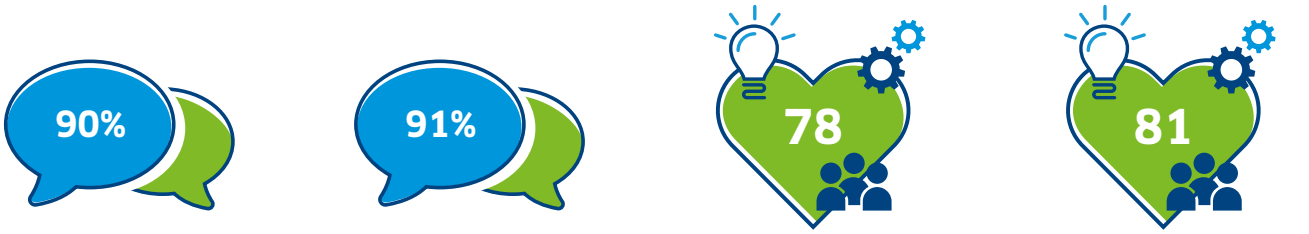
Recruitment

Healthcare Improvement Scotland was one of six boards involved in discussions to participate in the establishment of the East Region Recruitment Service and potential transfer of our recruitment arrangements to this service when established. Following scrutiny of the associated running costs and potential future overheads, Healthcare Improvement Scotland withdrew from the planned service and continues to directly manage organisational recruitment arrangements. Discussions have taken place with the West Region Recruitment network to enable participation and learning from that service grouping.

Staff Engagement

Our staff survey, iMatter, was undertaken in 2021 following a pause in 2020 and saw a response rate of 91% (2019: 90%). The organisation's response rate was the second highest of all boards across NHS Scotland, second only to NHS Education Scotland who had a return rate of 92%. Our organisational employee engagement index score also increased from 78 in 2019 to 81 in 2021.

iMatter outcomes: Healthcare Improvement Scotland



2019 Response rate | **2021 Response rate** | **2019 Employee engagement index score** | **2021 Employee engagement index score**

Exit packages (Audited Information)

There were no exit packages in 2021-22 and 2020-21.

Facility Time – Union (Unaudited Information)

	2021-22	2020-21
Number of employees who were relevant union officials during the relevant period	7.0	7.0
WTE equivalent employee number	0.6	0.9
Percentage of time:		
0%	-	-
1-50%	7.0	7.0
51-99%	-	-
100%	-	-
Total cost of facility time	£36,577	£48,924
Total pay bill	£29,295,807	£27,276,303
Percentage of the total pay bill spent on facility time	0.12%	0.18%
Time spent on paid trade union activities as a percentage of total paid facility time hours	100%	100%

Section 5: Parliamentary Accountability and Audit Report

Parliamentary Accountability and Audit Report

Losses and Special Payments

There was no redundancy payment during 2021-22 (2020-21: nil) 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.

The financial objective is to set fees at a level that achieve a breakeven position over time. The table below summarises the outturn for the financial year 2021-22 and prior years. This information has been reviewed and is subject to the audit opinion.

OUTTURN	2021-22	2020-21	2019-20	2018-19	2017-18
	£'000	£'000	£'000	£'000	£'000
Income	1,030	601	793	749	648
Scottish Government Funding (COVID-19)	150	394	-	-	-
Expenditure	(990)	(955)	(810)	(705)	(593)

The position with regard to the registration of independent clinics at 31 March 2022 is shown below. Comparative information for the prior years is also provided.

Independent Clinics	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Clinics registered	485	415	404	347
Applications being processed by the Inspectorate	38	62	30	42
Applications yet to commence	12	10	7	18
Services that may still require to be registered	95	39	29	34
Total	**630**	**526**	**470**	**441**

Robbie Pearson
Chief Executive

Date: 29 June 2022

Section 6: Independent Auditor's Report

Independent auditor's report

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 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2020/212021/22 Government Financial Reporting Manual (the 2021/22 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 6 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 12 months from when the financial statements are authorised for issue.

