



ANNUAL REPORT AND ACCOUNTS

For

Year Ended 31 March 2025

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SECTION 1

Performance Report

The Performance Report provides sufficient information to understand the purpose of NHS Orkney, the key risks to the achievement of our objectives and how we have performed during the year 2024/25.

Further detailed information is provided in the Accountability Report, the Performance Report and the Financial Statements. You can also find more information about our services on our website www.ohb.scot.nhs.uk.

1. Statement from the Chair and Chief Executive

2024/25 has been a year of significant transition, change and further progress for NHS Orkney.

Over this year or so we have spent considerable time and energy reconnecting with our patients, community and staff – and building meaningful relationships which are grounded in being open and honest.

The year started with the launch of our new five-year Corporate Strategy, following extensive engagement with our patients, community, partners and staff.

We made a commitment when we launched our new Corporate Strategy in 2024 to do all we can to bring it to life in everything we do. In doing so, it has become our ‘compass’, it guides all of our decisions, and it is becoming embedded across our organisation.

Our promise to our community (our vision) is looking after our community and providing excellent care.

Our values are:

- Open and honest
- Respect
- Kindness

Underpinning these core values is ‘Team Orkney’ – which is our circa 800 staff who work together every day, and will evidence teamwork, in the pursuit of our goals and delivery of our promise. Team Orkney are based at The Balfour, in our community and on our ferry-linked isles.

Our Strategic Objectives are: Place, Patient Safety, People, Performance Potential and Place. Each of our Strategic Objectives has an Executive Director lead. We report and publish how we’re doing on a quarterly basis with our community, partners and staff so we are consistently open and honest.

The foundations are now in place which will support sustainable improvement include:

- Improving our culture - a strong focus on visible and compassionate leadership, staff wellbeing and value and recognition, responding to feedback and creating a strong safety and speak up culture

- Stability of leadership – close to a fully substantive Executive Team and acting on the recommendations in an external review report into cultural development, governance and senior leadership (which concluded in December 2024; with the Action Plan now being overseen by our Health Board)
- Operational and financial grip and control – clear ways in which we hold to account for delivery of performance improvements, including our Improvement Board, Senior Leadership Team, Planned Care Programme Board and Performance Review Meetings underpinned by improved data and benchmarking, including our Integrated Performance Report
- Strengthened approach to governance and risk management in the organisation

PLACE

We have introduced a new chapter in our Integrated Performance Report which shows how we are performing on key performance indicators related to Population Health recognising its criticality in us achieving our Promise to our community

Our Chief Executive is chairing a Remote, Rural and Island Task and Finish Group on behalf of the national Board CEOs. This is part of the national sustainability work to identify solutions for fragile services across Scotland

We have made good progress moving forward with our plans for the Old Balfour site and King Street to ensure we maximise the use of these assets to support the delivery of our Corporate and Clinical Strategies. An options appraisal is being completed for King Street, and we have completed a valuation of the Old Balfour Site.

All work to decarbonise our estate has now finished – which is an incredible achievement after being awarded £4million by Scottish Government back in 2023 to further reduce reliance on the use of fossil fuels and ensure alternative renewable energy systems are installed.

PEOPLE

Our iMatter (staff survey) scores improved in many areas in 2024 compared to 2023 signalling that we are moving forward and that the areas we are focusing on in response to staff feedback are beginning to make a difference to how people feel working at NHS Orkney.

In November 2024, the national iMatter benchmarking was published which allows NHS Orkney to see our results alongside those of other Boards and our peers – and there is much for us to recognise here for NHS Orkney, who feature prominently in the published 'iMatter Health and Social Care Staff Experience Survey 2024' report.

The headlines:

- Overall national response rate: 58% (NHS Orkney 69%, marking a 10% increase for NHS Orkney versus 2023 and the largest increase in response rate compared to any other Board)
- Action plans agreed within 8-week window: national score 56% (NHS Orkney 69%)
- Employee Engagement Index: national score 76: NHS Orkney's was 75, however, this shows an improvement versus last year and continued improvement

- In the section 'My Organisation' – NHS Orkney achieved the greatest improvement of all of the 'My Organisation' components across all Boards with an increase of 8 points for 'I feel that Board members who are responsible for my organisation are sufficiently visible' (from 53 in 2023 to 61 in 2024)
- NHS Orkney was the only Territorial Health Board to improve (by +2 in 2024 versus 2023 from 72 to 74) for the question 'I would be happy for a friend or relative to access services within my organisation'

Staff have told us that if we were to make improvements in six key areas, their experience of working here would improve further. Our organisation-wide priorities for 2024/25 have therefore been as follows in response to staff feedback:

1. Health and wellbeing
2. Valuing and recognising staff – we have introduced our Team Orkney (staff) Awards and Long Service Awards
3. Involving staff in decision-making
4. Listening to, and acting on staff feedback (and closing the loop)
5. Leading with kindness (one of our values)
6. Staff being able to confidently raise concerns, including those about safety

Linked to the above updates, we have agreed five top 'People' priorities were agreed by our Senior Leadership Team and Area Partnership Forum, which are:

1. Improving Job Evaluation process and timings
2. Improving sickness absence, including absence related to stress and anxiety
3. Appraisal rates
4. Budgets
5. Training compliance (including that related to health and safety)

While not where we want to be our appraisal rates have improved from <20-40% in 2024/25 and will remain a priority going into 2025/26 along with improving statutory and mandatory training compliance and reducing sickness absence rates.

80 members of staff completed an introduction to change management training as part of our approach to providing staff with access to Quality Improvement (QI) training across the organisation. Our approach to Quality Improvement methodology has been agreed and our NHS Orkney QI programme will launch in October 2025.

Linked to this – our staff ideas scheme has gone from strength to strength with over 80 Bright Ideas received to date, which has resulted in improvements to patient and staff experience.

There have been 36 Board walkarounds between May 2023-February 2025, spanning The Balfour, our community and our ferry-linked isles. Board walkarounds involve a blend of Executive Directors and a Non-Executives visiting different teams and departments across NHS Orkney and listening to how it feels working here. They are an opportunity to listen, for Board members to get to know staff and build relationships and hear firsthand what staff are proud of and any challenges they face, leading to how Board members can support to resolve and help to support and, in some cases, unblock issues.

NHS Orkney was delighted to have three finalists nominated for the Nurse of the Year Award And midwife of the Year Award in the 2024 Scotland Health Awards. Two of these

colleagues went on to win their categories which very much put Team Orkney on the map.

PATIENT SAFETY

We are beginning to see learning from incidents, complaints and Significant Adverse Events shared more widely across the organisation, with lessons learned summaries now discussed at our Senior Leadership Team meetings and Joint Clinical and Care Governance Committee.

We introduced Care Opinion, starting with Maternity, as a new way of listening to and responding to patient feedback.

The 'Ways we listen' document is regularly communicated to staff and quarterly meetings are in place for the Chief Executive and our three Confidential Contacts to raise the profile of Confidential Contacts and whistleblowing leads so we can create a culture where staff feel safe speaking up about concerns, including safety concerns, and can have more confidence that when they do speak up, you feel heard, listened to and see your feedback acted on and the feedback loop closed.

We have further strengthened our Corporate Risk Register and how we manage risk in the organisation. We are now focused on further strengthening our approach to risk management, governance, and clinical engagement, with the introduction of an Integrated Risk Management process and staff training underway.

Our Board agreed our new Board Assurance Framework in December 2024, which provides the Board with a way of monitoring risks associated with the achievement of strategic objectives which are set out in our Corporate Strategy.

PERFORMANCE

Whilst being formally escalated to Level 3 for our deteriorating financial performance by the Scottish Government has understandably dominated much of our focus since November 2023, it has been an enabler that has supported the acceleration of much-needed wider changes at NHS Orkney, including introducing an integrated approach to improvement at NHS Orkney – with quality and safety, operational and financial performance and digital improvement now being under one umbrella. Our Improving Together Programme (organisation-wide efficiency programme) is going from strength to strength

We achieved our achieved our £4million savings requirement set by Scottish Government, with 72% of these savings recurrent, something NHS Orkney has never achieved before.

To reduce our waiting times for planned care patients, which includes outpatient appointments, operations, tests, scans and cancer care, we set up a new Planned Care Programme Board. We completed a deep dive on planned care waiting times at our Finance and Performance Committee and have developed plans to improve access to key services, including Pain, Ophthalmology, Ear, Nose and Throat and Orthopaedic – which are among the services where we have particular challenges and fragility and where our patients are experiencing unacceptably long waits.

In response to feedback from our community, in 2024 we started to publish each month a simple summary of our waiting times by specialty to our community, so it is easy to understand and digest, so we are being transparent.

A multi-disciplinary discharge planning group has been established to improve the discharge experience for our patients, particularly those living on the ferry-linked isles, recognising this is an area where our patients consistently let us know we have more work to do.

Our Integrated Performance Report (IPR) continues to go from strength to strength, with our full IPR going bi-monthly to Senior Leadership Team and Board (for exception reporting) and relevant chapters of the IPR going to each Board Committee for oversight, scrutiny and assurance. The IPR provides important benchmarking information against the NHS Scotland Planning Framework, enabling Board members and senior and service managers to have better line of sight of performance trends and improvements required.

Following an external review of Data Quality completed by Public Health Scotland in November 2023, the improvement plan continued into 2024/25 overseen via our Audit and Risk Committee to ensure we addressed the recommendations and building on our approach to NHS Orkney becoming a listening and learning organisation which will remain a focus in the year to come recognising there is much more for us to do in this space for this to become embedded in our culture.

We've continued to strengthening relationships with a range of external stakeholders and partners – including informal Executive-to-Executive Team meetings between NHS Orkney and NHS Grampian to improve collaborative and cross-boundary working which is a priority.

New Performance Review Meetings have been introduced in 2024/25 so that teams can be supported and held to account for delivery and improving across the full range of performance metrics. These meetings are for clinical and non-clinical teams and are held quarterly.

POTENTIAL

To accelerate the digitisation of NHS Orkney and the better use of technology and digital services to improve patient outcomes, we agreed three top digital priorities, which are the roll-out of Electronic Patients Records (EPR) for community-based staff, upgrading our electronic document management system (cCube) and re-provision of our GP IT systems. The first team to go live this year with MORSE is our Community Mental Health Team. The roll-out of the community EPR will continue into 2025/26.

We now have a digital champions' network in place, with 20 people from across the organisation volunteering to be part of the digital transformation workstream of our Improving Together programme.

In December 2024, our Digital Services underwent an external audit by Scottish Government on our compliance against the Public Sector Cyber Resilience Framework which helps public sector organisations assess their cyber resilience. As a result of an increased focus on compliance, feedback from auditors was excellent, and we have increased our compliance to 50% which is what we set out to achieve in 2024/25.

Engagement with all relevant professional groups and leads to develop a single Education Strategy has commenced, which sets out our ambition for the future. Our student and trainee experience at NHS Orkney is excellent and we received external endorsement of this in 2024, which is an achievement we are very proud of and want to build on.

Our Senior Leadership Team has agreed in principle to proceed to a full options appraisal and costed Business Case for a new and inclusive Education and Improvement Centre, which is another exciting development which evidences we are prioritising investing in our staff that will be a priority going into 2025/26.

NHS Orkney - Annual Review 2024: reconnecting with our community

Patient and Carer feedback – a summary of our listening and engagement sessions

As part of our Annual Review meeting preparation for 2024, the Board Chair and Chief Executive led a series of engagement and listening sessions in the community in-person during October and November 2024 as follows:

1. Age Scotland Orkney (23 October 2024) – 10 attendees
2. Orkney Housing Association Limited (25 November 2024) – 6 attendees
3. The Blide Trust (26 November 2024) – 9 attendees

We recognise the importance of closing the feedback loop, following the engagement session with The Blide Trust we produced a “you said...we did”, which is just one of the ways we provide feedback following engagement with patients, our community, and our stakeholders.

Looking ahead

January to March 2025 we listened carefully to the views of our patients, community, partners and staff where we asked everyone: what matters most to you, which NHS Orkney has listened to and acted on. Our promise is that we will look after our community and provide excellent care. We recognise we are on an improvement journey and at the heart of this is ensuring we reconnect in a meaningful way with our patients, community, partners and staff – by asking stakeholders regularly what matters to them we can make sure we are focusing and prioritising the right areas.

We heard many powerful stories and feedback we received via this engagement and throughout the year. Our Patients told us

What we do well

- Always being there for us when we need you.
- Wonderful, caring staff.
- Developing a culture of speaking
- Good leadership from the CEO who communicates well with staff. This is someone who listens to staff and this is recognised and appreciated by staff.
- Building confidence in senior management, establishing meaningful two-way communication, and simply making NHS Orkney a better place to work.
- The staff are incredibly flexible and respond to change on a daily basis, pull together to deliver high quality care.
- Culture of care - staff really care about the patients.
- Maternity ward - top class
- Patience, professionalism and ensuring the facilities are clean and safe.
- Clinical staff are kind, patient centred and provide quality care.
- Using digital media to reach the wider audience. Keeping the public informed on challenges and achievements.
- Patient service through planned care. Staff are committed to providing an excellent service to our community.
- Listening to the community and staff and ensuring patients are treated with
- Clear and transparent efforts to manage financial situation.

What do we need to improve/do better?

- Waiting times to access services, such as physiotherapy and access to dentistry
- Communication - why so paper-based appointments in this day and age is beyond belief when this is an easy money saver and would be better customer service.
- Talk more about clinical quality and safety and patient outcomes, and active monitoring of those waiting an extended period for access to healthcare.
- Sort out accommodation issues for staff in order to improve retention and recruitment.
- Improve the experience of recruitment.
- Ensure that there are enough up to date, educated clinical staff to provide safe care to all - community, mental health, and hospital.
- Social Care - poor availability has serious knock-on effects hampering the efforts of Primary and Secondary Care
- Help to give staff the face-to-face education they need for leadership skills and there are ways of shadowing people to ensure continuity and service demand.
- Supporting services to incorporate population health focus on top of clinical direct patient delivery - there is a role and need for both, but services have very difficult choices to make to progress both.
- Cut waiting times. 4 weeks wait for a doctor appointment in Orkney is ridiculous. Waiting months and years for specialist apps needs to be cut down too.
- Access to Dentists

Our Stakeholders told us

Age Scotland

Gillian Skuse (Chief Executive) said *“Age Scotland Orkney is proud to work in close partnership with NHS Orkney, ensuring that the voices of older people across our islands are heard and valued. Through ongoing engagement and shared development of the corporate strategy, we continue to build a more age-inclusive health and care system that reflects the unique needs of our community. Together, we are shaping services that empower people to live well, with dignity and support, at every stage of life.”*

Voluntary Action Orkney (VAO)

Morven Brooks (Chief Executive) said *“At Voluntary Action Orkney, we greatly value our collaborative relationship with NHS Orkney, which continues to strengthen our shared commitment to the wellbeing of our communities. By working closely together, we’ve been able to bridge gaps between statutory and third sector services, ensuring that support is more accessible, inclusive, and responsive to local needs. Our joint efforts reflect a shared vision where prevention, partnership, and community voice are central to health and wellbeing in Orkney. We look forward to building on this partnership as we respond to emerging challenges and shape a healthier, more connected future for all.”*

Orkney Housing Association Ltd (OHAL)

Craig Spence (Chief Executive) said *“NHS Orkney are a really important and embedded part of our community, with people in a wide range of roles actively involved and leading on whole-community wellbeing and involvement. They are always willing to engage and collaborate with our services to genuinely help people.”*

In April 2025 we will launch our Year 2 Corporate Strategy which sets out how we will work together to look after our community and provide excellent care – so we can continue to make improvements in the year ahead based on what matters most to our Community.

