

# NHS SHETLAND ANNUAL REPORT

And accounts for the year ended  
31 March 2025



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# Annual Accounts and Notes for Year Ended 31 March 2025

## Performance Overview Report

### Section 1—Chief Executive’s Statement

It has been a year marked by significant pressure on our health and care system, particularly within the Gilbert Bain Hospital, yet on the whole, we have managed to sustain good performance and quality of the services we provide as a health Board.

I want to begin by recognising and sincerely thanking all our staff across NHS Shetland for their resilience, professionalism, and commitment in navigating another demanding year. The way colleagues, in collaboration with our other partners, have pulled together to keep our system going amidst these challenges is both humbling and a testament to the strength of our workforce.

One of the most immediate and visible challenges has been the need to [undertake vital remedial building works at the Gilbert Bain Hospital](#). As a result of [structural surveys](#), we were required to [relocate a number of departments](#) to facilitate the safe erection of scaffolding and enable the commencement of essential external repairs. This has not been an easy process and has involved detailed planning, careful clinical input, and considerable operational effort. I am pleased to report that this work culminated in the development of a robust business case, setting out the phased approach we will now take to ensure the long-term integrity of the building and the continuity of patient care.

Amidst this operational disruption, we have remained focused on strategic progress. A key highlight this year has been the ongoing delivery of several interlinked strategies that map out our future direction. Our [Strategic Delivery Plan](#), [Digital Strategy](#), and Financial Recovery and Sustainability Plan have been developed and are now in operation. Collectively, these frameworks provide clarity on the steps we must take to secure a sustainable future for health and care services in Shetland. One notable success stemming from our financial planning was [securing recurrent funding of £1.3 million to close the longstanding gap in the Distant Islands Allowance](#) payment received by staff—an important milestone in our journey on the path to financial sustainability.

In a landmark development for healthcare in Shetland, the new permanent MRI scanner (the [Helyer Suite](#)) at the Gilbert Bain Hospital [became operational in June 2024](#). This achievement was the result of extensive planning, fundraising, and construction efforts, including the installation of a modular building to house the scanner. The project created and run by [Shetland Health Board Endowment Funds](#), was significantly supported by the Shetland community, raising £2m through the [Shetland MRI Scanner Appeal](#). The total cost at £3.5m was also supported with NHS capital funding from the Scottish Government. The availability of on-island MRI services now enables many patients to receive advanced diagnostic imaging locally, reducing the need for travel to the mainland and enhancing timely access to care.

Our [strategic intent](#) has always been to ensure everyone in Shetland can live well for longer, with easy access to person-centred, high-quality care as close to home as possible. Building on that intent, we have been developing the final piece of our strategic jigsaw: the NHS Shetland Workforce Plan. This will sit alongside our [existing strategies](#) and respond directly to the workforce challenges we continue to face, ensuring we have the people, skills, and flexibility needed for the future.

Developing the next generation of our workforce is also one of my priorities as Chief Executive. We have continued our strong partnership with Developing the Young Workforce (DYW), including a significant presence at the Shetland Careers Fair, a nursing showcase at Lerwick Town Hall and hosting a joint NHS Shetland/DYW workshop. These activities help us to futureproof our organisation and create tangible opportunities for young people across Shetland to consider a career in health and care.

In line with our commitment to listen and learn from the people we serve, this year we took NHS Shetland “on the road”. Our participation in the Cunningsburgh, Walls and Unst country shows gave us the chance to speak directly with members of the public about what matters to them in their health and care experience. These honest, in-person conversations reaffirm the vital importance of community engagement in shaping our services.

I would also like to acknowledge some outstanding individual achievements within our team. [Dr. Pauline Wilson and Mr. Gordon McFarlane were both awarded OBEs](#) in the New Year Honours for their service to rural healthcare in Shetland—a richly deserved recognition of their clinical excellence and dedication. [NHS Shetland’s Director of Pharmacy Anthony McDavitt was awarded a prestigious fellowship from the Royal Pharmaceutical Society. Dr. Caroline Heggie became one of the first doctors in the UK to receive the new Credential in Rural and Remote Health](#), further enhancing the capability of our Emergency Medicine provision. Director of Dentistry at NHS Shetland Antony Visocchi has been accepted onto the Primary Dental Care Advisory Board for the Royal College of Surgeons of Edinburgh. And I must give special mention to [Lucy Flaws, our Head of Planning, who was named NHS Scotland’s “Leader of the Year”](#) for her inspirational leadership in our vision and strategy development work.

We have been working with staff to redefine our organisational values and culture. Staff wellbeing continues to be a central focus within the Valuing Staff Chief Executive priority. The opening of new [polycrubs](#)<sup>®</sup> at [Montfield](#) and Walls Health Centre, funded by Shetland Health Board Endowment Funds has created additional space for rest and reflection—a small but meaningful improvement in the working environment for our staff.

In February 2025 the Realistic Medicine educational symposium provided an excellent opportunity for staff to partake in workshops, share posters, and listen to talks focused on building our approach to Realistic Medicine in Shetland.

In summary, 2024–25 has been a year of considerable operational and strategic challenge, but also one of clear progress. Through ongoing system pressures, essential building works, and the demands of long-term planning, we have remained steadfast in our mission to deliver high-quality care for our community. I am immensely proud of

what NHS Shetland has achieved this year, and grateful to all our staff, partners, and the public who make our work possible. Together, we have laid strong foundations to ensure that NHS Shetland remains resilient, person-centred, and responsive to the needs of those we serve.

**Brian Chittick,**

**Chief Executive, NHS Shetland**



## Section 2—Overview

This overview will give the reader a summary of what an NHS (National Health Service) Board does. It will also describe the nature of NHS Shetland, our purpose, the key risks to the achievement of our [objectives](#), and our performance during 2024–25.

### • NHS Board Purpose

Shetland Health Board (“the Board”) was established under the National Health Service (Scotland) Act 1978 with responsibility for providing health care services for the residents of Shetland. NHS Shetland is the operating name of Shetland Health Board.

An NHS Board governs its own local health system. The Board is responsible for improving the health of its local population and delivering the healthcare that population requires. The overall purpose of the Board is to provide strategic leadership and direction, and to ensure the efficient, effective, and accountable governance of the local NHS system.

Specific roles of the Board include:

- improving and protecting the health of the local people;
- providing an improved health service for local people;
- focusing clearly on health outcomes and people’s experience of their local NHS system;
- promoting integrated health and community planning by working closely with other local organisations; and
- providing a single focus of accountability for the performance of the local NHS system.

The work of the Board includes:

- strategy development - to develop an Operational Plan for the area;
- implementation of the Operational Plan;
- resource allocation to address local priorities; and
- performance management of the local NHS system.

### • The nature of NHS Shetland

[NHS Shetland](#) is domiciled in Scotland and our [headquarters](#) location is Upper Montfield, 24 Burgh Road, Lerwick, Shetland, ZE1 0LA.

NHS Shetland and Shetland Islands Council (SIC) cover the same area and have the same boundaries, working jointly through our [Health and Social Care Partnership](#).

The map in Figure 1 below shows the Shetland Islands, which has a population of around 23,000 people, distributed across 16 of the 100 islands. These islands cover a land mass of 567 square miles. The North Sea surrounds the Isles that have a coastline 1,679 miles long

Figure 1—Map of Shetland



Figure 2—Diagram of NHS Shetland Summary Organisational Structure

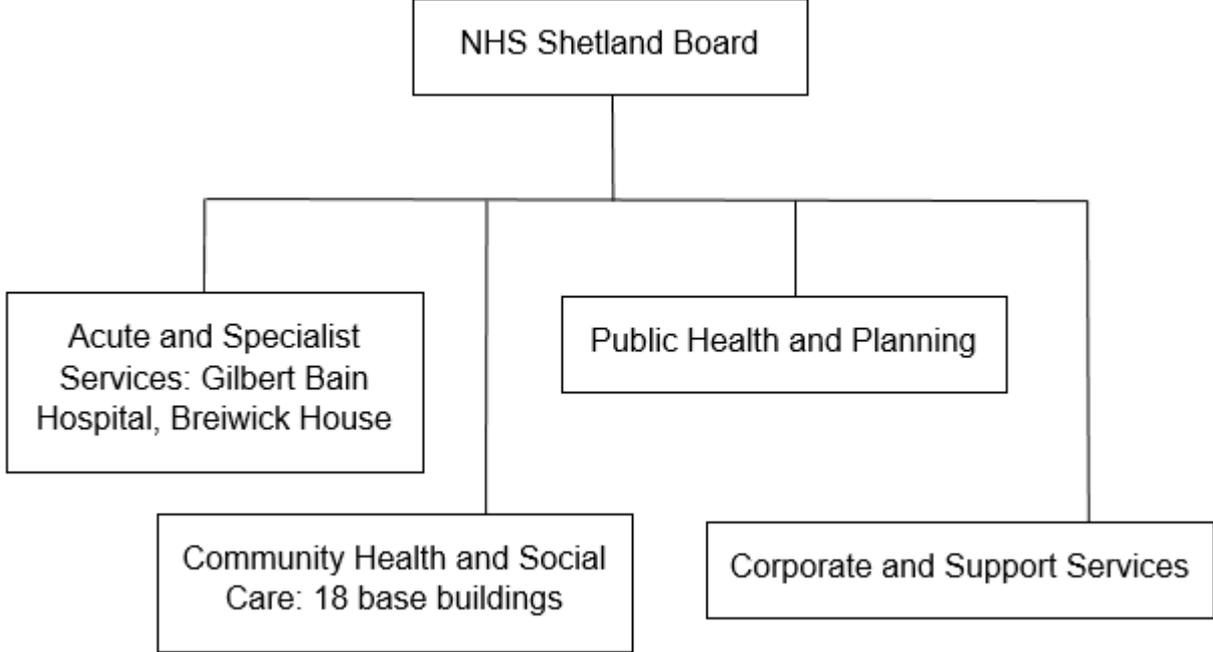


Figure 2 above outlines a summary of NHS Shetland’s organisational structure. The detailed [organisational management structure](#) for NHS Shetland is available on our website, along with the [organisational governance structure](#).

NHS Shetland provides health care services from 21 sites across Shetland, including ten Health Centres, Breiwick House, and Acute and Specialist Services from the Gilbert Bain Hospital, which is a remote and rural district general hospital in Lerwick. Table 1

below summarises key services delivered directly locally, as well as commissioned services from partners.

• **Table 1 - NHS Shetland at a glance**

<b>Directly Provided Healthcare</b>	<b>Commissioned Healthcare Services</b>
Nine General Practitioner (GP) practices with 22,110 registered patients	One GP practice with 822 registered patients
<a href="#">Community Healthcare Service</a>	Two <a href="#">ophthalmic</a> practices
<a href="#">Dental Services</a> from 5 locations	One <a href="#">independent contractor</a> NHS dental practice
<a href="#">Gilbert Bain Hospital</a> during 2024–25 <b>Acute and Specialist Services:</b> <ul style="list-style-type: none"> <li>• 10,924 in-patient bed-days</li> <li>• 2,101 day cases</li> <li>• 51,740 outpatients (includes 10,298 remote attendances)</li> <li>• 92 births on island</li> <li>• 8,468 A&amp;E (Accident and Emergency) attendances</li> </ul>	Five <a href="#">pharmacy contractors</a>
	NHS Grampian—Acute and <a href="#">Maternity Services</a>
	<a href="#">Golden Jubilee</a> —Orthopaedic Services <a href="#">NHS Lothian</a> —Acute Services <a href="#">NHS Greater Glasgow and Clyde</a> —Acute Services
<a href="#">Child and Adolescent Mental Health Services</a> (CAMHS), Breiwick House	NHS Tayside— <a href="#">Specialist Mental Health Services for Adults</a> , and <a href="#">Young People</a>
<a href="#">Adult Community Mental Health Service</a>	NHS Grampian— <a href="#">Mental Health Services</a>
<a href="#">Public Health</a>	Tertiary Specialist Services

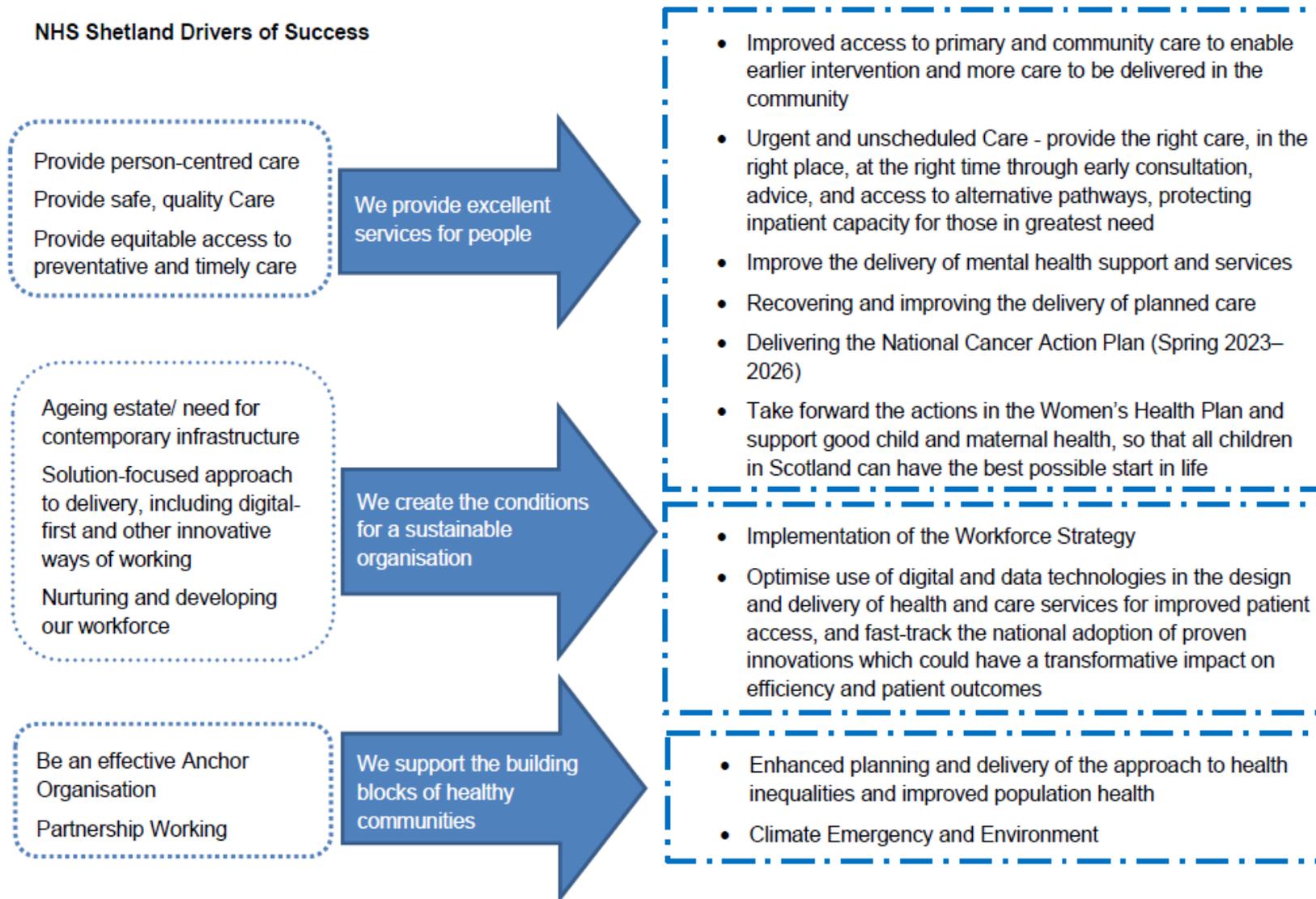
• **Summary of NHS Shetland Priority Outcomes in 2024–25**

The 2024–25 Annual Delivery Plan ([ADP](#)) was submitted to Scottish Government on 13 March 2024. Scottish Government formally approved the plan on 14 May 2024.

The plan summarised below in Figure 3 aligns with our [vision](#) that everyone in Shetland can live well for longer, and easily access the support they need from us. It maps NHS Shetland’s 8 keys to success to NHS Scotland [principal focus](#) for recovery and reform in 2024–25 and national medium term planning.

It is centred on 10 recovery drivers, which have been developed by the NHS Scotland team and will form part of the planning guidance for the coming years, working towards sustainable delivery of healthcare that also improves population health and reduces health inequalities. The Board will also continue working in partnership with community planning partners to prioritise preventative work to reduce the burden of preventable poor health locally. These align with the ambitions of our Clinical and Care Strategy.

Figure 3—Diagram showing NHS Shetland “Drivers of Success”



As highlighted in our performance analysis, remobilisation and redesign brings services closer, to minimise the need for travelling both on and off island for patients attending out-patients. The key new development to bring services closer to home in 2024–25 is the permanent part community [funded](#) MRI scanner at the Gilbert Bain Hospital came to fruition during the first half of 2024 with the [building that will house the permanent MRI scanner](#) arriving in February 2024 followed by the actual MRI Scanner arriving in May 2024, with installation and testing completed for [opening](#) of the service in June 2024. During 2024–25, there were 842 [attendances](#) at the Helyer MRI Suite. TK

• **Section 3—Risk and Uncertainty**

The Board’s risk management strategy sets out the principles and approaches to risk management, which should be followed throughout NHS Shetland. Every risk is assigned to a specific Governance Committee.

The Board and the Governance Committees have continued to monitor risk throughout 2024–25, with an [interim report](#) going to a Board meeting in December 2024 and a [further update](#) in April 2025. The Board reviewed the [Risk Management Summary Report for 2024–25 and work plan for 2025–26](#) at its April 2025 Board meeting.

• **Top Underlying Risks in NHS Shetland 2024–25 Strategic Risk Register**

The top risks in NHS Shetland 2024–25 Strategic Risk Register, excluding finance, are summarised in Table 2 below. The principal recurring themes amongst these risks are:

- Workforce recruitment and retention;
- Capacity within existing workforce to safely deliver services; and
- External pressures such as Cybersecurity and market forces.

Strategic risks in respect of the Board’s financial performance, is reviewed in Section 4 within the [Finance Performance review](#).

• **Table 2—Top Three Risks in NHS Shetland 2024–25 Strategic Risk Register**

Theme	Risk Description
SR04: External factors	<p>NHS Shetland faces unique challenges as a remote and rural healthcare provider that include workforce shortages, ageing infrastructure, and reliance on supplementary staff, compounded by external strategic factors such as national and international political instability, global conflict, post Brexit trading agreements, climate change, AI revolution and policy uncertainties.</p> <p>Mitigation:</p> <ol style="list-style-type: none"> <li>1. The development of a workforce plan supported by innovation in recruitment as well as developing and implement a housing framework to support workforce recruitment and retention;</li> <li>2. Development of AI / digital skills for the future framework in collaboration with NHS Grampian and NES; and</li> </ol>

Theme	Risk Description
	<p>3. Conduct annual risk assessments for climate-related vulnerabilities in healthcare facilities.</p>
<p>SR06: Our Staff Information Governance Training Compliance</p>	<p>If low levels of compliance with mandatory Information Governance training then there is a risk of a greater number of data incidents as a consequence of low levels of information governance awareness and knowledge which will also be of concern to external regulators.</p> <p>Mitigation:</p> <ol style="list-style-type: none"> <li>1. Information Governance course is mandatory training;</li> <li>2. Annual staff review process line managers should be ensuring that staff that directly report to them are compliant with all their statutory and mandatory training;</li> <li>3. Information governance promotion through intranet, internal communication channels, <a href="#">Information Governance Strategy</a> and promoting external information or data protection awareness and training.</li> </ol>
<p>SR17: Cyber - IT (Information Technology) Failure Due to Cyber Attack</p>	<p>If a sole actor or orchestrated cyber-attack occurs, NHS Shetland could experience system downtime and/or loss of data and/or data disclosure.</p> <p>This could result in disruption to services caused by system downtime, risk of delays in treatment, risk to public reputation and significant financial costs for a full system recovery. Potential <a href="#">loss of internet cable to access system</a> has occurred.</p> <p>Mitigation: Multiple layers of technical controls in place including anti-malware, firewalls, intrusion detection, access logging, encryption, web filtering, advanced threat protection, software patching. Cyber awareness communications, staff training to highlight security issues and national fraud concern warnings and our <a href="#">Information Governance Strategy</a>.</p> <p>Board <a href="#">approved</a> in June 2024, our Digital strategy and delivery plan that will build in cyber mitigation actions as core element.</p>

- **Workforce is a recurring theme behind the top risks**

NHS Shetland’s workforce is a common theme in the Strategic Risk register. It is essential to have the right staff in the right place to meet peaks in demand, as well as to ensure continual sustainable service provision, which relates to the [third key objective of NHS Shetland](#) in respect of create the conditions for a sustainable organisation.

The most significant risk to the delivery of quality patient-centred services, as well as the sustainable recurring financial balance of NHS Shetland, is the recruitment and retention of staff.

Audit Scotland previously identified in [NHS Scotland workforce reviews](#) that NHS Shetland has a high staff turnover rate. In 2024–25 [staff turnover](#) at 10.9% improved on 15.0% for 2023–24. It remains above NHS Scotland average of 6.6% in 2024–25.

In contrast, [staff sick leave](#) continues to remain the lowest amongst the territorial boards, although it is above the Scottish Government target 4% absence rate.

Actions to address this key issue:

- developing and implement a housing framework to support workforce recruitment and retention. In respect to this:
  - working with local Social Landlords to both rent and buy properties;
  - working with NES on initial plans for upgrading staff accommodation at Montfield so accommodation has en-suite bathroom; and
  - previous investment in take over bed-and-breakfast to accommodate visiting clinicians.
- host remote and rural GP recruitment hub, [GP Joy](#) for bank GP staff across seven Boards. The use of staff outside the NHS standard terms and conditions on higher cost engagement has in part been mitigated by GP Joy as a direct engagement model via third party partner TempRE and engaging staff on flexible contracts or via staff bank has helped to mitigate these costs.
- Continue to work with [Promote Shetland](#), Shetland Islands of Opportunity to highlight our unique opportunities, [NHS Shetland's own website](#) innovations with staff testimonials in addition to the standard [NHS recruitment website](#);

Although the [costs incurred in engaging staff outside standard NHS terms and conditions](#) fell by 7.2% in 2024–25, the excess costs are the principal risk for financial and clinical services' sustainability.

- Infrastructure Gilbert Bain Hospital

To assess the Gilbert Bain Hospital's short to medium term future infrastructure [surveys](#) were commissioned to evaluate the condition of the buildings. Initial feedback was that the core of the building is structurally sound, but steps have needed to be taken to monitor and secure the external blockwork pending repairs. It has become evident that immediate work is needed to preserve the building and support its continued use for at least the next 10-15 years. [Initial](#) work commenced during 2024–25 with more [detailed](#) work now scheduled for 2025–26 to 2026-27. The work will cause disruption to services and the requirement to [relocate](#) some services.

The Scottish Government has confirmed a Capital Resource Limit allocation to allow the Board to complete the necessary work schedule.

For Board oversight and assurance of this work stream plan and delivery, a programme board has been created. The day to day management of the overall project plan detail and its successful delivery is via a project team that has been established. In the governance structure this project team is accountable to the programme board, and the programme board will report to the Finance and Performance Committee.

As a result of the survey the net book value of the hospital has been impaired by £4.2m.

## Section 4—Performance Summary Appraisal

### • Financial Performance

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

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

Further details on non-core elements of expenditure, typically comprising items of a technical accounting nature, are found in the [Summary of Resource Out-turn](#) (SoRO).

NHS Boards have a statutory requirement to contain their net expenditure within these limits. NHS Shetland's out-turn for the year against these limits was as follows:

### • Table 3 - Out-turn against net expenditure limits

	Limit as set by Scottish Government Health and Social Care Directorate (SGHSCD)	Actual Out- turn	Variance Under/(over)
	£000	£000	£000
Core RRL	84,594	84,578	16
Non-core RRL	5,368	5,368	0
<b>Total RRLs</b>	<b>89,962</b>	<b>89,946</b>	<b>16</b>
Core CRL	4,059	4,058	1
Non-core CRL	794	794	0
<b>Total CRLs</b>	<b>4,853</b>	<b>4,852</b>	<b>1</b>
Cash requirement	86,574	86,574	0
<b>Memorandum for In Year Out-turn</b>			<b>£000</b>
Core Revenue Resource Variance Surplus in 2024–25			16
Financial flexibility: Underspend from 2023–24			0
<b>Underlying (Deficit)/Surplus against Core RRL</b>			<b>16</b>
Percentage			<b>0.02%</b>

- **Financial plan 2024–25**

A three-year financial plan was submitted to Scottish Government by NHS Shetland on 11 March 2024. A letter of approval in respect of the submitted three-year financial plan was issued on 4 April 2024.

Excluding provision of financial flexibility provided by the Scottish Government, NHS Shetland out-turn over the three year financial would have be breakeven on RRL, £0.0m (equivalent to 0.0%). As this balance is within the one per cent flexibility afforded by the three-year financial planning, this will be managed within an overall breakeven position in the period to 2026-27.

NHS Shetland financial plan local approval took place at 30 April 2024 Board meeting.

### **Capital Resource Limit (CRL)**

The Board’s gross expenditure on capital assets during 2024–25 was £4.852m, for 2023–24, it was £3.196m.

This [out-turn](#) is £0.001m less than the approved CRL.

### **Summary Performance Overview against Key Non-Financial Targets**

Information in the summary key non-financial report is at 31 March 2025 unless stated. The Board meeting on 26 June 2025 received the annual Performance Report with all the 2024–25 non-financial targets. The Board also receives quality reports regularly.

Table 4 below summarises the Board’s performance against the eight key indicators Audit Scotland reported upon before the Covid-19 pandemic in their Annual NHS Scotland report. The Board met only two out of eight of these targets and further details are in the [analysis of the clinical key performance statistics](#) in the Performance Report.

Table 4 also highlights our key performance indicator target for staff and our partnership’s local performance on managing our joint objective to provide quality, effective, and safe services, delivered in the most appropriate setting for the patient. Reducing delayed discharges is one performance measure that can be a key indicator for monitoring the interface between health and social care in ensuring right care in the right place at the right time.

The number delayed in both residents and beds occupied are higher in comparison to 2023–24 by 74.2% and 140.3% respectively. This higher than the optimum level.

- **Table 4 - Summary of Key Performance Statistics**

<a href="#">Compliance</a>	National Target	2022–23	2023–24	2024–25	Movement
✘	<a href="#">18 weeks</a> from GP referral to outpatient appointment and/or treatment (as 31/12/2024)	87.1%	81.2%	73.9%	↓
✘	<a href="#">A&amp;E</a> discharged within four hours	91.8%	86.6%	87.0%	↑

<u>Compliance</u>	<b>National Target</b>	<b>2022–23</b>	<b>2023–24</b>	<b>2024–25</b>	<b>Movement</b>
✗	The percentage of patients waiting less than <a href="#">six weeks</a> for one or more of the eight key diagnostic tests	91.0%	92.1%	85%	↓
✗	Mental Health: 18-week referral to treatment for <a href="#">Psychological Therapies</a>	62.1%	78.5%	63.7%	↓
✓	Mental Health: <a href="#">18-week referral</a> to treatment for specialist CAMHS	82.1%	100%	100%	↔
✓	<a href="#">31-day</a> standard from decision-to-treat to start of treatment for newly diagnosed primary cancers	100.0%	100.0%	100%	↔
✗	<a href="#">62-day</a> standard from receipt of referral to start of treatment for newly diagnosed primary cancers	68.10%	71.2%	65.7%	↓
✗	Drug and alcohol patients seen within three weeks	95.6%	100%	89.1%	↓
(1)	Delayed discharges - <a href="#">occupied bed days</a>	1,803	1,272	3,057	↑
(1)	<a href="#">Delayed discharges</a> - number of people waiting more than 14 days to be discharged from hospital into a more appropriate care setting, as measured on in-year " <a href="#">census dates</a> "	43	31	54	↑
	<a href="#">Staff sickness</a> absence rate	4.6%	4.7%	4.4%	↓

For all the clinical key performance indicators (KPIs) above, the compliance standard is 90%, except:

1. Those marked (1) Scottish Government have no specific compliance value set;
2. A&E and Cancer Access targets which are 95%; and
3. Staff-sickness absence rate is 4.0%.

Arrows indicate the direction the statistic is moving in. The key to colours is that green meets the standard, amber is within 10% of target, and all others are red for failing to meet the target by more than 10%.

## Section 5—Performance Analysis Report

### • Objectives of NHS Shetland

During 2024–25, NHS Shetland has continued to focus on our strategic intent to provide easy access to high quality, sustainable and person-centred care as close to home as possible and make a meaningful difference to the building blocks of good health in our communities. In doing so delivering the [Board 3 key objectives](#) prioritised in our ADP alongside overall NHS Scotland directions. These key objectives are to:

1. provide excellent services for people;
2. support the building blocks of healthy communities; and
3. create the conditions for a sustainable organisation.

### • The first objective -“provide excellent services for people”

To address the first objective, NHS Shetland has been implementing a ten-year Public Health [Strategy](#), which is intended to create a significant change in the health of the local population and tackle inequalities alongside our Clinical and Care [Strategy](#).