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- 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.

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

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

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

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

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on the audited 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.

Other information

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

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

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the audited 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.

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

29 June 2022

Section 7: Financial Statements

Financial Statements

Statement of Comprehensive Net Expenditure

For the Year Ended 31 March 2022

	Note	2022 £,000	2021 £,000
Employee Expenditure	3a	29,773	27,766
Other Healthcare Expenditure	3b	6,156	5,214
Gross expenditure for the year		**35,929**	**32,980**
Less: operating income	4	(1,392)	(1,311)
Comprehensive net expenditure		**34,537**	**31,669**
Taxpayers' equity			
General Fund	SoCTE	(2,020)	(3,084)
Total taxpayers' equity		**(2,020)**	**(3,084)**

Statement of Financial Position

As at 31 March 2022

	Note	2022 £,000	2021 £,000
Non-current assets			
Property, Plant and Equipment	7	1,871	418
Intangible Assets	6	-	29
Total non-current assets		**1,871**	**447**
Current assets			
Financial Assets:			
Trade and other receivables	8	546	441
Cash and cash equivalents	9	724	356
Total current assets		**1,270**	**797**
Total assets		**3,141**	**1,244**
Current liabilities			
Provisions	11	(9)	(9)
Financial liabilities:			
Trade and other payables	10	(4,710)	(3,829)
Total current liabilities		**(4,719)**	**(3,838)**
Non-current assets less net current liabilities		**(1,578)**	**(2,594)**
Non-current liabilities			
Provisions	11	(442)	(490)
Total non-current liabilities		**(442)**	**(490)**
Assets less liabilities		**(2,020)**	**(3,084)**
Taxpayers' equity			
General Fund	SoCTE	(2,020)	(3,084)
Total taxpayers' equity		**(2,020)**	**(3,084)**

The notes to the accounts, numbered 1 to 14, form an integral part of the accounts.

The financial statements on pages 77–82 were approved by the board on 29 June 2022 and signed on their behalf by For the Year Ended 31 March 2022

Angela Moodie
Director of Finance, Planning and Governance

Robbie Pearson
Chief Executive

Statement of Cash Flows

For the Year Ended 31 March 2022

	Note	2022 £,000	2021 £,000
Cash flow from operating activities			
Net expenditure	SoCTE	(34,537)	(31,669)
Adjustments for non-cash transactions	2b	162	118
Movements in working capital	2c	361	(913)
Net cash outflow from operating activities		**(34,014)**	**(32,464)**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(1,597)	(288)
Proceeds of disposal of property, plant and equipment		10	68
Net cash outflow from investing		**(1,587)**	**(220)**
Cash flows from financing activities			
Funding		35,601	32,684
Movement in general fund working capital		368	(401)
Net financing	SoCTE	**35,969**	**32,283**
Net (increase/decrease) in cash and cash equivalents in the period		368	(401)
Cash and cash equivalents at the beginning of the period		356	757
Cash and equivalents at the end of the period		**724**	**356**
Reconciliation of net cash flow to movement in net cash			
Increase/(decrease) in cash in year		(368)	(401)
Net cash at 1 April	9	356	757
Net cash as at 31 March	9	**724**	**356**

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2022

	General Fund £'000
Balance at 31 March 2021	**(3,084)**
Changes in taxpayers' equity for 2021-22	
Net operating cost for the year	(34,537)
Total recognised income and expense for 2021-22	**(34,537)**
Funding:	
Drawn down	35,969
Movement in General Fund (creditor)/debtor	(368)
Balance at 31 March 2022	**(2,020)**

Statement of Changes in Taxpayers' Equity

For the Year Ended 31 March 2021

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)**

Section 8: Notes to the Financial Statements

Notes to the Financial Statements

Accounting Policies for the Year Ended 31 March 2022 NOTE 1

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 UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

For All Standards, Issued but Not yet Effective in Current Year

There are no new standards, amendments or interpretations effective or early adopted in 2021-22.