Our priorities for 2025/26 (Year 2)

1. Place (Lead Executive Director: Director of Public Health)

- Improve people's physical, mental health and wellbeing by prioritising prevention and early intervention for smoking, obesity and wellbeing
- Progress our ambition to become a Population Health organisation and system by putting prevention and early intervention at the core of what we do
- Explore local reform opportunities to further improve outcomes and services for patients and our community and sustainability

2. People (Lead Executive Director: Director of People and Culture)

- Launch a new overarching experience programme which includes new behavioural standards to bring our values to life and ensures patient, staff and community feedback drives continuous improvement
- See a step change in appraisal, mandatory training and sickness absence rates
- Launch our new leadership development programme and approach to succession planning

3. Patient safety, quality and experience (Lead Executive Director: Medical Director)

- Embed a consistent and proportionate approach to risk management and further strengthen our governance
- Foster a culture of safety, learning and openness, encouraging staff to speak up
- Ensure the clinical voice drives safety and improvement changes across our hospital and community

4. Performance (Lead Executive Director: Director of Nursing, Midwifery, AHPs and Chief Officer for Acute)

- Deliver our 2025/26 financial plan and continue our path to de-escalation
- Further improve our waiting times for patients by increasing the number of patients treated (inpatients and outpatients) within the national target
- Further improve the discharge experience for our patients, particularly those living on our ferry-linked isles

5. Potential (Lead Executive Director: Chief Executive)

- Accelerate digital transformation through our year 2 digital priorities which includes introducing a new model for how we deliver Digital Services for our patients, community and staff
- Set out a clear ambition for education, training and improvement – underpinned by an integrated education strategy and new Education and Improvement Centre
- Revisit and refresh our Clinical Strategy which will redefine NHS Orkney, determine transformation opportunities and create more sustainable services

Our Corporate Strategy Year 2 is available on our website by clicking [here](#). We will continue to report our progress on a quarterly basis and share this publicly.

And finally – we will continue to invest in building connections and relationships with our patients and community, our partners and staff – so that we consistently stay in tune with what's important and what matters to our community and staff. In other words, we will put people first in all we do as well as further invest in collaborative and cross boundary working so that we can further improve care and services for our patients and community.

It is important that we recognise our many achievements in 2024/25, which has been a year where we can evidence further year-on-year improvements. We would like to thank our partners and community for their unwavering support and every single member of Team Orkney (our staff) for the incredible work they do and how hard they work to do the best for our community every single day of the year.

As we go into 2025/26, we look forward to building further on our progress to date, to leading this incredible organisation with pride, and to moving closer to our vision of looking after our community and providing excellent care on a consistent basis.

About NHS Orkney

Local Context

The Orkney Health Board (NHS Orkney) was established in 1974 under the National Health Service (Scotland) Act 1972 and is responsible for providing healthcare services for the residents of Orkney, with a growing population of in excess of 22,000.

NHS Orkney, as part of NHS Scotland, is one of 14 Territorial Health Boards in Scotland.

With circa 800 staff and serving a population of over 22,000, with a further population increase anticipated in the years to come, NHS Orkney is the smallest Territorial Health Board in Scotland, made up of 70 islands of which 20 are inhabited, with approximately a third of our population living on ferry-linked isles.

NHS Orkney is the smallest Territorial Health Board in Scotland by general funding allocation, and our services are delivered through an Acute Sector, a Public Health Directorate and a range of Primary and Community Care services delegated to the Integration Joint Board (IJB). Our clinical services are supported by a range of corporate functions: Finance, People and Culture, Estates and Facilities, Corporate Governance, Health Intelligence, Improvement Hub and Digital and Communications.

The Integration Joint Board is a legally constituted cross sector body providing a focus for NHS Orkney to work in partnership with other agencies, including Orkney Islands Council (Local Authority) and Primary Healthcare contractors, in the provision of integrated services to the local community. Executive Directors and Non-Executive members of the NHS Orkney Board are members of the Integration Joint Board which provide the strategic direction for the integration of health and social care in Orkney.

Senior NHS Orkney colleagues are also members of the Community Planning Partnership (called The Orkney Partnership), including the Chief Executive, Board Chair, Director of Public Health and Chief Officer for the Integration Joint Board. This is the lead body for joint working in Orkney and is about public sector providers working together, and with communities, to improve the quality of people's lives and to create a better Orkney.

Local context – disease burden and health trends

Obesity

- 75% of Orkney adults overweight/obese (65% Scotland average)
- 31.6% of Primary 1 children are at risk of being overweight/obesity

Health inequalities

- 16.33% of population living in Scottish Index of Multiple Deprivation quintile 2

Mental health and wellbeing

- Rising rates of anxiety/depression – timely access to services a system priority

Dentistry

- New models of care are being explored with focus on 'grow your own' and training based in Orkney – to address recruitment challenges
- Orkney children have lowest rates of tooth decay in Scotland
- Restorative dentistry, orthodontics and oral and maxillofacial surgery – all back up running

Delayed Transfers of Care

- Often high numbers of delays, above our agreed maximum numbers, with the biggest pressure is on residential placements due to capacity challenges
- Hospital bed occupancy fluctuates between 82-95%

Fuel poverty

- 31% of the population in Orkney are in fuel poverty and 22% are in extreme fuel poverty.

National Context

The vision nationally is a Scotland where people live longer, healthier and fulfilling lives – spanning access, prevention, quality of care and people and place.

The national priorities set out by the First Minister and Cabinet Secretary, which apply to all Health Boards, including NHS Orkney are really clear and include:

1. Further reducing waiting times – and working to eliminate all waits over 52 weeks by March of 2026
2. Reducing Delayed Transfers of Care, which means patients who are in hospital who are medically safe to transfer (home or to another care setting)
3. Path to financial balance and sustainability – ensuring that Boards have deliverable and credible plans which sets out over the coming three years our
4. Further digitising and improving productivity and efficiency
5. Shifting the balance of care from hospital (acute) to community

At the centre of responding to each of these priority areas in Orkney are leaders working across our system to influence change and improvements and working collaboratively and across boundaries for the benefit of our patients and community we serve.

The challenges are such on health and social care that Reform is required which will be focuses around five guiding principles:

- Prevention first
- People first
- Community first
- Digital first
- Planning for the population

It is our job at NHS Orkney to consider the local Reform opportunities to us, which in simple terms means how we can explore different ways of working with our spectrum of partners that will not only further deepen partnership working arrangements but consider different ways of working that could further improve health outcomes and services for our patients, efficiency and the sustainability of public services in Orkney.

Regional context

The North of Scotland Region covers 70% of the landmass of Scotland yet is home to only 26% of the population. This creates challenges for the delivery and accessibility of services.

Whilst population changes are being experienced across Scotland, most remote and rural communities in the North have proportionally more people aged 65 and over, including

Orkney, where a quarter of our population are over 65 (compared to 20% national average), and where it is predicted that half of our population will be over 65.

An ageing population has well-known implications for health and care service demand due to higher rates of chronic and long-term conditions, including conditions such as diabetes, heart, musculo-skeletal and respiratory disease.

The five North Health Boards are: NHS Orkney, NHS Shetland, NHS Tayside, NHS Grampian and NHS Highland.

Collaboration and cross-boundary working is all the more important for the North, to ensure we maximise the use of the resources we have available to build more sustainable, value-based healthcare whilst staying connected to our unique local communities and populations we serve.

Other cross-boundary services exist within Service Level Agreements (SLAs) between island Boards, including NHS Orkney, and other specialist centres, in our case mostly at NHS Grampian, NHS Highland and Golden Jubilee. We are working hard to further strengthen relationships and governance between Boards we rely on to ensure our patients receive timely care. There is also a shift to more population-based planning in this regional space.

In addition to demographic challenges experienced in the North of Scotland, other key challenges are:

- Workforce sustainability
- Travel
- Housing
- Funding
- Capital and infrastructure
- Fragile clinical and corporate services at risk of unsustainability

Challenges

NHS Orkney is experiencing many of the service pressures facing the rest of the NHS in Scotland, including unacceptably long waits in planned care in many services. We also have some unique challenges, including an ageing population, our geography, transport and accommodation which we are grappling with and working proactively to find solutions to. On the flip side, Orkney also has the longest healthy lifespan of anywhere in Scotland, some of the lowest rates of heart disease and an incredible community with a spirit that is unrivalled. It is important to build on our community's strengths whilst we strive for our own improvements.

The solutions to our challenges range from local, to regional and national ones and as such NHS Orkney ensures we have a strong voice in each of these spaces. We are one of six Health Boards that work together in the North of Scotland region (recognising many solutions to creating sustainable services are now regional ones) and there are many areas where a 'Once for Scotland' approach, notwithstanding our uniqueness as an Island Board, is entirely appropriate also.

Our journey of improvement

Our journey of improvement continued in 2024, with the launch of our Corporate Strategy 2024-28 – Delivering what matters most to our community.

Over the last 12 months, many important foundations have been laid at NHS Orkney to ensure we can deliver much-needed sustainable change and continuous improvement. At the heart of this has been reconnecting with Team Orkney and our community to build trusted and strengthened relationships based on openness and transparency.

The foundations now in place which will continue to support sustainable improvement include:

- Improving our culture - a strong focus on visible and compassionate leadership, staff wellbeing and value and recognition, responding to feedback and creating a strong safety and speak up culture
- Stability of leadership – close to a fully substantive Executive Team and acting on the recommendations in an external review report into cultural development, governance and senior leadership (December 2024)
- Operational and financial grip and control – clear ways in which we hold to account for delivery of performance improvements, including our Improvement Board, Senior Leadership Team, Planned Care Programme Board and Performance Review Meetings underpinned by improved data and benchmarking, including our Integrated Performance Report
- Strengthened approach to governance and risk management in the organisation

We have listened carefully to all of the feedback we received through engagement mechanisms so we have a richer understanding of what matters most to our community and what would make the experience of working here a better one.

During our engagement on the development of our Year 2 priorities, we heard consistently that our staff do incredible things every single day so many examples of staff going above and beyond and delivering excellent care for our patients and community.

2. Structure and governance arrangements

Building on the work undertaken in 2023/24 to stabilise NHS Orkney by prioritising people and finding ways to meaningfully reconnect with our patients, local community, our partners and our staff, a review of our structure and governance arrangements has been undertaken.

We have carried out a full review of our Corporate and Operational Governance landscape, to enable much more clinical involvement and transparency in decision-making, simplifying an overly complex structure, being more open and communicating at each step of the way.

We refreshed the Senior Leadership Team's Terms of Reference in December 2024, to move to 2 meetings a month aligned to our strategic objectives, this has been critical to moving us forward, and ensuring clinical, workforce, planning and financial input to all decisions.

Extended Senior Leadership Team is also in place and is meeting at least quarterly, bringing together the organisation's circa 40 most senior leaders to discuss matters of strategic importance.

The first Board-Senior Leadership Team meeting has taken place to build relationships between the Board and NHS Orkney's senior leadership community. These meetings are

scheduled twice a year, with one of these meetings focused on annual and strategic planning.

The introduction of Chair's Assurance Reports is providing greater consistency across our governance landscape and clarity regarding where there is assurance, work underway and commissioned, decisions made and items to be escalated. Revised timelines for paper submissions, with up-to-date reporting and assurance through the Chair's Assurance Report, supported by an improved turnaround of minutes and a new approach to agenda setting, has led to more effective and strengthened governance system.

There has been increased visibility on risk management, with risk moved higher on all governance Committee agendas, including the Board, Board Committees and Senior Leadership Team.

Board and SLT agendas are aligned with the strategic objectives. This will be expanded to Board Committees in the year to come.

Professional Advisory Groups have had a full review of Terms of Reference and workplans and embedding the Chair's Assurance Report as normal practice, feeding into the appropriate governance Committee.

3. Priorities, approach, and objectives for 2024/25

The Board is committed to working with our staff and partners to further improve the health of the residents of Orkney. A new Corporate Strategy was officially launched in April 2024, following extensive community, patient, partner and staff engagement, which includes a new "Promise" (vision) and new Priorities.

Our Corporate strategy – connecting with our community

Our strategy is underpinned by our commitment to delivering excellent care and services to our community.

We will do this by connecting with our community and ensuring our values are at the heart of everything we do.

Our promise to our community

Looking after our community and providing excellent care.

Values

Our values, aligned to those of NHS Scotland, are:

- **Open and honest**
- **Respect**
- **Kindness**

Underpinning these core values is 'Team Orkney' – which is our circa 800 staff who work together every day, and will evidence teamwork, in the pursuit of our goals and delivery of our promise. Team Orkney are based at The Balfour, in our community and on our ferry-linked isles.

Strategic objectives

We have 5 strategic objectives:

1. Place

By 2028 we will: be a key partner in leading the delivery of place-based care which improves health outcomes and reduces health inequalities for our community

2. People

By 2028 we will: ensure NHS Orkney is a great place to work

3. Performance

By 2028 we will: within our budget, ensure our patients receive timely and equitable access to care and services and use our resources effectively

4. Potential

By 2028 we will: ensure innovation, transformation, education and learning are at the forefront of our continuous improvement

Our Priorities for 2024/25 (Year 1)

Each strategic objective has an Executive Director Lead (as below)

1. Place (Lead Executive Director: Director of Public Health)

- Ensuring our patients receive care locally wherever possible, preventing unnecessary trips south for care and treatment
- Being clear with our community what services we offer locally and what services are provided south
- Further improving health outcomes and reducing health inequalities for our community
- Being a key voice at the Community Planning Partnership and developing strengthened place-based partnerships with other local organisations, including public and third sector partners, so we fulfil our role as an anchor institution
- Increasing the benefits to our community through innovative employment and procurement strategies, better use of land and assets, progressing our journey to net zero status and in doing so contributing to reducing the impact of poverty in Orkney and tackling climate change
- Working collaboratively with the five other territorial Health Boards in the North of Scotland to ensure we are working together where it makes sense for our patients and staff and having a stronger 'voice' on the national stage and where relevant work more closely with the other island Health Boards (NHS Shetland and NHS Western Isles) to ensure the views are better heard and understood

2. People (Lead Executive Director: Director of People and Culture)

- Developing an organisational culture programme, which sets out how we will be inclusive, fair and celebrate difference
- Developing a new staff experience programme which sets out how we will listen to and act on staff feedback and measure how staff are feeling about working here throughout the year
- Investing in upskilling our staff and leadership development

- Prioritising improving our appraisal, mandatory training, sickness and staff experience scores – recognising these are important measures of how staff feel about working here, with the aim of creating a happier workforce
- Improving our communication with our patients and staff and between Health Boards and partners/agencies
- Introducing a new recruitment and retention programme which sets out how we will make NHS Orkney an attractive place to work and to pursue a career

3. Patient safety, quality and experience (Lead Executive Director: Medical Director)

- Ensuring all of our patients are treated with dignity, kindness, and respect
- Maximising learning from incidents, complaints and Significant Adverse Events • Introducing new baseline metrics for safety, quality and experience and evidencing year-on-year improvements in each domain
- Introducing a clear way of listening to and responding to patient feedback and partnering with patients in decision-making about their care and improving our services, by exploring multiple ways of ensuring our diverse island communities are able to shape our organisation at all levels
- Creating a culture where staff feel safe speaking up about concerns, including safety concerns, and are confident that they will be listened to and feedback acted on
- Further strengthening our approach to risk management, governance and clinical engagement

4. Performance (Lead Executive Director: Director of Nursing, Midwifery, AHPs and Chief Officer for Acute)

- Further improving our waiting times for patients for: - Planned care (the time patients wait for outpatient appointments, operations, tests and scans) - Cancer care - Unscheduled (urgent) care
- More transparency with our community about our waiting times for each service, and our improvement plans when we are not meeting our targets
- Improving access to a number of key services, including Children's, Mental Health, Primary Care, Dentistry and Orthodontics, Pain and Eye Services
- Improving our financial performance and delivering our Financial Plan for 2024/25, which includes achieving our £4million savings requirement
- Improving theatre utilisation, efficiency and reducing cancelled operations so that patients get a better experience in our care
- Having fit for purpose Service Level Agreements, recognising that we are reliant on other Health Boards to deliver timely care for our community

5. Potential (Lead Executive Director: CEO)

- Prioritising accelerating the digitisation of NHS Orkney – including looking at how technology and digital services can reduce patient journeys
- Developing a single Education Strategy which sets out our ambition for the future
- Establishing NHS Orkney as a hub for innovation and research in remote and rural healthcare through partnerships that unlock creativity within our people and communities

- Introducing a new risk management framework and enhancing people's understanding of risk and management of risk at all levels of the organisation
- Being a better partner by sharing information between agencies and Health Boards more freely so that our patients receive more seamless and timely care
- Refreshing our Clinical Strategy to ensure it is aligned to the views of our patients, community and staff, and local, regional and national policy and priorities

4. Principal risks to delivery of our strategy and Annual Delivery Plan

Escalation

NHS Orkney was placed on level three of the NHS Scotland Support and Intervention Framework for Finance, the first formal escalation stage in October 2023, following reporting of an adverse position against the 2023/24 financial plan. The position remained the same throughout 2024/25. In response to this, the Board established an organisation-wide Team Orkney Improving Together Programme, which is an integrated improvement programme covering improvements to quality and safety, digital, operational and financial performance including improving the financial position and developing a financial sustainability programme with the ambition of delivering the statutory requirement to deliver services which are affordable and in line with the revenue resource limit available to the Board

NHS Orkney required repayable brokerage of £5.2m from the Scottish Government for the first time in 2023/24.