Some steps that have been taken as part of this strategy include:

- Using [feedback from patients and their families or carers](#) to learn from incidents and adverse events to inform service quality reviews;
- Working with NHS Grampian and the NHS Waiting Times Centre to improve pathways for patients referred to services off-island; and
- Using the [ADP](#) to identify priorities for improvements, such as:
  - Staff wellbeing;
  - Recruitment and retention of health and social care workforce;
  - Enhance planning and delivery of the approach to health inequalities;
  - Recovery and improving the delivery of planned care plans;
  - Urgent and unscheduled care;
  - Provision of services for older people;
  - Access to primary and community care to enable earlier intervention and more care to be delivered in the community;
  - Mental health support and services;
  - Supporting and improving Health and Social Care integration;
  - Cancer Action Plan;
  - Optimising the use of digital and data technologies in the design and delivery of health and care service for improved patient access; and
  - Climate emergency and environment.

### • The second and third objectives - “support the building blocks of healthy communities and create the conditions for a sustainable organisation”

NHS Shetland has been improving the efficiency of our services partly through redesigning them. This redesign includes activity, in line with our priorities, across three work streams:

- Whole Population
- Sustainable Services
- Organisational Issues

The NHS Shetland Clinical and Care Strategy aims to meet this priority through:

- Integration of services around the needs of local communities;
- Making sure the care provided in our NHS is the right care for an individual, that it works, and that it is sustainable; and
- Making best use of innovative technologies to improve access, promote person-centred care and reduce inefficiencies.

- **Investment in the Gilbert Bain Hospital**

The Gilbert Bain Hospital has been providing local access to Acute and Maternity Services in Shetland since it opened in 1961. As highlighted [above](#) structural surveys of the building have identified that, to remain operational for the next 10 to 15 years urgent and significant remedial repairs are required to start immediately. The first stage of this essential maintenance programme commenced in 2024–25 with some [minor](#) impact on services. Over the next two years, with completion in 2027, there will be more significant impact on services as extensive remedial work is required to be undertaken to preserve and maintain the hospital.

Investment in patient services aligned to improving easy access to the support they need by repatriating services from mainland Scotland and offering remote attendance options for out-patient clinics. The last three year remote out-patient attendances are summarised in Table 5 below and shows telephone as preferred remote access route.

- **Table 5 – Remote Out-patient Attendances at Gilbert Bain Hospital**

Method	2022–23	2023–24	2024–25	Overall Total
Near Me (Video Conference)	1,128	1,324	2,239	4,691
Telephone	7,918	6,770	8,059	22,747
Total	9,046	8,094	10,298	27,438

NHS Grampian is also promoting remote attendances as part of the service [strategy](#) and University of Aberdeen has completed an external [assessment](#) on its delivery.

In respect of service repatriation the opening of [Helyer](#) MRI suite was the principle new service change with 842 attendances. A walk through [video](#) was created to help support patients prepare for their visit, how to find the Helyer Suite and what to expect.

- **Collaboration with Shetland Islands’ Health and Social Care Partnership**

During 2024–25, NHS Shetland has continued to work closely with Shetland Islands’ Health and Social Care Partnership, which is commonly referred to in Shetland as the [Integration Joint Board](#) (IJB).

The IJB, Shetland Islands Council and NHS Shetland jointly agreed the [joint strategic plan](#) for 2025-2028 for working together to provide supportive and sustainable services.

SIC and NHS Shetland have delegated agreed services to the IJB. While carrying them out, the IJB is required to pay careful attention to:

- The [National Health and Wellbeing Outcomes](#);
- The integration delivery principles; and
- The needs of localities within Shetland.

Our joint vision ambitions and goals are:

- **Ambition one—fair and accessible support for our communities**
  - **Goals one to three**
    1. Reduce inequalities and stigma in health and care
    2. Provide fair and accessible care, support, and information
    3. Work in partnership with our communities to provide best outcomes
- **Ambition two—prevention, early intervention, and maximised wellbeing**
  - **Goals four to six**
    4. Provide support to ensure people can lead healthy, independent lives
    5. Provide support at an early stage to enable better outcomes
    6. Ensure people are supported to manage and improve their wellbeing
- **Ambition three—sustainable models of care**
  - **Goals seven to nine**
    7. Ensure people receive health and care in the setting and location that best suits their needs
    8. Support our staff to develop in a safe and engaging workplace
    9. Make good use of technology and innovations to support progress

You can find further information on health and social care integration ongoing initiatives and performance reports monitoring our shared delivery against our joint outcomes on the [Community Health and Social Care Partnership](#) section of the SIC website.

## **Analysis of Financial Performance**

- **RRL—2043-25 Performance Review**

The Board delivered a small surplus against its RRL for 2024–25, £0.016m. This compares to a break-even out-turn for 2023–24.

- **IJB delegated budget**

Out-turn on services delegated to the IJB exceeded the original delegated budget set by NHS Shetland. However, the Board gave £2.455m in additional funds to bridge the gap in 2024–25 non-recurrently. The comparable figure was £1.347m in 2023–24 non-recurrently, so it has increased by £1.108m, 82.3%.

The IJB also carried forward £0.101m of resources originally allocated to NHS Shetland by the Scottish Government in 2024–25 for services delegated to the IJB. These funds are in respect of Hospital at Home and Alcohol and Drug Prevention services.

- **Savings targets**

The Financial Plan for 2024–25 identified a recurring financial gap of £3.482 million, equivalent to 5.6% of the Board’s opening baseline resource allocation. However, only £0.593 million of recurring savings were achieved in-year, representing 17.4% of the gap. The full-year effect of these recurring savings was £0.644 million (18.5%).

As a result, a recurring financial gap of £2.838 million remains. However, due to the receipt of an additional £1.3 million in baseline funding in 2024–25, provided to address the historic shortfall in Distant Island Allowance, the carry-forward recurring gap has been reduced to £1.535 million.

The recurring savings performance improved slightly compared to 2023–24, when only £0.495 million was achieved. However, the Board continues to face a significant challenge in delivering sustainable, recurring efficiencies.

In addition to the recurring savings, the Board delivered £3.290 million in non-recurring savings during 2024–25. These one-off measures were critical in managing in-year financial pressures and offsetting the shortfall in recurring savings. Non-recurring savings also helped mitigate the impact of cost pressures, particularly those arising from the use of locum staff to cover vacancies in key clinical roles. While these savings improved the in-year financial position, they do not contribute to the long-term sustainability of the Board’s finances and highlight the ongoing need to increase the proportion of savings achieved on a recurring basis.

- **Table 6 - NHS Shetland Track Record in Delivery of Efficiency Savings**

Efficiency Savings	2020–21	2021–22	2022–23	2023–24	2024–25
	£m	£m	£m	£m	£m
Recurring Savings Achieved	0.873	0.687	1.185	0.495	0.593
Recurring Gap	2.012	2.417	3.072	2.580	3.482
Recurring Gap carried forward	(1.139)	(1.730)	(1.887)	(2.085)	(2.889)

- **Financial plan—2025–26**

The Board’s Financial Plan for 2025–26 was submitted to the Scottish Government in March 2025. The Scottish Government approved this plan on 31 March 2025.

The Board recognises its statutory financial obligation under section 85 of the National Health Services (Scotland) Act 1978 to achieve financial balance at the year-end. There is now though flexibility to achieve financial balance over a three-year period.

The draft financial plan requires £2.929m in recurring efficiency savings to be achieved in 2025–26 to address the projected recurring gap. In addition to that, non-recurring savings will need to generate to cover the additional excess cost of locum and agency staff. Detailed plans to deliver these and future savings through recurring and non-recurring actions is a continual cycle of development and review to deliver better

outcomes through leaner delivery of services in line with the principle set out in the [Board's Clinical and Care Strategy](#).

Management will ensure it takes significant and appropriate management action to achieve financial balance at 2025–26 year-end. Regular updates will be given to the Board on performance against the plan throughout 2025–26.

There is some degree of uncertainty in the Financial Plan for 2025–26. This is due to the overall position of public finances, economic conditions and how the Board manages our work force challenges highlighted in our [Strategic Risk Register](#).

The ongoing risk associated with the delivery of the Financial Plan has been logged within the Board's Strategic Risk Register as risk [SR21](#).

## CRL

The [Board's gross expenditure on capital assets](#) during 2024–25 was £4.852m. The key components of the capital programme are set out below in Table 7.

### • Table 7 - Summary Outline of 2024–25 Capital Programme

Project	Amount
	£m
Gilbert Bain Hospital, Medical Equipment	0.797
Non-Medical Equipment	0.118
MRI Scanner infrastructure	0.652
Property for staff accommodation	0.145
Donated Asset (MRI Scanner)	0.794
Right of Use (RoU) additions [1]	2.346
<b>Gross Additions Total</b>	<b>4.852</b>

[1] Under accounting standard IFRS 16, lease arrangements are now recorded on the balance sheet as 'Right-of-Use (RoU)' assets. This means that where assets are leased both the asset and the corresponding liability is recorded to reflect the obligation to make lease payments over time.

The £2.346m shown as capital expenditure in 2024/25 primarily reflects the new Managed Service contract for laboratory equipment, which is treated as a leased asset under IFRS 16. A small number of leased vehicles are also included.

## Statement of Financial Position

The Statement of Financial Position includes investments of £1.515m (2023–24: £1.507m) relating to Shetland Health Board Endowment Funds, and an interest of £0.444m (2023–24: £0.480m) in the Integration Joint Board (IJB). These amounts are reflected in the financial commentary below.

As at 31 March 2025, the Board's net assets stood at £23.839m, representing a reduction of £9.092m compared to the position at 31 March 2024 (£32.931m). The primary factor contributing to this decrease is a £4.258m impairment charge relating to the Gilbert Bain Hospital, following recent engineering report on its structural condition.

Consistent with previous years, the Statement of Financial Position at 31 March 2025 shows net current liabilities. The total net current liabilities stood at £6.977m, an increase of £3.101m from the previous year's figure of £3.876m.

Despite the level of net current liabilities and the financial challenges anticipated in the coming year, the Board's accounts continue to be prepared on a going concern basis. This reflects the ongoing provision of NHS services and is in line with the requirements of the Government Financial Reporting Manual (FRoM), which stipulates that the going concern basis should be applied unless there is an intention to cease service delivery. At the end of the financial year, the Board carried four provisions for future liabilities amounting to £2.235m (2023–24: £2.181m), as detailed in [Note 13](#) to the accounts.

## Payment Policy

The Scottish Government is committed to supporting business by paying bills more quickly, aiming to pay all undisputed invoices within ten working days, across all public bodies. The statistics below, which relate to all suppliers, are calculated using "invoice received" date, as opposed to invoice date.

- In 2024–25 the average credit taken was 16 days (compared with 22 days in 2023–24)
- In 2024–25 the Board paid 92.44% by value and 92.32% by volume within 30 days (compared with 87.93% by value and 88.73% by volume in 2023–24)
- In 2024–25 the Board paid 81.79% by value and 83.16% by volume within ten working days (compared with 77.36% by value and 79.21% by volume in 2023–24)

## Pension Liabilities

The accounting policy note regarding pension liabilities as well as disclosure of the costs are shown within the Staff Report, the Pension Report at [Note 18](#), and the Remuneration Report.

## Analysis of the Clinical Key Performance Statistics

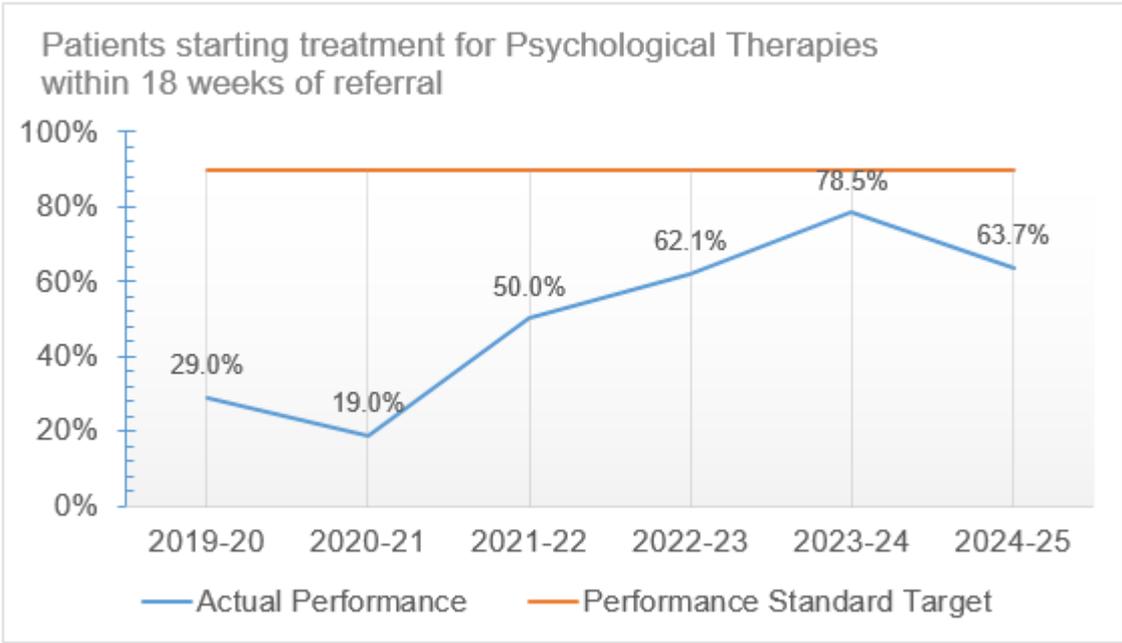
### Mental Health

NHS Shetland has continued to build on its previous investment in the local Mental Health Service, although progress remains challenging. There are still ongoing difficulties in recruiting to all the substantive clinical staff posts within the service.

As highlighted in Figure 4 below, local performance against the access to Psychological Therapies within 18-weeks of referral access target remains materially below the 90% performance standard. Sitting at 63.7% at the end of March 2025, the significant positive step to address access issues have stalled as prior out-turn position 78.5%.

In 2024–25, nine patients waited more than a year to access Psychological Therapies, with the longest wait at 126 weeks. These statistics both show an adverse movement to 2023–24, when two patients waited over a year, with the longest wait at 74 weeks.

Figure 4—Patients starting treatment with Psychological Therapies within 18-weeks of referral



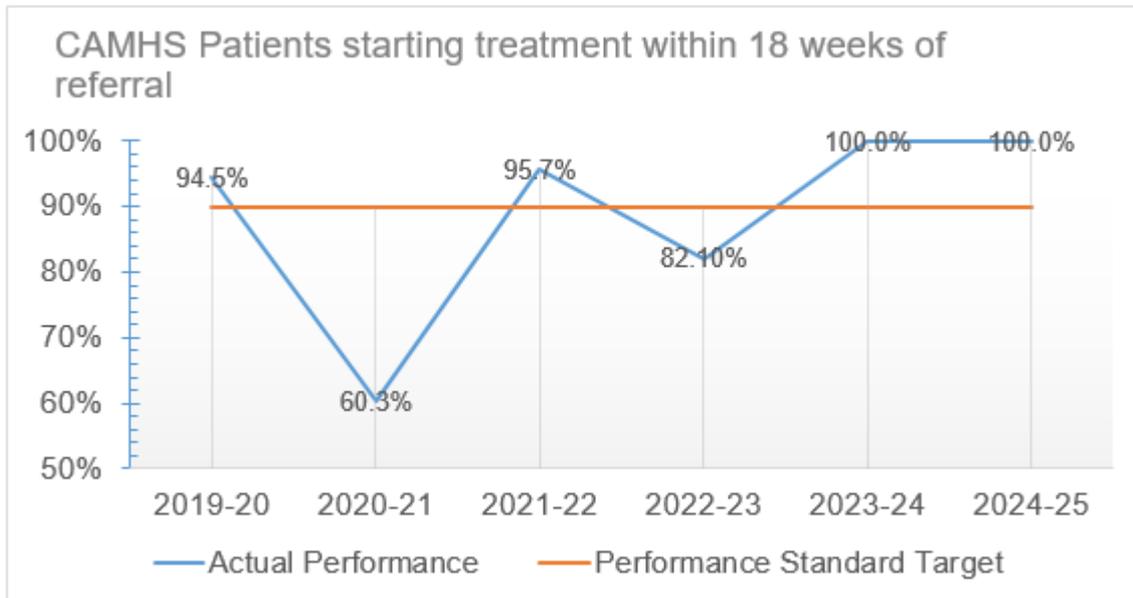
While the service has been impacted by Covid-19, Figure 4 shows the performance-trend over the last five years has been significantly below the 90% access target, and unfortunately this has been the case over the last ten years. As part of the recovery plan, the Psychological Therapies team the service is embedding new technologies for talking therapies and for specialist psychological therapies input are working with NHS Orkney to expand the service capacity with 504 additional appointments per year.

In 2024–25, NHS Shetland’s performance against the access target of 18-weeks referral to treatment for specialist CAMHS, as highlighted in Figure 5 met the standard, with a perfect 100% achievement rate across the year for this key performance indicator. Last year, 2023–24, also met a perfect 100% achievement rate across for this key performance indicator. This is the first time in back to back years all patients were treated within 18-weeks across the year.

The average waiting period in 2024–25 was 7.7 weeks, with the longest wait being 18 weeks. This comparable to then average waiting period in 2023–24 of 7.3 weeks, with a longest wait of 17 weeks. At the end of March 2025, the longest wait on the waiting list was 16 weeks. This is both below the national target and matched the comparable end of March 2024 figure where the longest wait was also 16 weeks.

Figure 5 below illustrates the access target was only met in four of the last six years. We recognise ongoing issues with the fragility of Mental Health services, and we are continuing to strive to address this. Additional Scottish Government investment has been received to deliver the Mental Health Strategy 2017-2027 although this funding was slightly reduced in 2024–25 compared to 2023–24.

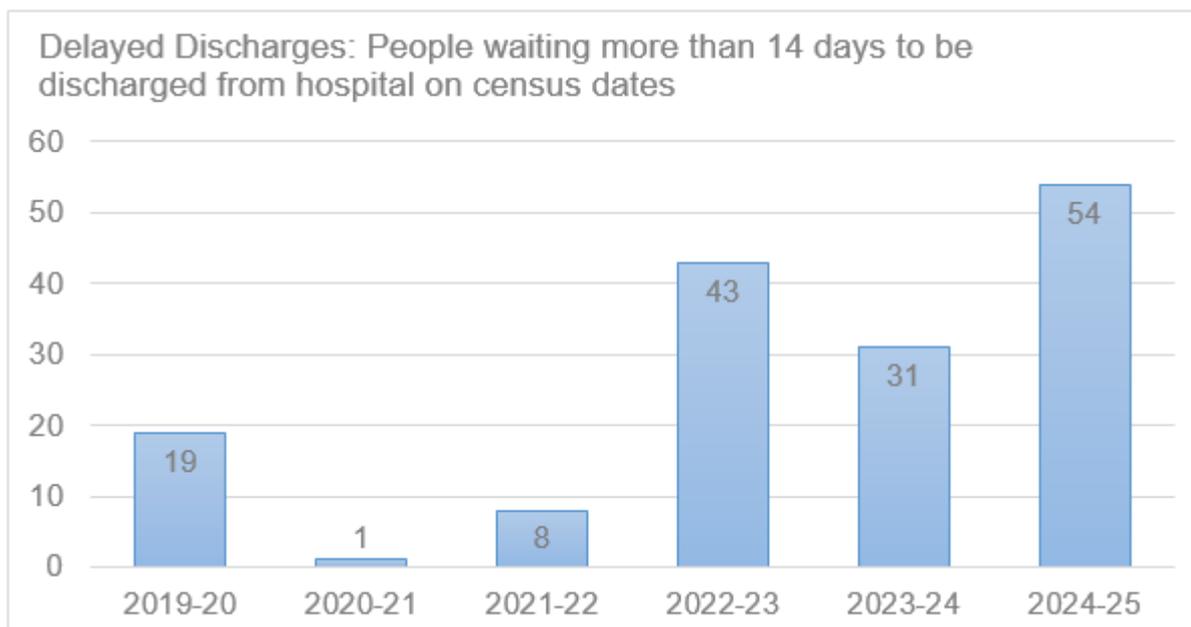
Figure 5—Patients starting treatment with CAMHS within 18-weeks of referral



### Delayed Discharges

The number of patients delayed in hospital continues to be a focus of attention in pathway redesigns for a seamless transfer back to the most appropriate setting in the community.

Figure 6—Delayed Discharges: People waiting more than 14 days to be discharged from hospital, on census dates



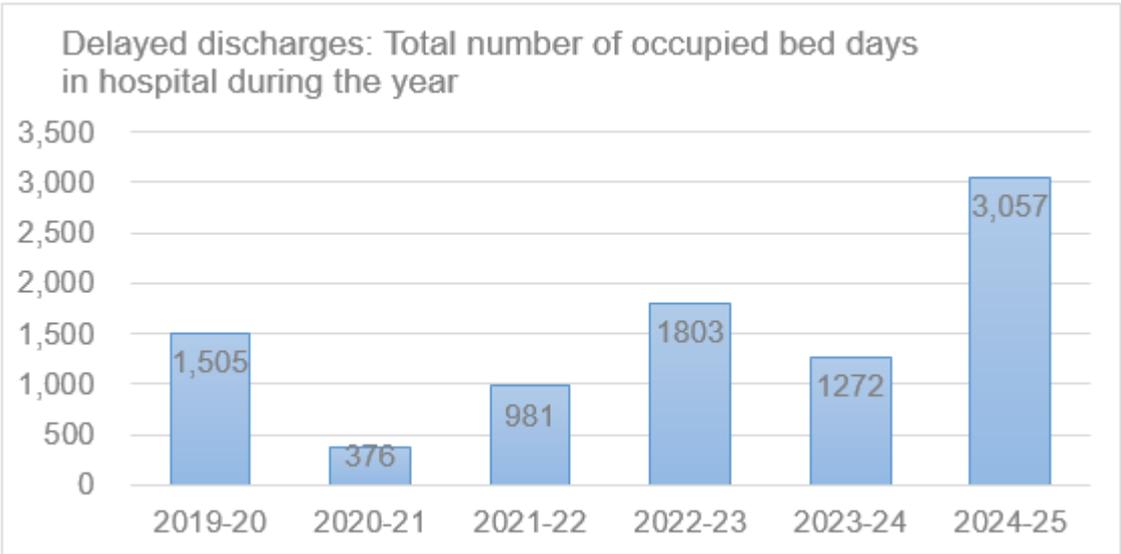
However, Figure 6 shows there had been a significant increase in delayed discharges during 2024–25 compared to the previous years, with the 54 cases in comparison to 2023–24 with 31 cases so an adverse movement with a 74.2% increase in cases.

In March 2025, there was 7 patients in hospital as a result of delayed discharge, which is an adverse movement on March 2024 when there was only one patient in hospital as a result of delayed discharge.

Our partnership work, with dedicated Social Work input to support the hospital working with the Intermediate Care Team in the community, is using integration funding to achieve our aim of seamless person-centred pathways to eliminate delays in care to assist in realising sustainable and person-centred care as close to home as possible. Similar to the increase in the number of patients subject to delayed discharge, number of occupied bed days increased by 140.3% in 2024–25 compared to in 2023–24, as shown in Figure 7 below. Based upon the total beds occupied in the year that on average during 2024–25; eight beds a day were occupied with a delayed discharge, compared to an average of three a day in 2023–24. The number of beds occupied due to delayed discharges is twice the value to pre-Covid-19 value for 2019–20 in Figure 7.

Sustainably reducing delayed discharges is not driven by a desire to reduce delay-figures through rapid discharge, which could result in inappropriate residential care placements. Rather our strategy-driver locally is to get people back to the most appropriate community setting in line with our shared joint ambitions with IJB.

Figure 7—Delayed discharges: Total number of occupied bed days in hospital during the year

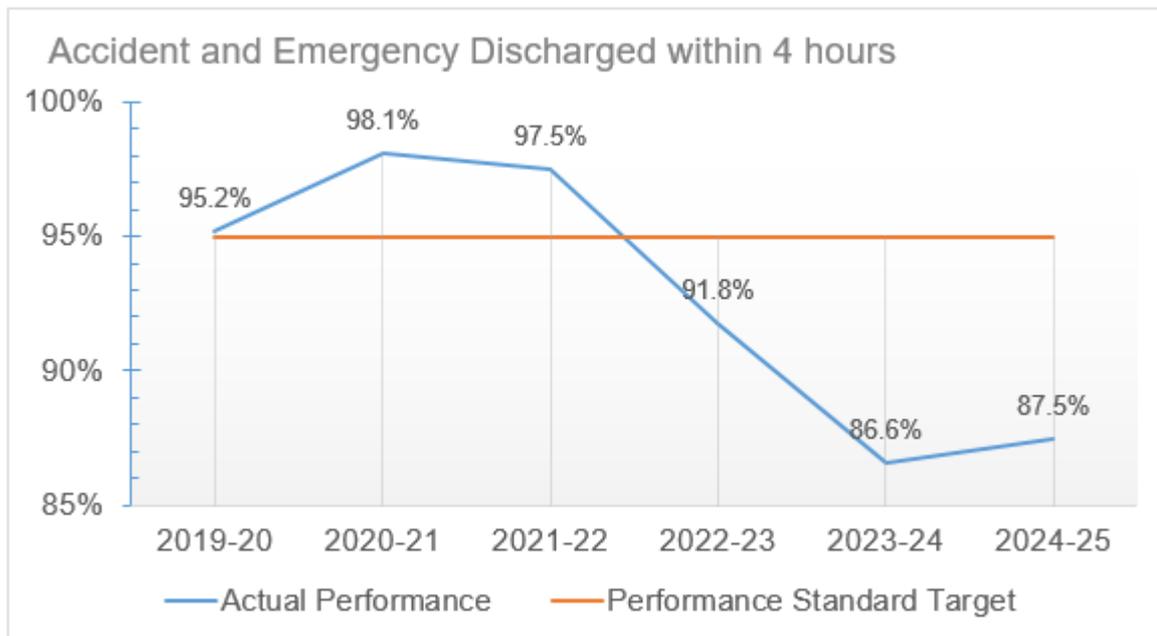


**Unscheduled Care**

For the first time since the statistic was introduced in 2022–23, NHS Shetland did not meet the target of discharging, or admitting to a ward, 95.0% of patients attending A&E within four hours. Unfortunately, in 2024–25 that position has still not reversed, as only 87.5% of attendances met the standard. The 95.0% target was not met in any month during 2024–25, and only three months reached 90.0% or better. This mirrors our performance these targets in 2023–24.

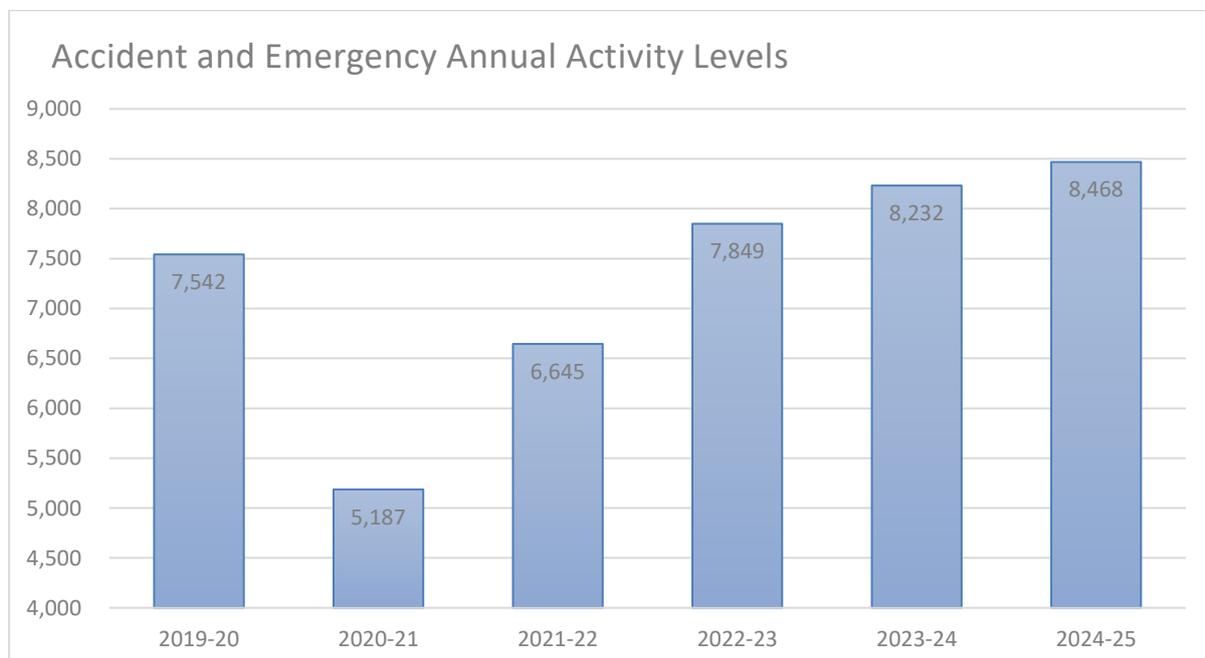
In both 2023–24 and 2024–25, NHS Western Isles was the only Health Board to meet the 95.0% target. The Scottish average achievement rate was 68.6% in 2024–25 and 69.5% in 2023–24.