Standards, Amendments and Interpretations Issued but Not Adopted This Year

At the date of authorisation of these financial statements, Healthcare Improvement Scotland has not applied the following new and revised International Financial Reporting Standards that have been issued but are not yet effective:

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

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

Healthcare Improvement Scotland 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 (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. Healthcare Improvement Scotland 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 Healthcare Improvement Scotland 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.

Healthcare Improvement Scotland 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 2022.

The standard is expected to increase total expenditure by £nil million. Right-of-use assets totalling £5.017 million will be brought onto the Statement of Financial Position, with an associated lease liability of £5.017 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 2023 has been confirmed by Scottish Government and Healthcare Improvement Scotland will continue to carry out its current functions as agreed in its

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

latest remobilisation plan including recent legislation which has enhanced the role of the entity e.g. Health and Care (Staffing) (Scotland) Bill. Healthcare Improvement Scotland is also not aware of any SG policy change which would result in Healthcare Improvement Scotland 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 Healthcare Improvement Scotland 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 Healthcare Improvement Scotland 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.

6. Expenditure

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

7. Property, Plant and Equipment

The treatment of capital assets in the 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.

7.1 Recognition

Property, Plant and Equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential be provided to, Healthcare Improvement Scotland; and
- it is expected to be used for more than one financial year; and the cost of the item can be measured reliably.

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

All assets falling into the following categories are capitalised:

- Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000.
- Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

7.2 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 Healthcare Improvement Scotland 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.

7.3 Depreciation

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

- Buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- Equipment is depreciated over the estimated life of the asset.
- Property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful life (years)
Buildings (excluding dwellings)	9-15
Plant and machinery	1-5
Information technology	3-5
Furniture and fittings	3-5

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

8. Intangible Assets

8.1 Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the 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, Healthcare Improvement Scotland 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 Healthcare Improvement Scotland 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.

8.2 Measurement

Valuation

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

8.3 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.

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

The following asset lives have been used:

Asset Category/Component	Useful life (Years)
Software licences	3-5
Information technology software	3-5

9. 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.

10. Impairment of Non-Financial Assets

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

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

11. General Fund Receivables and Payables

Where Healthcare Improvement Scotland 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 Scottish Government Health Finance & Governance Directorate. Where Healthcare Improvement Scotland 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 Scottish Government Health Finance & Governance Directorate.

12. 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.

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

13. Employee Benefits

13.1 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.

13.2 Pension costs

Healthcare Improvement Scotland 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.

14. 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.

Healthcare Improvement Scotland 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

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

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.

Healthcare Improvement Scotland 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 annual managed expenditure provision and is classified as non-core expenditure.

15. Related Party Transactions

Material related party transactions are disclosed in the Note 16 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3b.

16. Value Added Tax

Most of the activities of Healthcare Improvement Scotland 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.

17. Provisions

Healthcare Improvement Scotland 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.

18. Contingent Liabilities

Contingent liabilities are:

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

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

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

19. 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.

20. Financial Instruments

20.1. Financial assets

Classification

Healthcare Improvement Scotland 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 Healthcare Improvement 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 Healthcare Improvement Scotland 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.

Recognition and Measurement

Financial liabilities are recognised when Healthcare Improvement Scotland 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.

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

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 Healthcare Improvement Scotland.

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

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.

22. Foreign Exchange

The functional and presentational currencies of Healthcare Improvement Scotland 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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The board makes judgements in applying accounting policies. The estimates and assumptions that have a significant risk to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed below.

Accounting Policies for the Year Ended 31 March 2022 NOTE 1, cont.

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. Healthcare Improvement Scotland 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 Healthcare Improvement Scotland operating activities are estimated on the basis of existing contractual obligations and goods and services received during the financial year.

Significant Estimates

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 board's unavoidable cost of meeting its obligations under the lease contracts. Key uncertainties are the estimates of amounts due and Healthcare Improvement Scotland uses professional advisors as a source for these estimates.