NHS Orkney commenced the 2024/25 financial period with a planned full year deficit of £5.8 million, which was submitted to Scottish Government in April 2024. The Board reported that it was on-track to deliver the plan all year. In February 2025, additional funding was received by the Board which resulted in a final out-turn of £3.874m. Further brokerage of £3.874m was required in 2024/25.

NHS Orkney now has a total of £9m brokerage to be repaid once it returns to financial balance.

5. Annual Delivery Plan 2024/25

The core aim of the Annual Delivery Plan (ADP) commission in 2024/25 was to support Health Boards to update their Delivery Plans into Three Year Delivery Plans aligned to their Three Year Financial Plans, aligned to the First Minister's vision for Scotland ["Equality, opportunity, community: New leadership - A fresh start"](#)

As in 2023/24 NHS Orkney's 2023/24 Annual Delivery Plan was developed in collaboration with Executive Leads and Heads of Service, capturing the work planned and already underway to address the areas outlined in the Delivery Plan Guidance.

The 10 National Recovery Drivers outlined in the 2024/25 ADP were mapped against our locally agreed Strategic Priorities as set out in the NHS Orkney 2024/25 Plan on a Page.

Performance against each of the Drivers for Recovery has been given a RAG (Red, Amber, Green) rating by the Executive Lead indicating if progress against the action has improved (Green), stayed the same (Amber) or worsened (Red).

Performance at the end of 2024/25 was as follows:

Recovery Driver		Executive Lead	Quarter 4 Status
1.	Improved access to primary and community care to enable earlier intervention. and more care to be delivered in the community	Chief Officer - IJB	Amber
2.	Urgent and Unscheduled Care (UUC) – Provide the Right Care, in the Right Place, at the right time through early consultation, advice, and access to alternative pathways, protecting inpatient capacity for those in greatest need.	Director of Nursing, Midwifery, AHP's and Chief Officer Acute Services	Amber
3.	Improve the delivery of mental health support and services.	Chief Officer - IJB	Amber
4.	Recovering and improving the delivery of Planned Care	Medical Director	Red
5.	Delivering the National Cancer Action Plan	Medical Director	Amber
6.	Enhance planning and delivery of the approach to health inequalities.	Director of Public Health	Green
7.	Fast track the national adoption of proven innovations which could have a transformative impact on efficiency and patient outcomes.	Medical Director	Amber
8.	Implementation of the Workforce Strategy	Director of People and Culture	Amber
9.	Optimise use of digital and data technologies in the design and delivery of health and care service for improved patient access.	Chief Executive	Green
10	Climate Emergency and Environment	Director of Finance	Green

Performance of our ADP is monitored through the Senior Leadership Team (SLT), Finance and Performance Committee and the Board via quarterly progress reports. This aligns with the reporting rhythm for monitoring and measuring progress against our Corporate Strategy strategic priorities.

To ensure scrutiny and assurance of our planning arrangements, Executive Leads submit to the Improvement Hub regular updates on delivery. Scottish Government officials discuss progress against the Delivery Plan and variations from plan through twice-a-year joint Executive Team (Sponsorship) meetings and quarterly financial review meetings. Scottish Government also attend our Improving Together (efficiency) Programme Board.

Effective planning and management of our performance supports the organisation to deliver services which are fit for purpose and offer quality and patient centred care to those who need it most.

Where actions have not been achieved these have been carried forward and included in the 2025/26 ADP, for which we await feedback from Scottish Government.

The launch of our Corporate Strategy, signalled a more streamlined scorecard approach to reporting, reporting by exception only and a single report for the Corporate Strategy and Annual Delivery Plan, which commenced in Quarter one of 2024/25.

Joint Workforce, Finance and Service Planning

In 2024/25 we took our first steps towards improving our approach to integrated planning. This approach seeks to provide a holistic approach to aligning population health needs, workforce, service delivery and financial planning as key enablers to delivering our corporate strategy. We have engaged with service leaders across the organisation to gain an understanding of the challenges they face and to understand any changes which may impact on the current workforce plan or the Financial Plan and key areas of focus moving forward, informed by a comprehensive suite of quality, performance, activity and population data. Discussions have emphasised the need for a sustained focus on service improvements and efficiencies across the organisation, alongside identifying opportunities for colleagues to develop new skills. Our learning and actions from this phase of our approach has been reflected in the delivery plan narrative.

6. A performance analysis

The Board monitors its performance against a range of quality and performance measures, some of which are set nationally. The performance measures in this section use national and local sources to present our 2024/25 performance. The Board's non-financial performance measures focus on the six dimensions of healthcare quality as highlighted in the Healthcare Quality Strategy for NHS Scotland which demonstrate that the system is Person-Centred, Safe, Effective, Efficient, Equitable and Timely.

Performance Management Framework

Regular performance monitoring helps to identify any deviations from KPI's. This early detection allows for quick interventions before issues escalate. Performance data, for example incident reports or patient outcomes, can be analysed to identify trends and areas needing improvement, ensuring decisions to enhance patient safety are based on solid evidence.

In September 2024 we introduced a new Performance Management Framework (PMF) which underpins our Board Assurance Framework.

NHS Orkney's PMF is the umbrella framework for measuring performance of our Corporate Strategy (which includes the Anchor Strategy), NHS Scotland Planning Framework (including the Annual Delivery Plan) and key national operational performance metrics/local metrics. Performance against the KPI's will be presented via the Integrated Performance Report (IPR) on an exception only basis.

Only KPI's which are off track (rated red) will be included in the IPR in detail. KPIs which are on track (rated green) will not be included with performance being monitored by services, and kept under review via our operational governance forums, including our monthly Planned Care Board and quarterly Performance Review Meetings (PRMs to give some examples).

The full IPR is discussed, scrutinised and approved by the Senior Leadership Team and public Board bi-monthly after the detailed chapters of the IPR have been scrutinised by our Board Committees i.e. workforce chapter to Staff Governance Committee, Finance, Operational and Community performance to Finance and Performance Committee and Population Health and Quality, Safety and Experience to Joint Clinical Care Governance Committee).

Waiting Times Report

One of the deliverables in our Year 1 Corporate Strategy 2024/25 was to improve communication with our patients and staff and between Health Boards and partners/agencies. In February 2025 we introduced a new way of keeping patients informed of waiting times for planned (elective) care.

Our waiting times statistics include information on waiting times for planned (elective) care. They exclude information about emergency (unscheduled) care. The information provides an overview of patients who are currently on an NHS Orkney waiting list as at 31 January 2025. The statistics included relate to the wait you may experience to:

- Attend a particular outpatient clinic for the first time (known as a new outpatient attendance)
- Receive treatment under the national Treatment Time Guarantee (TTG) standard as an inpatient or day case

The waiting times figures are displayed in weeks and show patients who have either completed their wait and have been seen at a new outpatient appointment or have been admitted for treatment between 1 January 2025 and 31 January 2025.

For patients currently on an NHS Orkney waiting list, some will have waited less than the median waiting time* whilst others will have waited longer. We use the 90th percentile to show that out of every 10 patients, 9 are currently waiting less than the number of weeks indicated.

The wait experienced by our patients may vary from the median for a number of reasons, and this includes:

- The clinical need of the patient
- The urgency of the care required
- The availability of services
- The number of patients waiting to be treated

To note: Decisions about waiting times are always made by a clinician and influenced by a clinical decision or the urgency of the care required. Statistics are likely to fluctuate as NHS Orkney addresses the backlog of patients waiting for planned care, consistent with Health Boards across NHS Scotland.

To ensure patient confidentiality, waiting times statistics are not included if there were less than 5 patients waiting or seen for treatment in the period (indicated as '<5' on each table).

Public Health Scotland – Data and Intelligence publishes reports on various activities and performance of all NHS Boards. The most up-to-date information can be found at the following website: <https://www.nhsperforms.scot> The Board continues to work with Public Health Scotland who support national and local partners across Scotland to work together to further improve healthy life expectancy and reduce health inequalities in our communities. Further information is available on the Public Health Scotland website (<https://www.publichealthscotland.scot>).

NHS Orkney performance is regularly monitored through:

- Senior Leadership Team
- Quarterly Performance Review Meetings
- Planned Care Programme Board
- Improving Together Programme Board
- Consultant led weekly waiting times meeting
- Finance and Performance Committee
- Joint Clinical and Care Governance Committee
- Staff Governance Committee
- NHS Orkney Board

Corporate Strategy 2024-2028

Year 1 2024/25

We have worked hard to ensure alignment between our Corporate Strategy 2024 - 2028, Annual Delivery Plan 2024/25, 3-Year Financial Plan 2025-2028, Anchor Strategy, Integration Joint Board Strategic Plan.

Progress against actions are monitored on a quarterly basis by the Senior Leadership Team and the Board. Table 1 above is the fourth and final quarterly update for 2024/25.

Corporate Strategy Performance Scorecard 2024/25

Monitoring delivery of our Corporate Strategy and ADP is via a quarterly update to our Senior Leadership Team and Board. Deliverables are allocated an appropriate RAG rating as assessed by the responsible Executive Director aligned to each of our 5 strategic priorities.

Status	
Red	Significantly delayed. Actions not implemented. Deliverables and improvements not achieved. Priority will not be delivered within original timescale requiring a minimum of two additional quarters to achieve.
Amber	Partially delayed. Some actions implemented. Progress towards deliverables and improvement evidenced. A clear plan with mitigations in place to bring the priority back in line with original timescale or delivered within one additional quarter.
Green	Remains on track Actions implemented. Stated deliverables and improvement evidenced.

Our performance in 2024/25 is set out below in Table 1.

Table 1 – Corporate Strategy 2024/25 Performance Scorecard

Strategic Objective		Key Performance Indicator (KPI)	Due Date	Status Quarter1	Status Quarter 2	Status Quarter 3	Status Quarter 4
People	Develop a new staff experience programme which sets out how we will listen to and act on staff feedback and measure how staff are feeling about working here throughout the year	Develop a new staff experience programme	Jan-25	Green	Green	Red	Red
		Improve iMatter score for overall engagement score from 6.4 to >7	Apr-25	Green	Green	Green	Green
		Improve iMatter scores for employee engagement score from 74% to at least 78%	Apr-25	Green	Green	Red	Red
		Improve iMatter score for staff recommending NHS Orkney as a good place to work from 70 to at least 75	Apr-25	Green	Green	Green	Green
		Board and Executive Team development programme commissioned and phase 1 complete	Sep-25	Green	Green	Green	Red
		Development programme commissioned for the Senior Leadership Team	Apr-25	Amber	Amber	Red	Red
		>5% of staff completed Quality Improvement training, prioritising the Improvement Team and Heads of Service	Apr-25	Green	Green	Amber	Amber
		Introduce Power BI in our Data and Improvement Team	Dec-24	Green	Green	Amber	Amber
		Introduce a new Managers' Induction for new and existing line managers which covers: • Budget management • Appraisals • Sickness management • Compassionate leadership and conversations • Values and behaviours	Apr-25	Green	Green	Amber	Amber
	Prioritise improving our appraisal, mandatory training, sickness and staff experience scores – recognising these are important measures of how staff feel about working here with the aim of creating a happier workforce	>40% appraisal rates	Apr-25	Red	Red	Red	Red
		Sickness rates consistently below the national average of <6%	Sep-24	Green	Amber	Red	Red
		Further strengthen internal communications which is aligned to our strategy and values.	Dec-24	Green	Green	Green	Green

		Develop a new long-term workforce plan to support the retention and development of our people	Apr-25	Green	Green	Green	Amber
	Ensure patients have a single point of contact – wherever possible to improve communication between our community and NHS Orkney	Ensure patients have a single point of contact – wherever possible to improve communication between our community and NHS Orkney	Apr-25	Green	Amber	Amber	Amber
	Introduce a new recruitment and retention programme which sets out how we will make NHS Orkney an attractive place to work and to pursue a career	Develop an innovative recruitment campaign which positions Orkney as a great place to live and work	Nov-24	Green	Green	Red	Amber
		To work closely with schools and higher education institutions to offer career opportunities at NHS Orkney	Dec-24	Green	Green	Amber	Green
Patient Safety, Quality and Experience	Ensure all of our patients are treated with kindness, dignity and respect	25% of all clinical staff will complete Compassionate Conversations training	Dec-24	Amber	Green	Red	Red
		25% reduction in complaints relating to poor communication with patients and families	Apr-25	Green	Green	Amber	Red
	Maximise learning from incidents, complaints and Significant Adverse Events	Patient stories and learning at public Board meetings	Oct-24	Green	Amber	Red	Amber
		Evidence that learning from complaints and Significant Adverse Events is communicated to patients and staff	Apr-25	Green	Green	Green	Green
		A multi-disciplinary approach to learning rolled out across the Organisation	Dec-24	Green	Green	Amber	Green
	Introduce new baseline metrics for safety, quality and experience and evidence year-on-year improvements in each domain	Integrated Performance Report in place including new and enhanced metrics for quality, safety and experience and the objective in 2024/25 is to improve in every area	Sep-24	Green	Green	Green	Green
	Introduce a clear way of listening to and responding to patient feedback and partnering with patients in decision-making about their care, improving our services by exploring multiple ways of ensuring our diverse island communities are able to shape our organisation at all levels	Put in place a structure for ensuring patient engagement and voice is heard at all levels of the organisation	Dec-24	Green	Amber	Red	Green
		Work with the isles Wellbeing Co-ordinators to ensure the voice of our ferry-linked isles' communities are heard	Apr-25	Green	Amber	Red	Amber
		New volunteer programme in place for NHS Orkney to connect with our community and third sector partners	Apr-25	Green	Green	Red	Red
		Improve iMatter score for staff feeling able to raise safety concerns from 75-80%	Apr-25	Green	Amber	Red	Red