Figure 8—A&E Discharged within 4 hours



One of the initial impacts of the Covid-19 pandemic was a reduction in A&E attendance, in line with the rest of Scotland and the United Kingdom. As highlighted in Figure 9 below though activity is now back to pre-pandemic levels. A&E attendance activity 2024–25 increased by 3.0% compared to 2023–24, and activity in 2024–25 is now 9.0% above 2018–19 levels, the last full year where activity was unaffected by Covid-19.

Figure 9—A&E Annual Activity Levels



Part of the overall activity at A&E comes from tourists, visiting commercial shipping vessels, and air ambulance transfers from North Sea platforms. This accounted for 938 attendances in 2024–25, 11.1% of overall activity. In comparison, in 2023–24 there were 921 such attendances, 11.2% of overall activity.

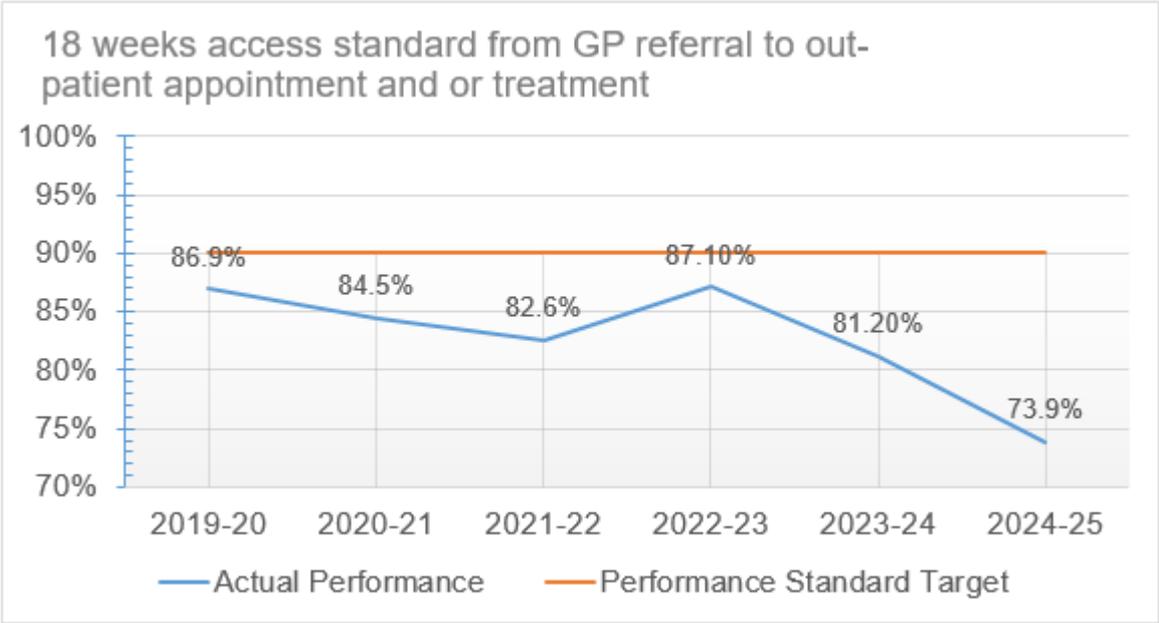
In respect of those that attended A&E in 2024–25, only 18.3% were admitted to hospital, compared to a Scottish average of 25.6%. In 2023–24, 19.8% of those who attended A&E were admitted to hospital, against a Scottish average of 24.6%.

- **Waiting Times Targets - Secondary Care**

Figure 10 below illustrates the Board has not achieved the 18-week access standard from GP referral to outpatient appointment and/or treatment in Shetland over the last six years, averaging around 82.1% against the 90% performance standard, based upon over that time 17,413 out of 21,215 patients since April 2019 to December 2024.

No Board in Scotland met this target in either 2023–24 or 2024–25 and averaged 67.6% in both years. In 2024–25 Shetland had the third best performance out of all 14 territorial boards at 73.9%. Shetland had the best performance out of all 14 territorial boards in 2023–24 at 82.3%.

Figure 10—18-week access standard from GP referral to outpatient appointment and / or treatment in Shetland

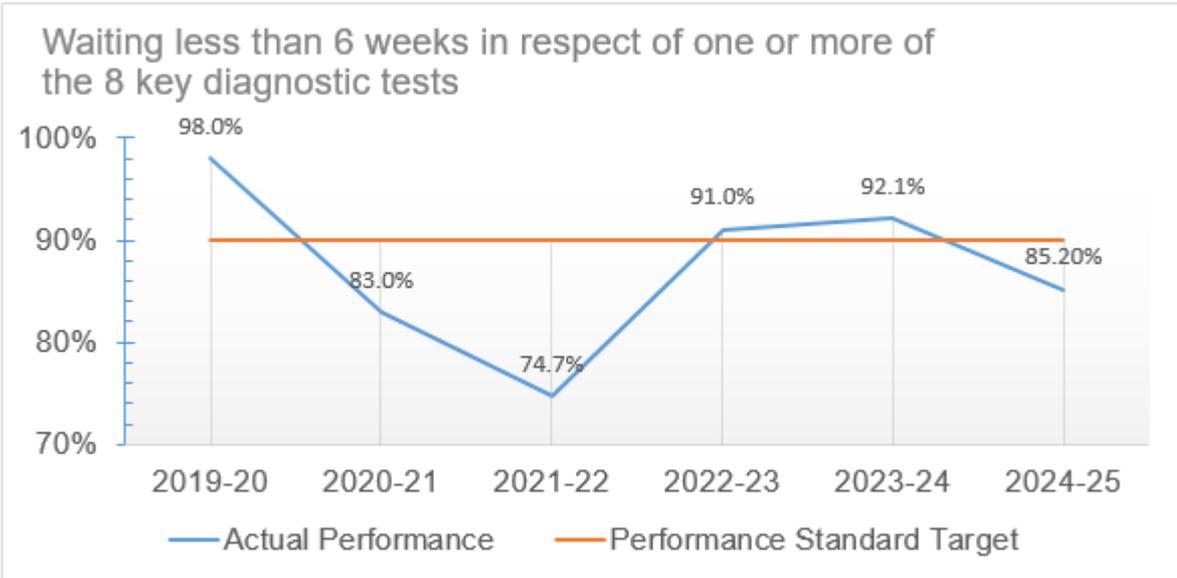


Performance in meeting the 95% target of a first outpatient appointment within 12 weeks has been the primary issue in not meeting the 18-week access standard.

As at March 2025, there were 639 referrals that had exceeded 12 week wait. This is an adverse movement from 2023–24 where 592 referrals had exceeded 12 week wait. There was also an adverse movement for those waiting more than 26 weeks as whilst there were 267 referrals in 2023–24 this had increased to 341 at the end of 2024–25.

As highlighted in Figure 11, the Board did not maintain compliance in 2024–25 with the standard for patients to wait less than six weeks for one or more of the eight key diagnostic tests, at 85.2%. Non-obstetric ultrasound primary cause for not meeting the target.

Figure 11—Waiting less than 6 weeks in respect of one or more of the 8 key diagnostic tests

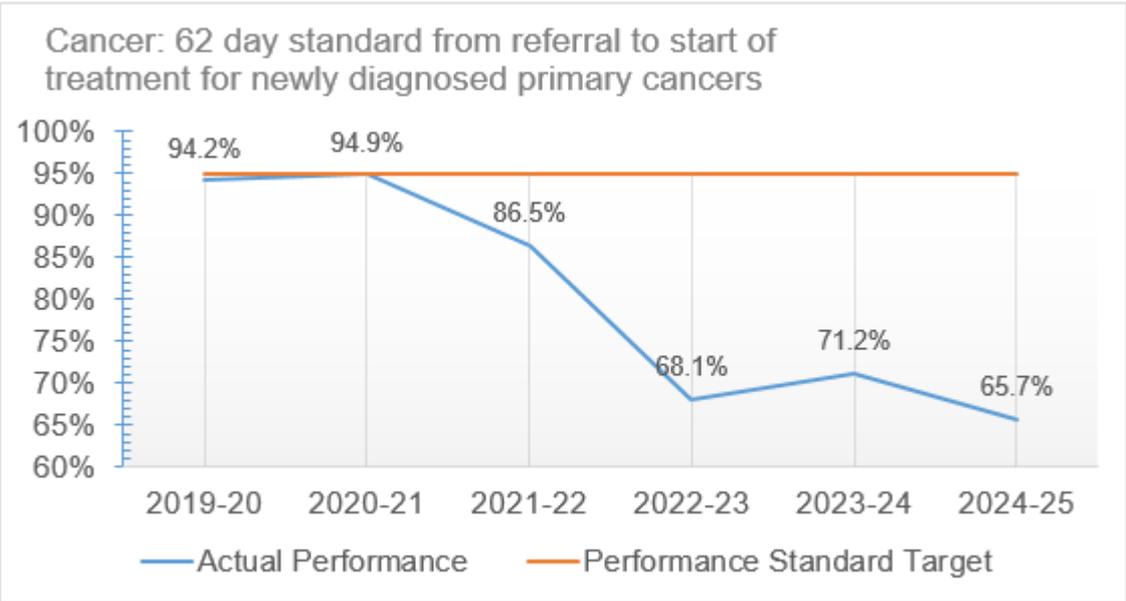


At 31 March 2025, the number of patients waiting longer than six weeks stood at 58, an increase on 34 at March 2024. This is whilst total number of diagnostic tests undertaken decreased by 1.9%, from 5,278 in 2023–24 to 5,178 in 2024–25.

The cancer targets require 95% of patients to start cancer treatment within 62-days of referral with suspected cancer, and for patients diagnosed with cancer to receive their first treatment within 31-days of the “decision to treat”.

Figure 12 below shows the Board’s joint cancer pathways with NHS Grampian did not maintain 100% compliance with the 62-day treatment target in any year over the last six years. In 2024–25, performance was still significantly below the target as 23 patients’ treatment-time wait exceeded the 62-days target. This is an adverse movement in comparison to 2023–24, when 15 patients’ treatment-time wait exceeded the target.

Figure 12—Cancer: 62-day standard from referral to start of treatment for newly diagnosed primary cancers

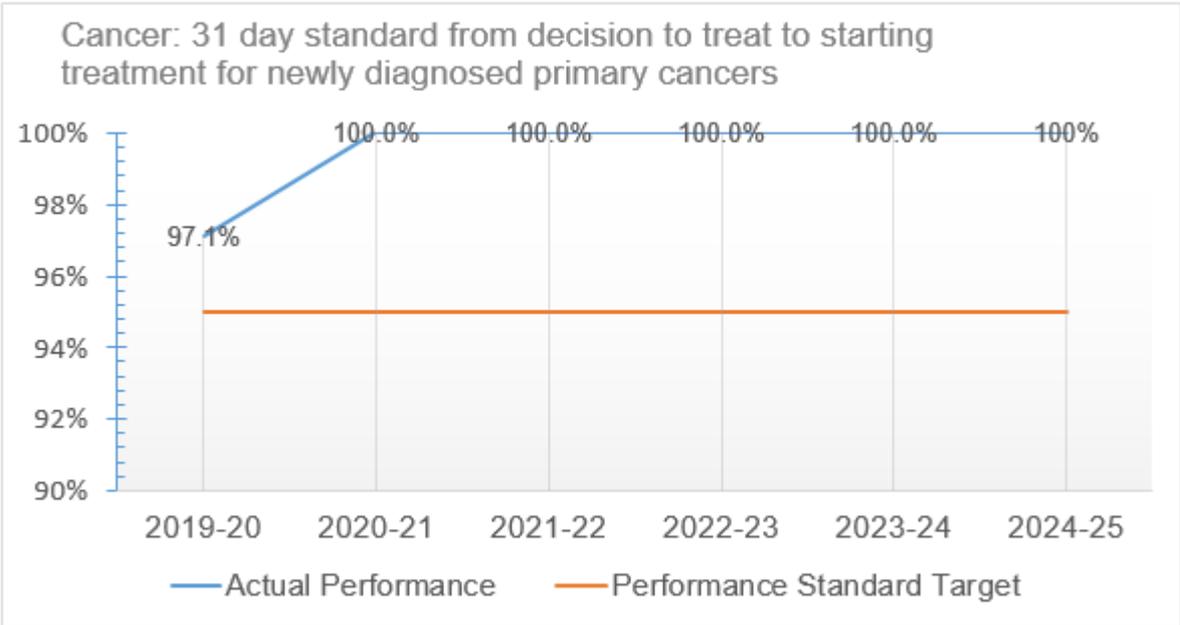


A principal factor behind the non-compliance was access to diagnostic services provided by NHS Grampian, which work to improve patient flow in this pathway for all the Health Boards they manage is continuing.

However, regarding the 31-day cancer treatment target, figure 13 below shows NHS Shetland’s joint pathway with NHS Grampian has consistently maintained full compliance over the last six years.

The 31-day performance standard over the last five years has seen every patient’s treatment plans meet the standard with 100% achievement rate.

Figure 13—Cancer: 31-day standard from decision to treat to starting treatment for newly diagnosed primary cancers



NHS Shetland is actively participating in the Detecting Cancer Early Programme. The Board continues to actively manage its general waiting times and cancer targets, and is working closely with NHS Grampian to reduce delays and improve access.

While overall the Board continues to have some of the best access-target performance across Scotland, we recognise we will continue to experience risks in sustaining performance, particularly where individual visiting services have staffing issues.

Work continues to make all pathways sustainable, as well as to address the additional requirement to work through the backlog.

The Board’s access performance is publicly available throughout the year.

The most up-to-date selected statistics and summary information can be found on the [Public Health Scotland website](#) that publishes all national performance measures in detail. Public Health Scotland also publishes over 100 [open data sets](#) which give access to statistics and reference data for information and re-use, under Open Government Licence arrangements.

## **Analysis of other important Non-Financial Indicators**

### **Primary Care**

The Scottish Government Health and Care Experience survey takes place every two years. The survey asks about people's experiences of accessing and using General Practice care. The latest survey took place in November 2023, and the results are available on the [Public Health Scotland website](#) so there was no survey in 2024–25.

NHS Shetland is directly responsible for operating nine out of ten local practices. There are currently a number of vacancies in these practices, resulting in the use of temporary staff. Our recruitment [challenges](#) to fill GP posts is likely to continue as there are no quick fixes.

Primary Care Improvement funding from the Scottish Government initiative is supporting the redesign of local services to improve access and quality of service provision across the isles. In line with the new GP contract, the purpose of this initiative is to create a focus on sustainable multi-disciplinary team working.

### **Public Health including Health Improvement and Tackling Health Inequalities**

Teams within the Public Health directorate continue to co-ordinate and deliver health protection, population health, and health improvement functions. These include preventing and controlling communicable diseases, vaccination programmes, population screening, behaviour change and preventative services, strategic planning, business continuity planning and resilience work, and collaborative working with community planning partnership and other partners.

Information on the work of the Public Health Directorate; population health and preventative activity is available through the DPH's [Annual Report](#). The 2024–25 report will be published later in the year.

Director of Public Health leads on Realistic Medicine and the Anchors Organisation Strategic Plan. In February 2025, organised a local well-attended Realistic Medicine Symposium which included presentations, posters and workshops on greener healthcare, shared decision making, value based health and care and reports on other local projects previously carried out to share local good practice.

In respect of inequalities, the Board discussed and approved the Shetland Public Protection Committee Annual Report 2023–24, the Shetland Integrated Children's Services Plan Annual Report 2023–24 and Shetland's sixth Annual Child Poverty Action Report.

Health inequalities worsened considerably during the pandemic and continue to do so, as highlighted in the Population Health Survey. Money Worries sessions were delivered locally in partnership with Citizens Advice Bureau. Work continues with our partners on reducing inequalities and inequity in the population.

- **Vaccination and Immunisation**

Vaccination is one of the most effective public health interventions to prevent ill health and premature mortality. The Public Health and Vaccination Teams are responsible for the co-ordination of multiple population vaccination programmes. The following

programmes were delivered during 2024–25: Autumn/Winter [flu and Covid-19](#), [pneumococcal](#), shingles, baby and pre-school immunisations, human papilloma virus (HPV) teenage boosters and meningitis vaccinations in schools, bacille Calmette-Guerin (BCG) for high risk individuals, pertussis for pregnant women, HPV, mpox, and hepatitis vaccination in the sexual health clinic and occupational vaccinations.

Uptake rates for all programmes will be published in the Vaccination and Immunisation annual [report](#). Some key figures are:

- Flu vaccination uptake for adults was 58.2% (53.2% for Scotland).
- Flu vaccination uptake or children was 71.9% (59.2%); and
- Covid-19 vaccination during the Autumn/Winter programme was 53.9% (47.4% for Scotland) among all eligible groups.

A new Respiratory Syncytial Virus ([RSV](#)) vaccination programme began in autumn 2024, for people aged 75 and older and also pregnant women. The uptake rate in Shetland at 77.2% is above the Scottish average at 67.7%.

### • Health Improvement Programmes

During 2024–25, the Health Improvement team continued its work throughout Shetland to improve the health and wellbeing of individuals or communities. The overall theme is to enable and encourage healthy choices. The focus of the teams work is to address underlying determinants of health such as poverty, housing, working conditions, educational opportunities, and life and work skills. Behaviour change and preventative work has continued through delivery of a number of programmes and full details of these schemes is on our [website](#).

### Infection Control

Healthcare Associated Infection (HAI) reports are presented at each [Board meeting](#).

Work to prevent HAI, including Staphylococcus aureus bacteraemia, Clostridium difficile (C.diff), and E Coli Bacteraemias continues, with local surveillance and monitoring of every individual case both in hospital and in the community. Regular reports to the Board also include audit-compliance performance data, highlighting trends in hand hygiene, cleaning, and estates monitoring.

Overall, the data demonstrates a high standard of infection prevention and control in NHS Shetland, with a strong audit programme demonstrating compliance to national standards. The positive [Healthcare Environment Inspectorate inspection reports](#) across the years reflect this diligence, although in 2023–24 and 2024–25, no external audit was undertaken by Healthcare Improvement Scotland ([HIS](#)) of Board delivered services they did undertake in May 2024 a review of Family Dental [Clinic](#) in North Road, Lerwick.

### Sustainability and Environmental Reporting

#### 1. Introduction and National Context

Scotland's legislative framework for climate action is led by the Climate Change (Scotland) Act 2009, amended by the Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which commits to net-zero emissions by 2045, five years ahead of

the UK target. NHS Shetland, as a designated Major Player, is required to report annually to the Sustainable Scotland Network (SSN) on its progress.

**2. Governance**

NHS Shetland has established a robust governance structure to oversee climate-related responsibilities:

- Board-level oversight: The Board Chair, Gary Robinson, is the nominated Green Champion.
- Dedicated groups: Environmental and Sustainability Group, Waste Group, Transport Group, and Energy Group, each with identified leads.
- Reporting lines: These groups report to the Board through the Finance and Performance Committee
- Monitoring: Progress is tracked via the Sustainability and Environmental Management Policy and reported through SSN returns and internal reviews.

**3. Strategy and Route Map**

NHS Shetland’s Net Zero Route Map outlines:

- Baseline emissions: 2,225 tCO<sub>2</sub>e (2021/22).
- Key emission sources: 48% from patient transport; 30% from Gilbert Bain Hospital.

Strategic actions:

- Replacement of Gilbert Bain Hospital (pending capital funding).
- Collaboration with ZetTrans on a local sustainable transport strategy.
- Use of Shetland Heat Energy and Power (SHEP) district heating.
- Fleet transition to electric vehicles and active travel promotion.

**4. Risk Management**

NHS Shetland uses the NHS Scotland Climate Change Adaptation Assessment Tool to:

- Identify climate-related risks (e.g., infrastructure vulnerability, supply chain disruption).
- Submit a Climate Change Risk Assessment to the Scottish Government.
- Develop an Adaptation Action Plan (in progress).

**5. Metrics and Targets**

<b>Category</b>	<b>Baseline (tCO<sub>2</sub>e) (2021/22)</b>	<b>Latest (2023/24)</b>	<b>Target</b>
Total Emissions	2,225	3,749	Net-zero by 2045
Fleet Emissions	100% Petrol / Diesel	91% EV fleet	100% EV by Dec 2025

Progress highlights:

- 91% of fleet vehicles are zero-emission, covering 82.2% of total miles.
- Reduced patient travel emissions through:
  - Repatriation schemes.
  - Telehealth and GP portals.

- Modernised Loganair aircraft (27% less CO<sub>2</sub>).

## 6. Risks and Opportunities

### Risks:

- Delays in capital funding for hospital replacement.
- Climate impacts on remote infrastructure and transport reliability.
- Energy cost volatility.

### Opportunities:

- Digital health reducing travel emissions.
- Community engagement in sustainable transport.
- Salary sacrifice schemes for green vehicles and home energy upgrades.

NHS Shetland continues to assess and refine its understanding of climate-related risks and opportunities, with further integration into strategic planning underway.

## **Highlights of some other significant events and achievements at NHS Shetland during 2024–25**

- **Phio New Musculoskeletal Physiotherapy App**

NHS Shetland and Shetland Health and Social Care Partnership has partnered with EQL to launch [Phio](#), a free digital assessment support tool for musculoskeletal concerns. Phio will make it easier and quicker for people in Shetland to get help for muscle, joint, or back problems. The Phio app has been built by expert physiotherapists offers a range of features, including a self-management programme, exercise routines and ongoing remote monitoring from qualified physiotherapists.

- **UNICEF UK Baby Friendly Initiative Reaccreditation**

NHS Shetland was delighted to have received UNICEF UK Baby Friendly Initiative Reaccreditation at the end of last of 2024, for the hospital and health visiting services. UNICEF UK Baby Friendly Initiative accreditation is considered a nationally recognised mark of quality care for parents and babies. Services who have this accreditation must complete annual audits of parents who use the service and of staff who care for babies and their parents to ensure standards are being maintained. These standards are designed to provide parents with the best possible care to build close and loving relationships with their baby and to support them with their feeding journey to ensure optimum health and development.

- **NES Orthodontic Therapy Training Programme**

NHS Shetland Public Dental Service announced that dental nurses Miriam Moar and Ingrid Couper, were accepted on the NES Orthodontic Therapy Training Programme 2024/25. This innovative 'on-Island' model to allow this training has been agreed with NHS Education for Scotland (NES) and will take place over two years (rather than one) to ensure that both nurses get the required clinical supervision hours. Ingrid and Miriam went through a rigorous application and interview process before being formally offered a place on the course in April. The training programme began in May and started with

an intensive month in Edinburgh. Successful candidates for NES Orthodontic Therapy Training Programme – NHS Shetland.

- **Public Engagement at Agricultural Shows**

Figure 14—Walls Agricultural Show Public Engagement



Colleagues from NHS Shetland and Scottish Ambulance Service attended the Cunningsburgh, Walls, and Unst Agricultural Shows last summer. Conversations in and around the show shed were had with people discussing what matters to them, their health service, access to specialists, and the scheduling and transportation to appointments. There were many happy faces and positive stories of individuals receiving fantastic care and support from health care professionals.

- **Staff Wellbeing Polycrubs Open**

Figure 15—Walls Health Centre Polycrub



Two new polycrubs were officially opened in July in partnership with Food for the Way at Montfield. The smaller Polycrub is used solely by NHS Shetland staff during lunch breaks and after hours. The project was made possible following a successful bid to the Shetland Health Board Endowment Funds in 2023, and it is already providing a space for staff to unwind and boost wellbeing. The larger Polycrub has been funded by the

Corra Foundation Local Support Fund for use by Food for the Way, a local mission outreach by the Methodist Church. Food for the Way hopes to provide social contact and therapeutic activities for individuals and their families affected by alcohol and drug use. As part of the project, two extra parking spaces have also been created, one of which will be accessible. While the area surrounding the Polycrubs will be further developed to encourage biodiversity with a range of trees, shrubs and wildflowers. An additional polycrub has also recently been built at Walls Health Centre and is already being enjoyed funded and was funded by Shetland Health Board Endowment Funds.

### **Events after the end of the reporting year**

None.

### **Section 6—Approval and signing of the Performance Report**

*Brian Chittick*

Signed by Brian Chittick, Chief Executive as Accountable Officer

26 June 2025

# The Accountability Report

## Corporate Governance Report

### Directors' Report

- **Date of Issue**

The Accountable Officer authorised these audited accounts for issue on 26 June 2025 as that was the date the accounts were approved by the Board.

- **Appointment of auditor**

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who will audit each Scottish health body. For the financial years 2022–23 to 2027-28, the Auditor General appointed Audit Scotland to audit NHS Shetland.

- **Board membership**

<b>Board membership</b>	
<b>Executive Board Members</b>	<b>Position Held</b>
Brian Chittick	Chief Executive
Kirsty Brightwell	Medical Director
Kathleen Carolan	Director of Nursing and Acute Services
Colin Marsland	Director of Finance
Lorraine Hall	Director of Human Resources and Support Services
Susan Laidlaw	Director of Public Health
<b>Non-Executive Board Members</b>	<b>Position Held</b>
Gary Robinson	Chair
Natasha Cornick	Vice Chair
Lincoln Carroll	
Colin Campbell	
Joseph Higgins	Whistleblowing Champion
Kathy Hubbard	
Gaynor Jones	
<b>Stakeholder Non-Executive Board Members</b>	<b>Position Held</b>
Amanda McDermott, until 13 May 2024.	Chair, Area Clinical Forum

<b>Board membership</b>	
<b>Stakeholder Non-Executive Board Members</b>	<b>Position Held</b>
Bruce McCulloch	Employee Director
Emma Macdonald	Local Authority Representative

Under the terms of the Scottish Health Plan, the Health Board is a board of governance, and its membership will be conditioned by the functions of the Board.

Members of Health Boards are selected on the basis of their position or the particular expertise that enables them to contribute to the functions and decision-making process at a strategic level and reflects the partnership approach that is essential to improving health and healthcare.

The Health Board has collective responsibility for the performance of the local NHS system as a whole and the partnership approach, which is essential to improving health and health care.

The Board Members' responsibilities in relation to the accounts are set out in a statement following this report. The terms "Board Members" and "Directors" are interchangeable in this report.

The names and positions of the Board Members are set out above.

- **Board Members' and senior managers' interests**

Details of any interests of Board members, senior managers and other senior staff in contracts or potential contractors with the Health Board as required by IAS 24 (International Accounting Standards 24) are disclosed in [Note 20](#). A register of interests, which includes details of company directorships or other significant interests held by Board members that may conflict with their management responsibilities, is available for inspection at the Board's Headquarters, Montfield, Burgh Road, Lerwick, ZE1 0LA or [on the Board's website](#).

All Directors appointed by the Cabinet Secretary (shown in the [Remuneration Report](#)) are also Trustees of the Shetland Health Board Endowment Funds, the accounts of which are consolidated into these accounts.

### **Directors' third party indemnity provisions**

The Board has not provided a qualifying third-party indemnity provision for any of its Directors at any time during the financial year 2024–25 (nor were any provided in 2023–24).

- **Remuneration for non-audit work**

Audit Scotland did not undertake any non-audit work for the Board in 2024–25 (nor in 2023–24).

- **Value of Land**

The value of land owned by the Board is included at current market value, with details provided in [Note 7a](#).

- **Public Services Reform (Scotland) Act 2010**

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed duties on the Scottish Government, as well as 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. NHS Shetland has met the requirements of the Public Services Reform (Scotland) Act 2010. You can find the [relevant documentation](#) on NHS Shetland's external website.

- **Personal data related incidents reported to the Information Commissioner**

During 2024–25 there were no cases reported to the Information Commissioner's Office (ICO). In comparison, there were five cases reported to the ICO during 2023–24.

The Board continued its education programme to increase organisational awareness of, and response to, the requirements of the Data Protection Act 2018. The ICO concluded no further action was necessary in all cases in 2023–24. They made recommendations for improvements to procedures and, in cases involving human error, highlighted the importance of ensuring staff training was effective and up-to-date.

- **Disclosure of Information to Auditor**

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

- **Financial instruments**

Information regarding the Financial Risk Management Objectives and policies of the Board and the exposure of the Board to price risk, credit risk, liquidity risk and cash flow risk is disclosed in [Note 19](#).

## **The Statement of Accountable Officer's Responsibilities**

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

This designation carries with it responsibility for:

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

In preparing the Annual Report and Accounts, I am required to comply with the requirements of the Government's Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed and disclosed and explain any material departures;
- prepare the accounts on a going concern basis;

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

I am responsible for ensuring proper records are maintained and that the accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter of July 2023.

## **The Statement of Board Members' Responsibilities**

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare accounts in accordance with the directions of Scottish Ministers which require that those accounts give a true and fair view of the state of affairs of the Health Board as at 31 March 2025 and of its operating costs for the year then ended. In preparing these accounts the Directors are required to:

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

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

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

## **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 NHS Shetland's policies and promotes achievement of NHS Shetland's aims and objectives, including those set by Scottish Ministers. I am also responsible for safeguarding the public funds and assets assigned to NHS Shetland.

My accountability arrangement, with respect to the SGHSCD, is as set out in the extant guidance and includes full responsibility for all governance arrangements as well as the performance of the Board. This performance is formally reviewed by the Scottish Government on a yearly basis via the [Annual Review](#) process. In addition, a number of other external scrutiny arrangements are in place including ongoing scrutiny of a range of quality and service issues by [HIS](#) and other bodies. During 2024–25, however, there were no formal external reviews other than the annual [Network and Information Systems Regulations 2018](#) audit.