Details of the accruals and deferred income recognised can be found in Note 10 and details of the provisions can be found on Note 11.

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 2

2a. Summary of Resource Outturn

	2022 £,000	2021 £,000
Summary of Core Revenue Resource Outturn		
Net expenditure	34,537	31,669
Total non-core expenditure	(114)	595
Total Core Expenditure	**34,423**	**32,264**
Core Revenue Resource Limit	34,705	32,635
Saving against core revenue resource limit	**282**	**371**
Summary of Non-Core Revenue Resource Outturn		
Depreciation/Amortisation	162	118
Annually Managed Expenditure – creation of provisions	(48)	(720)
Total non-core expenditure	114	(602)
Non-core revenue resource limit	54	(596)
Excess	**(60)**	**(6)**

Summary of Resource Outturn	Resource £,000	Expenditure £,000	Saving £,000
Core	34,705	34,423	282
Non-Core	54	114	-60
Total	**34,759**	**34,573**	**222**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 2, cont.

2b. Adjustments for non-cash transactions

	2022 £,000	2021 £,000
Expenditure not paid in cash		
Depreciation	134	80
Amortisation	28	38
Total expenditure not paid in cash	**162**	**118**

2c. Movements in working capital

	Note	2022 Opening balances £,000	2022 Closing balances £,000	2021 £
Trade and other receivables				
Due within one year	8	441	545	270
Net movement			**104**	**270**
Trade and other payables				
Due within one year	10	3,829	4,710	(851)
Less: General Fund creditor included in above	10	(353)	(721)	401
		3,476	3,989	
Net movement			**513**	**(450)**
PROVISIONS				
Statement of Financial Position	11	499	451	(733)
Net movement			**(48)**	**(733)**
Net movement increase/(decrease) CFS			**361**	**(913)**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 3

Operating expenses

3a. Employee Expenditure

	2022 £,000	2021 £,000
Medical and dental	3,839	3,178
Nursing	137	130
Other staff	25,797	24,458
Total	**29,773**	**27,766**

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

	2022 £,000	2021 £,000
Goods and services from other NHS Scotland bodies	3,411	3,338
Goods and services from private providers	2,626	1,747
Goods and services from voluntary services	93	98
External auditor's remuneration – statutory audit fee	26	31
Total	**6,156**	**5,214**

Goods and service from private providers include movements in provisions for the year. See Note 11 for further details.

Notes to the Financial Statements for the Year Ended 31 March 2022

NOTE 4

Operating Income

	2022 £,000	2021 £,000
Scottish Government	196	214
NHS Scotland bodies	328	331
Independent Healthcare	840	560
Other	28	206
Total income	**1,392**	**1,311**

NOTE 5

Net Operating Cost

Directorates	2022 £,000	2021 £,000
Chief Executive's Directorate	971	919
Office of Medical Director	1,301	1,093
Office of NMAHP Director	1,999	1,644
Finance and Corporate Services Directorate	1,126	1,014
Property	1,094	1,329
Corporate Provisions	260	150
Improvement Support and ihub Directorate	9,953	9,232
Evidence Directorate	8,334	7,088
Quality Assurance Directorate	5,799	5,549
Community Engagement	2,577	2,602
People and Workforce	1,123	1,049
	34,537	**31,669**

Segmental information as required under IFRS has been reported by directorate. This is consistent with the form of reporting to the ET, Audit & Risk Committee and Board which separates property.

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 6

Intangible Assets (Non-current)

	Software licences £,000	Information technology software £,000	Total £,000
Cost or valuation			
At 1 April 2021	**412**	**-**	**412**
Disposals	-	-	-
At 31 March 2022	**412**	**-**	**412**
Amortisation			
At 1 April 2021	**383**	**-**	**383**
Provided during the year	29	-	29
Disposals	-	-	-
At 31 March 2022	**412**	**-**	**412**
Net book value at 1 April 2021	**29**	**-**	**29**
Net book value at 31 March 2022	**-**	**-**	**-**

Prior Year

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**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 7