	Create a culture where staff feel safe speaking up about concerns, including safety concerns, and are confident that they will be listened to and acted on	Improve iMatter the score for staff feeling confident concerns will be followed up when they speak up from 65 to over 70	Apr-25	Green	Green	Red	Red
	Further strengthen our approach to risk management, governance and clinical engagement	New Board Assurance Framework in place aligned to our new Corporate Strategy's strategic objectives	Dec-24	Green	Amber	Green	Green
		Increase staff engagement in risk management processes, as measured by participation in risk awareness activities and feedback	Dec-24	Green	Green	Amber	Green
		Enhanced Board understanding and oversight of risk, including delivery of a risk workshop for Board members, the Risk Management Forum and Extended Senior Leadership Team	Dec-24	Green	Amber	Amber	Amber
		All governance forums have Chairs, Terms of Reference and Chair's Assurance Reports feeding into Senior Leadership Team or Board Assurance Committees	Dec-24	Red	Amber	Green	Green
		Medical Director, Director of Nursing, Midwifery, AHPs and Chief Officer for Acute and the Director of Public Health will work together to improve clinical engagement, including relaunching our Clinical Advisory Groups to ensure the clinical voice is listened to	Mar-25	Red	Amber	Amber	Amber
Performance	Further improve our waiting times for patients for: • Planned care (the time patients wait for outpatient appointments, operations, tests and scans) • Cancer care • Unscheduled (urgent) care	Improvement plans in place for each service to reduce waiting times	Sep-24	Green	Green	Green	Green
		Improve the discharge experience of patients, including those living on ferry-linked isles, via the isles Wellbeing Co-ordinators	Mar-25	Amber	Amber	Amber	Amber
		Reduction in waiting times for planned care services (Treatment Time Guarantee and outpatient standards) >10%	Apr-25	Green	Green	Red	Red
		Improve pre-noon discharges from 20% to 30%	Mar-25	Green	Amber	Amber	Green
		Reduce outpatient DNAs and cancellation rates by a minimum of 5%	Mar-25	Green	Green	Green	Green

		Further evolve our integrated performance report moving to exception reporting with a greater focus on mitigations and benchmarking	Aug-24	Green	Green	Green	Green
		Introduce quarterly Performance Review meetings for all core clinical and corporate services so that colleagues feel support and are held to account for delivery of objectives and operational and financial performance	Oct-24	Green	Green	Green	Green
	Further improve our waiting times for Cancer patients	Develop a cancer performance improvement plan	Dec-24	Green	Amber	Amber	Amber
	More transparency with our community about our waiting times for each service	Publish a simple summary of our performance each month to our community so it is easy to understand and digest, including waiting times by specialty	Jul-24	Green	Green	Green	Green
	Improve access to a number of key services, including Children's, Mental Health, Primary Care, Dentistry, Pain and Eye Services	Ensure there are clear plans to improve access to key services in these specialties which are overseen at the Joint Clinical and Care Governance Committee and Finance and Performance Committee	Dec-24	Green	Red	Red	Amber
	Deliver our financial performance and delivering our Financial Plan for 2024/25, which includes achieving our £4million savings requirement	Deliver the Board-approved Financial Plan for 2024/25	Apr-25	Green	Red	Red	Amber
	Improve theatre utilisation, efficiency and reducing cancelled operations so that patients get a better experience in our care	Reduce cancelled operations by 50%	Apr-25	Green	Amber	Amber	Amber
	Have fit for purpose Service Level Agreements (SLAs), recognising we are reliant on other Health Boards to deliver timely care for our community	Prioritise reviewing our SLAs with NHS Grampian and NHS Highland	Dec-24	Green	Amber	Amber	Amber
		All SLAs to be overseen by Procurement with operational leads and regular performance review meetings to ensure they are delivering for our patients	Oct-24	Green	Green	Green	Amber

		Improve our relationship with Loganair and in turn ensure this translates to performance improvements to minimise disruption caused by delayed/cancelled flights for our patients and staff	Mar-25	Green	Green	Green	Green
Potential	Prioritise accelerating the digitisation of NHS Orkney – including looking at how technology and digital services can reduce patient journeys	Digital Maturity and Network and Information System Improvement Plans in place	24-Nov	Green	Green	Green	Green
		Roll-out additional functionality for M365	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26
		Maximise the use of Near Me (virtual appointments) to reduce the need for patients to go south for treatment	Apr-25	Green	Green	Green	Green
		Implementation and reprovisioning of GP IT system	Jan-25	Amber	Amber	Red	Deferred to 2025/26
		Roll out new theatre scheduling tool	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26
		Introduce a new text message reminder service	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26
		Implementation of Community Electronic Patient Record (new action)	Apr-25	Green	Green	Amber	Amber
		Roll out Digital Dictation	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26
		Migrate and Upgrade c-Cube and Trakcare	Oct-24	Green	Green	Green	Green
		Upgrade Trakcare functionality	Mar-25	Green	Green	Amber	Amber
		Roll out the ability for patient-focussed booking	Deferred to 2025/26	Deferred to 2025/26	Deferred to 2025/26	Action deferred to 2025/26.	Deferred to 2025/26
	Develop a single Education Strategy which sets out our ambition for the future	Engage with all relevant professional groups and leads to develop a single Education Strategy	Jan-25	Green	Green	Red	Amber

	Introduce a new risk management framework and enhancing people's understanding of risk and management of risk at all levels of the organisation	New risk management framework in place which aligns to the Corporate Strategy and Board Assurance Framework	Dec-25	Green	Green	Green	Green
	Establish NHS Orkney as a hub for innovation and research in remote and rural healthcare through partnerships that unlock creativity within our people and communities	Bright (staff) ideas scheme – 50 ideas in 2024/25	Apr-25	Green	Green	Green	Green
		Set up a pipeline of students to undertake design or other innovation/improvement projects between NHS Orkney and our university partners and looking to source additional funding to support innovation	Apr-25	Green	Green	Red	Red
	Be a better partner by sharing information between agencies and Health Boards more freely so that our patients receive more seamless and timely care	Raise awareness of how to share information across the organisation to ensure more seamless care for patients	Apr-25	Green	Green	Green	Green
	Refresh our Clinical Strategy to ensure it is aligned to the views of our patients, community and staff, and local, regional and national policy and priorities	Launch a refreshed Clinical Strategy following engagement with patients, community, partners and staff	Apr-25	Green	Green	Red	Red
Place	Ensure our patients receive care locally wherever possible, preventing unnecessary trips south for care and treatment	Ensure patients only have to travel south or into The Balfour for appointments where absolutely necessary and use digital solutions wherever possible as the default – we will do this by increasing virtual appointments and Near Me use by a minimum of 5% versus 2023/24 data	Dec-24	Green	Green	Green	Green
	Be clear with our community what services we offer locally and what services are provided south so this is more clearly understood	More honest communications with our community about how we will need to work in partnership, and what NHS Orkney needs from the community re: accessing and utilising health services appropriately	Apr-25	Green	Amber	Green	Green
	Further improve health outcomes and reducing health inequalities for our community	Develop a new approach to Population Health Management and Prevention reporting – with clear KPIs and metrics so that year-on-year improvements can be measured	Mar-25	Green	Green	Green	Amber
		Clear delivery plan and KPIs in place for our Anchor Strategy setting out 2024/25 priorities	Oct-24	Green	Green	Green	Green

	Be a key voice at the Community Planning Partnership and developing strengthened place-based partnerships with other local organisations, including public and third sector partners, so we fulfil our role as an anchor institution	Play a more active role in the Community Planning Partnership with a strong focus on prevention, reducing health inequalities, reducing poverty and NHS Orkney's contribution to community wealth building	Mar-25	Green	Green	Green	Green
		Further strengthen relationships with third sector partners	Sep-24	Green	Green	Green	Green
	Increase the benefits to our community through innovative employment and procurement strategies, better use of land and assets, progressing our journey to net zero status and in doing so contributing to reducing the impact of poverty in Orkney and tackling climate change	Move forward on plans for the Old Balfour site and King Street – to ensure we maximise the use of these assets to support the delivery of our Corporate and Clinical Strategies	Mar-25	Amber	Green	Amber	Amber
		Continue to work towards achieving net zero status, and progress on renovating the remaining NHS Orkney buildings (including the GP surgeries and houses on Sanday, Westray, Stronsay and North Ronaldsay) and removing fossil fuels, replacing with renewable energy and continuing to replace fossil fuel vehicles with electric	Dec-24	Green	Green	Green	Green
	Work collaboratively with the five other Territorial Health Boards in the North of Scotland to ensure we have sustainable clinical and corporate services	Contribute via the Chair and CEO's meeting for the North of Scotland (the NHS Orkney Chair is the Chair of this group), via Executive Director/professional lead contributions in the North and via the Clinical Collaborative (where Medical Directors and Directors of Nursing in the North work together on key issues, including working together to create sustainable services)	Apr-25	Green	Green	Green	Green
	Work collaboratively with the five other Territorial Health Boards in the North of Scotland to ensure we are working together where it makes sense for our patients and staff and having a stronger 'voice' on the national stage and where relevant work more closely with the other island Health Boards (NHS Shetland and NHS Western Isles) to ensure the views are better heard and understood	Use our Corporate strategy and priorities in all of our national conversations as leaders and Board members	Apr-25	Green	Green	Green	Green
		The Chair, CEO and Executive Directors take lead roles in national and regional spaces for certain topics that will benefit both NHS Orkney and NHS Scotland	Apr-25	Green	Green	Green	Green

Board Assurance Framework

In December 2024, following a period of engagement with key stakeholders the Board Introduced its first Board Assurance Framework. This framework provides the Board with an overview of:

- The format and process for delivering NHS Orkney's strategic objectives.
- The key responsibilities for monitoring and reviewing the framework.
- A plan of action to monitor and review the Assurance Framework to assure the Board.

The framework links closely to NHS Orkney's Corporate Strategy (2024-2028) which is called 'Delivering what matters to our community, the national priorities set out by Scottish Government, the challenges faced by the north of Scotland and brings the quality, finance, performance and risk agendas more closely together. It also supports the people agenda, and the culture required to support effective governance processes across the organisation.

The Assurance Framework is a process that brings together all areas of governance including operational, clinical, information, financial and corporate governance, ensuring the Board of the robust and timely connection between the formal process of assessing, documenting, reviewing and reporting on risks to the Board and the planning, approval and implementation of action to address risks.

The Audit and Risk Committee provides assurance to the Board that the controls contained in the Board Assurance Framework are working effectively and that the process for managing risk and governance are adequate through the work of both internal and external audit.

The Audit and Risk Committee also acts as co-ordinator of internal and external audit and ratifies the provision of resources by signing off annual audit plans. Updates will be provided to the Audit and Risk Committee on a quarterly basis.

7. Areas for Improvement

Quality/Patient Care

Safety and high-quality care remain critical to providing the best care and experience to our community. Ensuring more timely review of incidents and implementation of recommendations from these will support this. Maintaining our focus on feedback from patients, their families and friends will be used in conjunction with learning from incidents to help us to identify where we can improve the experience of the services we provide.

Clinical audit is crucial to reviewing current practice and identifying areas for improvement, an audit programme also provides assurance to the organisation and community that we not only act on incidents and feedback, but we continue to review implementation from recommendations and benchmark against national guidance.

Areas for improvement

- Timely investigation of incidents and implementation of recommendations from these
- A clinical audit programme ensuring a clear process for national audit programmes and review of clinical practice within the organisation.

People/Workforce

Workforce is at the heart of NHS Orkney and our local community. Now more than ever we face profound challenges, and we must take steps to retain the great staff we have through strengthened support and development options whilst attracting the best people to join us.

Improving workplace culture is at the heart of how we continue to develop as an organisation. It will help us to secure the future that places the needs of those we care for central to how we act, by listening to people, empowering staff to act, making decisions in a fair and open way, valuing high quality care, and building a sustainable future.

Areas for improvement

- Further work is required to develop our leaders and managers to ensure they have the skills and tools to lead successful teams and deliver the ambitions in our Improving Together Programme and Corporate Strategy. The implementation of our manager and leadership development programmes will be overseen by the Staff Governance Committee in partnership with the Area Partnership Forum
- Recruitment remains a challenge, we continue to think of innovative ways to attract people to NHS Orkney locally, regionally and nationally. We have undertaken a full review of our recruitment process to ensure it is as efficient as possible and will continue to implement recruitment campaigns.

Financial

The Board reported a financial overspend of £3.9m in 2024/25, whilst this position was an improvement relative to the £5.8m deficit forecast in the financial plan for 2024/25, the outturn position was £1.9m favourable movement against the financial plan.

The favourable movement in the financial position was largely driven by increased funding that was not anticipated in the financial plan.

Systems and Governance

Work is underway to further strengthen our governance, both the assurance and operational arms. This will be addressed through the Executive and Board Development programmes which are currently underway, strengthened operational governance arrangements and our Leadership Development Programme, which is being scoped, along with our new organisation-wide training programme, which will upskill Team Orkney.

8. Performance against the key national clinical treatment targets

Accident and Emergency

Four-hour emergency access standard

Monthly attendances at the Emergency Department (ED) have shown a slight decrease throughout the year. Despite this, the average number of attendances at the ED remains higher than those seen in 2023/24. Our four-hour emergency access standard performance at the end of March 2025 was 92.36% which is below the national target of 95% but is above the average for the year (91.02%) and an improvement over the average from 2023/24 (90.16%). NHS Orkney is a top three performing Health Board in Scotland for our four-hour emergency access national standard, this is an important indicator of quality and experience.

18-week Referral to Treatment standard

Despite the well-recognised challenges of providing island care across multiple mainland service-level agreements, NHS Orkney continued to shorten elective pathways in 2024/25:

- Best monthly performance to date – compliance peaked at 86.9 % in December 2024, just three percentage points below the national 90 % standard. January 2025 closed at 79.8 %, sustaining the board's position in the upper half of Scottish performance tables.
- High-performing specialties – General Medicine, Cardiology, Gynaecology, Dermatology, Audiology and Endocrinology each treated 100 % of patients within 18 weeks; General Surgery achieved 98.1 %.
- Rapid backlog reduction – targeted funding allowed a one-month Oral Surgery initiative that cleared 150 cases, cutting the total wait list from 158 to 43 and the over-12-week cohort from 139 to 36 by early April 2025.
- Strengthened oversight – a weekly patient-tracking-list meeting now reviews every long-waiter and assigns theatre or clinic slots in real time, backed by six work-streams reporting to the Planned Care Programme Board.
- External capacity secured – Scottish Government investment has already expanded island ophthalmology clinics and increased orthopaedic operating at the Golden Jubilee Hospital, with further bids in train for ENT and endoscopy activity.

The small number of patients waiting beyond 52 weeks is concentrated in ophthalmology, restorative dentistry, orthopaedics and pain management. All have bespoke improvement plans and are aiming to meet the national requirement of zero >52-week waits during 2025/26.

Although national RTT data submissions were paused from February 2025, internal performance reporting has continued uninterrupted. The combination of weekly escalation, additional Scottish Government funding and the forthcoming Clinical Services Review positions NHS Orkney to restore compliance with the 90 % standard and to deliver sustainable island-focused pathways in the year ahead.