### **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 to the achievement of NHS Shetland's policies, aims, and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. The System of Internal Control is designed to manage rather than eliminate the risk of failure to achieve NHS Shetland's policies, aims and objectives. As such, it can only provide reasonable and not absolute assurance.

The process within NHS Shetland accords with guidance from the Scottish Ministers in the Scottish Public Finance Manual (SPFM) and supplementary NHS guidance and has been in place for the year and up to the date of approval of the Annual Report and Accounts.

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

### **Strategic Framework**

NHS Shetland Board approved our [Vision](#) when agreeing our [Strategic Delivery Plan 2024-29](#) and the Shetland Islands Health and Social Care Partnership: [Joint Strategic Commissioning Plan 2025-28](#) (JSCP). The vision sets out our aim is that everyone in Shetland can live well for longer, and easily access the support they need from us.

The Board's three corporate objectives are we:

1. provide excellent services for people;
2. support the building blocks of healthy communities; and

### 3. create the conditions for a sustainable organisation.

The delivery of these objectives is normally set out in three key planning documents.

One: NHS Shetland's [ADP](#) sets out intended actions and the risks associated with delivering key national targets. It is signed off by the Scottish Government.

Two: The Board agreed in partnership with SIC and IJB agreement on the local [JSCP](#) that covered 2024–25 back in April 2022. This key strategic document of the IJB and acts as the strategic planning document for all health services including those directly managed and commissioned by the Health Board. The Board, SIC and IJB are jointly working to a shared vision and objectives for Health and Social care services and in-line with our joint plans [updated](#) this during March and April 2025 with the [plan](#) for 2025-28.

Three: Discussion began at the December Board meeting on [NHS Shetland Strategic delivery plan for 2024-29](#), which aligns with national strategic direction and outlines the proposal for achieving the Organisation's vision and strategic intent. The Strategic Delivery Plan builds on existing work and documents, including the [Clinical and Care Strategy](#), the [JSCP](#), the [Shetland Partnership Plan](#), and the [Shetland Children's Plan](#).

In recent years, planning has been focussed on the shorter term, and aligning to Scottish Government requirements, particularly while navigating the Covid-19 pandemic and recovery period, shaped by the [NHS Scotland Recovery Plan 2021-26](#).

The [ADP](#) represents a step change, moving towards longer term, Shetland-focussed planning.

Finally, NHS Shetland, together with its partners in the Shetland Partnership, works to deliver Shetland's Local Outcome Improvement Plan. This describes the key actions that we deliver in partnership to improve the overall delivery of services and quality of life and outcomes in Shetland as set out in the Community Plan. The Board approved the [Local Outcomes Improvement Plan 2018-2028](#) in June 2018.

Progress against each of these plans is monitored by the Board on an ongoing and regular basis through our performance monitoring framework.

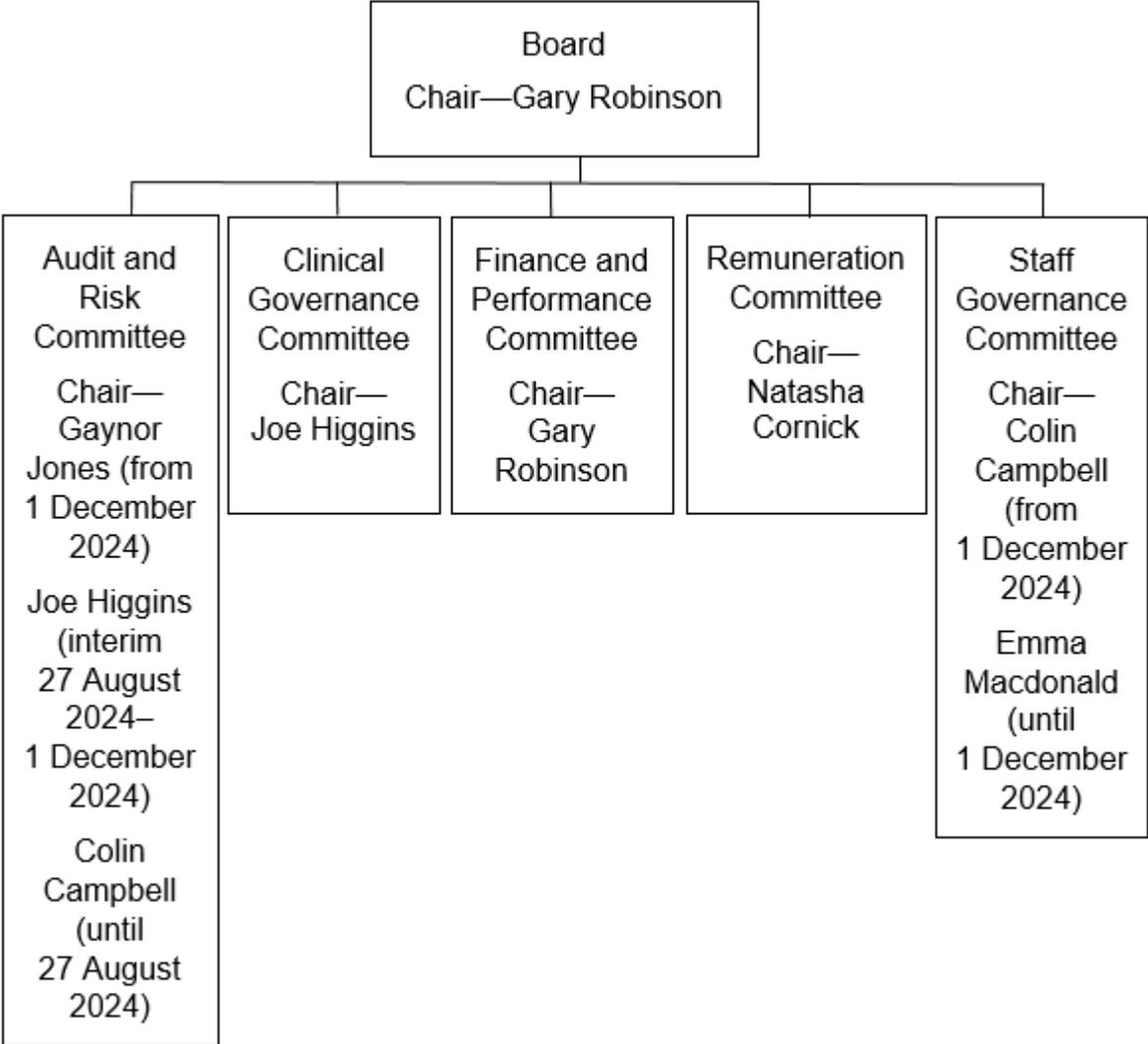
### **Governance Framework**

Under the terms of the Scottish Health Plan, 2000, an NHS Board is a Board of Governance. Its purpose is to ensure the efficient, effective, and accountable governance for the local NHS system and to provide strategic leadership and direction for the system as a whole, focusing on agreed outcomes.

The Board's governance framework includes the committees outlined on pages 41-47 of the Accountability Report, plus the Risk Management Group (RMG). The Board outlines the remit, role and responsibilities of these committees in the [Corporate Governance Handbook](#). The Board's high-level governance structure is outlined in figure 16 below. An [organisational governance chart](#) showing groups that provide assurance to these committees is available on the Board's website, along with the [management reporting structures](#).

The Board [met](#) six times in public during 2024–25 (2023–24, [five times](#)) and all the [reports and minutes](#) considered by the Board are publicly available on the Board's website.

Figure 16—Diagram of High Level Board Governance



At each normal public Board meeting the Board fulfils its performance management role by receiving and scrutinising reports on the Quality Strategy (including patient experience feedback), Service Performance (including national and local targets), and Financial Performance. The Chairs of the Board’s Governance Committees present the Board with minutes from their Committee meetings and provide verbal escalation reports to make the Board aware of any control issues that merit its attention.

Three revisions to the Corporate Governance Handbook were agreed during 2024–25 as the governance committees reviewed their respective terms of reference.

**Corporate Governance**

In line with Scottish Government policy, the Board had the following standing committees in 2024–25:

- Clinical Governance Committee (CGC);
- Audit and Risk Committee;
- Endowment Committee;
- Finance and Performance Committee (FPC);

- Staff Governance Committee;
- Remuneration Committee;
- General Medical Practitioners Committee; and
- Reference Committee (for Primary Care contractors).

The Board's Corporate Governance handbook also refers to the relationship with the IJB that came into its full duties on 20 November 2015.

2024–25 saw the loss of one Non-Executive Directors who has yet to be replaced, as outlined in the [Board membership table](#) above. Information on further review and updating of some [committee memberships](#) is available on the Board's website.

The functions of the Board's committees are detailed below.

- **Clinical Governance Committee**

The Clinical Governance Committee (CGC) has two key roles:

- applying the principles and standards of clinical governance to the health improvement and health protection activities of the Board; and
- ensuring appropriate mechanisms are in place for the effective engagement of representatives of patients and clinical staff.

The membership of the committee includes six non-executive Board Members and was chaired in 2024–25 by Joe Higgins. The Committee met four times during 2024–25.

- **Audit and Risk Committee**

The Audit and Risk Committee [now](#) comprises four non-executive Board Members and was chaired in 2024–25 first by Colin Campbell and then on an interim basis by Joe Higgins before Gaynor Jones appointed permanent chair. The committee's primary function is to provide the Board with assurance that adequate control systems are in place to manage governance effectively. The committee met four times during 2024–25 to consider all aspects of control. It met five times in 2023–24.

As part of the committee's approach to continuous development and improvement, the business plan includes three development training sessions to inform members' understanding of nominated topics, and address identified gaps in training. In 2024–25 these training sessions were organised in conjunction with the Audit Committees of NHS Western Isles, NHS Highland, and NHS Orkney (NHSO).

The committee receives and discusses reports from internal and external audit bodies and scrutinises the Annual Report and Annual Accounts in detail on behalf of the Board. The committee received four Internal Audit reports in 2024–25. These being Freedom of Information, Financial Savings Review, Supplementary Staffing and Risk Management. In these reports 21 management actions recommended to address issues highlighted. Nine of these actions are graded as high risk, and twelve are graded as moderate risk.

The nine high risk recommendations are detailed below. All have management action plans in place and are progressing in the agreed timeframes.

<b>Review</b>	<b>No. of High Risk Recommendations</b>
Freedom of Information	1
Financial Savings Review	2
Supplementary Staffing	6

The committee agrees the Annual Internal Audit plan and receives the Chief Internal Auditors Annual Report. In 2024–25, that report highlights an opinion that NHS Shetland has a framework of governance, risk management, and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.

• **Finance and Performance Committee**

Following a [review](#) of the Board’s governance arrangements, the Board decided to amend the original committee structure. The committee chair is still the Board chair and membership now comprises two non-executive members with a designated substitute.

The committee met four times in 2024–25 and held one development workshops.

The committee remit, in addition to providing additional scrutiny and assurance on finance and performance, also includes reviewing:

- The Board’s sustainability plan;
- Information Governance (IG);
- Digital and Cyber Security;
- Business Continuity; and
- Review and scrutiny of the Board’s ADP development.

• **Endowment Committee**

The Endowment Committee comprises all members of the Board, and the Chair is Lincoln Carroll. The committee oversees the management of Shetland Health Board Endowment Funds. It met four times in 2024–25 and four times in 2023–24.

The [Shetland Health Board Endowment Funds is registered with the Office of the Scottish Charity Regulator](#) (OSCR); its charity reference number is SC011513. The Shetland Health Board Endowment Funds produces its [own audited accounts](#), however in line with IFRS 10 (International Financial Reporting Standards 10), these have also been consolidated with the Board’s accounts. Audit Scotland does not audit these accounts as part of this Audit. The A9 Partnership Limited Chartered Accountants, based in Lerwick, is the Auditor of these funds.

The Shetland Health Board Endowment Funds is responsible for organising community fundraising appeals, such as the [Scan Shetland Can MRI Scanner Appeal](#), which culminated with the [installation of an MRI \(magnetic resonance imaging\) scanner in Shetland in summer 2024](#).

- **Staff Governance Committee**

The membership of the Staff Governance Committee [comprises](#) four non-executive Board Members, one of whom is the Employee Director, and four members from the Area Partnership Forum (APF), of which two are staff-side and two are management representative. The 2024–25 committee chair was Emma Macdonald. It met on three occasions during 2024–25, and on four occasions during 2023–24.

The Staff Governance Committee's function is to ensure appropriate governance and management of all staff and employment issues. The committee also oversees the implementation of the Staff Governance Standard which requires all NHS Boards to demonstrate that staff are well informed; appropriately trained; involved in decisions that affect them; treated fairly and consistently; and provided with a continuously improving and safe working environment. The Standard also places requirements on staff to ensure a balanced commitment to these matters.

The Committee has an important role in ensuring consistency of policy and equity of treatment of all staff, as well as assessing the Board's compliance with NHS Scotland Staff Governance standards to ensure compliance with all relevant laws and regulations.

Activities undertaken within the Staff Governance action plan during the last year include focusing on an accelerated recruitment process to support deployment and redeployment of staff, staff wellbeing, updating relevant policies, and work to improve the organisational culture and transparency.

The management action plan to address statutory and mandatory training issues highlighted in the Internal Audit report is being monitored by the Staff Governance Committee.

- **Reference Committee**

The Board has a Reference Committee that has a general duty of deciding whether allegations of breach of terms of service made against Family Health Contractors should be made to a Discipline Committee. The Reference Committee was not required to meet in 2024–25 or during 2023–24. The committee Chair is a non-executive Board Member.

- **Remuneration Committee**

The main function of the Remuneration Committee is to ensure the appropriate application and implementation of pay systems on behalf of the Board, as determined by the Scottish Government. During 2024–25 the committee met on two occasions and five times during 2023–24. The Remuneration Committee was chaired by the Vice Chair of the Board, Natasha Cornick in 2024–25.

## **Risk and Control Framework**

As Accountable Officer I also have responsibility for reviewing the effectiveness of the system of internal control and accountable to the Board for the effective management of risks.

The [Board's Corporate Governance Handbook](#), containing the Board's System of Internal Control: Standing Orders, Standing Financial Instructions, and approved Scheme of Delegation, is publicly available on the Board's website.

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 [local Risk Management Strategy](#) was agreed by the Board in April 2023.

The Risk Management Strategy sets out our local principles and approaches to risk management that are to be followed throughout NHS Shetland. These are aligned to [The Orange Book: Management of Risk - Principles and Concepts](#) (23 August 2021), and HM (His Majesty's) Government and the SPFM [Risk Management - Good Practice in the Scottish Public Sector \(2018, Scottish Government\)](#).

As Chief Executive, I ensure there is suitable review and management of strategic risks and that all significant risk management concerns are prioritised, and considered in-line with our risk register hierarchy as outlined below in figure 16. These are communicated to our Board and Governance Committees on a regular basis.

Risk management is a dynamic process, with frequent review of existing risks and monitoring of the environment necessary to ensure the risks captured represent the current profile of the organisation.

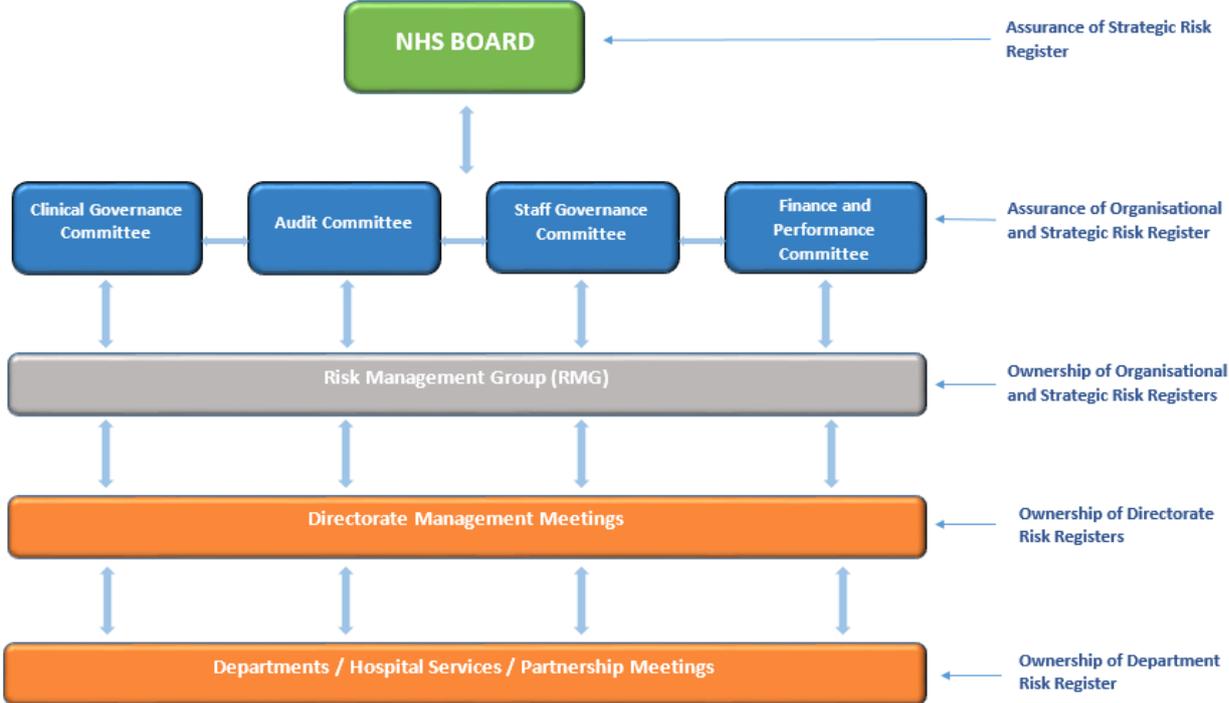
NHS Shetland risk arrangements are managed by the RMG with an annual work plan to embed risk management in the organisation.

Figure 17—Diagram showing Risk Register Hierarchy



The work of the RMG is overseen by the Audit and Risk Committee, with individual strategic risks allocated to the relevant committee as outlined below in figure 18. Overall oversight is maintained by the Board.

Figure 18—Diagram showing Risk Management Governance Structure



Our risk management process uses a standard matrix, with red, amber, green status, and is utilised organisation-wide. The output from this review is included in the Risk Register.

The strategic risks are reviewed on a regular basis by both the RMG and the relevant governance committee along with the actions taken to mitigate the risk.

The Strategic Risk Register is aligned to the [corporate objectives of the Board](#) and is focussed on key strategic risks. The [Strategic Risk Register Report](#) is published on the Board’s website and is formally reviewed by the Board and the Audit and Risk Committee.

A complete review of the corporate risks was undertaken during the year. The revised Strategic Risk Register was last approved by the Board at its April 2025 meeting. The review includes both issues over which the Board has full autonomy, and external factors.

More generally, the Board is committed to continuous development and improvement; developing systems in response to any relevant reviews; and developments in best practice. The Risk Management [Summary Report](#) 2024–25 was presented to the April 2025 Board meeting. It summarises the activities undertaken in 2024–25, and the plans for 2025–26.

**Annual Service Reports**

National Services Scotland (NSS) appoints service auditors to review and report on various services, providing assurance to all Boards regarding the internal control frameworks for services delivered on behalf of NHS Scotland. This includes payments to Practitioners and IT. A qualification in a service audit report relates to the design or operating effectiveness of controls in order to meet the stated control objectives rather

than indicating that the underlying transactions are necessarily incorrectly processed. An adverse opinion would occur where controls were absent or failed.

In 2024–25, the Practitioner Services service audit concluded that controls were suitably designed and operated effectively across all four payment streams - General Medical, Pharmaceutical, Dental, and Ophthalmic Services. This included controls over payment authorisation, processing, reporting, and verification. One minor exception was noted in relation to a patient removal date entry, which was promptly addressed and did not result in any financial impact. This represents a positive development from the 2023–24 audit, which identified a control deficiency in the management of Dental contractor standing data that contributed to a qualified opinion. That issue has been fully rectified, with no recurrence in 2024–25.

The National IT Services Service Audit report for 2024–25 found that controls in place operated effectively except in relation to logical access controls, where deficiencies were identified in user access reviews, timely removal of access, and completeness of user listings. These issues led to a qualified opinion. Management implemented redesigned controls during the year, including automation and expanded review procedures, and retrospective reviews were undertaken to address earlier weaknesses. While these actions have strengthened the control environment, some issues persisted during the year, and full assurance that all 2023–24 issues have been fully rectified cannot yet be provided. Ongoing monitoring and further enhancements are planned for 2025–26 to ensure full remediation and to support a return to an unqualified audit opinion.

NHS Shetland has considered these qualifications and has been assured by NSS that sufficient actions are being taken to address these issues. The risk to the Board is therefore considered immaterial.

NHS Ayrshire and Arran hosts NHS Scotland National Single Instance Financial Ledger Services. The annual service audit found financial ledger service operated effectively throughout 2024–25, from 1 April 2024 to 31 March 2025. The previous years' service audit concluded that the service operated effectively throughout 2023–24.

- **Whistleblowing**

The NHS Shetland whistleblowing policy is based on the [NHS Scotland national whistleblowing standard](#). In February 2020, the Scottish Government appointed an additional Non-Executive Director to the Board to serve as its Whistleblowing Champion. Joe Higgins was appointed to this post during 2022–23.

Whistleblowing Executive Lead and Medical Director, Kirsty Brightwell continued to lead on embedding the [national Whistleblowing Standards](#) during 2024–25. Whistleblowing Standards local Annual Report are available on our [website](#) are approved by the Board.

- **Counter Fraud Services**

NHS Scotland Counter Fraud Services (CFS) carries out work on behalf of all Boards in Scotland with respect to Family Health Services' patient-exemption checks, to identify claims that may contain an administrative error or fraud in the submission.

CFS also provides a central intelligence base for Boards, as well as support and training for staff in engendering an anti-fraud culture at the Board. In respect of fraud training,

283 members of staff completed CFS on-line training in Turas in year. At 31 March 2025, 762 members of staff have a valid completion certificate. In addition staff have also completed eLearning modules in Procurement Fraud Awareness, and Competition and Markets Authority Bid Rigging in Public Procurement.

- **Information Governance**

The Board has put in place a structure and processes for implementing the national Information Governance (IG) standards.

In line with the regulations NHS Shetland has appointed a Data Protection Officer (DPO), a Caldecott Guardian, and a Senior Information Risk Owner (SIRO). The DPO is supported by a dedicated team that ensures organisational responsibilities are met in respect of IG responsibilities under the General Data Protection Regulation (EU) 2016/679, Freedom of Information (Fol), Public Records (Scotland) Act 2011, and [Network & Information Systems Regulations 2018](#). The IG Work Plan and the operational delivery of these issues is scrutinised by the IG Group, which includes the DPO, Caldecott Guardian, SIRO and Digital Lead.

The Board approved the [Information Governance Strategy 2022-2027](#) at its June 2022 meeting.

There are clear links between the IG framework and the clinical governance framework, and the IG work plan is now presented to the FPC along with an annual review of prior year activities.

Progress has been made in a number of areas, however work continues to improve our performance as there have been 77 “near miss” data security incidents during 2024–25 reported to the Board’s Data Protection Officer. There were 88 “near misses” in 2023–24. Actions have been taken to improve systems and remind staff of the importance of data security.

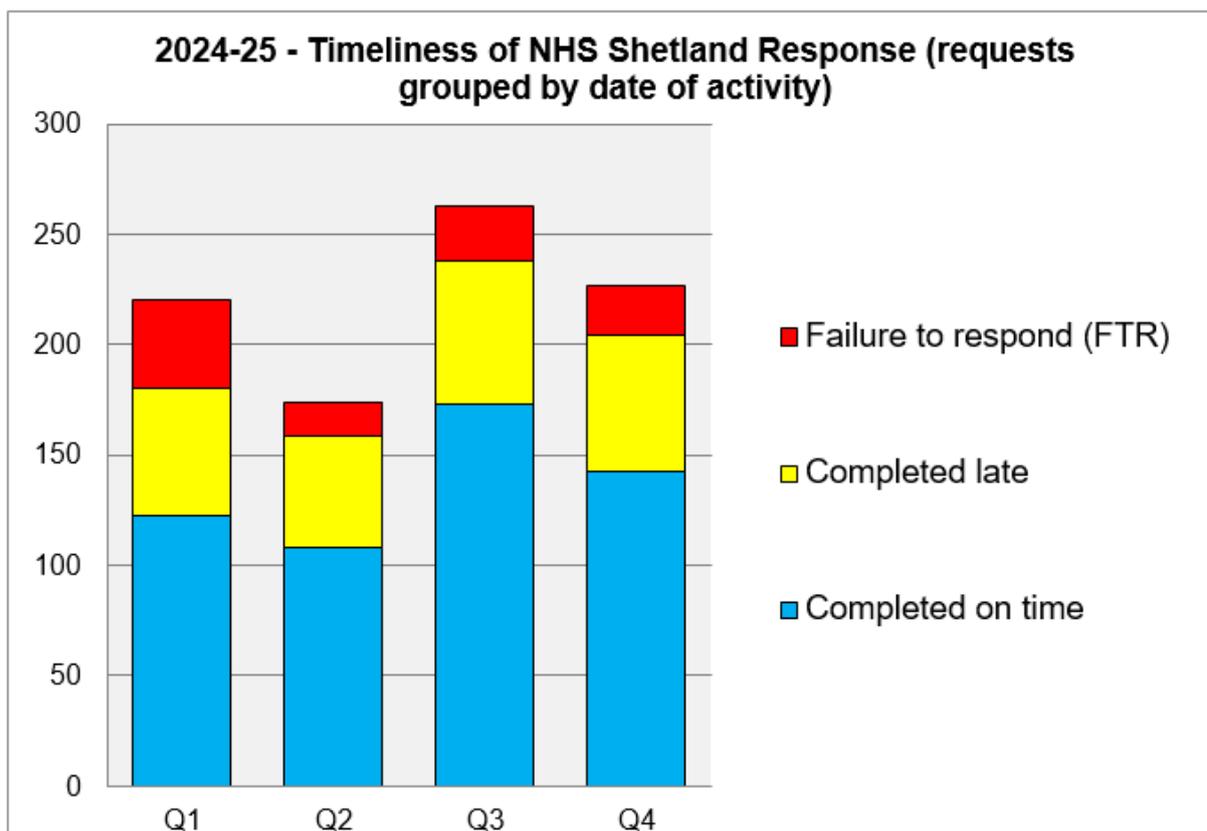
While the physical security of our data has improved, we continue to work with staff to ensure they understand their responsibilities. During 2024–25 there were no incidents (2023–24, five) reported to the ICO. These cases have all been closed as the ICO concluded that no further action was necessary. However, recommendations were made by the ICO for improvements to procedures and, in cases involving human error, it highlighted the importance of ensuring staff training was effective and up-to-date.

In respect of information governance training, 283 members of staff completed on-line training in Turas in year. Overall at 31 March 2025, 659 members of staff have a valid completion certificate.

During 2024–25, the Board submitted an update on its Records Management Plan. The Keeper of the Records of Scotland content response was [published](#) in February 2025.

During 2024–25, to support the delivery of our Records Management Plan created and successfully appointed our first Corporate Records Manager.

Figure 19—Timeliness of NHS Shetland response to FoI requests per quarter, 2024–25



The number of FoI requests in 2024–25 was 820, so in comparison to 2023–24 at 829 requests this is a slight drop of 9 requests, 1.1%. In respect of the Board’s obligation, 62% of requests were responded to on time, 75% in 2023–24. As shown in figure 19 above and reported to Freedom of Information (Scotland) Act 2002, there are 44 requests that have not yet received a response and are overdue. This figure was 46 in 2023–24.

As a result of the internal audit assignment on Freedom of Information requests the Board is investing in a dedicated FOI system, Infreemation, to assist FOI management.

### Best Value

I can confirm that NHS Shetland is committed to ensuring its activities are undertaken in a manner that will secure best value in the use of public funds in line with the arrangements set out in the SPFM. The Board incorporates the principles of best value within its planning, performance and delivery activities, ensuring that they are part of everyday business and integral to the Board’s decision making in all key areas.

The Board governance committees report on their performance in respect of best value in their annual reports. All the committees advised they delivered best value and are content in respect of assurances received for best value delivery during 2024–25.

In addition, the Board continues to seek opportunities to enhance the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of priority access targets, and demonstrating best value and the efficient use of resources.

## **Board Compliance with SPFM**

I can confirm that the Board is compliant in all material respects with the aspects of the UK Corporate Governance Code as set out in the guidance issued by the SGHSCD to Chief Executives as being applicable to NHS Boards.

This includes ensuring self-evaluation and KPIs are in place to identify and address the development needs of Executive and Non-Executive Board Members.

## **Review of Effectiveness**

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control and the quality of data used throughout the organisation. My review is informed by:

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditor, who submit to the organisation's Audit and Risk Committee regular reports which include Internal Audit's independent and objective opinion on the adequacy and effectiveness of the Board's systems of internal control together with recommendations for improvement;
- comments made by the External Auditor in their management letters and reports; and
- 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:
  - Practitioner and Counter Fraud Services in the discharge of their services to support the payments of family health services practitioners on behalf of NHS Scotland Health Boards
  - Atos and NSS Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards
  - NHS Ayrshire and Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

For the year 2024–25, all three of these Service Audit Reports received a clear opinion that relevant controls were properly in place throughout the year.

As part of this process, the Directors and Committee Chairs have provided formal written Certificates of Assurance for their relevant committees or areas of responsibility.