Property, Plant and Equipment

	Buildings (excluding dwellings) £'000	Plant and Machinery £'000	Information Technology £'000	Furniture and Fittings £'000	Assets under construction £'000	Total £'000
Cost or Valuation						
At 1 April 2021	314	283	256	-	288	1,141
Additions – purchased	-	-	-	-	-	1,853
Transferred	1,885	-	-	-	(1,885)	-
Disposals	(25)	(41)	(95)	(69)	(256)	-
At 31 March 2022	**2,174**	**208**	**100**	**-**	**32**	**2,638**
Depreciation						
At 1 April 2021	246	283	194	-	-	723
Provided during the year	101	-	33	-	-	134
Disposals	(15)	(75)	-	-	-	(90)
At 31 March 2022	**332**	**208**	**227**	**-**	**-**	**767**
Net Book Value at 1 April 2021	**68**	**-**	**62**	**-**	**288**	**418**
Net Book Value at 31 March 2022	**1,842**	**-**	**29**	**-**	**-**	**1,871**
Asset Financing:						
Owned	1,842	-	29	-	-	1,871
Net Book Value at 31 March 2022	**1,842**	**-**	**29**	**-**	**-**	**1,871**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 7, cont.

Property, Plant and Equipment

Prior Year	Buildings (excluding dwellings) £'000	Plant and Machinery £'000	Information Technology £'000	Furniture and Fittings £'000	Assets under construction £'000	Total £'000
Cost or Valuation						
At 1 April 2020	583	324	351	69	-	1,327
Additions - purchased	-	-	-	-	288	288
Disposals	(269)	(41)	(95)	(69)	-	(474)
At 31 March 2021	**314**	**283**	**256**	**-**	**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 2022 NOTE 8

Trade and Other Receivables

	2022 £,000	2021 £,000
Receivables due within one year		
NHS Scotland		
SGHSCD	-	29
Boards	86	75
Total NHS Scotland Receivables	**86**	**104**
VAT recoverable	145	18
Prepayments	228	102
Accrued income	102	28
Other receivables	(15)	189
Total Receivables due within one year	**546**	**441**
Total Receivables	**546**	**441**
WGA Classification		
NHS Scotland	86	75
Central Government Bodies	-	29
Balances with bodies external to Government	460	337
Total	**546**	**441**

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2022, receivables with a carrying value of £nil (2020-2021: £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 £52k (2020-21 £56k) 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.

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 8, cont.

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

Trade and Other Receivables, cont.

	2022 £,000	2021 £,000
Counterparties with external credit ratings (A)	49	40
Existing customers with no defaults in the past	497	401
Total neither past due nor impaired	**546**	**441**

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

NOTE 9

Cash and Cash Equivalents

	At 31/03/22 £,000	At 31/03/21 £,000
Government Banking Service account balance	721	353
Cash at bank and in hand	3	3
Total cash and cash equivalents – balance sheet	**724**	**356**
Total cash – cash flow statement	**724**	**356**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 10

Trade and Other Payables

	2022 £,000	2021 £,000
Payables due within one year		
NHS Scotland		
Scottish Government Health Finance & Governance Directorate	20	-
Boards	402	550
Total NHS Scotland Payables	**422**	**550**
General Fund Payable	721	353
Trade Payables	537	227
Accruals	1049	928
Deferred Income	104	182
Income tax and social security	614	573
Superannuation	519	466
Holiday Pay Accrual	381	380
Other Payables	363	170
Total Payables due within one year	**4,710**	**3,829**
Total Payables	**4,710**	**3,829**
WGA Classification		
NHS Scotland	402	550
Central Government Bodies	20	1,014
Balances with bodies external to Government	4,288	2,265
Total	**4,710**	**3,829**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 11

Provisions – For the Year Ended 31 March 2022

	Participation in CNORIS £,000	Dilapidations £,000	Total £,000
At 1 April 2021	35	464	499
Arising during the year	4	-	4
Utilised during the year	(2)	-	(2)
Reversed Utilised	-	(50)	(50)
At 31 March 2022	**37**	**414**	**451**

Analysis of expected timing of discounted flows to 31 March 2022

	£,000	£,000	£,000
Payable in one year	9	-	9
Payable between 1-5 years	22	-	22
Payable between 5-10 years	2	-414	416
Thereafter	4	-	4
Total as at 31 March 2022	**37**	**414**	**451**

Provisions – For the Year Ended 31 March 2021

	Participation in CNORIS £,000	Dilapidations £,000	Total £,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**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 11, cont.