Diagnostic tests or investigations completed on Island

A total of 320 patients were waiting for diagnostic tests or investigations (excluding Cardiology) at the end of March 2025 (compared to 365 patients in March 2024). 89 patients have been waiting over six weeks; the same as March 2024. There are no patients waiting over 52-weeks for diagnostic tests or investigations at the end of March 2025 (the same as March 2024).

Radiology

Radiology has been a significant area of improvement in services offered and developed by NHS Orkney over the year. This has included changes to MRI scanning provision, which was previously using a mobile scanner for 12 weeks of the year. A successful bid for funding has enabled a relocatable scanner to be available on site for the next year which will further reduce waiting times and avoid travel to Aberdeen. Ultrasound elastography is now also being provided locally avoiding travel for surveillance screening for eligible patients, and an upgrade to the CT scanner has secured and extended the usable lifespan of the existing scanner. At the end of March 2025, 168 patients were waiting for an unplanned imaging appointment, with a large majority (72.6%) awaiting a Non-Obstetrics Ultrasound exam. Of those waiting, just 5 (3%) are waiting over 6 weeks and no patients waited over 12 weeks. The number of patients waiting for Computer Tomography (CT) decreased from 49 in March 2024 to 42 in March 2025 and Non-Obstetric Ultrasound decreased from 191 in March 2024 to 122 in March 2025. To note NHS Orkney does not undertake barium studies.

Endoscopy

There has been a modest increase in the number of patients waiting for endoscopy procedures, rising from 123 in March 2024 to 152 in March 2025. Within that, 84 patients were waiting over 6 weeks, compared to 52 the previous year. Importantly, there are no patients waiting over 52 weeks, consistent with the position in March 2024. The increase in waiting numbers is seen across all endoscopic procedures except for upper endoscopies.

Despite these pressures, the service has taken forward a number of targeted improvements led by the lead endoscopy consultant and supported by wider system initiatives. A key success has been the reduction in the surveillance waiting list, achieved through a structured programme of scope clinics now embedded within the operational calendar. These are designed to address both overall volume and long waits, aligning with national access standards.

The introduction of the GI capsule sponge clinic in February 2025 marks a significant and innovative shift in diagnostic practice. This new, minimally invasive procedure offers patients a simpler, quicker, and less burdensome alternative to conventional endoscopy. Developed through a quality improvement initiative, the service has become part of regular monthly provision. Feedback from both patients and staff has been highly positive, and the change aligns closely with the principles of Realistic Medicine by reducing harm, unnecessary variation, and resource use. It has also created opportunities for local staff to acquire new skills and has broadened the diagnostic toolkit available to the service.

Taken together, these developments reflect a growing culture of improvement and modernisation within the service. The recent peer review by the Centre for Sustainable Delivery recognised NHS Orkney's appetite for innovation and provided a clear framework for further enhancement of quality, safety, and sustainability in endoscopy. While there is further progress to make, the current position demonstrates that NHS Orkney is actively taking steps to improve access and patient experience through structured change.

Key Diagnostic Tests & Investigations

Diagnostic Test & Investigation	Indicator	31-Mar-24	31-Mar-25
Key Diagnostic Tests or Investigations	Waiting list size	365	320
	Of which: ongoing waits <= 6 weeks	276	231
	% Waits 6 weeks or less	75.6%	72.2%
	Of which: ongoing waits > 6 weeks	89	89
	% Waits > 6 weeks	24.4%	27.8%
	Of which: ongoing waits > 13 weeks	21	65
	% Waits > 13 weeks	5.8%	20.3%
	Of which: ongoing waits > 26 weeks	7	32
	% Waits > 26 weeks	1.9%	10%
	Of which: ongoing waits >52 weeks	0	0
	% Waits > 52 weeks	0.0%	0%
All Endoscopy Tests	Waiting list size	123	152
	Of which: ongoing waits <= 6 weeks	71	68
	% Waits 6 weeks or less	57.7%	44.7%
	Of which: ongoing waits > 6 weeks	32	84
	% Waits > 6 weeks	26.0%	55.3%
	Of which: ongoing waits > 13 weeks	20	65
	% Waits > 13 weeks	16.3%	42.8%
	Of which: ongoing waits > 26 weeks	6	32
	% Waits > 26 weeks	4.9%	21.1%
	Of which: ongoing waits >52 weeks	0	0
	% Waits > 52 weeks	0.0%	0%
Diagnostic Test & Investigation	Indicator	31-Mar-24	31-Mar-25
All Radiology Tests (MRI, CT, and non- obstetric ultrasound)	Waiting list size	242	168
	Of which: ongoing waits <= 6 weeks	205	163
	% Waits 6 weeks or less	84.7%	97%
	Of which: ongoing waits > 6 weeks	36	5
	% Waits > 6 weeks	14.9%	3%
	Of which: ongoing waits > 13 weeks	1	0
	% Waits > 13 weeks	0.4%	0%
	Of which: ongoing waits > 26 weeks	1	0
	% Waits > 26 weeks	0.0%	0%
	Of which: ongoing waits >52 weeks	0	0
	% Waits > 52 weeks	0.0%	0%

We recognise work is required to improve our waiting times performance. In December 2023 Public Health Scotland (PHS) undertook a review into our compliance against waiting times guidance and an improvement plan is in place to implement the

recommendations is work ongoing. A ‘deep dive’ into waiting times is also underway to ensure we have a rounded picture across our Health and Social Care System. This deep dive will cover acute and community services by specialty of waits and trends, with a clear focus on our performance versus national standards (benchmarking where possible). Most importantly it will focus on recovery, improvement plans and trajectories showing clear alignment to our risk register, corporate and clinical strategies, our Board Assurance Framework and our Improving Together (efficiency) Programme.

Theatre utilisation

The Balfour hosts two modern operating theatres; however, planned care currently runs in a single suite because of workforce limitations. Even within this constraint the peri-operative team delivered marked gains in 2024/25:

- Fewer cancellations: 2,854 procedures were scheduled and 323 cancelled, giving an 11.3 % cancellation rate—down from 15.3 % (433 cancellations) in 2023/24, a 26 % relative reduction.
- Higher productivity: refined patient-flow and list-building processes now allow up to 18 cataract operations per list, matching the best-performing eye units in Scotland.
- Targeted improvement work: detailed analysis of cancellation causes informed actions on bed availability, staff rostering and adverse-weather contingencies, while the Green Theatres Programme drove lean set-ups and reduced turnaround times.

Cancellation volumes were lowest in August 2024 (13), October 2024 (16) and February 2025 (19), illustrating the impact of the new measures. The peak of 35 cancellations in January 2025 was linked to short-notice anaesthetic rota gaps and medical-bed pressures; both issues are being addressed through the 2025/26 workforce and escalation plans.

Month	Total no of scheduled elective operations in theatre systems	Total no of scheduled elective cancellations in theatre systems	Cancellation based on clinical reason by hospital	Cancellation based on capacity or non-clinical reason by hospital	Cancelled by Patient	Other reason
Mar-24	190	17	3	3	4	7
Mar-25	229	28	7	6	9	6

Service Level Agreements

A review of all SLAs now forms part of the Health Board’s Improvement programme. The intent is for all SLAs to be updated to provide robust clarity on activity, funding and core key performance indicators, and held centrally in a single repository within procurement. NHS Orkney provided £1.6 million of services to other Health Boards in 2024/25 and received £13.3 million of services.

31-day cancer standard

For the second consecutive year every patient treated for cancer in Orkney began first definitive treatment within 31 days of the decision to treat, maintaining 100 % compliance against the national threshold of 95 % in both 2022-23 and 2023-24. This success reflects close coordination between the local SACT unit, NHS Grampian tumour-site teams and the Patient Travel Office. No eligible patients were recorded in March 2025; percentages therefore read as 0 % for 2024-25 to date.

Year	Waiting Time Standard	Orkney %	Scotland %
2023-24	31-day	100%	95%
2024-25	31-day	100%	95.4%

62-day cancer standard

Performance against the 62-day pathway improved markedly in 2023-24, rising to 76 %—a 15-percentage-point increase on the previous year and above the Scottish average of 72 %. This progress was achieved through joint breach-analysis sessions with NHS Grampian, targeted diagnostic capacity for lower-GI and urology pathways, and enhanced tracking of inter-board transfers. No patients triggered the standard in March 2025.

The 2025-26 Cancer Improvement Plan, developed jointly with NHS Grampian, prioritises:

- embedding Optimal Diagnostic Pathways for colorectal, lung and head-and-neck cancers;
- implementing the national re-grading guidance for urgent suspicion of cancer referrals;
- extending virtual tumour-site MDT participation to Orkney clinicians to shorten decision-to-treat intervals; and
- commissioning an externally led Clinical Service Review to map future demand and workforce requirements.

These actions will support sustained 31-day performance and drive further improvements towards the 95 % 62-day trajectory, while ensuring equitable access for Orkney residents despite the very small population that makes percentage performance volatile year-on-year.

Year	Waiting Time Standard	Orkney %	Scotland %
2023-24	62-day	76%	72%
2024-25	62-day	0%	66.9%

Child and Adolescent Mental Health Service (CAMHS)

Our CAMHS services has met the referral to treatment time target. In March 2025, there were 38 patients on the CAMHS waiting list with 100% being seen within 18-weeks compared to 23 patients in 2024 who were all seen within 18-weeks.

Status	Indicator	31-Mar-24	31-Mar-25
		% n=23	% n=38
Waiting	0-18 weeks	100%	100%
Waiting	19-35 weeks	0%	0%
Waiting	36-52 weeks	0%	0%
Waiting	53 or more weeks	0%	0%
		% n=9	% n=10
Started treatment	0-18 weeks	100%	100%
Started treatment	19-35 weeks	0%	0%

That said, this service remains incredibly pressured with the expectations of the service expanding and some gaps anticipated in capacity within the service during 25/26. The service will continue to strive to maintain the performance using trajectory planning.

Psychological Therapies Services

All patients accessing the psychological therapies service were seen and started treatment within 18-weeks in 2023, 2024 and 2025.

Status	Indicator	31-Mar-24	31-Mar-25
		% n=34	% n=71
Waiting	0-18 weeks	100%	100%
		% n=14	% n=5
Started treatment	0-18 weeks	100%	100%

Performance across our CAMHS and psychological therapies services have remained relatively strong in 2024/25, even with the pressures the team are facing and experiencing on a daily basis (as above).

9. Financial performance

The Scottish Government sets three annual financial targets at NHS Board level which Boards are expected to manage their net expenditure within.

Revenue resource limit	A resource budget for ongoing operations
Capital resource limit	A resource budget for new capital investment
Cash requirement	A requirement to fund the cash consequences of ongoing operations and new capital investment

NHS Orkney had a core revenue budget of £85.1 million for the 2024/25 financial period and commenced the financial year with a planned full year deficit against allocation of £5.8 million. The total expenditure reported against this revenue budget was £89.0 million, resulting in an overall overspend against the core allocation of £3.9 million, £1.9 million lower than the original plan.

The Board has received £3.9m of repayable brokerage from Scottish Government to support the overspend during 2024/25 and as such will therefore report a balanced position within the Accounts. This brokerage will be repayable to Scottish Government at the point at which the Board return to financial balance. The brokerage requirement for

2024/25 (£3.874 million) along with the requirement from 2023/24 (£5.146 million) brings the total brokerage to £9.02 million.

The tables below show the performance of the Health Board relative to the three financial targets outlined in the table above.

	Limit as set by SGHD £000	Actual Outturn £000	Surplus/ (Deficit) £000
Core Revenue Resource Limit	89,019	89,019	-
Non-Core Revenue Resource Limit	1,313	1,313	-
Total Revenue Resource Limit	90,322	90,322	
Core Capital Resource Limit	4,336	4,296	40
Non-Core Capital Resource Limit	-	-	-
Total Capital Resource Limit	4,336	4,296	40
Cash Requirement	88,766	88,766	-

	£000
Memorandum of In Year Outturn	
Core Revenue Resource Variance (Deficit)/ Surplus in 2024/25	-
Financial Flexibility: Funding Provided By Scottish Government	(3,874)
Underlying (Deficit)/ Surplus against Core Revenue Resource Limit	(3,874)
Percentage	(4%)

A three-year financial plan was submitted to Scottish Government by NHS Orkney on 15 March 2024 and a letter was issued in response to the NHS Boards' financial plan on 4 April 2024. However, as this did not present a breakeven position over the period, Scottish Government undertook a review of the NHS Board's current escalation status. Upon review NHS Orkney remained at escalation stage 3 on the NHS Board Performance Escalation Framework.

NHS Orkney required £3.9 million from Scottish Government in order to achieve financial balance in 2024-25. Without this additional support, the Board's final outturn would have been an overspend of £3.9 million (equivalent to 4% of the Revenue Resource Limit).

The Health Board was required to deliver £4.0m of efficiency savings during 2024/25 to achieve the £5.8m deficit plan.

Total savings of £4.069m have been recorded during the year, which is positive, £2.883m of these were delivered recurrently, with £1.186m delivered non-recurrently (£0.066m above plan).

Savings delivery continues to be a key focus for 2025/26, led through the Board's Team Orkney Improving Together Programme, with collaborative working relationships with Scottish Government colleagues, aligned to national improvement programme initiatives. The Board is committed to support NHS Orkney's statutory responsibility to break even and operate within the resource allocation given.

The notes to the Accounts provide further details on the Board's income and expenditure during the year. Demand-led income and expenditure in respect of Family Health Services (including Dental, Ophthalmic and Pharmacy services) is not included in the Board's Revenue Resource Limit. The net expenditure on Family Health Services is deducted from the Statement of Consolidated Comprehensive Net Expenditure to arrive

at the performance against the Board's Revenue Resource Limit. This is set out in the Resource Outturn Statement in Note 2a.

Payment Policy

The Scottish Government and NHS Board are committed to supporting business in the current economic climate to support the sustainability and resilience of our key supply chain networks. In line with the Scottish Government's prompt payment policy, by paying bills more quickly. The intention is to achieve payment of all undisputed invoices within 10 working days, across all public bodies. Performance against the prompt payment policy is summarised below.

Measure of Better Payment	2024/25	2023/24
Average period of credit taken	18	20
Total number of invoices	10,980	10,459
Total number of invoices paid within 30 days	9,562	9,144
Percentage of invoices paid within 30 days:		
-by volume	87%	87%
-by value	87%	89%
Percentage of invoices paid within 10 days:		
-by volume	67%	74%
-by value	66%	66%

Other Financial Disclosures

Pension Liabilities

The accounting policy for pensions is provided in Note 1 to the Accounts and disclosure is shown within Note 19 and the Remuneration Report.

Orkney Health Board Endowment Fund

The Health Board are required to consolidate the financial accounts of the Orkney Health Board Endowment Fund within the Health Boards annual accounts. The basis of consolidation, as explained in note 1 Accounting Policies, is determined by the extent of control Orkney Health Board can effectively exercise over each of its partner organisations. All Trustees of the Orkney Health Board Endowment Fund are members of the Orkney Health Board. The Board therefore has majority control and, using the principles stipulated by IFRS 10, must consolidate, in full, the financial results of the Orkney Health Board Endowment Fund into the main Board accounts.

The Orkney Health Board Endowment Fund reported total net assets of £0.980m in 2024/25, represented by £0.874m of unrestricted funds and £0.106m restricted funds (2023/24: £1.050m, with £0.946m unrestricted and £0.104m restricted). The in-year financial position was a deficit of £0.070 on charitable activities (2023/24 £0.061m surplus). This was driven by a net loss on investments of £0.021m during the period (2023/24 £0.103m gain).