The ultimate test of the effectiveness of this system is the extent to which the Board achieves its corporate objectives. As described above, progress against these objectives is monitored by regular performance reports to the Board and these have demonstrated good progress over the past year. The RMG has maintained an overview of all risks. The Internal Auditor draws up reports that consider various aspects of the Board's control systems and reports findings to the Audit and Risk Committee. These reports consider the extent to which the Board's processes support its system control objectives and offer an opinion as to the degree of risk to which the Board is exposed.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee, Staff Governance Committee, FPC, CGC, and RMG.

Appropriate action is in place to address weaknesses and ensure continuous improvement of the system is in place.

### **Significant Governance Issues**

During the financial year there were no significant control weaknesses or issues that have arisen, and no significant failures have arisen in the expected standards for good governance, risk management and control that require to be reported to the Scottish Government.

## Remuneration and Staff Report

### Remuneration Report

- **Board Members' and Senior Employees' Remuneration**
- **Remuneration Committee membership (Unaudited)**

The members of the Remuneration Committee are the Chair and Vice-Chair of the Board, as well as the Chair of the Audit and Risk Committee and the Employee Director. The Director of Human Resources and Support Services is the Remuneration Committee's advisor on all matters, except those relating directly to the post holder. The Chief Executive is also in attendance, except when matters pertaining to the post holder's own remuneration or performance are being discussed.

The Committee meets as required to conduct its business. The Director of Human Resources and Support Services prepares an annual report for the Board on the work of the Remuneration Committee.

- **Remuneration policy for Senior Executives (Unaudited)**

The Remuneration Committee agrees the annual objectives for the Board Chief Executive, and then agrees with the Chief Executive the annual objectives for the other Executive Directors, as well as staff on the Senior Manager pay scale. The Committee considers performance against objectives, as well as the remuneration of these staff, who are then remunerated in accordance with national guidance and pay scales. The evidence is subject to regular audit and is also made available to the National Performance Management Committee for ratification. The element of remuneration subject to performance conditions is low, averaging under 5%.

All managers in the Executive Cohort are under a National Contract that has a three-month notice period. There is provision in the contract for the Board to make a termination payment equivalent to three months' salary in lieu of the notice period if it so desires. This option is only used in exceptional circumstances, and no such awards have been made to past senior managers.

The Committee also oversees arrangements for payment of discretionary points to locally employed consultant staff. This includes final payment decisions in individual cases, based upon professional advice and in accordance with current guidance issued by the Scottish Government Health Directorates.

• **NHS Shetland—Year Ended 31 March 2025 (Audited Information)**

<b>Director</b>	<b>Director's Gross Salary (bands of £5,000)</b>	<b>Total Earnings in Year</b>	<b>Pension Benefits</b>	<b>Total Remuneration</b>
<b>Executive Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive: Brian Chittick	130-135	130-135	38	165-170
Medical Director: Kirsty Brightwell [1]	160-165	160-165	59	215-220
Director of Nursing: Kathleen Carolan	120-125	120-125	53	170-175
Director of Finance: Colin Marsland	90-95	90-95	63	155-160
Director of Human Resources and Support Services: Lorraine Hall	120-125	120-125	38	160-165
Director of Public Health: Susan Laidlaw	150-155	150-155	121	270-275
<b>Non-Executive Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chair: Gary Robinson	40-45	40-45	0	40-45
Natasha Cornick	10-15	10-15	0	10-15
Lincoln Carroll	10-15	10-15	0	10-15
Colin Campbell [2]	45-50	45-50	8	50-55
Joseph Higgins	10-15	10-15	0	10-15
Emma Macdonald	10-15	10-15	0	10-15
Kathy Hubbard	10-15	10-15	0	10-15
Gaynor Jones	10-15	10-15	0	10-15
<b>Other Board Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chair of Area Clinical Forum: Amanda McDermott [until 15 May 2024] [3]	75-80	75-80	25	100-105

<b>Director</b>	<b>Director's Gross Salary (bands of £5,000)</b>	<b>Total Earnings in Year</b>	<b>Pension Benefits</b>	<b>Total Remuneration</b>
Employee Director: Bruce McCulloch [4]	45-50	45-50	24	70-75
<b>Total</b>			<b>429</b>	

Notes in respect of 2024–25 disclosure:

1. This Medical Director's salary includes £25k in respect of non-Board duties (GP).
2. This Non-Executive Director was also a substantive staff member of NHS Shetland (Senior Procurement Contracts Manager) from 20 August 2024. Salary for that role was £30k-£40k, full year equivalent £55k-£60k.
3. This Chair of the Area Clinical Forum salary includes £76k in respect of non-Board duties (Chief Nurse Acute). This person was a Non-Executive Director until 15 May 2024 with a full year equivalent director's salary of £10k-£15k.
4. This Employee Director's salary includes £36k in respect of non-Board duties (Service Improvement Lead).
5. The Director of Community Health and Social Care, Jo Robinson, is employed by SIC with NHS Shetland contributing 50% of the costs. Her annual salary for the year was £100k-£105k.
6. No other benefits in kind were received in 2024–25.
7. No bonus payments were made in 2024–25.

• **NHS Shetland - Pension Values - Year Ended 31 March 2025 (Audited Information)**

<b>Director</b>	<b>Accrued pension at age 60 as at 31 March 2025 (bands of £5,000) [1]</b>	<b>Real Increase in Pension at age 60 (bands of £2,500) [1]</b>	<b>CETV at 31 March 2025</b>	<b>CETV at 31 March 2024</b>	<b>Real Increase in CETV [3]</b>
<b>Executive Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive: Brian Chittick	20-25 (0)	2.5-5 (0)	349	301	43
Medical Director: Kirsty Brightwell	55-60 (140-145)	2.5-5 (0-2.5)	1,126	910	73
Director of Nursing: Kathleen Carolan	35-40 (90-95)	2.5-5 (2.5-5)	779	701	66
Director of Finance: Colin Marsland	40-45 (105-110)	2.5-5 (5-7.5)	941	845	82
Director of Human Resources and Support Services: Lorraine Hall	35-40 (80-85)	2.5-5 (0-2.5)	835	775	47
Director of Public Health: Susan Laidlaw	50-55 (135-140)	5-7.5 (10-12.5)	1,250	1,079	152

<b>Director</b>	<b>Accrued pension at age 60 as at 31 March 2025 (bands of £5,000) [1]</b>	<b>Real Increase in Pension at age 60 (bands of £2,500) [1]</b>	<b>CETV at 31 March 2025</b>	<b>CETV at 31 March 2024</b>	<b>Real Increase in CETV [3]</b>
<b>Non-Executive Members [2]</b>					
Colin Campbell	0-5 (0)	0-2.5 (0)	10	0	10
<b>Other Board Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chair of Area Clinical Forum: Amanda McDermott	15-20 (40-45)	0-2.5 (0-2.5)	337	300	32
Employee Director: Bruce McCulloch	15-20 (40-45)	0-2.5 (0-2.5)	338	192	27
<b>Total</b>					<b>532</b>

Notes in respect of 2024–25 disclosure:

1. Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.
2. Non-executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table. Only exception is Colin Campbell who also holds a substantive post with NHS Shetland.
3. The real increase in CETV reflects the increase funded by the employer, and excludes changes due to inflation, employee contributions, and other non-discretionary factors.

• NHS Shetland—Year Ended 31 March 2024 (Audited Information)

Director	Director's Gross Salary (bands of £5,000)	Total Earnings in Year	Pension Benefits	Total Remuneration
<b>Executive Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive: Brian Chittick [from 1 July 2023] [1]	120-125	120-125	37	155-160
Chief Executive: Michael Dickson [until 30 June 2023] [2]	30-35	30-35	11	45-50
Medical Director: Kirsty Brightwell	120-125	120-125	54	175-180
Director of Nursing: Kathleen Carolan	120-125	120-125	7	125-130
Director of Finance: Colin Marsland	85-90	85-90	24	110-115
Director of Human Resources and Support Services: Lorraine Hall [3]	120-125	120-125	1	125-130
Director of Public Health: Susan Laidlaw	135-140	135-140	29	165-170
<b>Non-Executive Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chair: Gary Robinson	25-30	25-30	0	25-30
Natasha Cornick	5-10	5-10	0	5-10
Jane Haswell [until 5 May 2023] [4]	0-5	0-5	0	0-5
Lincoln Carroll	5-10	5-10	0	5-10

<b>Director</b>	<b>Director's Gross Salary (bands of £5,000)</b>	<b>Total Earnings in Year</b>	<b>Pension Benefits</b>	<b>Total Remuneration</b>
Colin Campbell	5-10	5-10	0	5-10
Joseph Higgins	5-10	5-10	0	5-10
Emma Macdonald	5-10	5-10	0	5-10
Kathy Hubbard	5-10	5-10	0	5-10
Gaynor Jones [from 6 November 2023] [4]	0-5	0-5	0	0-5
<b>Other Board Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chair of Area Clinical Forum: Amanda McDermott [5]	80-85	80-85	12	90-95
Employee Director: Bruce McCulloch [6]	40-45	40-45	9	50-55
<b>Total</b>			<b>184</b>	

Notes in respect of 2023–24 disclosure:

1. This Chief Executive's (CEO) salary reflects he was DCHSC until 30 June 2023. He moved to the post of CEO from 1 July 2023. The full year equivalent salaries for both posts are: DCHSC £110k-£115k, CEO £110k-£115k.
2. This CEO's full year equivalent salary is £115k-£120k. This CEO also received a Benefit in Kind (lease vehicle) equating to £521 during his employment.
3. The Director of Human Resources and Support Services salary reflects she was performing this role for both NHS Shetland and NHSO until 30 September 2023. This post was funded 50/50 by NHS Shetland and NHSO.
4. These Non-Executive Directors' full year equivalent salaries are £5k-£10k.
5. This Chair of the Area Clinical Forum salary includes £72k in respect of non-Board duties (Chief Nurse Acute).

6. This Employee Director's salary includes £34k in respect of non-Board duties (Service Improvement Lead).
7. No other benefits in kind, to that in Note 2 above, were received in 2023–24.
8. No bonus payments were made in 2023–24.

- **NHS Shetland - Pension Values - Year Ended 31 March 2024 (Audited Information)**

<b>Director</b>	<b>Accrued pension at age 60 as at 31 March 2024 (bands of £5,000) [1]</b>	<b>Real Increase in Pension at age 60 (bands of £2,500) [1]</b>	<b>CETV at 31 March 2024</b>	<b>CETV at 31 March 2023 [3]</b>	<b>Real Increase in CETV</b>
<b>Executive Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive: Brian Chittick [from 1 July 2023]	20-25 (0)	2.5-5 (0)	301	244	41
Chief Executive: Michael Dickson [until 30 June 2023]	10-15 (0)	0-2.5 (0)	154	132	17
Medical Director: Kirsty Brightwell	50-55 (135-140)	2.5-5 (0-2.5)	910	1,039	108
Director of Nursing: Kathleen Carolan	30-35 (85-90)	0-2.5 (0)	701	639	46
Director of Finance: Colin Marsland	35-40 (95-100)	0-2.5 (0)	845	754	79
Director of Human Resources and Support Services: Lorraine Hall	30-35 (80-85)	0-2.5 (0)	775	711	48
Director of Public Health: Susan Laidlaw	45-50 (120-125)	0-2.5 (0)	1,079	965	95
<b>Non-Executive Members [2]</b>	-	-	-	-	-

<b>Director</b>	<b>Accrued pension at age 60 as at 31 March 2024 (bands of £5,000) [1]</b>	<b>Real Increase in Pension at age 60 (bands of £2,500) [1]</b>	<b>CETV at 31 March 2024</b>	<b>CETV at 31 March 2023 [3]</b>	<b>Real Increase in CETV</b>
<b>Other Board Members</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chair of Area Clinical Forum: Amanda McDermott	15-20 (40-45)	0-2.5 (0)	300	264	23
Employee Director: Bruce McCulloch	5-10 (20-25)	0-2.5 (0)	192	170	19
<b>Total</b>					<b>194</b>

Notes in respect of 2023–24 disclosure:

1. Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.
2. Non-executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table.
3. It is not unusual for the disclosed figure for the opening figure in the current year to be different from the 31 March figure in the previous year. Since the real increase in CETV is supposed to reflect the change related to employer contributions only, the figure is worked out using common market valuation factors for the start and end of the period. It follows that the market valuations at the end of the current year may be different from those used in the previous year.

- **Fair Pay Disclosure (Audited Information)**

The following table compares the banded remuneration of the highest paid Director against the median salary for the workforce in each year.

	2025	2024	Change
	£s		%
Range of staff remuneration	25k-331k	23k-380k	-14
Highest earning director's remuneration	150,404	136,242	10
Median (Total pay and benefits)	42,140	39,920	6
Median (Salary only)	39,735	32,300	23
Ratio [1]	1:4	1:3	-
25 <sup>th</sup> percentile (Total pay and benefits)	32,218	30,212	7
25 <sup>th</sup> percentile (Salary only)	28,998	27,486	6
Ratio	1:5	1:5	-
75 <sup>th</sup> percentile (Total pay and benefits)	55,138	52,547	5
75 <sup>th</sup> percentile (Salary only)	48,788	46,100	6
Ratio	1:3	1:3	-
<p><b>Commentary:</b> [1] The highest-earning director was the Director of Public Health (with Consultant responsibilities) in both 2024–25 and 2023–24.</p> <p>The range of remuneration continues to be heavily influenced by the additional cost of temporary workers including bank and agency consultants.</p> <p>The general increase in the current year's remuneration compared to the previous year is in line with the NHS Scotland pay award for 2024–25.</p>			

The remuneration figures used for the median and percentile calculations represent the annualised whole time equivalent (WTE) salary figures excluding employer's pension contributions. The figures disclosed earlier in this remuneration report represent actual earnings for the year inclusive of pension costs. In respect of staff with part-time employment the total pay used in the calculation of the median has been grossed-up to a WTE value but staff with contracts of less than two hours were excluded as this can lead to very high annual salaries when grossed up that distort the median result. Arrears of staff pay have also been excluded as this may also distort the median. Agency staff are excluded, as they are not employees and are charged via invoice, not via payroll.

## Staff Report

- **Number of senior staff by band (Audited Information)**

This information is provided by headcount and represents the Executive Board Members and Other Senior Employees from the Remuneration Report. This information represents full year equivalent salaries of Board Members and Senior Employees still in employment at 31 March 2025.

<b>Band (bands of £10,000)</b>	<b>Number of Staff</b>	<b>Number of Staff</b>
	<b>2025</b>	<b>2024</b>
£80,001 to £90,000	0	1
£90,001 to £100,000	1	1
£120,001 to £130,000	2	4
£130,001 to £140,000	2	1
£150,001 to £160,000	1	0
<b>Total</b>	<b>6</b>	<b>7</b>

- **Higher paid employees' remuneration (Audited Information)**

Other employees whose remuneration fell within the following ranges:

<b>2025</b>		<b>2024</b>
<b>Number</b>		<b>Number</b>
	<b>Clinicians</b>	
22	£70,001 to £80,000	17
4	£80,001 to £90,000	8
10	£90,001 to £100,000	8
8	£100,001 to £110,000	5
2	£110,001 to £120,000	2
2	£120,001 to £130,000	4
3	£130,001 to £140,000	3
0	£140,001 to £150,000	2
	<b>Clinicians</b>	
2	£150,001 to £160,000	1
0	£160,001 to £170,000	3
3	£170,001 to £180,000	1
2	£190,001 to £200,000	0
4	£200,001 and above	7

2025		2024
Number		Number
	<b>Other</b>	
5	£70,001 to £80,000	4
1	£80,001 to £90,000	1
1	£90,001 to £100,000	0
0	£120,001 to £130,000	1
0	£130,001 to £140,000	1

• **Staff costs (Audited Information)**

	Salaries and wages	Social security costs	NHS scheme employers' costs	Inward secondees	Agency and other directly engaged staff	Total
	£000	£000	£000	£000	£000	£000
Executive Board Members	762	100	168	0	0	<b>1,030</b>
Non-Executive Members	140	8	0	0	0	<b>148</b>
Permanent staff	37,799	3,962	7,081	0	0	<b>48,842</b>
Inward Secondees	0	0	0	107	0	<b>107</b>
Other Staff	0	0	0	0	3,016	<b>3,016</b>
Outward Secondees	(553)	0	0	0	0	<b>(553)</b>
<b>2025 total</b>	<b>38,148</b>	<b>4,070</b>	<b>7,249</b>	<b>107</b>	<b>3,016</b>	<b>52,590</b>
<b>2024 total</b>	<b>35,571</b>	<b>3,864</b>	<b>6,300</b>	<b>298</b>	<b>3,353</b>	<b>49,386</b>

- **Staff Numbers (Audited information except in respect of disabled staff):**

	<b>Whole Time Equivalent</b>
Executive Board Members	6
Non-Executive Members	2
Permanent staff	680
Inward Secondees [1]	0
Other Staff	0
Outward Secondees [1]	0
<b>2025 total</b>	<b>688</b>
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:	0
Included in the total staff numbers above were disabled staff of:	43
Included in the total staff numbers above were Special Advisers of:	0
<b>2024 total</b>	<b>665</b>
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:	0
Included in the total staff numbers above were disabled staff of:	53
Included in the total staff numbers above were Special Advisers of:	0

[1] The WTE for secondees is not routinely collected due to the nature of the transactions. The cost of these secondees can however be seen in the Staff Costs table above.

Note: Staff pension benefits are provided through the NHS Pension Scheme (Scotland). Details of the scheme are included in [Note 18](#).

- **Staff composition (Unaudited Information)**

Head Count of Staff	2025			2024		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	4	6	2	4	6
Non-Executive Directors and Employee Director	5	4	9	5	5	10
Senior Employees	32	37	69	31	34	65
Other	125	687	812	105	645	750
Total Headcount	164	732	896	143	688	831

- **Sickness absence data (Unaudited Information)**

	2025	2024
Sickness absence rate	4.4%	4.7%

The NHS Scotland ADP compliance standard for Boards to achieve is a sickness absence rate of 4.0% or less. NHS Shetland was 4.4% against this KPI in 2024–25. It was positive in relation to the NHS Scotland average of 6.45% in 2024–25.

The number of hours lost as sickness absence decreased from 61,177 in 2023–24 to 58,875 in 2024–25.

APF and Staff Governance Committee monitors sickness absence as part of their standing agenda items. Managers though are responsible for following Board policies concerning support staff wellbeing and managing absences.

- **Staff policies applied during the financial year relating to the employment of disabled persons (Unaudited Information):**

- The Board gives full and fair consideration to applications for employment made by disabled persons, having a regard to their particular aptitudes and abilities.
- The Board also continues the employment of and arranges appropriate training for employees of the Board who have become disabled persons during the period when they were employed.
- Policies include [Embracing Equality, Diversity and Human Rights](#) and [Ensuring Safe and Fair Recruitment, Selection and Employment - NHS Shetland](#). You can find [further documentation on NHS Shetland's external website](#).

- **Exit packages (Audited Information)**

None in 2024–25, none in prior year.

- **The Trade Union (Facility Time Publication Requirements) Regulations 2017 (Unaudited Information)**

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31 July each year.

- **Relevant Union Officials**

<b>Number of employees who were relevant union officials during the year 1 April 2024 to 31 March 2025</b>	<b>Full time equivalent employee number</b>
14	1

- **Percentage of time spent of facility time**

<b>Percentage of time</b>	<b>Number of representatives</b>
1-50 %	14

- **Percentage of pay bill spent on facility time**

	<b>£000s</b>
<b>Total cost of facility time</b>	5
<b>Total pay bill</b>	53,143
<b>Percentage of the total pay bill spent on facility time</b>	0.01%

- **Paid trade union activities**

<b>Time spent on paid trade union activities as a percentage of total paid facility time hours</b>	2%
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- **Staff Turnover Percentage (Unaudited Information)**

<b>Period</b>	<b>Staff turnover percentage</b>
2024–25	11%
2023–24	15%

Staff turnover is calculated as follows and has remained reasonably consistent year-on-year:

- Total number of leavers in year/Average number of staff in year (headcount) x 100

- **Off-Payroll Engagement (Unaudited Information)**

The use of locum agency medical and nursing staff throughout the year is disclosed in the staff costs table above. These staff are either:

1. Remunerated through NHS Shetland’s payroll when deemed ‘employed for tax purposes’ or under IR35 legislation;
2. Remunerated through a third-party payroll service provided by Liaison Financial Services Limited; or
3. Remunerated through the payroll of the Agency provider.

- **Staff Survey (Unaudited Information)**

NHS Shetland participates in [iMatter](#), NHS Scotland’s Staff Experience continuous improvement tool.

iMatter is designed to help individuals, teams, Directorates, and Boards understand and improve staff experience. This is a term used to describe the extent to which employees feel motivated, supported, and cared for at work. It is reflected in levels of engagement, motivation and productivity.

The process is based on a staff engagement questionnaire which all staff are asked to respond to, which then generates a Team Report containing the results. The Line Manager discusses the report with the team and agree what the team's main strength is along with up to three improvement actions that are specific for them for

the months ahead. This improvement plan is captured on a team 'Storyboard' which the team then uses to monitor progress prior to the next iMatter run. The process is completed annually.

- **Expenditure on Consultancy (Unaudited Information)**

There were several consultancy firms engaged by NHS Shetland during 2024–25 in relation to the ongoing remedial work required to the Gilbert Bain Hospital (GBH). These consultants were engaged indirectly through the Hub North Scotland, a strategic development partner for the public sector. Scottish Government addition funding was received to cover these costs.

- **Other Employee Matters (Unaudited Information)**

The Board has policies and procedures in place for other employee matters such as diversity issues and equal treatment in employment and occupation, employment issues including employee consultation and/or participation, health and safety at work, trade union relationships, and human capital management such as career management and employability, and pay policy. Policies include eliminating [Bullying and Harassment](#), [Flexible Work Pattern](#), and [Health and Safety](#). You can find [further relevant documentation](#) on NHS Shetland's external website.

- **Parliamentary Accountability Report (Audited Information)**

There are no disclosures applicable, as NHS Shetland is not aware of any attempted fraud or irregular activities during 2024–25 or prior year that incurred a loss.

The Board as required has provided for CNORIS (Clinical Negligence and Other Risks Indemnity Scheme) claims notified to it and which will be settled at a future date. Details of these provisions can be found in [Note 13](#).

## **Approval and signing of the Accountability Report**

*Brian Chittick*

**Signed by Brian Chittick, Chief Executive as Accountable Officer**

26 June 2025

# Independent auditor's report to the members of NHS Shetland, the Auditor General for Scotland and the Scottish Parliament

## Reporting on the audit of the financial statements

### Opinion on financial statements

I have audited the financial statements in the annual report and accounts of NHS Shetland and its group for the year ended 31 March 2025 under the National Health Service (Scotland) Act 1978. The financial statements comprise the Statement of Consolidated Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Taxpayers' Equity and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2024/25 Government Financial Reporting Manual (the 2024/25 FReM).

In my opinion the accompanying financial statements:

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

### Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 3 April 2024. My period of appointment is four years, covering 2023/24 to 2026/27. I am independent of the board and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Conclusions relating to going concern basis of accounting**

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

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

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

## **Risks of material misstatement**

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

## **Responsibilities of the Accountable Officer for the financial statements**

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my auditor's report.

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

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

## **Responsibilities for regularity**

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

## **Reporting on other requirements**

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

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

### **Other information**

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

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

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

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

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

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

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

### **Matters on which I am required to report by exception**

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

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

I do not have anything to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of my report**

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

*Rachel Browne*

Rachel Browne CPFA  
Audit Director  
Audit Scotland  
4th Floor  
102 West Port  
Edinburgh  
EH3 9DN  
26 June 2025

## NHS Shetland Statements and Summaries

### Statement of Consolidated Net Expenditure for the Year Ended 31 March 2025

2024			2025
£000		Note	£000
49,386	Staff costs	<a href="#">3a</a>	53,143
	Other operating expenditure	<a href="#">3b</a>	
3,439	Independent Primary Care Services		3,495
11,162	Drugs and medical supplies		11,738
62,109	Other health care expenditure		70,212
126,096	Gross expenditure for the year		138,588
(41,811)	Less: operating income	<a href="#">4</a>	(45,593)
292	Associates and joint ventures accounted for on an equity basis		36
<b>84,577</b>	<b>Net expenditure for the year</b>		<b>93,031</b>

- **Other Comprehensive Net Expenditure (will not be reclassified subsequently to the SoCNE)**

2024		2025
£000		£000
(70)	Net gain on revaluation of investments	(9)
(894)	Net gain on revaluation of property	(763)
(964)	<b>Other comprehensive expenditure</b>	(772)
<b>83,613</b>	<b>Comprehensive net expenditure</b>	<b>92,259</b>

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

## Consolidated Statement of Financial Position as at 31 March 2025

Consolidated	Board			Consolidated	Board
2024	2024			2025	2025
£000	£000		Note	£000	£000
36,256	36,256	Property, plant and equipment	<a href="#">7a</a>	30,558	30,558
1,326	1,326	Right of Use (RoU) assets	<a href="#">17a</a>	3,161	3,161
		Financial assets:			
1,507	0	Available for sale financial assets	<a href="#">10</a>	1,515	0
480	0	Investments in associates and joint ventures		444	0
<b>39,569</b>	<b>37,582</b>	<b>Total non-current assets</b>		<b>35,678</b>	<b>33,719</b>
		<b>Current Assets:</b>			
751	751	Inventories	<a href="#">8</a>	745	745
		Financial assets:			
3,771	3,726	Trade and other receivables	<a href="#">9</a>	3,139	3,124
1,771	153	Cash and cash equivalents	<a href="#">11</a>	962	125
150	150	Asset held for sale	<a href="#">7b</a>	150	150
<b>6,443</b>	<b>4,780</b>	<b>Total current assets</b>		<b>4,996</b>	<b>4,144</b>
<b>46,012</b>	<b>42,362</b>	<b>Total assets</b>		<b>40,674</b>	<b>37,863</b>
		<b>Financial liabilities:</b>			
(617)	(617)	Provisions	<a href="#">13a</a>	(533)	(533)
(9,702)	(9,643)	Trade and other payables	<a href="#">12</a>	(11,440)	(11,333)

Consolidated	Board			Consolidated	Board
2024	2024			2025	2025
£000	£000		Note	£000	£000
(10,319)	(10,260)	<b>Total current liabilities</b>		(11,973)	(11,866)
35,693	32,102	<b>Non-current assets plus / less net current assets / liabilities</b>		28,701	25,997
		<b>Non-current liabilities</b>			
(1,564)	(1,564)	Provisions	<a href="#">13a</a>	(1,702)	(1,702)
(1,198)	(1,198)	Trade and other payables	<a href="#">12</a>	(3,160)	(3,160)
(2,762)	(2,762)	<b>Total non-current liabilities</b>		(4,862)	(4,862)
32,931	29,340	<b>Assets less liabilities</b>		23,839	21,135
		<b>Taxpayers' Equity</b>			
15,146	15,146	General fund		10,327	10,327
14,194	14,194	Revaluation reserve		10,808	10,808
480	0	Other reserves— associates and joint ventures		444	0
3,111	0	Fund held on Trust		2,260	0
32,931	29,340	<b>Total taxpayers' equity</b>		23,839	21,135

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

The accounts on pages 74-81 were approved by the Board on 26 June 2025 and signed on their behalf by:

*Colin Marstrand*

Director of Finance  
26 June 2025

*Brian Clittick*

Chief Executive  
26 June 2025

**Consolidated Statement of Cash Flows for the Year Ended  
31 March 2025**

2024			2025	2025
£000		Note	£000	£000
	<b>Cash flows from operating activities</b>			
(84,577)	Net expenditure	<a href="#">SoCTE</a>	(93,031)	
3,095	Adjustments for non-cash transactions	<a href="#">2b</a>	5,277	
52	Add back: Lease interest payable		57	
64	Investment income		0	
(1,326)	Movements in working capital	<a href="#">2c</a>	2,458	
<b>(82,692)</b>	<b>Net cash outflow from operating activities</b>	<a href="#">21c</a>		<b>(85,239)</b>
	<b>Cash flows from investing activities</b>			
(1,647)	Purchase of property, plant and equipment (PPE)		(1,712)	
(127)	Investment additions	<a href="#">10</a>	0	
(500)	Proceeds of disposal of PPE		8	
66	Receipts from sale of investments		0	
(64)	Interest received		0	
<b>(2,272)</b>	<b>Net cash outflow used in investing activities</b>	<a href="#">21c</a>		<b>(1,704)</b>
	<b>Cash flows from financing activities</b>			
85,747	Funding	<a href="#">SoCTE</a>	86,602	
(23)	Movement in general fund working capital	<a href="#">SoCTE</a>	(28)	

<b>2024</b>			<b>2025</b>	<b>2025</b>
<b>£000</b>		<b>Note</b>	<b>£000</b>	<b>£000</b>
	<b>Cash flows from financing activities</b>			
85,724	Cash drawn down		86,574	
(696)	Capital element of payments in respect of leases	<a href="#">21c</a>	(383)	
(52)	Interest element of leases	<a href="#">2b</a>	(57)	
<b>84,976</b>	<b>Net Financing</b>	<a href="#">21c</a>		<b>86,134</b>
12	<b>Net Increase in cash and cash equivalents in the year</b>			(809)
1,759	<b>Cash and cash equivalents at the beginning of the year</b>			1,771
<b>1,771</b>	<b>Cash and cash equivalents at the end of the year</b>			<b>962</b>
	<b>Reconciliation of net cash flow to movement in net debt/cash</b>			
12	Increase / (decrease) in cash in year	<a href="#">11</a>		(809)
1,759	Net debt / cash at 1 April			1,771
<b>1,771</b>	<b>Net debt / cash at 31 March</b>			<b>962</b>

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

## Consolidated Statement of Changes to Taxpayers Equity for the Year Ended 31 March 2025

		General Fund	Revaluation Reserve	Other reserve— associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
<b>Balance at 1 April 2024</b>		15,146	14,194	480	3,111	32,931
<b>Changes in taxpayers' equity for 2024–25</b>						
Net gain on revaluation of property		0	763	0	0	763
Net gain on revaluation of investments		0	0	0	9	9
Impairment of property and equipment		0	(7,344)	0	0	(7,344)
Impairment taken to operating costs		0	3,909	0	0	3,909
Transfer between reserves		714	(714)	0	0	0
Net operating cost for the year	<a href="#">CFS</a>	(92,135)	0	(36)	(860)	(93,031)
<b>Total recognised income and expense for 2024–25</b>		(91,421)	(3,386)	(36)	(851)	(95,694)

		General Fund	Revaluation Reserve	Other reserve—associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
<b>Funding:</b>	<b>Note</b>					
Drawn down	<a href="#">CFS</a>	86,574	0	0	0	86,574
Movement in General Fund creditor	<a href="#">CFS</a>	28	0	0	0	28
<b>Balance at 31 March 2025</b>	<a href="#">SoFP</a>	<b>10,327</b>	<b>10,808</b>	<b>444</b>	<b>2,260</b>	<b>23,839</b>

### Consolidated Statement of Changes to Taxpayers Equity—Prior Year, Ended 31 March 2024

		General Fund	Revaluation Reserve	Other reserve—associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	£000	£000	£000	£000	£000
<b>Balance at 1 April 2023</b>		13,002	14,005	772	3,018	30,797
<b>Changes in taxpayers' equity for 2023–24</b>						
Net gain on revaluation of property		0	894	0	0	894
Net loss on revaluation of investments		0	0	0	70	70
Impairment of equipment		0	(6)	0	0	(6)

		<b>General Fund</b>	<b>Revaluation Reserve</b>	<b>Other reserve— associates and joint ventures</b>	<b>Funds Held on Trust</b>	<b>Total Reserves</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Impairment taken to operating costs		0	6	0	0	6
Transfer between reserves		705	(705)	0	0	0
Net operating cost for the year	<a href="#">CFS</a>	(84,308)	0	(292)	23	(84,577)
<b>Total recognised income and expense for 2023–24</b>		(83,603)	189	(292)	93	(83,613)
<b>Funding:</b>	<b>Note</b>					
Drawn down	<a href="#">CFS</a>	85,724	0	0	0	85,724
Movement in General Fund creditor	<a href="#">CFS</a>	23	0	0	0	23
<b>Balance at 31 March 2024</b>	<a href="#">SoFP</a>	<b>15,146</b>	<b>14,194</b>	<b>480</b>	<b>3,111</b>	<b>32,931</b>

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

## Note 1—Accounting Policies

- **Authority**

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

The preparation of accounts in conformity with IFRS s requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where [assumptions](#) and estimates are significant to the accounts are disclosed below.