Provisions, cont.

Analysis of expected timing of discounted flows to 31 March 2021

	£,000	£,000	£,000
Payable in one year	9	-	9
Payable between 1-5 years	21	464	485
Payable between 5-10 years	2	-	2
Thereafter	3	-	3
Total as at 31 March 2021	**35**	**464**	**499**

Participation in CNORIS

Healthcare Improvement Scotland 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 relates to a leased property in Glasgow (Delta House) and decreased slightly during year to 414k (2020-21: £464k). The fall in this provision was mainly due to the completion of the refurbishment of Delta House where a number of mechanical and electrical items were replaced. In addition, the revised terms of the lease extension places commitment to renew the majority of mechanical and electrical items with the landlord rather than Healthcare Improvement Scotland.

a) Capital Commitments

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

Contracted	2022 £'000	2021 £'000
Delta House refurbishment	579	1,551

Provisions, cont.

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.

	2022 £,000	2021 £,000
Buildings		
Not later than one year	575	573
Later than one year, not later than two years	750	588
Later than two years, not later than five years	2,355	2,353
Later than five years	2,449	3,633
Other		
Not later than one year	9	23
Later than one year, not later than two years	4	7
Later than two years, not later than five years	11	1
Later than five years	-	-
Amounts charged to Operating Costs in the year were:		
Buildings	528	719
Other	10	34
Total	**538**	**753**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 12

Pension Costs

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

(a) Healthcare Improvement Scotland 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) Healthcare Improvement Scotland 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 2021 is 20.9% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.6% of pensionable pay.

(iv) 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) Healthcare Improvement Scotland level of participation in the scheme is 0.79% based on the proportion of employer contributions paid in 2020-21.

IAS 19 Multi-employer plans

Healthcare Improvement Scotland 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. 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 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) website at www.sppa.gov.uk

National Employment Savings Trust (NEST)

NEST is a defined contribution pension scheme established by law to support the introduction of Auto Enrolment.

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.

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 12, cont.

Pension Costs, cont.

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 current employee contribution is 5% of qualifying earnings, with an employer contribution of 1%.

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 that 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.

	2021-22 £'000	2020-21 £'000
Pension cost charge for the year	3,993	3,649
Provisions/Liabilities/Prepayments included in the Balance Sheet	519	466

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 13

Financial Instruments

a) Financial Instruments by Category

Financial Assets

	Loans and Receivables £'000
At 31 March 2022	
Assets per balance sheet	
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable	87
Cash and cash equivalents	724
	811
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
	573

Financial Liabilities

	Other Financial Liabilities £'000
At 31 March 2022	
Liabilities per balance sheet	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	3,051
	3,051

Financial Instruments, cont.

Financial Liabilities, cont.

	Other Financial Liabilities £'000
At 31 March 2021	
Liabilities per balance sheet	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	2,058
	2,058

b) Financial Risk Factors

Exposure to Risk

Healthcare Improvement Scotland'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 Healthcare Improvement Scotland 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, Healthcare Improvement Scotland is not exposed to the degree of financial risk faced by business entities.

Healthcare Improvement Scotland 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.

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 13, cont.

Financial Instruments, cont.

(i) 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 Healthcare Improvement Scotland.

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.

Further details on our credit risk criteria can be found in Note 8.