Total income for the year was £0.036m (2023/24 £0.036m), £0.010m (2023/24: £0.010m) relating to donations and legacies and £0.026m relating to dividends and interest on investments (2023/24 £0.026m).

Total reported expenditure for the year was £0.085m (2023/24 £0.078m).

Integration Joint Board (IJB)

The IJB was established under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 with full delegation of functions and resources to enable integration of primary and community health and social care services.

The IJB is a separate legal organisation and acts as principal in its own right. Accordingly, the Health Board is required to reflect the contribution to IJB funding for devolved health services, and the subsequent commissioning income from the IJB for those services delivered by the Health Board, as a distinct and separate transaction from the operational expenditure incurred delivering those services. The consequence of this, in the Health Board's accounts, is expenditure of £44.664m (2023/24 £42.336m - note 3) and income of £44.093m (2023/24 £42.144m – note 4). The expenditure is included in note 3 and income in note 4 and analysed below. The increase in expenditure is mainly due to the staff pay awards (5.5% for Agenda for Change staff and 6-10.8% for Medical). Of the £44.664m expenditure in year £0.266m (2023/24 £0.558m) relates to additional costs for Covid-19 for Health Board delegated services. Costs incurred as a result of the pandemic include the Vaccination costs for covid and the extended flu campaign as well as the Test and Protect. There is earmarked Covid funding of £0.012m carried forward to 2025/26.

There was earmarked funding allocations received in-year which were unutilised at year-end, and therefore have been carried forward to the following financial year, £3.287m of earmarked funding will be carried forward to 2025/26.

NHS Orkney has 50% share of funds held in reserve by the IJB as a joint venture. This is reflected in the Consolidated Statement of Financial position of £1.643m

	2023/24			2024/25		
	Budget	Actual	Variance	Budget	Actual	Variance
	£000	£000	£000	£000	£000	£000
IJB	31,274	31,274	0	31,745	32,636	(891)
Set Aside	11,062	11,062	0	12,028	12,028	0
Total	42,336	42,336	0	43,773	44,664	(891)

The set aside is a notional budget for delegated hospital service functions and calculated on the basis that the use of underlying resources is within the remit of the IJB's commissioning decision, predominantly within the acute services.

The Orkney Health and Care Team is working with NHS Orkney's Improving Together Programme to develop and deliver their savings programme over the coming years. This work will identify key dates for delivery of the savings plans and is focused on areas such as models of care, pharmacy and primary care provision.

Efficiency savings target

Through 2024/25, we have implemented several measures to strengthen our governance and corporate functions, which continue to be impactful in delivering on our financial and operational priorities:

- Established a best-practice approach to financial efficiency with clear accountability for delivery, a robust governance framework and organisation-wide engagement and ownership
- Achieved strong engagement across the organisation focusing on the improvement agenda with a very effective governance regime and a high performing system of grip and control across both pay and non-pay
- Dedicated time at Board meetings, including Scottish Government attendance, with a focus on a shared understanding of the causes of the deficit and de-escalation requirements
- Bringing Year 1 of our Corporate Strategy to life and making significant progress in realising those benefits. Year 2 priorities are being finalised and will be launched in Quarter 4 of 2024/25, so we are ready to hit the ground running in Quarter 1 of 2025/26.
- Building organisational leadership through fortnightly Senior Leadership Team meetings and monthly clinical forums. In Quarter 3 of 2024/25 we launched quarterly Performance Review Meetings to hold corporate and clinical services to account
- Completed a review of our Corporate Governance with refreshed terms of reference and clarified remit for Board and Board Committees
- With Scottish Government support, the CEO commissioned an external review of cultural development, governance and senior leadership to inform where there are opportunities for further improvement. This report and action plan were discussed and agreed at February's Board meeting and inform the Board's Year 2 Corporate Strategy priorities for 2025/26.
- Commissioned a Clinical Services Review which will expand on the initial work undertaken in 2024/25 with the focus being on transformation to ensure that we have a clear baseline to review our agreements and monitor performance to ensure delivery and sustainability of our services going forward.

Within the NHS Scotland Support and Intervention Framework; we have worked collaboratively to optimise available funding to address risks and ready the organisation for the challenge ahead:

- Received external expert resource to establish and support delivery of our Improving Together efficiency programme; and is on track to deliver £4m in-year savings. A reduced package of support has been agreed from April 2025. Recruited a fixed-term Director of Performance and Transformation (and Deputy CEO) to widen and strengthen the capabilities of the Executive Team and ensure support for the CEO is optimised for the next phase of our journey.
- Recruited an external Interim Director of Finance to rapidly improve capability and

stabilise the team. The Interim Director of Finance commenced in post in Quarter 4 of 2024/25 and will remain in post until at least September 2025.

- Conducted externally led corporate service reviews of People and Culture, Finance and Digital functions with improvement plans now owned and implemented by staff and overseen by the Improvement Board, which is chaired by the CEO.
- As a fundamental component of our de-escalation plans and as encouraged via central planning guidance we have:
 - set up a joint planning (Executive to Executive team) meeting with NHS Grampian, with NHS Highland and the other 2 Island Boards to follow and
 - commissioned a clinical services review of our acute and primary care services to identify innovative new models of care to inform a future-state sustainable clinical offering. This work will commence in Quarter 4 of 2024/25.

Looking to 2025/26

Our 2025/26 delivery plan has been developed alongside the NHS Scotland Financial Plan 2025/26 Guidance. Our Medium-Term Finance Plan (MTFP) 2025/26 – 2027/28 sets out an assessment of the related financial position based on current assumptions and expectations set by Scottish Government, along with current forecast information surrounding activity and local and national cost pressures.

Our aspiration and commitment is to build on successes of 2024/25 to develop a credible three-year financial plan that engenders confidence in the Board's understanding of the financial challenge and confidence in its ability to execute the difficult choices to deliver a year three deficit position of £2.556m, warranting consideration to be retained at Level 3 for 2025/26.

It is our intention that following scrutiny and discussion, our Board will approve an ambitious but deliverable plan – accumulatively exceeding the national annual minimum 3% recurrent efficiency requirement – however accept that a return to financial balance will require a longer timeframe to safely implement the scale of clinical and non-clinical transformation it intends to progress.

Our 2025/26 Improvement Programme is clearly aligned to the MTFP and builds on the considerable effort to establish the programme in 2024/25. Many elements of the 2024/25 programme will be retained to provide a seamless continuation of effort for staff and minimise disruption to the organisation. Our programme for 2025/26 has 8 new priority areas to ensure delivery is affordable and supports the required actions to achieve a 6% stretch target of savings on baseline budgets, improving our forecast outturn position.

The Improvement Programme has seven core workstreams and seven transformation workstreams, each with an aligned Senior Responsible Officer, delivery lead, clinical lead and corporate support. Our efforts to develop and deliver £4m of efficiency and productivity savings are an improvement on previous year's performance and now form the foundation as we move from a transactional approach to realising cost savings toward a more transformational and long-term approach to our workforce and service provision:

Moving to staff-led development of ideas with greater engagement and ownership by clinical and operational teams.

- Introducing standardised 'good practice' documentation to capture scheme information ensuring a shared understanding of change.
- Launch of our Bright Ideas campaign engaging all staff to contribute and add value to our improvement programme.
- A robust clinically led Quality Impact Assessment (QIA) process to ensure patient safety and staff health & well-being are at the centre of all we do.
- Implementing a strengthened governance framework with operational and clinical staff at the heart of delivery and with full executive team oversight.
- The development of a credible plan that is owned and understood by NHS Orkney, supported by a continual communications effort to share good practice, innovation and team successes.

Details of the 2025/26 efficiency programme are set out in Table 2

Table 2 - Core and Transformation Workstreams 2025/26

Workstream	SRO	Delivery Lead/s	Indicative Recurrent Savings £000	Indicative Non-recurrent Savings £000	Summary of workstreams
Corporate	Chief Executive	Director of Improvement	60	150	Review of corporate services workforce structures and portfolios and review of Service Level Agreements.
Diagnostics	Medical Director	Radiology Services Manager	50	200	Continuing efficiencies in diagnostics, reduced patient travel and productivity. Monitoring linked to changes in service in MRI, elastography, peripatetic ultrasound, and MSK.
Estates	Chief Executive	Head of Estates	190	200	Continuing to drive efficiencies through estate and environmental best practice. Opportunities are being explored for income generation, including waste collection services for private dental practices and establishing Service Level Agreements for equipment maintenance in primary care. Potential sale opportunities for the Old Balfour and King Street Dental Practice are also under review. Maximising benefits of the decarbonisation programme and looking to reduce contractual staff costs.
Facilities	Chief Executive	Head of Facilities & NPD Contract	-	-	Continuing modernisation of facilities workforce and reduction in overtime. Opportunities are being explored to increase catering food prices and minimise food waste. Additional income generation initiatives, such as introducing electric vehicle charges are being considered.
Pharmacy	Medical Director	Interim Director of Pharmacy	235	-	Continuing efforts to achieve savings through proprietary to generic switches, poly-pharmacy reviews, script switches, and medicines of low clinical value. Expanding the community dressings initiative to the West Mainland and reducing stock and medicines waste. Reviewing home oxygen services and national therapeutic indicators.
Procurement	Interim Director of Finance	Procurement Manager	250	150	Continued contract renegotiation, standard and rationalisation of clinical supplies, grip and control measures around non-pay and regional and national collaborative opportunities.
Social Care & Community (IJB)	Chief Officer IJB	Head of Primary Care	75	300	Continuing to drive efficiencies in Social Care and IJB, with a particular focus on transformation with the GP Primary Care Service Model and enhancing IJB clinical pathway. Efforts to reduce agency spend and review vacant positions remains a priority, alongside exploring reviewing the allocations and contributions. Improvements to quality of prescribing and monitoring a reduction in dispensing spend at Daisy Villa Surgery.

Workforce	Director of People and Culture	Head of People and Culture	1,215	-	Continuing efficiencies in workforce including admin and clinical review, targeted sickness absence reduction, agency and overtime reduction, recruitment and retention, and exploring more cost-effective agency commission rates. Grip and control measures are being maintained for vacancies, staff travel, and relocation allocation. Opportunities for reform and transform focus on right sizing the workforce and role diversification.
Transformation Workstreams					
Theatre Utilisation	Director of Nursing, Midwifery, AHPs, and Chief Officer Acute	Theatre Senior Charge Nurse	25	-	Improving theatre utilisation and scheduling. Utilisation at 58% and recognised as lowest in Scotland however reflective of being staffed for one theatre with material impact on % if lists cancelled (weather, bed availability, staff absence). Some benefit in efficiency, with minimal financial savings expected.
Outpatient Productivity	Medical Director	Clinical Nurse Manager	200	-	Enhancing outpatient productivity. Benchmarked data shows opportunity Outpatients: Orkney residents accessing NHSO for virtual appointments lower than other health boards (4.5% vs 12%). Virtual appointments with NHS Grampian reduced from first 6 months of 2023 (53%) compared to last six months of 2024 (38%). Number of virtual appointments constant with 50% increase in number of F2F appointments.
Medical Recruitment	Medical Director	Medical Director	200	-	Reducing agency and locum usage by moving to a more sustainable medical model and offering innovative employment options and annualised contracts. Plans in place to advertise roles before the end of March-25.
New Hospital Business Case	Director of Public Health	Director of Performance, transformation and Deputy CEO	-	-	Review the 27 'not implemented' and 'partially implemented' transformation opportunities.
TOTAL			2,500	1,000	

As we continue to build our efficiency programme, our focus will be to support the identification of schemes that:

- Reduce reliance on high-cost temporary (agency) staffing and converting to substantive staff across the medical and nursing workforce.
- Improve patient experience through increasing near-me or virtual appointments for outpatients, eliminating the need for off-island travel, where clinically appropriate.
- Enhance procurement processes to maximise our purchasing power and the management of our supplies.
- Deliver productivity across our acute and community services to increase capacity and reduce our waiting times.
- Ensure value for money across our service-level agreements where services are provided by other Health Boards or national organisations.

10. Fraud, Bribery and Corruption

NHS Orkney has a zero tolerance for fraud, bribery or corruption. As part of NHS Orkney's Statutory/Mandatory Training all staff are required to complete the Counter Fraud Services training module, ensuring staff are reminded regularly about counter fraud matters including the confidential routes that are available to report suspected fraud, bribery or corruption. A range of fraud awareness initiatives were progressed during the year including training in relation to absence fraud, anti-bribery and corruption and general fraud awareness.

In addition, NHS Orkney works closely with Counter Fraud Services on cases of suspected fraud, and we issue Intelligence Alerts to staff when updates are received.

11. Social Matters

Equality, Diversity and Inclusion (EDI)

NHS Orkney actively seeks to adopt best practice in relation to Equality, Diversity and Inclusion in employment as well as ensuring that it provides services which meet the needs of its diverse population. Our aim is to be an inclusive employer. The Board continues to work with partner agencies to develop initiatives that promote inclusiveness as part of its wider social responsibility remittance.

The Board also meets the requirements of the Equality Act (Specific Duties) (Scotland) Regulations 2012 and in 2024/25 published its Equality and Diversity Workforce Monitoring Report 2023/24.

In year, we have supported a number of staff to undertake development relating to social issues. Examples of this are:

- 132 individuals completed the Equality, Diversity and Human Rights module
- 531 individuals completed the Violence and Aggression module
- 282 individuals completing Violence and Aggression face-to-face training
- 305 individuals completed the Adult Support and Protection module
- 283 individuals completed the Child Protection Level 1

12. Workforce and the Integrated Workforce Plan

NHS Orkney has 758 members of staff (excluding bank). This has significant economic and social impacts and benefits to a small community as a major employer and anchor institution. We seek to continuously improve the experience of our staff at work.

As part of our work to retain staff and improve experience, we established a staff experience programme with a suite of priority actions which are overseen by our Staff Governance Committee. Our priorities, which will carry on in 2025/26, include:

- Statutory and mandatory training
- Appraisals
- Sickness absence management
- Values and behaviours
- Leadership development

We continue to seek to improve and progress our annual iMatter staff engagement activities and scores, recognising we have some way to go, and to ensure we create a culture where staff feel valued, supported and listened to.

In 2024 the percentage of staff completing the survey increased by 10%, with a 69% response rate (compared to 58% nationally). Our Employee Engagement Index score increased for the third year in a row, to 75, from 74 in 2023 and 72 in 2022.

In 2024 we had four areas in Monitor to further improve and zero areas in the Improve to Monitor range. These areas remained the same from 2023; however, there was an increase of 1-8% points across the areas highlighted. The areas in Monitor to further improve were:

- I am confident performance is managed well within my organisation (+1).
- I have confidence and trust in Board members who are responsible for my organisation (+4).
- I feel sufficiently involved in decisions relating to my organisation (+4).
- I feel that board members who are responsible for my organisation are sufficiently visible (+8).

Across our Staff Governance Standards Strand Scores, aligned to the five pillars of Staff Governance our weighted index value remained the same or increased in all areas by up to 2 points from 2023.

The Scottish Government iMatter Health & Social Care Staff Experience Survey 2024 shows comparative improvements across a range of areas for NHS Orkney and is a testament to the impact of the ongoing improvement work colleagues have been focused on since the 2023 results. Areas highlighted in the report have included:

- Overall national response rate: 58% (NHS Orkney 69%, marking a 10% increase for us versus 2023 and the largest increase in response rate compared to any other Board).
- Action plans agreed within the 8-week window: national score 56% (NHS Orkney 69%).