### Adoption of new and revised Standards

- **Standards, amendments and interpretations effective in the current year**

There are no new standards, amendments or interpretations effective in the year 2024–25.

- **Standards, amendments and interpretations early adopted this year**

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

- **Standards, amendments and interpretations issued but not adopted this year**

The table below summarises recent standards, amendments, and interpretations issued but not adopted in the 2024–25 financial year.

<b>Standard</b>	<b>Current status</b>
IFRS 14 Regulatory Deferral Accounts	Effective for accounting periods starting on or after 1 January 2016. Not applicable to NHS Scotland bodies.
IFRS 17 Insurance Contracts	Effective for accounting periods beginning on or after 1 January 2023. However, this Standard is not yet adopted by the FReM. Expected adoption by the FReM from April 2025.
IFRS 18 Presentation and disclosure in financial statements	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.

IFRS 19 Subsidiaries without public accountability disclosures	Effective for periods starting on or after 1 January 2027, this standard has not yet been endorsed by the UKEB or adopted by HM Treasury.
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## Basis of Consolidation

### Consolidation

In accordance with IFRS 10—Consolidated Accounts, the accounts consolidate the Shetland Health Board Endowment Funds and the IJB which are both considered material to NHS Shetland.

[NHS Endowment Funds](#) were established by the NHS (Scotland) Act 1978. The legal framework under which charities operate in Scotland is the Charities and Trustee Investment (Scotland) Act 2005. Under the 1978 Act Endowment Trustees are also members of the NHS Board. The Board Members, who are also Trustees, are appointed by Scottish Ministers.

The Shetland Health Board Endowment Funds is a Registered Charity with OSCR and is required to prepare and submit Audited accounts to OSCR on an annual basis.

The basis of consolidation used is merger accounting. Any intragroup transactions between the Board and the Shetland Health Board Endowment Funds have been eliminated on consolidation. [Note 21](#) details how these consolidated accounts have been calculated.

Unaudited accounts for the Shetland Health Board Endowment Funds and IJB have been used as a basis for the calculations and consolidation.

The IJB was formally constituted on 27 June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014. The basis of consolidation used is the equity method.

### Going Concern

The going concern assumption remains appropriate on the basis of continued service provision as defined in the FReM.

Approximately 95% of NHS Shetland costs are directly funded by allocations received from the Scottish Government. There continues to be a general climate of uncertainty across NHS Scotland but there is no indication from the Scottish Government that the structure of Health Boards in Scotland will change. It is therefore likely that NHS Shetland will exist, in its current form, for the foreseeable future.

## **Accounting Convention**

The accounts are prepared on a historical cost basis, as modified by the revaluation of property at fair value as determined by the relevant accounting standards and the FReM.

## **Funding**

Most of the expenditure of the Health Board as Commissioner is met from funds advanced by the Scottish Government within an approved RRL. Cash drawn down to fund expenditure within this approved RRL is credited to the general fund.

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

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

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

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

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

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

## **Property, plant and equipment**

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

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

## **Recognition**

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

All assets falling into the following categories are capitalised:

1. Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5k.
2. In cases where a new hospital would face an exceptional write-off of items of equipment costing individually less than £5k, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
3. 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 £20k in total, or where they are part of the initial costs of equipping a new development and total over £20k.

## **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.

All assets are measured subsequently at fair value as follows:

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

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

The Board operates on a three-year programme of professional valuations with the latest full valuation of the estate taking place as at 31 March 2023. The next full valuation of the estate is scheduled to take place at 31 March 2026. For the financial year 2024–25 an index of 3% (after depreciation) was applied to specialised NHS buildings on the advice of the Board's professional valuers, Gerald Eve LLP. Land, non-specialist buildings, and equipment had no index applied.

Non-specialised equipment, installations and fittings are valued at fair value. Boards value such assets using the most appropriate valuation methodology available (for example, appropriate indices). A depreciated historical cost basis as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Assets under construction are valued at current cost. This is calculated by the expenditure incurred to which an appropriate index is applied to arrive at current value. These are also subject to impairment review.

To meet the underlying objectives established by the Scottish Government the following accepted variations of the RICS Appraisal and Valuation Manual have been required:

- Specialised operational assets are valued on a modified replacement cost basis to take account of modern substitute building materials and locality factors only.

- **Subsequent expenditure**

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

- **Revaluations and Impairment**

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the [SoCNE](#), in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Permanent decreases in asset values and impairments are charged gross to the [SoCNE](#). Any related balance on the revaluation reserve is transferred to the General Fund.

Gains and losses on revaluation are reported in the [SoCNE](#).

- **Depreciation**

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

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

1. Freehold land is considered to have an infinite life and is not depreciated.
2. Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
3. Buildings, Dwellings 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.

4. Plant and Machinery, Transport Equipment, IT and Furniture and Fittings are depreciated over the estimated life of the asset.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

<b>Asset Category</b>	<b>Component</b>	<b>Useful Life</b>
Land		Unlimited
Buildings [*]	Various	As determined by valuer
Dwellings		As above
Transport Equipment		5 to 15 years
Plant and Machinery		5 to 15 Years
IT		5 to 10 years
Furniture and Fittings		5 to 15 years

[\*] Buildings (and component parts of buildings) range in life from 4-85 years as determined by the valuer.

## **Intangible Assets**

### **• Recognition**

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

The main classes of intangible assets recognised are:

### **• Software**

Software which is integral to the operation of hardware, for example 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, for example application software, is capitalised as an intangible asset.

### **• Measurement**

Valuation:

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

- **Amortisation**

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

All intangible assets have been purchased and amortisation is charged to the [SoCNE](#) on each main class of intangible asset as follows:

1. IT Software. Amortised over their expected useful life.

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category	Useful Life
Software	10

- **Donated Assets**

Non-current assets that are donated or purchased using donated funds are included in the Statement of Financial Position initially at the current full replacement cost of the asset. The accounting treatment, including the method of valuation, follows the rules in the NHS Capital Accounting Manual.

There were £0.794m donated assets acquired by the Board during 2024–25. This represents a purchase of a MRI scanner from the Shetland Health Board Endowment Funds.

- **Sale of Property, plant and equipment, intangible assets and non-current assets held for sale**

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

## Leasing

- **Scope and classification**

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

Contracts or parts of contract that are leases in substance are determined by evaluating whether they convey the right to control the use of an identified asset, as represented by rights both to obtain substantially all the economic benefits from that asset and to direct its use.

The following are excluded:

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

At the commencement of a lease (or the IFRS 16 transition date, if later), a right-of-use asset and a lease liability are recognised. The lease liability is measured at the present value of the payments for the remaining lease term (as defined above), net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, the rate advised by HM Treasury for that calendar year. The liability includes payments that are fixed or in-substance fixed, excluding, for example, changes arising from future rent reviews or changes in an index. The right-of-use asset is measured at the value of the liability, adjusted for any payments made or amounts accrued before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, for peppercorn or nil consideration leases, the asset is measured at its existing use value.

- **Subsequent measurement**

The asset is subsequently measured using the fair value model. The cost model is considered to be a reasonable proxy except for leases of land and property without regular rent reviews. For these leases, the asset is carried at a revalued amount. In these accounts, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market prices or rentals for equivalent land and properties. The liability is adjusted for the accrual of interest, repayments, and reassessments and modifications. These are measured by re-discounting the revised cash flows.

- **Lease expenditure**

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited

against the liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

- **Estimates and judgements**

The Board determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This determination reflects prices for leases of the underlying asset, where these are observable; otherwise, it maximises the use of other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components. In some circumstances, where stand-alone prices are not readily observable, the entire contracts are treated as a lease as a practical expedient. The FReM requires right-of-use assets held under “peppercorn” leases to be measured at existing use value.

### **Impairment of non-financial assets**

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

### **General Fund Receivables and Payables**

Where the Health Board has a positive net cash book balance at the year-end, a corresponding creditor is created and the general fund debited with the same amount to indicate that this cash is repayable to the SGHSCD. Where the Health Board has a net overdrawn cash position at the year-end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD.

### **Inventories**

Inventories are valued at the lower of cost and net realisable value. Taking into account the high turnover of NHS inventories, the use of average purchase price is deemed to represent current cost. Work in progress (WIP) is valued at the cost of the direct materials plus the conversion costs and other costs incurred to bring the goods

up to their present location, condition and degree of completion. There are no WIP at 31 March 2025.

### **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.

### **Employee Benefits:**

- **Short-term Employee Benefits**

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

- **Pension Costs**

The Board 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 [SoCNE](#) 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 (SPPA) 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 [SoCNE](#) at the time the Board commits itself to the retirement, regardless of the method of payment.

### **Clinical and Medical Negligence Costs**

Employing health bodies in Scotland are responsible for meeting medical negligence costs up to a threshold per claim. Costs above this threshold are reimbursed to Boards from a central fund held as part of CNORIS by the Scottish Government.

NHS Shetland 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 CNORIS 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.

NHS Shetland 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 annually managed expenditure (AME) provision and is classified as non-core expenditure.

### **Related Party Transactions**

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

### **Value Added Tax (VAT)**

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

### **Provisions**

The Board provides for legal or constructive obligations that are of uncertain timing or amount at the reporting 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.

### **Contingencies**

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the Board's control) are not recognised as assets, but are disclosed in [Note 14](#) where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in [Note 14](#), unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as:

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

### **Corresponding Amounts**

Corresponding amounts are shown for the primary statements and notes to the accounts. 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 accounts', requires that they should be adjusted and the basis for adjustment disclosed in a note to the accounts.

### **Financial Instruments**

#### **• Financial assets**

- Business Model:

The Board's business model refers to how it manages its financial assets in order to generate cash flows and is determined at a level which reflects how groups of financial assets are managed to achieve a business objective, rather than assessment of individual instruments.

- Classification:

When the Board first recognises a financial asset, it classifies it based on its business model for managing the asset and the asset's contractual flow characteristics. The Board classifies its financial assets in the following categories: at fair value through profit or loss, amortised cost, and fair value through other comprehensive income. The default basis for financial assets is to be held at fair value through profit or loss, although alternative treatment may be designated where receivables are held to collect principal and interest and/or for sale.

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

This is the default basis for financial assets.

- b) Financial assets held at amortised cost.

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

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

- ii. the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and related interest.

c) Financial assets at fair value through other comprehensive income

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

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

- Impairment of financial assets:

Provisions for impairment of financial assets are made on the basis of expected credit losses. The Board recognises a loss allowance for expected credit losses on financial assets and this is recognised in other comprehensive income, rather than reducing the carrying amount of the asset in the Statement of Financial Position.

Lifetime expected credit losses are recognised and applied to financial assets by the Board where there has been a significant increase in credit risk since the asset's initial recognition. Where the Board does not hold reasonable and supportable information to measure lifetime expected credit losses on an individual instrument basis, the losses are recognised on a collective basis which considers comprehensive credit risk information.

- Recognition and measurement:

Financial assets are recognised when the Board becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Board has transferred substantially all risks and rewards of ownership.

a) Financial assets at fair value through profit or loss

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the [SoCNE](#).

Financial assets carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the [SoCNE](#).

b) Financial assets held at amortised cost

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

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

- **Financial Liabilities**

- Classification:

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

- these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- they contain embedded derivatives; and/or
- it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised costs basis.

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise derivatives. Liabilities in this category are classified as current liabilities. The NHS Board does not trade in derivatives and does not apply hedge accounting.

b) Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are disclosed in current liabilities, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current liabilities. The NHS Board's financial liabilities held at amortised cost comprise trade and other payables in the Statement of Financial Position.

- Recognition and measurement:

Financial liabilities are recognised when the NHS Board becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the Statement of Financial Position when it is extinguished, that is when the obligation is discharged, cancelled or expired.

a) Financial liabilities at fair value through profit or loss.

Financial liabilities carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the [SoCNE](#).

b) Amortised costs

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

## Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. This has been identified as the executive management team of the Board. Operating segments represent the Directorates of the Board which are in line with the internal management and reporting structure.

## Cash and cash equivalents

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

## Key sources of judgement and estimation uncertainty

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

The key judgements and estimations exercised in the application of the Board's accounting policies which have the most significant effect on the carrying amounts in the accounts are summarised below:

<b>Judgements</b>		
<b>Area</b>	<b>Description</b>	<b>Sensitivities</b>
Pensions	The NHS Pension Scheme (Scotland) is treated as a defined contribution scheme as its assets and liabilities are not separately identifiable.	
Basis of Consolidation	The Shetland Health Board Endowment Funds is a subsidiary due to control and is consolidated on a line by line basis. The Directors of NHS Shetland are also	

<b>Judgements</b>		
<b>Area</b>	<b>Description</b>	<b>Sensitivities</b>
Basis of consolidation (continued)	<p>the Trustees of the Shetland Health Board Endowment Funds.</p> <p>In line with statutory guidance issued by the Integrated Resources Advisory Group IJBs are deemed to be joint ventures. In accordance with IFRS 11 Joint Arrangements, the primary accounts have been amended for the additional disclosure required to accurately reflect the Board's 50% interest in IJBs using the equity method of accounting.</p>	
<b>Estimates</b>		
<b>Area</b>	<b>Description</b>	<b>Sensitivities</b>
Accruals	The Board has placed significant reliance on estimation and judgement based on best available evidence to quantify amounts accrued in the accounts.	
Provisions—Clinical and Medical Negligence claims ( <a href="#">Note 13</a> )	The Board has provided for estimated costs relating to clinical and medical negligence, and reliance has been placed on details provided by the NHS Scotland Central Legal Office in order to quantify amounts provided.	There is 1 outstanding claim (Level 3) and 1 Contingent Liability (Level 1) at 31 March 2025 but each new claim arising may cost NHS Shetland up to £0.025m in line with the CNORIS threshold ( <a href="#">Note 13b</a> ).
Non-current Assets—Valuation of land and buildings ( <a href="#">Note 7a</a> )	The Board commissioned a valuation of land and buildings as part of its three-year rolling program as at 31 March 2023. For the financial year to 31 March 2025 index of 3% has been applied to specialist buildings on the advice of the Board's professional valuers.	Depreciation for 2024–25 was £1.350m ( <a href="#">Note 7a</a> ). A 1% increase in valuation would increase next year's depreciation by £0.014m.

## Note 2—Notes to the Cash Flow Statement

### Note 2a - SoRO for the Year Ended 31 March 2025

- Summary of Core Revenue Resource Out-turn

		2025
<b>Summary of Core Revenue Resource Out-turn</b>	<b>Note</b>	<b>£000</b>
<b>Net expenditure</b>	<b><u>SoCNE</u></b>	<b>93,031</b>
Total non-core expenditure (see below)		(5,368)
Family Health Services non-discretionary allocation		(2,189)
Endowment net expenditure		(860)
Associates and joint ventures accounted for on an equity basis		(36)
<b>Total core expenditure</b>		<b>84,578</b>
Core RRL		84,594
<b>Saving against Core RRL</b>		<b>16</b>

- Summary of Non-Core Revenue Resource Out-turn

		2025
<b>Summary of Non-Core Revenue Resource Out-turn</b>	<b>Note</b>	<b>£000</b>
Depreciation/amortisation	<a href="#">7a</a>	2,420
Right of Use (RoU) Asset Depreciation	<a href="#">17a</a>	511
AME—impairments	<a href="#">7a</a>	2,992
AME—provisions		89
AME—depreciation of donated assets		120
AME – pension valuation		30
Donated assets income		(794)
<b>Total Non-Core Expenditure</b>		<b>5,368</b>
Non-Core RRL		5,368
<b>Saving against Non-Core RRL</b>		<b>0</b>

The Notes to the Accounts, numbered 1 to 21, form an integral part of these Accounts.

- **Summary Resource Out-turn**

Summary Resource Out-turn	Resource	Expenditure	Saving/(Excess)
	£000	£000	£000
Core	84,594	84,578	16
Non-Core	5,368	5,368	0
<b>Total</b>	<b>89,962</b>	<b>89,946</b>	<b>16</b>

**Note 2b - Consolidated adjustments for non-cash transactions**

2024			2025
£000		Note	£000
	<b>Expenditure not paid in cash</b>		
2,483	Depreciation	<a href="#">7a</a>	2,420
34	Depreciation of donated assets	<a href="#">7a</a>	120
719	Depreciation (RoU) Assets		511
6	Impairments of PPE charged to SoCNE		2,984
(500)	Funding of Donated Assets	<a href="#">7a</a>	(794)
292	Associates and joint ventures accounted for on an equity basis	<a href="#">SoCNE</a>	36
61	Net investments additions—funds held on trust		0
<b>3,095</b>	<b>Total expenditure not paid in cash</b>	<a href="#">CFS</a>	<b>5,277</b>

**Note 2c - Consolidated movements in working capital**

2024		2025			
Net movement		Note	Opening balances	Closing balances	Net Movement
£000			£000	£000	£000
	<b>Inventories</b>				
(110)	SoFP	<a href="#">8</a>	751	745	6
	<b>Trade and other Receivables</b>				

2024		2025			
Net movement		Note	Opening balances	Closing balances	Net Movement
£000			£000	£000	£000
	Due within one year	<a href="#">9</a>	3,771	3,139	
	Less: Capital included in the above		0	0	
<b>2,292</b>	<b>Net (increase)/decrease</b>		<b>3,771</b>	<b>3,139</b>	<b>632</b>
	<b>Trade and other Payables</b>				
	Due within than one year	<a href="#">12</a>	9,702	11,440	
	Due after more than one year		1,198	3,160	
	Less: Capital included above		(15)	(15)	
	Less: General Fund creditor included in above	<a href="#">12</a>	(153)	(125)	
	Less: lease creditors included in above		(1,198)	(3,160)	
<b>(3,588)</b>	<b>Net decrease/ (increase)</b>		<b>9,534</b>	<b>11,300</b>	<b>1,766</b>
	<b>Provisions</b>				
	Statement of Financial Position	<a href="#">13a</a>	2,181	2,235	
<b>80</b>	<b>Net decrease/ (increase)</b>		<b>2,181</b>	<b>2,235</b>	<b>54</b>
<b>(1,326)</b>	<b>Net movement (decrease)/ increase</b>	<a href="#">CFS</a>			<b>2,458</b>

## Note 3—Expenditure

### Note 3a - Staff costs

2024			2025	2025
Total			Board	Consolidated
£000		Note	£000	£000
12,431	Medical and Dental		13,540	13,540
15,124	Nursing		15,848	15,848
21,831	Other Staff		23,755	23,755
<b>49,386</b>	<b>Total</b>	<a href="#">SoCNE</a>	<b>53,143</b>	<b>53,143</b>

### Note 3b - Other operating expenditures

2024		2025	2025
Total		Board	Consolidated
£000		£000	£000
	<b>Independent Primary Care Services:</b>		
1,002	General Medical Services [1]	818	818
1,257	Pharmaceutical Services	1,320	1,320
691	General Dental Services [2]	828	828
489	General Ophthalmic Services	529	529
<b>3,439</b>	<b>Total</b>	<b>3,495</b>	<b>3,495</b>
	<b>Drugs and medical supplies:</b>		
5,677	Prescribed drugs Primary Care	5,921	5,921
3,464	Prescribed drugs Secondary Care	3,783	3,783
54	PPE and testing kits	0	0
1,967	Medical Supplies	2,034	2,034
<b>11,162</b>	<b>Total</b>	<b>11,738</b>	<b>11,738</b>
	<b>Other health care expenditure</b>		
38,010	Contribution to IJBs	40,626	40,626

<b>2024</b>		<b>2025</b>	<b>2025</b>
<b>Total</b>		<b>Board</b>	<b>Consolidated</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>
9,476	Goods and services from other NHS Scotland bodies	9,706	9,706
17	Goods and services from other UK NHS bodies	7	7
259	Goods and services from private providers	204	204
29	Goods and services from voluntary organisations	11	11
1,650	Resource Transfer	1,650	1,650
12,459	Other operating expenditure	16,707	16,707
101	External Auditor—statutory audit fee	103	103
0	External Auditor—other services—share of IJB audit fee	0	0
108	Shetland Health Board Endowment Funds expenditure	0	1,198
<b>62,109</b>	<b>Total</b>	<b>69,014</b>	<b>70,212</b>
<b>76,710</b>	<b>Total Other Operating Expenditure</b>	<b>84,247</b>	<b>85,445</b>

[1] This figure represents the costs of the independent GP practices only. The total cost of services in 2024–25, including Board run practices, is £8.110m (2023–24, £7.396m).

[2] This figure represents the costs of the independent dental practices only. The total cost of services in 2024–25, including Board run practices, is £3.516m (2023–24, £3.735m).

## Note 4—Operating Income

2024			2025	2025
Total			Board	Consolidated
£000		Note	£000	£000
86	Income from Scottish Government		81	81
1,303	Income from other NHS Scotland bodies		1,596	1,596
149	Income from NHS non-Scottish bodies		143	143
37,182	Income for services commissioned by IJB		39,330	39,330
209	Patient charges for primary care		286	286
500	Donations [1]		794	794
	<b>Non NHS:</b>			
15	Overseas patients (non-reciprocal)		91	91
131	Shetland Health Board Endowment Funds Income		0	338
2,236	Other		2,934	2,934
<b>41,811</b>	<b>Total Income</b>	<b><a href="#">SoCNE</a></b>	<b>45,255</b>	<b>45,593</b>

[1] Donations represent the purchase of a MRI Scanner for NHS Shetland by the Endowment Funds.

## Note 5—Segmental Analysis

### Note 5a - Segmental Analysis 2025

		<b>Net Operating Costs</b>	<b>Total assets</b>	<b>Total liabilities</b>
<b>Directorate of Acute and Specialist Services</b>	<b>£000</b>	26,077	11,401	(4,719)
<b>Directorate of Community Health and Social Care</b>	<b>£000</b>	31,947	13,967	(5,781)
<b>Off-island Clinical Services</b>	<b>£000</b>	13,964	6,105	(2,527)
<b>Public Health</b>	<b>£000</b>	2,410	1,053	(436)
<b>Support Services</b>	<b>£000</b>	18,634	8,147	(3,372)
<b>2025</b>	<b>£000</b>	<b>93,031</b>	<b>40,674</b>	<b>(16,835)</b>

### Note 5b - Segmental Analysis Previous Year, 2024

		<b>Net Operating Costs</b>	<b>Total assets</b>	<b>Total liabilities</b>
<b>Directorate of Acute and Specialist Services</b>	<b>£000</b>	24,772	13,477	(3,832)
<b>Directorate of Community Health and Social Care</b>	<b>£000</b>	31,217	16,983	(4,828)
<b>Off-island Clinical Services</b>	<b>£000</b>	13,482	7,334	(2,085)
<b>Public Health</b>	<b>£000</b>	1,895	1,031	(293)
<b>Support Services</b>	<b>£000</b>	13,211	7,187	(2,043)
<b>2024</b>	<b>£000</b>	<b>84,577</b>	<b>46,012</b>	<b>(13,081)</b>

## Note 6—Intangible Assets

### Note 6a - Intangible assets (non-current)—Consolidated and Board

		IT Software	Total
	Note	£000	£000
<b>Cost or Valuation:</b>			
At 1 April 2024		97	97
<b>At 31 March 2025</b>		<b>97</b>	<b>97</b>
<b>Amortisation</b>			
At 1 April 2024		97	97
Provided during the year		0	0
<b>At 31 March 2025</b>		<b>97</b>	<b>97</b>
<b>Net book value at 1 April 2024</b>		<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2025</b>		<b>0</b>	<b>0</b>

### Note 6b - Intangible assets (non-current)—Consolidated and Board—Prior year

		IT Software	Total
	Note	£000	£000
<b>Cost or Valuation:</b>			
At 1 April 2023		97	97
<b>At 31 March 2024</b>		<b>97</b>	<b>97</b>
<b>Amortisation</b>			
At 1 April 2023		97	97
Provided during the year		0	0
<b>At 31 March 2024</b>		<b>97</b>	<b>97</b>
<b>Net book value at 1 April 2023</b>		<b>0</b>	<b>0</b>
<b>Net book value at 31 March 2024</b>		<b>0</b>	<b>0</b>

## Note 7a - Property, Plant and Equipment—Consolidated and Board

	Land	Buildings	Dwellings	Trans Equip	Plant and Machinery	ICT	Furniture and fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>									
At 1 April 2024	632	27,206	2,289	0	9,234	1,707	30	2,434	43,532
Additions—purchased	0	0	145	0	851	64	0	652	1,712
Additions - donated	0	0	0	0	794	0	0	0	794
Transfer between asset categories	0	3,086	0	0	0	0	0	(3,086)	0
Revaluations	0	814	30	0	0	0	0	0	844
Impairment charges	0	(6,419)	0	0	0	0	0	0	(6,419)
Disposals—purchased	0	0	0	0	(133)	0	0	0	(133)
<b>At 31 March 2025</b>	<b>632</b>	<b>24,687</b>	<b>2,464</b>	<b>0</b>	<b>10,746</b>	<b>1,771</b>	<b>30</b>	<b>0</b>	<b>40,330</b>
<b>Depreciation</b>									
At 1 April 2024	0	1,281	111	0	4,561	1,293	30	0	7,276

	Land	Buildings	Dwellings	Trans Equip	Plant and Machinery	ICT	Furniture and fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Provided during the year—purchased	0	1,350	114	0	803	153	0	0	2,420
Provided during the year—donated	0	0	0	0	120	0	0	0	120
Revaluations	0	79	2	0	0	0	0	0	81
Disposal—purchased	0	0	0	0	(125)	0	0	0	(125)
<b>At 31 March 2025</b>	<b>0</b>	<b>2,710</b>	<b>227</b>	<b>0</b>	<b>5,359</b>	<b>1,446</b>	<b>30</b>	<b>0</b>	<b>9,772</b>
<b>Net book value at 1 April 2024</b>	<b>632</b>	<b>25,925</b>	<b>2,178</b>	<b>0</b>	<b>4,673</b>	<b>414</b>	<b>0</b>	<b>2,434</b>	<b>36,256</b>
<b>Net book value at 31 March 2025</b>	<b>632</b>	<b>21,977</b>	<b>2,237</b>	<b>0</b>	<b>5,387</b>	<b>325</b>	<b>0</b>	<b>0</b>	<b>30,558</b>
<b>Asset financing:</b>									
Owned—purchased	632	21,977	2,237	0	4,673	325	0	0	29,844
Owned—donated	0	0	0	0	714	0	0	0	714

	<b>Land</b>	<b>Buildings</b>	<b>Dwellings</b>	<b>Trans Equip</b>	<b>Plant and Machinery</b>	<b>ICT</b>	<b>Furniture and fittings</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net book value at 31 March 2025</b>	<b>632</b>	<b>21,977</b>	<b>2,237</b>	<b>0</b>	<b>5,387</b>	<b>325</b>	<b>0</b>	<b>0</b>	<b>30,558</b>

**Note 7a - Property, Plant and Equipment—Consolidated and Board—Prior Year**

	Land	Buildings	Dwellings	Trans Equip	Plant and Machinery	ICT	Furniture and Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or valuation</b>									
At 1 April 2023	632	26,362	2,260	0	9,314	1,769	30	0	40,367
Additions—purchased	0	54	0	0	91	0	0	1,934	2,079
Additions—donated	0	0	0	0	0	0	0	500	500
Revaluations	0	790	29	0	0	0	0	0	819
Disposals—purchased	0	0	0	0	(171)	(62)	0	0	(233)
<b>At 31 March 2024</b>	<b>632</b>	<b>27,206</b>	<b>2,289</b>	<b>0</b>	<b>9,234</b>	<b>1,707</b>	<b>30</b>	<b>2,434</b>	<b>43,532</b>
<b>Depreciation</b>									
At 1 April 2023	0	1	1	0	3,855	1,174	30	0	5,061
Provided during the year—purchased	0	1,353	112	0	838	180	0	0	2,483

	Land	Buildings	Dwellings	Trans Equip	Plant and Machinery	ICT	Furniture and Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Provided during the year—donated	0	0	0	0	34	0	0	0	34
Impairment charges	0	0	0	0	5	1	0	0	6
Revaluations	0	(73)	(2)	0	0	0	0	0	(75)
Disposal—purchased	0	0	0	0	(171)	(62)	0	0	(233)
<b>At 31 March 2024</b>	<b>0</b>	<b>1,281</b>	<b>111</b>	<b>0</b>	<b>4,561</b>	<b>1,293</b>	<b>30</b>	<b>0</b>	<b>7,276</b>
<b>Net book value at 1 April 2023</b>	<b>632</b>	<b>26,361</b>	<b>2,259</b>	<b>0</b>	<b>5,459</b>	<b>595</b>	<b>0</b>	<b>0</b>	<b>35,306</b>
<b>Net book value at 31 March 2024</b>	<b>632</b>	<b>25,925</b>	<b>2,178</b>	<b>0</b>	<b>4,673</b>	<b>414</b>	<b>0</b>	<b>2,434</b>	<b>36,256</b>
<b>Asset financing:</b>									
Owned—purchased	632	25,925	2,178	0	4,633	414	0	1,934	35,716
Owned—donated	0	0	0	0	40	0	0	500	540

	<b>Land</b>	<b>Buildings</b>	<b>Dwellings</b>	<b>Trans Equip</b>	<b>Plant and Machinery</b>	<b>ICT</b>	<b>Furniture and Fittings</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net book value at 31 March 2024</b>	<b>632</b>	<b>25,925</b>	<b>2,178</b>	<b>0</b>	<b>4,673</b>	<b>414</b>	<b>0</b>	<b>2,434</b>	<b>36,256</b>

### Note 7b - Assets Held for Sale—Consolidated and Board

	Land and Property	Total
	2024	2024
	£000s	£000s
At 1 April 2024	150	150
<b>At 31 March 2025</b>	<b>150</b>	<b>150</b>

Asset held for sale—90 St Olaf Street property.