(ii) Liquidity risk

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

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are 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 2022				
Trade and other payables excluding statutory liabilities	3,051	-	-	-
Total	**3,051**	**-**	**-**	**-**
At 31 March 2021				
Trade and other payables excluding statutory liabilities	2,058	-	-	-
Total	**2,058**	**-**	**-**	**-**

Notes to the Financial Statements for the Year Ended 31 March 2022 NOTE 13, cont.

Financial Instruments, cont.

(iii) Market risk

Healthcare Improvement Scotland 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 Healthcare Improvement Scotland 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. 2021-22 trade receivable impairment £52k (2020-21 £56k).

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

NOTE 14

Related Party Transactions

Healthcare Improvement Scotland made a contribution of £18,500 during the year to the Health Foundation relating to the platform, system and activity programme.

Healthcare Improvement Scotland also received a grant of £19,366 (2020-21: £23,378 relating to Quality Rheumatology award from 2017-18) from the Health Foundation for the Q lab three test teams project and covers the period November 2021 to May 2022. £1,936 was outstanding at year-end. The grant was awarded under standard terms and conditions specified by the Health Foundation, mainly being that payment is contingent on defined deliverables and conditions which have all been during the year.

Ms R Glassborow, Executive Director of Improvement, has declared her relationship to the Health Foundation as a member in the organisation's Register of Interests.

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

Section 9: Accounts Direction

Accounts Direction

for the Year Ended 31 March 2022

DIRECTIONS BY THE SCOTTISH MINISTERS

The Healthcare Improvement Scotland Accounts Direction 2012

The Scottish Ministers, in exercise of the powers conferred by their functions under section 86(1) and (3) of, and paragraph 13 of the National Health Service (Scotland) Act 1978[1], in relation to the functions in that section which apply to Healthcare Improvement Scotland by virtue of that Act as amended, and all other powers enabling them to do so, hereby DIRECT that:

Healthcare Improvement Scotland must:

1. Prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual, which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, Healthcare Improvement Scotland must use the Healthcare Improvement Scotland Annual Accounts template, which is applicable for the financial year for which the statement of accounts is prepared.
3. In preparing a statement of accounts in accordance with paragraph 1, Healthcare Improvement Scotland must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –
   i. The NHS Scotland Capital Accounting Manual,
   ii. The Manual for the Annual Report and Accounts of NHS boards and for Scottish Financial Returns, and
   iii. The Scottish Public Finance Manual.
4. A statement of accounts prepared by Healthcare Improvement Scotland in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.
5. Healthcare Improvement Scotland must attach these directions as an appendix to the statement of accounts which it prepares for each financial year.
6. In these Directions –
   - "financial year" has the same meaning as that given by Schedule 1 of the Interpretation Act 1978,
   - "Government Financial Reporting Manual" means the technical accounting guide for the preparation of financial statements issued by HM Treasury,
   - "Manual for the Annual Report and Accounts of NHS boards and for Scottish Financial Returns" means the guidance on preparing annual accounts issued to health boards by the Scottish Ministers,
   - "NHS Act 1978" means the National Health Service (Scotland) Act 1978 (c. 29),
   - "NHS Scotland Capital Accounting Manual" means the guidance on the application of accounting standards and practice to capital accounting transactions in the NHS issued by the Scottish Ministers,

- "Healthcare Improvement Scotland" is the body established under s.10A of staff of the National Health Service (Scotland) Act 1978,
- "Healthcare Improvement Scotland Annual Accounts template" means the Excel spreadsheet issued to Healthcare Improvement Scotland by the Scottish Ministers as a template for their statement of accounts, and
- "Scottish Public Finance Manual" means the guidance on proper handling and reporting of public funds issued by the Scottish Ministers.

7. Any expressions or definitions, where relevant and unless otherwise specified, take the meaning which they have in section 108 of the NHS Act 1978.
8. This Direction will come into force on the day after the day on which it is signed.
9. This Direction will remain in force until such time that it is varied, amended or revoked by a further Direction of the Scottish Ministers under section 86 of the NHS Act 1978

Signed by the authority of the Scottish Ministers

Dated 22 March, 2022

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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