- Employee Engagement Index: national score 76: NHS Orkney's was 75; however, it shows an improvement versus last year and continued improvement over several years, which is referenced in the report.
- In the section 'My Organisation' – NHS Orkney achieved the greatest improvement of all of the 'My Organisation' components across all Boards with an increase of 8 points for 'I feel that Board members who are responsible for my organisation are sufficient visible' (from 53 in 2023 to 61 in 2024).
- NHS Orkney was the only Territorial Health Board to improve (by +2 in 2024 versus 2023 from 72 to 74) for the question 'I would be happy for a friend or relative to access services within my organisation'.

However, there were still areas where NHS Orkney had the lowest scores among Territorial Health Boards. Some of these were:

- I would recommend NHS Orkney as a good place to work (NHS Orkney score 71 – national average 74)
- I would recommend my team as a good one to be part of (NHS Orkney score 82 – national average 85)
- I am confident my ideas and suggestions are listened to (NHS Orkney score 74 – national average 77)
- I am confident I can safely raise concerns about issues in my workplace (NHS Orkney score 74 – national average 79)
- I am confident my ideas and suggestion are acted upon (NHS Orkney score 69 – national average 73)

In response to staff feedback, the five organisational priorities identified in 2023 remained consistent in 2024, including:

1. A focus on staff health and well-being

- Our wellbeing activities continue, such as providing access to our Employee Assistance Programme, which offers free counselling and other supports, and includes access to the Wisdom app for wellbeing resources.
- We have a renewed focus on sickness absence this year (especially absence due to stress) to ensure that staff are supported to be well at work and have everything they need to return to work as soon as they are well enough.
- We are establishing a Peer Support network and after our first expression of interest, have 12 volunteers who will undergo training and offer confidential peer support to other colleagues to support wellbeing. We will evaluate and hope to grow this network over time.
- We launched the NHS Orkney Wellbeing Hub, which is a central location for colleagues to access a range of health and wellbeing resources. This includes links to local support groups and national initiatives. The hub also provides an opportunity to share activities that are taking place.

2. Value and recognition schemes

- In response to feedback, we launched the Team Orkney Awards in 2023 and celebrated the 2025 awards on 28 March. We included new and refreshed categories in response to staff feedback and that of our patients and community. Over 150 individuals and teams received nominations.

- Long Service Awards were reinstated in 2024 and we have now recognised 400 colleagues for their service to NHS Orkney and the NHS more broadly. We will review our approach to Long Service again in 2025, taking into account feedback from the first round.
- As a thank you for hard work we served over 400 meals for Christmas and New Year in 2024. There are some lessons to learn from this as we plan for 2025.
- We continue to work to ensure every member of staff receives (at least) an annual appraisal, recognising that good quality appraisals are key to valuing and recognising staff.

3. Involving staff in decision-making

- All staff forums take place monthly with the Chief Executive and other members of the Executive Team. These are well attended and are recorded for those not able to make it at the time. The forums will continue as will monthly Chief Executive drop-in sessions so staff can ask questions directly.
- Any member of staff is invited to attend our fortnightly Senior Leadership Team meetings to observe as a development opportunity.

4. Listening and acting on feedback

- We continue to undertake regular Board walk-arounds. The feedback is sent to managers to support them to make local improvements, and collective feedback is reported to the Board.
- The iMatter survey 2025 will run again in early May 2025 as noted above.
- Bright Ideas continue to be used to gather ideas for improvement. To date we have received around 80 ideas and many great examples of positive change.
- All staff feedback helps us prioritise improvements as part of our experience programme, such as the five identified in 2024, including:
 - Budget resetting
 - Job evaluation
 - Sickness absence due to stress
 - Appraisals
 - Supporting people to complete statutory and mandatory training

5. Leading with kindness and living our values

- Our Chief Executive commissioned an external review of cultural development, governance and senior leadership, which has been shared with staff as well as the action plan in response.
- We will be implementing a leadership development programme in 2025 and have commenced work (starting with our Board) to take the NHS Orkney values of openness and honesty, respect, and kindness, and work at a detailed level to articulate what these look like when we live them every day. This will give us behaviours aligned to the values and support people to give and receive feedback.
- Based on staff feedback we set a clear expectation that visible and compassionate leadership are essential at NHS Orkney. We now include in our

recruitment, the request that senior leaders work in Orkney and on-site at least 50% of their time (working on a case-by-case basis where this is not possible).

A sixth area of focus was also identified through iMatter in 2024, which was:

6. Being able to confidently raise concerns, including those about safety

- We continue to support colleagues through our Whistleblowing Leads and through our Confidential Contacts. In response to feedback, the Executive Lead for Whistleblowing will be moving from the Chief Executive to the Medical Director from 1 April 2025.
- We launched an anonymous feedback form in October 2024 for those people who are not able to confidently raise concerns.

In preparation for our 2025 iMatter survey, we have engaged with staff and managers across our organisation. We have a communication campaign planned to promote and enable the successful delivery of iMatter. The results of the 2024 iMatter survey will be progressed via the staff experience programme which is overseen by the Staff Governance Committee.

As part of our commitment to supporting the young workforce, we promote modern apprenticeships and currently have two colleagues enrolled in this program. Additionally, we are supporting 14 college students who are undertaking placements in social services and healthcare for their Foundation Apprenticeship (FA) and National Qualification (NQ) in health and social care (access to nursing). We are also supporting our internal colleagues in their academic endeavours through seven graduate apprenticeships.

We have strengthened our relationship with Developing the Young Workforce (DYW) and provided several work experience opportunities across the organisation, including physiotherapy, outpatients, radiology, and ophthalmology.

We have also collaborated with DYW and the maternity department to develop a Maternity insight program. Furthermore, our team has organised several engagement sessions, including participation in school career talks, job centre engagement, and community learning and development job hub events. Our efforts have resulted in over 200 engagements with people within schools and colleges, as well as local employability partnership engagement sessions.

In line with the direction and support of the Government, we have successfully recruited five international nurses from other countries to work in our organisation. To ensure that these colleagues have the necessary skills to pass their Objective Structures Clinical Examination (OSCE) test and apply for their PIN from the Nursing and Midwifery Council, they undergo a training course delivered by our partners, NHS Grampian.

As part of the Integrated Performance Report (presented as a standing agenda item to the Area Partnership Forum and Staff Governance Committee) we will continue to review performance in relation to compliance of statutory and mandatory training, appraisal and induction, attendance, and the use of supplementary staffing. Development and improvements in these areas are part of the Improving Together Programme.

13. Sustainability and the Environment

Introduction and National Context

The Climate Change (Scotland) Act 2009 originally set out measures adopted by the Scottish Government to reduce emissions in Scotland by at least 80% by 2050. The Climate Change (Emissions Reductions Targets) (Scotland) Act 2019 amended this longer-term target to net-zero by 2045, five years in advance of the rest of the UK. In 2020 'The Climate Change (Scotland) Amendment order came into force to reflect this and now requires NHS Boards to report on their progress in delivering their emissions reduction targets.

All designated Major Players (of which NHS Orkney is one) are required to submit an annual report to the Sustainable Scotland Network detailing compliance with the climate change duties imposed by the Act and the Amendment order. The information returned by the Board is compiled into a national analysis report, published annually and superseding the prior requirement for public bodies to publish individual sustainability reports.

Further information on the Scottish Government's approach can be found in the Climate Change Plan 2018-2032 while national reports can be found at the following resource: <https://sustainablesotlandnetwork.org/reports>

We are proud of our strong reputation in this field and the fact that The Balfour Hospital and healthcare facility was the first net zero hospital in Scotland. The Balfour is fully electric with air-to-water heat pumps generating all hot water and heating and has solar panels to reduce reliance on the grid. A dual process air to water/water to water heat pump solution works in conjunction with a back-up high efficiency oil boiler for resilience in the event of the loss of a heat pump system. Recognition of the low carbon technology for the air-to-water heat pumps at The Balfour resulted in a successful application of the Renewable Heat Incentive from the Government. This provides NHS Orkney with annual financial incentives for a 20-year period. NHS Orkney received the prestigious Energy Excellence Award from NHS Scotland Assure for its greener approach to providing renewable heat and supplies at The Balfour.

A fixed monitoring system has been installed in the controlled environment of the Central Decontamination Unit at The Balfour. This system continuously tracks data to optimise electricity usage, extend the lifecycle of machinery, and enhance overall operational resilience. By providing real-time insights, the monitoring system supports energy efficiency and sustainability while ensuring the unit operates reliably and effectively.

Progress Highlights

Following a successful funding bid from the Scottish Government to decarbonise the estate beyond The Balfour, fossil fuel systems have been replaced with renewable energy solutions, including heat pumps, solar panels, and wind turbines, in line with government policy.

NHS Orkney is committed to aligning with Scottish Government sustainability targets by transitioning to a fully electric vehicle fleet. As part of this commitment, all petrol and diesel pool cars are being phased out, with NHS Orkney set to achieve a 100% electric

fleet by April 2025. This transition supports national decarbonisation goals, reduces emissions, and contributes to a more sustainable healthcare system.

There is also a fleet of seven E-Bikes and one E-Trike, which have been deployed across the entire estate, including the outer isles. To support their use, dedicated E-Bike charging stations have been installed at bike racks, promoting safe charging and further encouraging active travel. Staff are actively encouraged to participate in the Cycle to Work scheme, and regular free Dr Bike sessions are provided to ensure bikes remain in good condition and to support staff in maintaining their bicycles.

In our Catering Team we have joined the local authority contract to procure local food wherever possible, we have stopped buying in sandwiches and make all our own rolls/sandwiches fresh to order to reduce packaging and food waste. In 2024 we introduced a patient plated meal service which has reduced food waste from the ward by around 50%.

NHS Orkney's climate change action plan is led by the Sustainability Steering Group, the action plan sets out clear targets in line with Scottish Government policy.

Metrics Used to Measure and Manage Climate-Related Issues

NHS Orkney uses a range of environmental performance metrics to monitor and manage climate-related risks and opportunities, which align with the Board's sustainability and risk strategies. The key metrics are included in the table below:

Metric**	2022/23 tCO ₂ e *	2023/24 tCO ₂ e *	Trend / % Change
Building energy	1,602.4	1,051.5	▼ Decrease of 34.3%
Medical gases	112.0	95.0	▼ Decrease of 15%
NHS fleet travel	35.6	19.63	▼ Decrease of 44.8%
Waste	42.3	37.36	▼ Decrease of 11.6%
Water	5.7	3.0	▼ Decrease of 47.3%

*tCO₂e – tonnes of CO₂ equivalent gases.

** reported figures are latest available, 2024/25 is not expected to be available until 30 November 2025.

These metrics are regularly monitored and reported annually via the Annual Climate Emergency and Sustainability report.

Climate-related risk management (2024/25)

Over the last 12 months NHS Orkney has strengthened how it identifies, assesses and manages climate-related risks, embedding them in the same governance architecture that is used for clinical, financial and operational risk.

Governance and pathways

- Risk Jotter & validation: All service and programme risks, including environmental ones, are now captured in the electronic Risk Jotter. Operational risks are validated monthly by the Risk Management Group; organisational risks are escalated to the Senior Leadership Team (SLT) for inclusion on the Corporate Risk Register.

- **Board Assurance Framework (BAF):** The BAF dynamically maps every strategic objective to current corporate risks and summarises the key controls and assurances in place. This allows the Board to view climate-related risks in context alongside financial sustainability (Risk 510, score 20) and fragile clinical services (Risk 1228, score 12).
- **Gap analysis:** Although the Corporate Risk Register does not yet carry a discrete environmental-sustainability risk, the Executive has commissioned the Risk Management Group to develop a standalone climate-risk entry for 2025/26 so that exposure can be explicitly tracked and compared against other principal risks.

Risk identification and assessment tools

- **Quality Impact Assessment (QIA):** Every project within the Improving Together programme is subjected to a locally developed QIA. This tool requires authors to consider the NHS Scotland Climate Emergency & Sustainability Strategy, the National Plan for Scotland's Islands (2019) and duties under the Islands (Scotland) Act 2018 before approval.
- **Service-level reviews:** A whole-system clinical-services review is underway, consistent with the Centre for Sustainable Healthcare definition of "sustainable healthcare". The review is considering each model of care against affordability, sustainability and social value, and prioritises digital or local solutions where they reduce carbon and travel demand.

Key risk mitigations delivered in-year

- **Anaesthetic gases:** Complete decommissioning of the nitrous-oxide manifold and migration to near-patient Entonox with portable cylinders has eliminated a high-global-warming-potential gas source and reduced leakage risk.
- **Low-carbon models of care:**
 - Expansion of *Near Me* video consultations and the repatriation of MRI, elastography, capsule endoscopy and digital dermatology services to Orkney have avoided thousands of patient-travel miles.
 - Ongoing collaboration with NHS Grampian on shared protocols continues to reduce unnecessary inter-island transfers.
- **Lifecycle management of assets:** A new Medical Equipment Policy introduces whole-life planning—from procurement through to end-of-life disposal—so that environmental risk (energy use, waste and hazardous materials) is assessed alongside clinical and financial risk at every replacement decision.

Opportunities

NHS Orkney are part of the Nature Network Delivery Group which is led by Orkney Islands Council to identify and support delivering nature networks on our land. We have recently completed a GIS Mapping exercise which includes all NHS Orkney's properties. Our next greenspace project is to develop an area of unused land for a holistic Memorial/Celebration Garden which will promote biodiversity and encourage wildlife.

Additionally, a proposal has been developed to develop an underutilised greenspace at the Balfour Hospital into a 'Green Gym'—a dedicated outdoor exercise area designed to promote physical and mental well-being for staff, patients, and the wider Orkney community. Funding for the proposal is currently being sought.

Looking forward to 2025/26

We will establish a dedicated *Climate & Sustainability* risk on our Corporate Risk Register, with agreed risk appetite and key risk indicators as well as extending the Quality Impact Assessment process to cover procurement decisions over £25 k.

Following completion of the Clinical Services Review in June 2025 we will implement the resulting sustainable-care pathway changes and integrate equipment-lifecycle datasets into the Capital & Property Strategy risk register to facilitate monitoring of asset-related environmental exposure.

This integrated approach ensures that climate-related risks are considered material to organisational resilience and are managed through the same disciplined processes as our other principal risks and Strategic Objectives set out in our Corporate Strategy.

Laura Skaife-Knight
Chief Executive

SECTION 2 Accountability Report

1. Corporate Governance Report

Directors' Report

The Directors' present their report and the audited financial statements for the year ended 31 March 2025.

Naming convention

NHS Orkney is the common name for Orkney Health Board.

Date of Issue

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

Appointment of auditors

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

Board Membership

Under the terms of the Scottish Health Plan, the Health Board is a Board of governance whose 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 which enables them to contribute to the decision-making process at a strategic level.

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

The following served as members of the Board during the year:

Chair and Vice Chair		
Meghan McEwen	Chair	
David Campbell	Vice Chair	
Non-Executive Directors		
Des Creasey	Non-Executive Board member	Until December 2024
Isobel Grieve	Non-Executive Board member	
Joanna Kenny	Non-Executive Board member	
Rona Gold	Non-Executive Board member	
Ryan McLaughlin	Employee Director	
Kirsty Cole	Area Clinical Forum Chair	From 1 April 2024
Steven Johnson	Area Clinical Forum Chair	Until 6 February 2024
Jean Stevenson	Local Authority Representative	
Jason Taylor	Non-Executive Board member	
Executive Directors		
Laura Skaife-Knight	Chief Executive	
Anna Lamont	Medical Director	
Samantha Thomas	Director of Nursing, Midwifery and Allied Health Professions and Acute Services	
Dr Louise Wilson	Director of Public Health	

The Board members' responsibilities in relation to the accounts are set out in a statement following this report.