Prior year—£150k

### Note 7c - Property, Plant and Equipment Disclosures

Consolidated	Board			Consolidated	Board
2024	2024			2025	2025
£000	£000		Note	£000	£000
		<b>Net book value of property, plant and equipment at 31 March</b>			
35,716	35,716	Purchased		29,844	29,844
540	540	Donated		714	714
<b>36,256</b>	<b>36,256</b>	<b>Total</b>	<b><a href="#">SoFP</a></b>	<b>30,558</b>	<b>30,558</b>
662	662	Net book value related to land valued at open market value at 31 March		662	662
28,223	28,223	Net book value related to buildings valued at open market value at 31 March		24,214	24,214

Land and buildings were fully revalued by an independent valuer, Gerald Eve, at 31 March 2023 on the basis of fair value. A full revaluation will be carried out again on 31 March 2026 in line with the Board's three-year cycle.

In the interim years between full valuations, indexation advice is sought from Gerald Eve. For the year ending 31 March 2025 index of 3% (after depreciation) has been applied to specialist buildings resulting in a net gain of £0.763m. All revaluation gains have been set against the revaluation reserve.

An impairment of £4.258m has been recognised in relation to the Gilbert Bain Hospital at 31 March 2025. A recent engineering report on the condition of the hospital recommended significant remedial works over the next ten years to maintain operational use. This funding, in the region of £10.000m, has been approved by Scottish Government.

The new MRI scanner infrastructure, completed in 2024, has partially offset this impairment by increasing the value of the hospital by £0.925m.

Valuations of land and building assets have been prepared having regard to the contents of the RICS Valuation—Global Standards UK (January 2020) and specifically the appropriate bases of valuation for IFRSs. It is provided within these Standards (and associated RICS Practice Statements) that:

- a) for those properties that are owner-occupied and are of a non-specialised nature, the basis of valuation is Fair Value assuming ongoing operational use;
- b) for properties which are either owned but not occupied by the Board or have been declared surplus, these are also to be valued on the basis of Fair Value. Fair value is defined as, “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date”. (In this context, Fair Value is generally taken to be the equivalent of the RICS definition of Market Value); and
- c) for properties that are owner-occupied but are of a specialist nature, where few, if any, open market transactions involving a continuation of the existing use occur, then the basis of valuation is also Fair Value but the Depreciated Replacement Cost method of valuation is appropriate set against the assumption of a continuation of the existing health care use for the foreseeable future.

#### Note 7d - Analysis of Capital Expenditure

<b>Consolidated</b>	<b>Board</b>			<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>			<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>		<b>Note</b>	<b>£000</b>	<b>£000</b>
		<b>Expenditure</b>			
2,079	2,079	Acquisition of property, plant and equipment	<a href="#">7a</a>	1,712	1,712

<b>Consolidated</b>	<b>Board</b>			<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>			<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>		<b>Note</b>	<b>£000</b>	<b>£000</b>
500	500	Donated asset additions (non-core)		794	794
617	617	RoU additions		2,346	2,346
<b>3,196</b>	<b>3,196</b>	<b>Gross Capital Expenditure</b>		<b>4,852</b>	<b>4,852</b>
0	0	Income		8	8
<b>0</b>	<b>0</b>	<b>Capital Income</b>		<b>8</b>	<b>8</b>
<b>3,196</b>	<b>3,196</b>	<b>Net Capital Expenditure</b>		<b>4,852</b>	<b>4,852</b>
3,196	3,196	Total CRL		4,853	4,853
<b>0</b>	<b>0</b>	<b>Saving against Total CRL</b>		<b>1</b>	<b>1</b>

### Note 8—Inventories and Work in Progress

<b>Consolidated</b>	<b>Board</b>			<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>			<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>		<b>Note</b>	<b>£000</b>	<b>£000</b>
751	751	Raw materials and consumables		745	745
<b>751</b>	<b>751</b>	<b>Total inventories</b>	<a href="#"><u>SoFP</u></a>	<b>745</b>	<b>745</b>

## Note 9—Trade and Other Receivables

Consolidated	Board			Consolidated	Board
2024	2024			2025	2025
£000	£000		Note	£000	£000
		<b>Receivables due within one year</b>			
		<b>NHS Scotland</b>			
4	4	Scottish Government		1	1
299	299	Boards		260	260
<b>303</b>	<b>303</b>	<b>Total NHS Scotland Receivables</b>		<b>261</b>	<b>261</b>
43	43	NHS non-Scottish bodies		22	22
151	151	VAT recoverable		151	151
642	642	Prepayments		577	577
159	159	Accrued income		106	106
1,497	1,452	Other receivables		1,529	1,514
0	0	Reimbursement of provisions		0	0
976	976	Other public sector bodies		493	493
<b>3,771</b>	<b>3,726</b>	<b>Total Receivables</b>		<b>3,139</b>	<b>3,124</b>
299	299	NHS Scotland		260	260
151	151	Central Government bodies		151	151
976	976	Whole of Government bodies		493	493

<b>Consolidated</b>	<b>Board</b>			<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>			<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>		<b>Note</b>	<b>£000</b>	<b>£000</b>
43	43	Balances with NHS bodies in England and Wales		22	22
2,302	2,257	Balances with bodies external to Government		2,213	2,198
<b>3,771</b>	<b>3,726</b>	<b>Total</b>		<b>3,139</b>	<b>3,124</b>
		Movements on the provision for impairment of receivables are as follows:			
31	31	At 1 April		28	28
4	4	Provision for impairment		98	98
0	0	Receivables written off during the year as uncollectable		0	0
(7)	(7)	Unused amounts reversed		0	0
<b>28</b>	<b>28</b>	<b>At 31 March</b>		<b>126</b>	<b>126</b>

As of 31 March 2025, receivables with a carrying value of £0.126m (2023–24, £0.028m) were impaired and provided for. Ageing of these receivables is as follows:

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>		<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
0	0	3 to 6 months past due	0	0
28	28	Over 6 months past due	126	126
<b>28</b>	<b>28</b>		<b>126</b>	<b>126</b>

The receivables assessed as individually impaired were mainly private companies and individuals and it was assessed that not all of the receivable balance may be recovered.

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2025, receivables with a carrying value of £0.790m (2023–24, £0.780m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>		<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
498	498	Up to 3 months past due	596	596
54	54	3 to 6 months past due	25	25
228	228	Over 6 months past due	169	169
<b>780</b>	<b>780</b>		<b>790</b>	<b>790</b>

The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards, Local Authorities, Limited Companies, and individuals. There is no history of default from these customers recently.

Concentration of credit risk is limited due to customer base being large and unrelated/government bodies. Due to this, management believe that there is no future credit risk provision required in excess of the normal provision for doubtful receivables.

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

<b>Receivables that are neither past due nor impaired are shown by their credit risk below:</b>				
<b>Consolidated</b>	<b>Board</b>		<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>		<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
3,771	3,726	Existing customers with no defaults in the past	3,139	3,124
<b>3,771</b>	<b>3,726</b>	Total neither past due or impaired	<b>3,139</b>	<b>3,124</b>
<b>The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.</b>				
		The carrying amount of receivables are denominated in the following currencies:		
3,771	3,726	Pounds	3,139	3,124
<b>3,771</b>	<b>3,726</b>		<b>3,139</b>	<b>3,124</b>

All current receivables are due within one year (2023–24, one year) from the reporting date. The carrying amount of short-term receivables approximates their fair value. The fair value of long-term other receivables are £0 (2023–24, £0). The effective interest rate on non-current other receivables is 0% (2023–24, 0%).

## Note 10—Investments

Consolidated	Board		Note	Consolidated	Board
2024	2024			2025	2025
£000	£000			£000	£000
1,507	0	Other		1,515	0
<b>1,507</b>	<b>0</b>	<b>Total</b>	<a href="#">SoFP</a>	<b>1,515</b>	<b>0</b>
1,437	0	<b>At 1 April</b>		1,507	0
127	0	Additions	<a href="#">CFS</a>	0	0
(119)	0	Disposals		0	0
62	0	Revaluation surplus / (deficit) transferred to equity		8	0
<b>1,507</b>	<b>0</b>	<b>At 31 March</b>		<b>1,515</b>	<b>0</b>
1,507	0	Non-current	<a href="#">SoFP</a>	1,515	0
<b>1,507</b>	<b>0</b>	<b>Total</b>		<b>1,515</b>	<b>0</b>

## Note 11—Cash and Cash Equivalents

		2025
	Note	£000
Balance at 1 April		1,771
Net change in cash and cash equivalent balances	<a href="#">CFS</a>	(809)
<b>Balance at 31 March</b>	<a href="#">SoFP</a>	<b>962</b>
<b>Total Cash—Cash Flow Statement</b>		
The following balances at 31 March were held at:		
Government Banking Service		76
Commercial banks and cash in hand		49
Endowment cash		837
<b>Balance at 31 March</b>		<b>962</b>

## Note 12—Trade and Other Payables

Consolidated	Board		Note	Consolidated	Board
2024	2024			2025	2025
£000	£000			£000	£000
		<b>Payables due within one year</b>			
		<b>NHS Scotland</b>			
1,866	1,866	Boards		2,053	2,053
<b>1,866</b>	<b>1,866</b>	<b>Total NHS Scotland Payables</b>		<b>2,053</b>	<b>2,053</b>
4	4	NHS Non-Scottish bodies		(3)	(3)
153	153	Amounts payable to General Fund		125	125
1,427	1,427	FHS practitioners		1,425	1,425
682	682	Trade payables		1,144	1,144
2,315	2,315	Accruals		2,690	2,690
80	80	Deferred income		72	72
964	964	Income tax and social security		1,058	1,058
783	783	Superannuation		881	881
539	539	Holiday pay accrual		532	532
75	75	Other public sector bodies		348	348
59	0	Other payables		107	0
755	755	Pay accrual		1,008	1,008
		<b>Payables due after more than one year</b>			
1,198	1,198	Net obligation under leases due after 2		3,160	3,160

<b>Consolidated</b>	<b>Board</b>		<b>Note</b>	<b>Consolidated</b>	<b>Board</b>
<b>2024</b>	<b>2024</b>			<b>2025</b>	<b>2025</b>
<b>£000</b>	<b>£000</b>			<b>£000</b>	<b>£000</b>
		years but within 5 years			
<b>10,900</b>	<b>10,841</b>	<b>Total payables</b>		<b>14,600</b>	<b>14,493</b>
		<b>WGA Classification</b>			
1,866	1,866	NHS Scotland		2,053	2,053
1,747	1,747	Central Government bodies		1,939	1,939
75	75	Whole of Government bodies		348	348
4	4	Balances with NHS bodies in England and Wales		(3)	(3)
7,208	7,149	Balances with bodies external to Government		10,263	10,156
<b>10,900</b>	<b>10,841</b>	<b>Total</b>		<b>14,600</b>	<b>14,493</b>
		The carrying amount of payables are denominated in the following currencies:			
10,900	10,841	Pounds		14,600	14,493
<b>10,900</b>	<b>10,841</b>			<b>14,600</b>	<b>14,493</b>

## Note 13—Provisions

### Note 13a - Provisions—Consolidated and Board

	Pensions arising from Staff Early Retirement	<a href="#">Clinical and Medical Legal Claims against NHS Board</a>	<a href="#">Participation in CNORIS</a>	Other	2025 Total
	£000	£000	£000	£000	£000
At 1 April 2024	145	0	1,921	115	2,181
Arising during the year	20	10	248	0	278
Utilised during the year	(23)	0	(169)	0	(192)
Unwinding of discount	10	0	0	0	10
Reverse unutilised	0	0	0	(42)	(42)
<b>At 31 March 2025</b>	<b>152</b>	<b>10</b>	<b>2,000</b>	<b>73</b>	<b>2,235</b>

Further details on Provision are included in [Note 1—Accounting policies](#).

- **Pensions arising from Staff Early Retirement**

The Board meets the additional costs of benefits beyond the normal NHS Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the NHS Superannuation Scheme for Scotland over the period between early departure and normal retirement date. The Board provides for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate, currently 2.40% as advised by PES (2023) 10, (2023–24, 2.45%). The Board expects expenditure to be charged to this provision for a period of up to 16 years.

- **Clinical and Medical Legal Claims against NHS Board and Participation in CNORIS**

The amounts shown above in relation to Clinical and Medical Legal Claims against NHS Shetland are stated gross and the amount of any expected reimbursements are

separately disclosed as receivables in [Note 9](#). Further details are disclosed in [Note 13b](#) along with participation in NHS Scotland CNORIS.

- **Other**

Relating to the Payment As If At Work liability in respect of former employees of NHS Shetland and staff back pay.

- **Analysis of expected timing of discounted flows to 31 March 2025**

	<b>Pensions arising from Staff Early Retirement</b>	<b>Clinical and Medical Legal Claims against NHS Board</b>	<b><a href="#">Participation in CNORIS</a></b>	<b>Other</b>	<b>2025 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payable in one year	23	10	500	0	533
Payable between 2-5 years	82	0	1,216	73	1,371
Payable between 6-10 years	38	0	104	0	142
Thereafter	9	0	180	0	189
<b>At 31 March 2025</b>	<b>152</b>	<b>10</b>	<b>2,000</b>	<b>73</b>	<b>2,235</b>

- **Provisions—Consolidated and Board (Prior Year)**

	<b>Pensions arising from Staff Early Retirement</b>	<b><a href="#">Clinical and Medical Legal Claims against NHS Board</a></b>	<b><a href="#">Participation in CNORIS</a></b>	<b>Other</b>	<b>2024 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April 2023	152	0	1,876	73	2,101
Arising during the year	24	0	145	42	211

	<b>Pensions arising from Staff Early Retirement</b>	<b><u>Clinical and Medical Legal Claims against NHS Board</u></b>	<b><u>Participation in CNORIS</u></b>	<b>Other</b>	<b>2024 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Utilised during the year	(22)	0	(100)	0	(122)
Unwinding of discount	(6)	0	0	0	(6)
Reverse unutilised	(3)	0	0	0	(3)
<b>At 31 March 2024</b>	<b>145</b>	<b>0</b>	<b>1,921</b>	<b>115</b>	<b>2,181</b>

The amounts shown above in relation to Clinical and Medical Legal Claims against NHS Shetland are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in [Note 9](#).

- **Analysis of expected timing of discounted flows to 31 March 2024 (prior year)**

	<b>Pensions arising from Staff Early Retirement</b>	<b>Clinical and Medical Legal Claims against NHS Board</b>	<b><u>Participation in CNORIS</u></b>	<b>Other</b>	<b>2024 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payable in one year	22	0	480	115	617
Payable between 2-5 years	79	0	1,168	0	1,247

	<b>Pensions arising from Staff Early Retirement</b>	<b>Clinical and Medical Legal Claims against NHS Board</b>	<b><a href="#">Participation in CNORIS</a></b>	<b>Other</b>	<b>2024 Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payable between 6-10 years	36	0	100	0	136
Thereafter	8	0	173	0	181
<b>At 31 March 2024</b>	<b>145</b>	<b>0</b>	<b>1,921</b>	<b>115</b>	<b>2,181</b>

#### Note 13b -CNORIS

<b>2024</b>		<b>Note</b>	<b>2025</b>
<b>£000</b>			<b>£000</b>
0	Provision recognising individual claims against the NHS Board as at 31 March	<a href="#">13a</a>	0
0	Associated CNORIS receivable at 31 March	<a href="#">9</a>	0
1,921	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	<a href="#">13a</a>	2,000
<b>1,921</b>	<b>Net Total Provision relating to CNORIS at 31 March</b>		<b>2,000</b>

CNORIS has been in operation since 2000. Participation in the scheme is mandatory for all NHS Boards in Scotland.

The scheme allows for risk pooling of legal claims in relation to clinical negligence and other risks and works in a similar manner to an insurance scheme. CNORIS has an agreed threshold of £25k and any claims with a value less than this are met directly from within Boards' own budgets. Participants, for example NHS Boards, contribute to the CNORIS pool each financial year at a pre-agreed contribution rate based on the risks associated with their individual NHS Board. If a claim is settled the Board will be reimbursed by the scheme for the value of the settlement, less a £25k "excess" fee. The scheme allows for the risk associated with any large or late in

the financial year legal claims to be managed and reduces the level of volatility to which individual Boards are exposed.

When a legal claim is made against an individual Board, the Board will assess whether a provision or contingent liability for that legal claim is required based upon NHS Central Legal advice. If a provision is required then the Board will also create an associated receivable recognising reimbursement from the scheme if the legal claim settles. The provision and associated receivable are shown in the first two lines above. The receivable has been netted off against the provision to reflect reimbursement from the scheme.

As a result of participation in the scheme, Boards should also recognise that they will be required to make contributions to the scheme in future years. Therefore a second provision that recognises the Board's share of the total CNORIS liability of NHS Scotland has been made and this is reflected in third line above.

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS. Further information can be found on the [CNORIS website](#).

## Note 14—Contingent Liabilities

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

2024		2024
£000		£000
	<b>Nature</b>	
20	Clinical and medical compensation payments	10
<b>20</b>	<b>Total Contingent Liabilities</b>	<b>10</b>

The contingent liabilities above relate to one outstanding clinical and medical legal claims against the Board which have been categorised as risk factor 1 by Central Legal Office.

## Note 15—Events after the end of the reporting year

None.

## Note 16—Commitments

### Capital Commitments

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

2024		2025
£000		£000
	<b>Contracted</b>	
2,256	MRI Scanner	31
	<b>Authorised but not Contracted</b>	
0	Estates capital projects including GBH Structural Remedial Works	9,350
360	Statutory compliance and backlog maintenance	285
550	Medical equipment	50
199	ICT Projects (Tangible)	215
<b>3,365</b>	<b>Total</b>	<b>9,931</b>

## Note 17—Leases Assets

### Note 17a -RoU Assets—Consolidated and Board

	Buildings	Transport Equipment	Plant and Machinery	Total
	£000s	£000s	£000s	£000s
Cost at 31 March 2024	886	841	960	2,687
Additions	0	22	2,324	2,346
Depreciation at 1 April 2024	264	249	848	1,361
Depreciation provided during the year	122	213	176	511
<b>Net book Value at 31 March 2025</b>	<b>500</b>	<b>401</b>	<b>2,260</b>	<b>3,161</b>

Please see Accounting Policies for further information on RoU assets and IFRS 16.

There are three property leases—one is a GP practice building in Scalloway, one is a mixed residential/office unit, and one is additional office space. The significant plant and machinery lease is for a Laboratory Managed Service Contract which was renewed in January 2025.

#### Note 17b - Lease Liabilities—Consolidated and Board

	<b>Buildings</b>	<b>Transport Equipment</b>	<b>Plant and Machinery</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total Lease liability at 31 March 2025	500	402	2,258	3,160

#### • Amounts recognised in the SoCNE—Consolidated and Board

	<b>£000s</b>
Depreciation	511
Interest Expense	57
<b>Total</b>	<b>568</b>

#### Note 18—Pension Costs

	<b>2024</b>	<b>2025</b>
	<b>£000</b>	<b>£000</b>
Pension cost charge for the year	6,300	7,249
Additional costs arising from early retirement	15	30
Provisions / liabilities / prepayments included in the Statement of Financial Position	145	152

#### Pension Scheme Declaration

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

The valuation carried out as at 31 March 2016 confirmed that an increase in the employer contribution rate from 14.9% to 20.9% was required from 1 April 2019 to 31 March 2023. The UK Government since confirmed that these employer rates would

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

(b) NHS Shetland 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 NHS Shetland is unable to identify its share of the underlying assets and liabilities of the scheme.

(iii) The employer contribution rate for the period from 1 April 2024 is 22.5% of pensionable pay. The employee rate applied is variable and is anticipated to provide a yield of 9.8% of pensionable pay.

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

(v) NHS Shetland's level of participation in the scheme is 0.44% based on the proportion of employer contributions paid in 2023-24.

- **The New NHS Pension Scheme (Scotland) 2015**

From 1 April 2015 the NHS Pension Scheme (Scotland) 2015 was introduced. This scheme is a Career Average Re-valued Earnings (CARE) scheme. Members will accrue 1/54 of their pay as pension for each year they are a member of the scheme. The accrued pension is re-valued each year at an above inflation rate to maintain its

buying power. This is currently 1.5% above increases to the Consumer Prices Index (CPI). This continues until the member leaves the scheme or retires. In 2024-25 members paid tiered contribution rates ranging from 5.7% to 13.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

- **The 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 continued to earn benefits in their current section. This affected members who were paying into the scheme on 1 April 2012 and were within ten 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 [SPPA website](#).

- **National Employment Savings Trust (NEST)**

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

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

<b>Date</b>	<b>Employee Contribution</b>	<b>Employer Contribution</b>	<b>Total Contribution</b>
1 March 2013	1%	1%	2%
1 October 2018	3%	2%	5%
1 October 2019	5%	3%	8%

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

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

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

## Note 19—Financial Instruments

### Note 19a - Financial Instruments by Category

- Financial assets

Consolidated		Financial assets at fair value through other comprehensive income (OCI)	Financial assets at amortised cost	Financial assets at fair value through profit/loss	Total
	Note	£000	£000	£000	£000
As at 31 March 2025					
Assets per Statement of Financial Position					
Investments	<a href="#">10</a>	0	0	1,515	1,515
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<a href="#">9</a>	2,150	0	0	2,150
Cash and cash equivalents	<a href="#">11</a>	962			962
		<b>3,112</b>	<b>0</b>	<b>1,515</b>	<b>4,627</b>

<b>Board</b>		<b>Financial assets at fair value through OCI</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets at fair value through profit/loss</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As at 31 March 2025</b>					
<b>Assets per Statement of Financial Position</b>					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<a href="#">9</a>	2,135	0	0	2,135
Cash and cash equivalents	<a href="#">11</a>	125	0	0	125
		<b>2,260</b>	<b>0</b>	<b>0</b>	<b>2,260</b>

<b>Consolidated (prior year)</b>		<b>Financial assets at fair value through OCI</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets at fair value through profit/loss</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As at 31 March 2024</b>					
<b>Assets per Statement of Financial Position</b>					
Investments	<a href="#">10</a>	0	0	1,507	1,507
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<a href="#">9</a>	2,675	0	0	2,675
Cash and cash equivalents	<a href="#">11</a>	1,771	0	0	1,771
		<b>4,446</b>	<b>0</b>	<b>1,507</b>	<b>5,953</b>

<b>Board</b>		<b>Financial assets at fair value through OCI</b>	<b>Financial assets at amortised cost</b>	<b>Financial assets at fair value through profit/loss</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As at 31 March 2024</b>					
<b>Assets per Statement of Financial Position</b>					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	<a href="#">9</a>	2,630	0	0	2,630
Cash and cash equivalents	<a href="#">11</a>	153	0	0	153
		<b>2,783</b>	<b>0</b>	<b>0</b>	<b>2,783</b>

- **Financial Liabilities**

<b>Consolidated</b>		<b>Liabilities at Fair Value through profit and loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As at 31 March 2025</b>				
<b>Liabilities per Statement of Financial Position</b>				
Lease liabilities	<a href="#">12</a>	0	3,160	3,160
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<a href="#">12</a>	0	7,376	7,376
			<b>10,536</b>	<b>10,536</b>
<b>Board</b>		<b>Liabilities at Fair Value through profit and loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As at 31 March 2025</b>				
<b>Liabilities per Statement of Financial Position</b>				
Lease liabilities		0	3,160	3,160
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<a href="#">12</a>	0	7,269	7,269
			<b>10,429</b>	<b>10,429</b>

<b>Consolidated (prior year)</b>		<b>Liabilities at Fair Value through profit and loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As at 31 March 2024</b>				
<b>Liabilities per Statement of Financial Position</b>				
Lease liabilities	<a href="#">12</a>	0	1,198	1,198
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<a href="#">12</a>	0	6,009	6,009
		<b>0</b>	<b>7,207</b>	<b>7,207</b>
<b>Board</b>		<b>Liabilities at Fair Value through profit and loss</b>	<b>Financial liabilities at amortised cost</b>	<b>Total</b>
	<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>As at 31 March 2024</b>				
<b>Liabilities per Statement of Financial Position</b>				
Lease liabilities		0	1,198	1,198
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	<a href="#">12</a>	0	5,950	5,950
		<b>0</b>	<b>7,148</b>	<b>7,148</b>

- **Note 19b - Financial Risk Factors**

- **Exposure to risk**

The NHS Board's activities expose it to a variety of financial risks:

- a) Credit risk—the possibility that other parties might fail to pay amounts due.
- b) Liquidity risk—the possibility that the NHS Board might not have funds available to meet its commitments to make payments.
- c) 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.

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

- **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 the NHS Board.

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.

- **Liquidity Risk**

The Scottish Parliament makes provision for the use of resources by the NHS Board for revenue and capital purposes in a Budget Act for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified and up to the amounts specified in the Budget Act. The Act also specifies an overall cash authorisation to operate for the financial year. The NHS Board is not therefore exposed to significant liquidity risks. All liabilities are due within one year.

- **Market Risk**

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

- a) Cash flow and fair value interest rate risk

The NHS Board has no significant interest bearing assets or liabilities and as such income and expenditure cash flows are substantially independent of changes in market interest rates.

b) Foreign Currency Risk

The NHS Board is not exposed to foreign currency price risk.

- **Price risk**

The NHS Board is not exposed to equity security price risk.

**Note 19c - Fair value estimation**

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

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

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

**Note 20—Related Party Transactions**

NHS Shetland is a health board within NHS Scotland and is funded by the Scottish Government. As such, it has transactions with other NHS bodies, public sector organisations and other government bodies in the normal course of business.

**Key Management Personnel and Related Parties**

The Board considers key management personnel to be those with authority and responsibility for directing and controlling the activities of the organisation, including the Chief Executive, Executive Directors, and Non-Executive Board Members, as well as any individual or entity that has control or significant influence over the Board's operations.

During the year, NHS Shetland entered into transactions with organisations in which key management personnel (or their close family members) had a declared interest. These transactions were conducted on an arm's length basis and in accordance with NHS Shetland's policies on procurement and conflicts of interest.

The Board Members' declarations of interest are publicly available on NHS Shetland's website or can be viewed in person at the Board's Headquarters in Lerwick. The Shetland Health Board Endowment Funds shares this same postal address and website.

## Shetland Health Board Endowment Funds

Shetland Health Board Endowment Funds are managed by Trustees who are also directors of the Board. These funds are managed separately and are not included in NHS Shetland's core operational funding. The total funds held in Endowments at 31 March 2025 were £2.252m (2023–24, £3.111m). As disclosed in Note 10, £1.515m (2023–24, £1.507m) of the Shetland Health Board Endowment Funds is held in investments. These investments are managed by Evelyn Partners services for charities.

Any related transactions involving the Shetland Health Board Endowment Funds have been disclosed separately as appropriate. Where these transactions involve related parties, they have been disclosed in accordance with IAS 24 and NHS Shetland's financial policies. The Shetland Health Board Endowment Funds shares this same postal address and website as NHS Shetland.

## Integration Joint Board

The Board had material transactions with the Integration Joint Board (IJB) during 2024–25 as detailed in Note 3 and Note 4 of the accounts. Directors of the Board who were also voting members of the IJB during 2024–25 were Natasha Cornick, Lincoln Carroll, and Kathy Hubbard.

SIC and IJB share the same postal address for correspondence:  
8 North Ness Business Park, Lerwick, Shetland, ZE1 0LZ.

## Material Transactions with Related Parties

The following table summarises material transactions with related parties during 2024–25:

### Personnel

Entity Name	Director	Nature of Relationship	Nature of Transaction
Shetland Islands Council	Jane Haswell	Board member is an employee	Employment contract as Lecturer at Shetland College
Shetland Islands Council	Emma Macdonald	Board member is an Elected Member	Health and Social Care provision
Shetland Islands Council	Gary Robinson	Board member is an Elected Member	Health and Social Care provision

Lerwick Port Authority	Gary Robinson	Board member was a Non-Exec Director	Payments for port-related services
Shetland Community Bike Project	Lincoln Carroll	Board member is a Committee Member	Committee membership services or funding support

## Transactions

### 2024–25

Entity Name	Due To (£m)	Due From (£m)	Income From (£m)	Expenditure With (£m)
Shetland Islands Council	0.348	0.493	1.469	4.614
Lerwick Port Authority	0	0.001	0.005	0.092
Shetland Community Bike Project	0	0	0	0.041
NHS Grampian	1.858	0.070	0.134	10.419
Scottish Government	0	0	86.574	0
SPPA	0	0	0	7.249
HMRC	0	0	0	4.070

### Prior Year 2023–24

Entity Name	Due To (£m)	Due From (£m)	Income From (£m)	Expenditure With (£m)
Shetland Islands Council	0.075	0.476	3.958	5.112
Lerwick Port Authority	0	0	0.003	0.029
Shetland Community Bike Project	0	0	0	0.041
NHS Grampian	1.386	0.096	0.282	9.956
Scottish Government	0	0	85.742	0
SPPA	0	0	0	6.300
HMRC	0	0	0	3.864

## Key Management Compensation

Details of remuneration for key management personnel are provided in the Remuneration Report. All transactions were undertaken at arm's length and in accordance with NHS Shetland's financial policies.

## Materiality

Materiality for related party transactions has been determined based on qualitative factors, as financial thresholds are difficult to define in the context of a small island community. Transactions are considered material if they meet any of the following criteria:

1. Reputational Sensitivity - Transactions that could reasonably be perceived as significant in the context of public interest, governance, or potential conflicts of interest.
2. Public Interest - Transactions involving individuals or entities where disclosure is necessary to maintain transparency and public trust, irrespective of financial value.

This approach ensures that disclosures reflect the principles of transparency and accountability, rather than being limited by financial thresholds alone.

## Note 21—Consolidation of Subsidiaries and Disclosure of Interest in Associates and Joint Ventures

### Note 21a - Consolidated statement of comprehensive net expenditure

Consolidated			Board	Endowment	Shetland IJB	Consolidated
2024			2025	2025	2025	2025
£000		Note	£000	£000	£000	£000
	<b>Total income and expenditure</b>					
49,386	Employee expenditure	<a href="#">3a</a>	53,143	0	0	53,143
	Other operating expenditure	<a href="#">3b</a>				

Consolidated			Board	Endowment	Shetland IJB	Consolidated
2024			2025	2025	2025	2025
£000		Note	£000	£000	£000	£000
3,439	Independent Primary Care Services		3,495	0	0	3,495
11,162	Drugs and medical supplies		11,738	0	0	11,738
62,109	Other health care expenditure		69,041	1,198	0	70,212
<b>126,096</b>	<b>Gross expenditure for the year</b>		<b>137,390</b>	<b>1,198</b>	<b>0</b>	<b>138,588</b>
(41,811)	Less: operating income	<a href="#">4</a>	(45,255)	(338)	0	(45,593)
292	Associates and joint ventures accounted for on an equity basis		0	0	36	36
<b>84,577</b>	<b>Net Expenditure</b>		<b>92,135</b>	<b>860</b>	<b>36</b>	<b>93,031</b>

**Note 21b - Consolidated statement of financial position (SoFP)**

<b>Consolidated</b>			<b>Board</b>	<b>Endowment</b>	<b>Intra Group adjustment</b>	<b>Shetland IJB</b>	<b>Consolidated</b>
<b>2024</b>			<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>
<b>£000</b>		<b>Note</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Non-current assets:</b>						
36,256	Property, plant and equipment		30,558	0	0	0	30,558
1,326	RoU assets		3,161	0	0	0	3,161
	Financial assets:	<a href="#">SoFP</a>					
1,507	Investments		0	1,515	0	0	1,515
480	Investments in associates and joint ventures	<a href="#">SoFP</a>	0	0	480	(36)	444
<b>39,569</b>	<b>Total non-current assets</b>	<a href="#">SoFP</a>	<b>33,719</b>	<b>1,515</b>	<b>480</b>	<b>(36)</b>	<b>35,678</b>
	Current assets:						
751	Inventories		745	0	0	0	745
3,771	Trade and other receivables	<a href="#">SoFP</a>	3,124	15	0	0	3,139

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2024			2025	2025	2025	2025	2025
£000		Note	£000	£000	£000	£000	£000
1,771	Cash and cash equivalents	<a href="#">SoFP</a>	125	837	0	0	962
150	Asset held for sale	<a href="#">7b</a>	150	0	0	0	150
<b>6,443</b>	<b>Total current assets</b>		<b>4,144</b>	<b>852</b>	<b>0</b>	<b>0</b>	<b>4,996</b>
<b>46,012</b>	<b>Total assets</b>		<b>37,863</b>	<b>2,367</b>	<b>480</b>	<b>(36)</b>	<b>40,674</b>
	<b>Current liabilities:</b>						
(617)	Provisions	<a href="#">SoFP</a>	(533)	0	0	0	(533)
	Financial liabilities:						
(9,702)	Trade and other payables	<a href="#">SoFP</a>	(11,333)	(107)	0	0	(11,440)
<b>(10,319)</b>	<b>Total current liabilities</b>		<b>(11,866)</b>	<b>(107)</b>	<b>0</b>	<b>0</b>	<b>(11,973)</b>
<b>35,693</b>	<b>Non-current assets plus/less net current assets/liabilities</b>		<b>25,997</b>	<b>2,260</b>	<b>480</b>	<b>(36)</b>	<b>28,701</b>
	<b>Non-current liabilities</b>						
(1,564)	Provisions	<a href="#">SoFP</a>	(1,702)	0	0	0	(1,702)

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2024			2025	2025	2025	2025	2025
£000		Note	£000	£000	£000	£000	£000
	Financial liabilities:						
(1,198)	Trade and other payables	<a href="#">SoFP</a>	(3,160)	0	0	0	(3,160)
<b>(2,762)</b>	<b>Total non-current liabilities</b>		<b>(4,862)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(4,862)</b>
<b>32,931</b>	<b>Assets less liabilities</b>		<b>21,135</b>	<b>2,260</b>	<b>480</b>	<b>(36)</b>	<b>23,839</b>
	<b>Taxpayers' Equity</b>						
15,146	General fund	<a href="#">SoFP</a>	10,327	0	0	0	10,327
14,194	Revaluation reserve	<a href="#">SoFP</a>	10,808	0	0	0	10,808
480	Other reserves—joint venture	<a href="#">SoFP</a>	0	0	480	(36)	444
3,111	Funds Held on Trust	<a href="#">SoFP</a>	0	2,260	0	0	2,260
<b>32,931</b>	<b>Total taxpayers' equity</b>		<b>21,135</b>	<b>2,260</b>	<b>480</b>	<b>(36)</b>	<b>23,839</b>

- Consolidated statement of financial position continued—Prior Year

Prior Year		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
		2024	2024	2024	2024	2024
	Note	£000	£000	£000	£000	£000
<b>Non-current assets:</b>						
Property, plant and equipment		36,256	0	0	0	36,256
RoU assets		1,326	0	0	0	1,326
Financial assets:	<a href="#">SoFP</a>					
Investments		0	1,507	0		1,507
Investments in associates and joint ventures	<a href="#">SoFP</a>	0	0	772	(292)	480
<b>Total non-current assets</b>	<a href="#">SoFP</a>	<b>37,582</b>	<b>1,507</b>	<b>772</b>	<b>(292)</b>	<b>39,569</b>
Current assets:						
Inventories		751	0	0	0	751
Trade and other receivables	<a href="#">SoFP</a>	3,726	45	0	0	3,771
Cash and cash equivalents	<a href="#">SoFP</a>	153	1,618	0	0	1,771

Prior Year		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
		2024	2024	2024	2024	2024
	Note	£000	£000	£000	£000	£000
Asset held for sale	<a href="#">7b</a>	150	0	0	0	150
<b>Total current assets</b>		<b>4,780</b>	<b>1,663</b>	<b>0</b>	<b>0</b>	<b>6,443</b>
<b>Total assets</b>		<b>42,362</b>	<b>3,170</b>	<b>772</b>	<b>(292)</b>	<b>46,012</b>
<b>Current liabilities:</b>						
Provisions	<a href="#">SoFP</a>	(617)	0	0	0	(617)
Financial liabilities:						
Trade and other payables	<a href="#">SoFP</a>	(9,643)	(59)	0	0	(9,702)
<b>Total current liabilities</b>		<b>(10,260)</b>	<b>(59)</b>	<b>0</b>	<b>0</b>	<b>(10,319)</b>
<b>Non-current assets plus/less net current assets/liabilities</b>		<b>32,102</b>	<b>3,111</b>	<b>772</b>	<b>(292)</b>	<b>35,693</b>
<b>Non-current liabilities</b>						
Provisions	<a href="#">SoFP</a>	(1,564)	0	0	0	(1,564)
<b>Financial liabilities:</b>						
Trade and other payables	<a href="#">SoFP</a>	(1,198)	0	0	0	(1,198)

Prior Year		Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
		2024	2024	2024	2024	2024
	Note	£000	£000	£000	£000	£000
<b>Total non-current liabilities</b>		<b>(2,762)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,762)</b>
<b>Assets less liabilities</b>		<b>29,340</b>	<b>3,111</b>	<b>772</b>	<b>(292)</b>	<b>32,931</b>
<b>Taxpayers' Equity</b>						
General fund	<a href="#">SoFP</a>	15,146	0	0	0	15,146
Revaluation reserve	<a href="#">SoFP</a>	14,194	0	0	0	14,194
Other reserves—joint venture	<a href="#">SoFP</a>	0	0	772	(292)	480
Funds Held on Trust	<a href="#">SoFP</a>	0	3,111	0	0	3,111
<b>Total taxpayers' equity</b>		<b>29,340</b>	<b>3,111</b>	<b>772</b>	<b>(292)</b>	<b>32,931</b>

Note 21c - CFS

Consolidated		Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
2024		2025	2025	2025	2025	2025
£000		£000	£000	£000	£000	£000
	<b>Cash flow from operating activities</b>					
(84,577)	Net operating expenditure	(92,135)	(860)	0	(36)	(93,031)
3,095	Adjustments for non-cash transactions	5,241	0	0	36	5,277
52	Add back: interest payable	57	0	0	0	57
64	Investment income	0	0	0	0	0
(1,326)	Movements in working capital	2,379	79	0	0	2,458
<b>(82,692)</b>	<b>Net cash outflow from operating activities</b>	<b>(84,458)</b>	<b>(781)</b>	<b>0</b>	<b>0</b>	<b>(85,239)</b>
(1,647)	Purchase of plant and equipment	(1,712)	0	0	0	(1,712)
(127)	Investment additions	0	0	0	0	0
(500)	Proceeds of disposal of property, plant and equipment	8	0	0	0	8
66	Receipts from sale of investments	0	0	0	0	0

<b>Consolidated</b>		<b>Board</b>	<b>Endowment</b>	<b>Intra Group Adjustment</b>	<b>Shetland IJB</b>	<b>Consolidated</b>
<b>2024</b>		<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
(64)	Interest received	0	0	0	0	0
<b>(2,272)</b>	<b>Net cash outflow from investing activities</b>	<b>(1,704)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,704)</b>
	<b>Cash flows from financing activities</b>					
85,747	Funding	86,602	0	0	0	86,602
(23)	Movement in general fund working capital	(28)	0	0	0	(28)
85,724	Cash drawn down	86,574	0	0	0	86,574
(696)	Capital element of payments in respect of leases	(383)	0	0	0	(383)
(52)	Interest element of leases	(57)	0	0	0	(57)
<b>84,976</b>	<b>Net Financing</b>					
<b>12</b>	Net increase in cash and cash equivalents in the year	(28)	(781)	0	0	(809)

<b>Consolidated</b>		<b>Board</b>	<b>Endowment</b>	<b>Intra Group Adjustment</b>	<b>Shetland IJB</b>	<b>Consolidated</b>
<b>2024</b>		<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>	<b>2025</b>
<b>£000</b>		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
1,759	Cash and cash equivalents at the beginning of the year	153	1,618	0	0	1,771
<b>1,771</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>125</b>	<b>837</b>	<b>0</b>	<b>0</b>	<b>962</b>
	<b>Reconciliation of net cash flow to movement in net cash</b>					
12	Increase / (decrease) in cash in year	(28)	(781)	0	0	(809)
1,759	Net cash at 1 April	153	1,618	0	0	1,771
<b>1,771</b>	<b>Net cash at 31 March</b>	<b>125</b>	<b>837</b>	<b>0</b>	<b>0</b>	<b>962</b>

• Consolidated Statement Of Cash Flows—Prior Year

Prior Year	Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
	2024	2024	2024	2024	2024
	£000	£000	£000	£000	£000
<b>Cash flow from operating activities</b>					
Net operating expenditure	(84,308)	23	0	(292)	(84,577)
Adjustments for non-cash transactions	2,803	0	0	292	3,095
Investment income	52	0	0	0	52
Movements in working capital	0	64	0	0	64
<b>Net cash outflow from operating activities</b>	<b>(1,399)</b>	<b>73</b>	<b>0</b>	<b>0</b>	<b>(1,326)</b>
Purchase of plant and equipment	<b>(82,852)</b>	<b>160</b>	<b>0</b>	<b>0</b>	<b>(82,692)</b>
Investment additions	(1,647)	0	0	0	(1,647)
Proceeds of disposal of property, plant and equipment	0	(127)	0	0	(127)
Receipts from sale of investments	(500)	0	0	0	(500)
Interest received	0	(64)	0	0	(64)
<b>Net cash outflow from investing activities</b>	<b>(2,147)</b>	<b>(125)</b>	<b>0</b>	<b>0</b>	<b>(2,272)</b>
<b>Cash flows from financing activities</b>					
Funding	85,747	0	0	0	85,747

Prior Year	Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
	2024	2024	2024	2024	2024
	£000	£000	£000	£000	£000
Movement in general fund working capital	(23)	0	0	0	(23)
Cash drawn down	85,724	0	0	0	85,724
IFRS 16—2022–23 cash lease payment	(696)	0	0	0	(696)
<b>Net Financing</b>	<b>(52)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(52)</b>
Net increase in cash and cash equivalents in the year	<b>(23)</b>	<b>35</b>	<b>0</b>	<b>0</b>	12
Cash and cash equivalents at the beginning of the year	176	1,583	0	0	1,759
Cash and cash equivalents at the end of the year	153	1,618	0	0	1,771
<b>Reconciliation of net cash flow to movement in net cash</b>					
Increase / (decrease) in cash in year	(23)	35	0	0	12
Net cash at 1 April	176	1,583	0	0	1,759
<b>Net cash at 31 March</b>	<b>153</b>	<b>1,618</b>	<b>0</b>	<b>0</b>	<b>1,771</b>

## Glossary of commonly abbreviated terms and acronyms, as well as local terms, in the report

Acronym	Narrative Explanation
A&E	Accident and Emergency Department
AME	Annually managed expenditure (a type of non-core funding allocation received by Boards)
<a href="#">ADP</a>	Annual Delivery Plan, replaced Local Delivery Plan
APF	Area Partnership Forum
BCG	Bacille Calmette-Guerin vaccination
CAMHS	Child and Adolescent Mental Health Services
C. Diff	<a href="#">Clostridium difficile, also known as C. difficile</a> , is a bacterium that can infect the bowel and cause diarrhoea. The infection most commonly affects people who have recently been treated with antibiotics, but can spread easily to others.
CEO	Chief Executive Officer
CFS	NHS Scotland Counter Fraud Services, when used in reference to fraud
CFS	Consolidated Statement Of Cash Flows, when referenced in the financial notes
CGC	Clinical Governance Committee
CNORIS	Clinical Negligence and Other Risks Indemnity Scheme
CRL	Capital Resource Limit
DCHSC	Director of Community Health and Social Care
DPO	Data Protection Officer
DYW	Developing the Young Workforce
EU	European Union
FReM	Government Financial Reporting Manual
FPC	Finance and Performance Committee
FoI	Freedom of Information
GP	General Practitioner
HAI	Healthcare Associated Infection

<b>Acronym</b>	<b>Narrative Explanation</b>
HIS	Healthcare Improvement Scotland
HM	His Majesty's
HPV	Human papilloma virus
IAS	International Accounting Standards
ICO	Information Commissioner's Office
IJB	Shetland Islands Health and Social Care Partnership also referred to as Integration Joint Board
IG	Information Governance
IT	Information Technology
IFRS s	International Financial Reporting Standards
ISAs	International Standards on Auditing
JSCP	Joint Strategic Commissioning Plan
KPIs	Key performance indicators
LPA	Lerwick Port Authority
MMR	Measles, mumps, and rubella vaccination
MRI scanner	<a href="#">Magnetic resonance imaging scanner</a>
NEST	National Employment Savings Trust
NHS	National Health Service
NHSO	NHS Orkney
NHS Performs	<a href="#">Website of NHS Scotland information produced by NSS</a>
NHS Shetland	Shetland Health Board
NSS	National Services Scotland
OCI	Other comprehensive income
OSCR	Office of the Scottish Charity Regulator
PPE	Personal Protective Equipment
RICS	Royal Institution of Chartered Surveyors
RMG	Risk Management Group
RoU	Right of Use
RRL	Revenue Resource limit

<b>Acronym</b>	<b>Narrative Explanation</b>
SIC	Shetland Islands Council
SoCNE	Statement of Consolidated Comprehensive Net Expenditure
SoCTE	Statement of Changes in Taxpayers' Equity
SoFP	Consolidated Statement of Financial Position
SoRO	Summary of Resource Out-turn
SGHSCD	Scottish Government Health and Social Care Directorate
SIC	Shetland Islands Council
SIRO	Senior Information Risk Owner
SPFM	Scottish Public Finance Manual
SPPA	Scottish Public Pensions Agency
tCO2e	Tonnes of carbon dioxide equivalent
VAT	Value Added Tax
WTE	Whole time equivalent value for NHS staff

## Direction by the Scottish Ministers

### DIRECTIONS BY THE SCOTTISH MINISTERS

The Scottish Ministers, in exercise of their functions under section 86(1) and (3) of the National Health Service (Scotland) Act 1978, in relation to the functions of Health Boards in that section which apply to NHS Shetland by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Shetland must prepare a statement of accounts for each financial year in accordance with the accounting principles and disclosure requirements set out in the edition of the Government Financial Reporting Manual which is applicable for the financial year for which the statement of accounts is prepared.
2. In preparing a statement of accounts in accordance with paragraph 1, NHS Shetland must use the NHS Shetland Annual Accounts template which is applicable for the financial year for which the statement of accounts is prepared.
3. In preparing a statement of accounts in accordance with paragraph 1, NHS Shetland must adhere to any supplementary accounting requirements set out in the following documents which are applicable for the financial year for which the statement of accounts is prepared –
  - (a) The NHS Scotland Capital Accounting Manual,
  - (b) The Manual for the Annual Report and Accounts of NHS Boards and for Scottish Financial Returns, and
  - (c) The Scottish Public Finance Manual.
4. A statement of accounts prepared by NHS Shetland in accordance with paragraphs 1, 2 and 3, must give a true and fair view of the income and expenditure and cash flows for that financial year, and of the state of affairs as at the end of the financial year.
5. NHS Shetland 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,

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

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

**Board Headquarters**

Upper Floor Montfield  
Burgh Road  
LERWICK  
Shetland ZE1 0LA

Telephone 01595 743060  
<http://www.nhsshotland.scot>

**Shetland NHS Board**

Rachel Browne, Audit Director  
Audit Scotland  
4th Floor  
102 West Port  
EDINBURGH  
EH3 9DN

Date 26 June 2025  
Our Ref BC/pm/CEO/2025

Enquiries to Brian Chittick  
Telephone 01595 743060  
E-mail [brian.chittick@nhs.scot](mailto:brian.chittick@nhs.scot)

Dear Rachel

**NHS SHETLAND ANNUAL REPORT AND ACCOUNTS 2024/25**

**1.** This representation letter is provided in connection with your audit of the annual report and accounts of NHS Shetland and its group, hereafter referred to as NHS Shetland, for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view and have been properly prepared, and for expressing other opinions on the regularity of income and expenditure, Remuneration and Staff Report, Performance Report, and Governance Statement.

**2.** I confirm to the best of my knowledge and belief, and having made such enquiries as I considered necessary, the following representations given to you in connection with your audit of NHS Shetland's annual report and accounts for the year ended 31 March 2025.

**General**

**3.** I have fulfilled my responsibilities for the preparation of the 2024/25 annual report and accounts as set out in your 2024/25 Annual Audit Plan. All the accounting records, documentation, and other matters which I am aware are relevant to the preparation of the annual report and accounts have been made available to you for the purposes of your audit. All transactions undertaken by NHS Shetland have been recorded in the accounting records and are properly reflected in the financial statements.

**4.** I confirm that the effects of uncorrected misstatements are immaterial, individually and in aggregate, to the financial statements as a whole. As you have reported, there are no uncorrected misstatements.

**Regularity of Income and Expenditure**

**5.** I confirm that, in all material respects, income was applied, and expenditure was incurred, in accordance with applicable enactments and guidance issued by the Scottish Ministers.

## Financial Reporting Framework

**6.** The annual report and accounts have been prepared in accordance with the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

**7.** I have ensured that the financial statements give a true and fair view of the financial position of NHS Shetland at 31 March 2025 and the transactions for 2024/25.

## Accounting Policies and Estimates

**8.** All material accounting policies applied are as shown in the note included in the financial statements. The accounting policies are determined by the 2024/25 Government Financial Reporting Manual (FRoM), where applicable. Where the FRoM does not specifically apply, I have used judgement in developing and applying an accounting policy that results in information that is relevant and reliable. All accounting policies applied are appropriate to NHS Shetland's circumstances and have been consistently applied.

**9.** The methodology, significant assumptions, and data used in making accounting estimates are reasonable, and have been properly reflected and disclosed in the financial statements in accordance with the 2024/25 FRoM. Judgements made in making estimates have been based on the latest available and reliable information. Estimates have been revised where there are changes in the circumstances on which the original estimate was based or as a result of new information or experience.

## Going Concern Basis of Accounting

**10.** I have assessed NHS Shetland's ability to continue to use the going concern basis of accounting and have concluded that it is appropriate. I am not aware of any material uncertainties that may cast significant doubt on NHS Shetland's ability to continue to adopt the going concern basis of accounting.

## Assets

**11.** All assets at 31 March 2025 of which I am aware have been reported in the financial statements.

**12.** Where a rolling programme of asset valuations has been used, I have satisfied myself that the carrying amount of assets at 31 March 2025 does not differ materially from that which would be determined if a revaluation had been carried out at that date.

**13.** I carried out an assessment at 31 March 2025 as to whether there is any indication that an asset may be impaired and have recognised any impairment losses identified in the financial statements.

**14.** I have provided you with all information of which I am aware regarding any valuation exercises carried out after 31 March 2025.

**15.** There are no plans or intentions that are likely to affect the carrying value or classification of the assets recognised in the financial statements.

**16.** Owned assets are free from any lien, encumbrance, or charge, except as disclosed in the financial statements.

## Liabilities

**17.** All liabilities at 31 March 2025 of which I am aware have been reported in the financial statements.

**18.** Provisions have been recognised in the financial statements for all liabilities of uncertain timing or amount at 31 March 2025 of which I am aware where the conditions specified in IAS 37, as adapted by the 2024/25 FReM, have been met. The amount recognised as a provision is the best estimate of the expenditure likely to be required to settle the obligation at 31 March 2025. Where the effect of the time value of money is material, the amount of the provision has been discounted to the present value of the expected payments.

**19.** Provisions recognised in previous years have been reviewed and adjusted, where appropriate, to reflect the best estimate at 31 March 2025, or to reflect material changes in the assumptions underlying the calculations of the provisions.

**20.** The accrual recognised in the financial statements for annual leave untaken by 31 March 2025 has been estimated on a reasonable basis.

**21.** There are no plans or intentions that are likely to affect the carrying value or classification of the liabilities recognised in the financial statements.

## Contingent Liabilities

**22.** There are no significant contingent liabilities arising either under formal agreement or through formal undertakings requiring disclosure in the financial statements. All known contingent liabilities have been fully and properly disclosed in accordance with IAS 37, as adopted by the 2024/25 FReM.

## Litigation and Claims

**23.** All known actual or possible legal claims have been disclosed to you and have been accounted for and disclosed in the financial statements in accordance with the 2024/25 FReM.

## Fraud

**24.** I understand my responsibilities for the design, implementation, and maintenance of internal control to prevent fraud and I believe I have appropriately fulfilled those responsibilities.

**25.** I have provided you with all information in relation to:

- my assessment of the risk that the financial statements may be materially misstated as a result of fraud,
- any allegations of fraud or suspected fraud affecting the financial statements, and
- fraud or suspected fraud that I am aware of involving management, employees who have a significant role in internal control, or others that could have a material effect on the financial statements.

## Laws and Regulations

**26.** I have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

### Related Party Transactions

**27.** All material transactions with related parties have been appropriately accounted for and disclosed in the financial statements in accordance with IAS 24, as adopted by the 2024/25 FReM. I have made available to you the identity of all of NHS Shetland's related parties and all the related party transactions of which I am aware.

### Remuneration and Staff Report

**28.** The Remuneration and Staff Report has been prepared in accordance with the requirements of the 2024/25 FReM to the extent they apply in Scotland, and all required information of which I am aware has been provided to you. All staff seconded inward and outward from NHS Shetland during 2024/25, as reported through the Staff Report, represented valid secondees supported by seconded agreements between the employer body and the body that the employee was seconded to.

### Performance Report

**29.** I confirm that the Performance Report has been prepared in accordance with the requirements of the 2024/25 FReM to the extent they apply in Scotland, and the information is consistent with the financial statements.

### Corporate Governance

**30.** I have fulfilled my responsibilities for NHS Shetland's corporate governance arrangements. I have disclosed to you all deficiencies in internal control identified from this review or of which I am otherwise aware.

**31.** I confirm that the Governance Statement has been prepared in accordance with the Scottish Public Finance Manual, and the information is consistent with the financial statements. There have been no changes in the corporate governance arrangements, or issues identified, since 31 March 2025 which require to be reflected in the Governance Statement or annual report and accounts.

### Group Accounts

**32.** I have identified all the other entities in which NHS Shetland has an interest and have classified and accounted for them in accordance with the 2024/25 FReM. Any significant issues, including those related to fraud and any qualified audit opinions, in relation to the financial statements of group entities, have been provided to you. Any significant issues identified by you as group auditor have been communicated to management of group components, where relevant to those components.

### Events Subsequent to the Date of the Statement of Financial Position

**33.** All events subsequent to 31 March 2025 for which IAS 10, as adopted by the 2024/25 FReM, requires adjustment or disclosure have been adjusted or disclosed.

Yours sincerely

*Brian Chittick*

**BRIAN CHITTICK**  
**Chief Executive and Accountable Officer**  
**NHS Shetland**