Due to a number of Executive Director vacancies and Scottish Government funding, interim cover arrangements were made to ensure portfolios were managed and engagement and attendance at essential meetings, including Board and Governance Committees, maintained. These included

- Melanie Barnes, Interim Director of Finance – 23 January 2025 to 30 September 2025
- Brian Stevens, Interim Director of Finance (November 2024 to January 2025)
- Phil Tydeman, Director of Improvement (1 April 2024 – 31 March 2025)
- Paul Corlass, Recovery Director (January 2024 – November 2024)

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 of 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.
- 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.

Board members' interests

The Register of Interests of Board Members is available to members of the public to view on the NHS Orkney Website at the following link [NHS Orkney Register of Interests | NHS Orkney \(scot.nhs.uk\)](https://www.nhs.uk/scot.nhs.uk). The Board Members have declared in the register of interests any potential business or other relationship, which they felt could influence, or could be seen to influence, the exercise of their judgement as required by IAS 24.

Disclosure of information to Auditor

The Directors who held office at the date of approval of this Director's 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/ she ought reasonably to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Board's auditor is aware of that information.

Remuneration for non-audit work

No remuneration was paid to external auditors in respect of non-audit work.

Public Services Reform (Scotland) Act 2010

NHS Orkney publishes (on its web site at www.ohb.scot.nhs.uk) all payments in excess of £25,000 in compliance with Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010.

Personal Data Related Incidents

NHS Orkney formally reported personal data related incidents to the Information Commissioners Office (ICO) on six occasions during 2024/25 (2023/24 ten). During 2024/25 none of the incidents reported to the ICO resulted in any recommendations or required any further actions. No enforcement actions or penalties were applied by the ICO in relation to incidents reported by NHS Orkney.

While the number of incidents meeting the threshold for reporting to the ICO has fallen, the overall number of incidents reported to the Information Governance Department has remained very constant from 2023/24 to 2024/25.

Statement of Accountable Officer's Responsibilities

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

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

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

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

I am responsible for ensuring proper records are maintained and that the accounts are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officer's letter dated 26 June 2025.

Annual Governance Statement

Scope of Responsibility

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

I am also responsible for safeguarding the public funds and assets assigned to the Board. In accordance with IAS 27 – Separate Financial Statements, these financial statements consolidate Orkney Health Board Endowment Fund. This statement includes any relevant disclosure in respect of these Endowment Accounts.

System of Internal Control

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

evaluate the nature and extent of risks, and manage risks efficiently, effectively and economically, and is designed to manage rather than eliminate the risk of failure to achieve the Board's aims and objectives. As such, it can only provide reasonable and not absolute assurance. The process is consistent with the SPFM and supplementary NHS guidance and has been in place for the year up to the date of approval of the Annual Report and Accounts.

The Scottish Ministers issue the SPFM to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds, and it can be accessed [here](#).

There is evidence that when we scrutinise the work undertaken across all of NHS Orkney's Board Committees, including the Audit and Risk Committee, that the governance and internal control arrangements in place in 2024/25 were much-strengthened in all areas, including financial governance, as evidenced by NHS Orkney being one of few Boards in Scotland to achieve its Financial plan, Savings Plan and recurring savings requirement for the year, improved operational performance in a number of domains and improved patient and staff experience compare to the previous year.

As Accountable Officer, I can confirm that there are organisation-wide governance and grip and control processes in place relating to all aspects of performance. This includes additional controls in the form of a new integrated improvement function spanning operational and financial performance, digital and quality and safety, a monthly Improving Together (efficiency) Programme Board and Planned Care Programme Board, quarterly Performance Review Meetings for clinical and corporate teams/services, introduction of a new Performance Management Framework, Board Assurance Framework and more structured Senior Leadership Team meetings which focus on our 5 Strategic Objectives as set out in our Corporate Strategy 2024-28 and enhanced triangulation and cross Board Committee working. As the assurance arm of our governance has further strengthened, as is the operational arm being strengthened, with this work remaining a priority as we enter 2025/26, along with processes and governance for continuing to hold colleagues to account across the organisation.

The former reports and provides assurance directly to Finance and Performance Committee and the latter reports and provides assurance to the Health Board on the work being undertaken to implement the necessary controls and measures to address the financial position. Both meetings, which are formally part of our governance structures with clear terms of reference, are chaired by me as Chief Executive.

In addition, we have embraced external support from a Recovery Director and Director of Improvement and external team of experts who have supported our in-house improvement team to further strengthen our controls, governance and performance and we are proactively reviewing our Service Level Agreements with other Boards to ensure they are adequate and have controls in place which enable us to more closely monitor performance and spend.

Finally, we have completed a root and branch external review of our Finance, People and Culture and Digital Functions, the outputs of which have been shared with Finance and Performance Committee and the Board to ensure we have appropriate controls in place and Corporate Services that are fit for the future.

An external review of our culture, senior leadership and Governance was completed in December 2024 and an improvement plan has been incorporated into our Corporate Strategy Delivery Plan for 2025/26.

Assurance Framework

Under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 the Health Board and Local Authority delegate the responsibility for the strategic planning and deliver of adult health and social care services to the Integration Joint Board.

The delegation of services is governed by an integration scheme agreed by both partners. Executive and non-executive members of Orkney Health Board are appointed, to represent the Board, as voting members on the IJB. The voting membership, and therefore the exercise of control over each IJB is shared equally between Orkney Health Board and Orkney Islands Council. The Board's performance management arrangements reflect those services delegated to the IJBs and the Chief Officer of the IJB attends each meeting of the Orkney Health Board and the Board's key Governance Committees as required.

The Board and its Standing Committees have clearly defined and documented roles and responsibilities, and the purpose of each committee is set out below. The Non-Executive members of the Standing Committees have the opportunity to scrutinise and seek assurance from the Board's Executive Management.

Governance Framework

Membership of the NHS Board carries with it a collective and corporate responsibility for the discharge of these functions carried out by the committees. All members are expected to bring an impartial judgement to bear on issues of strategy, performance management, key appointments and accountability, upwards to Scottish Ministers and outwards to the local community.

It is the duty of the Chair and me as Chief Executive to ensure that Board Members and staff understand their responsibilities. Board Members and Managers have received copies of the [Code of Corporate Governance](#) and the Head of Corporate Governance maintains a list of managers to whom the Code of Corporate Governance has been issued. Managers are responsible for ensuring staff understand their own responsibilities.

The NHS Board has arrangements which provide an integrated approach to governance across clinical areas, staff arrangements, involving and engaging people in our service, developments and performance management. The conduct and proceedings of the NHS Board are set out in the Code of Corporate Governance; this document specifies the matters which are reserved for the NHS Board, the matters which are delegated under the Scheme of Delegation and the matters which are remitted to a Committee of the NHS Board.

Board members must comply with the Code of Corporate Governance and the Endowment Charter, including the Code of Conduct, along with the Standing Financial Instructions. These Standing Orders for regulation of the conduct and proceedings of Orkney NHS Board, and its committees are made under the terms of The Health Boards (Membership and Procedure) (Scotland) Regulations 2001 (2001 No. 302), as amended

up to and including The Health Boards (Membership and Procedure) (Scotland) Amendment Regulations 2016 (2016 No. 3).

The Non-Executive members provide constructive scrutiny and challenge, and this is evidenced in minutes of meetings.

On an annual basis the Board undertakes a review of corporate governance arrangements to ensure that they are fit for purpose. The Code includes the following:

- NHS Orkney Board Committee Structure
- Standing orders for NHS Orkney Board
- Governance Committee Terms of Reference
- Code of Conduct for Board Members
- Standing Financial Instructions
- Reservation of Powers and Scheme of Delegation
- Counter Fraud Policy
- Standards of Business Conduct for Staff

The Board has the following standing committees to support it, which are directly accountable to it:

Finance and Performance Committee

The Finance and Performance Committee is responsible for reviewing the financial and non-financial targets of NHS Orkney:

Membership: Des Creasey (Chair from April 2024 to November 2024), M McEwen (Chair from November 2024 to September 2024), David Campbell (Vice Chair and Chair from October 2024 to March 2025)

The Committee met 7 times in 2024/2025.

Remuneration Committee

The Remuneration Committee is responsible for reviewing the objectives and performance of Executives and Senior Management cohorts and ensuring the application and implementation of fair and equitable pay systems on behalf of the Board as determined by Ministers and the Scottish Government.

Membership: David Campbell (Chair), Joanna Kenny (Vice Chair), Meghan McEwen and Ryan McLaughlin.

The Committee met 15 times in 2024/2025.

Joint Clinical and Care Governance Committee

The Joint Clinical and Care Governance Committee is responsible for:

- Providing the Board with the assurance that robust clinical governance controls and management systems are in place and effective, in relation to delegated and non-delegated services it delivers

- Provided the Integration Joint Board with assurance that robust clinical and care governance controls and management systems are in place and effective for the functions that NHS Orkney and Orkney Islands Council (OIC) have delegated to it
- Ensuring that the requirements set out in MEL (1998)75, MEL (2000)29 and HDL (2001)74 around the guidance on the implementation of Clinical Governance in the NHS in Scotland are in place

Membership: Rona Gold (Chair), Jean Stevenson (Vice Chair) (Elected OIC Council member), Issy Grieve, Kirsty Cole, Morven Brooks (Third Sector Representative), H Woodbridge (Elected OIC member) and Ivan Taylor (Elected OIC member).

The Committee met 6 times in 2024-2025.

Staff Governance Committee

The Staff Governance Committee is responsible for:

- Ensuring scrutiny of performance against the individual elements of the Staff Governance Standards
- Ensuring effective workforce planning arrangements are in place
- Reviewing and signing off data collected during annual Staff Governance monitoring
- Reviewing and monitoring Staff Experience Engagement Index Data and improvement plans
- Seeking assurance from data and information provided in reports to the Committee

Membership: Joanna Kenny (Chair), Ryan McLaughlin (Vice Chair) Kirsty Cole, Jason Taylor, Nickie Milne (Partnership Representative), Karen Spence (Staff Representative).

The Committee met 4 times in 2024/2025.

Audit and Risk Committee

The Audit and Risk Committee is responsible for supporting the Board in its responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge. The Audit and Risk Committee has a dual role of:

- An audit function – ensuring that the organisation operates effectively and meets statutory objectives
- A risk assurance function – ensuring that adequate structures are in place to undertake activities which underpin effective risk management

Membership: Jason Taylor (Chair), Des Creasey (Vice Chair from April 2024 to November 2024), I Grieve (Acting Vice Chair December 2024 to March 2025) Ryan McLaughlin, Jean Stevenson

The Committee met 7 times in 2024/2025.

Operation of the Board

NHS Orkney's Governance Framework operates under a Code of Corporate Governance which was revised throughout the financial year, and includes:

- Standing orders and committee Terms of Reference
- The Code of Conduct that the Board Members must comply with
- The Standing Financial Instructions
- The Scheme of Delegation

These documents are the focus of the Boards annual review of governance arrangements.

All Committees of the Board provide an Annual Report to the Audit Committee and Board, describing their membership, attendance, frequency of meetings, business addressed, outcomes and assurance provided, risk management and to demonstrate they have fulfilled their roles and remit.

The Board has revised and improved a standard level of assurance approach to all Board and Governance Committee business throughout the financial year. The reporting format lays particular emphasis on the delivery of objectives from the Plan on a Page and the risks that are being addressed.

We now have in place a robust approach to governance and assurance at Executive and Non-Executive level, with ongoing training and development in place to ensure everyone understands their role and responsibilities. Appropriate oversight, scrutiny and challenge is present across the system, and everyone understands and carries out their responsibilities in this regard. We have refreshed our committee structures to ensure they enable the right level of scrutiny and assurance to be given and that there is appropriate challenge in our system.

Leadership

We have been successful in recruiting to all our key Executive posts during the financial year with the exception of a substantive Director of Finance. Work is underway to build this new Executive Team, with a formal Executive Team Development Programme in place to support this process.

Risk management arrangements

The Chief Executive of the NHS Board as Accountable Officer whilst personally answerable to the Parliament is ultimately accountable to the Board for the effective management of risk.

NHS Scotland bodies are subject to the requirements of the SPFM and must operate a risk management strategy in accordance with relevant guidance issued by Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

NHS Orkney acknowledges that the systematic and effective implementation of risk management is best practice at a corporate and strategic level as well as a means of improving the quality and safety of operational activities. As Chief Executive I ensure

there is suitable review and management of corporate risks and that all significant risk management concerns are prioritised, considered and communicated to our Governance Committees and the Board on a regular basis. This is supported by an established assurance framework which is used by each of the core governance committees to identify and seek assurance regarding mitigating actions for risks that fall within their remit.

NHS Orkney's Risk Management Strategy and Policy includes the articulation and management of risk through a three-tier risk register structure which has been developed for our risk management approach to ensure it is well embedded and provides clear routes for escalation and de-escalation of risk as well as ensuring risk is an integral part of organisation wide decision making.

Risk is considered in the context of the national Quality of Care framework and thus aligns with the Board's approach to clinical governance and patient safety. For 2024/25 there is a comprehensive and organisation wide review underway of our risk management approach and ongoing development of the risk management arrangements at an operational level.

At present, there is one high risk on the Board's corporate risk register relating to financial sustainability.

There is a risk associated with the absence of a long-term, financially sustainable solution within the Corporate Finance framework. This gap poses a significant threat to maintaining and advancing patient safety, quality of care, and the patient experience. The current national escalation status exacerbates this risk, potentially hindering the progression of improvements in organisational culture that are currently being implemented.

We have prioritised reducing this risk through appointment of a Director of Improvement (April 2024) which is supported by the Scottish Government as part of our response to financial escalation.

A unified programme of improvement was established in Quarter four of 2023/24 which brought together quality, digital, clinical and financial improvement projects to drive rapid change with clear executive leadership and governance. The Board set out a pragmatic efficiency programme for 2024/25, and a credible and realistic efficiency programme is in place for 2025/26 which will support our required to move beyond the current savings to achieve financial balance by 2028.

High risks for the Board include recognition of the fragility of services and attrition of skilled and experienced personnel who are crucial for achieving operational and strategic objectives. A comprehensive recruitment and retention strategy was identified as a critical priority for 2024/25, running alongside the improvement programme to reduce reliance on agency and locum staff. Linked to achieving financial balance, NHS Orkney aims to transition to sustainable core staff models in 2025/26. Other high risks also link to staffing with the requirements of implementing the Health and Care (Staffing)(Scotland) Act 2019, and limited capacity and capability of Senior Leadership in the organisation that reflects the ambitions and pace of change for NHS Orkney.

Other high risks include areas which pose a challenge to the delivery of services and patient care. This includes risks related to limited access to digital health records, access to contemporaneous activity data, workforce, and ability to meet population health needs. Management plans are in place to bring risk exposure down to the identified target levels.

Complaints

The 2024/25 complaints data provides a comprehensive overview of the volume, nature, and outcomes of complaints handled by NHS Orkney.

Patient and service user experience is a top priority for NHS Orkney. We actively seek feedback to look at how our services are meeting the needs of the community that we serve and to so this there is a dedicated email account for patient / service user feedback, this can be found on our website alongside a telephone number which is also available. Patients can also leave feedback using our leaflets and comments boxes which are sited in various areas and departments around the hospital.

We collect and collate information on several areas within the organisation and not just the expected complaints and compliments. The table below shows the feedback we have received this year other than complaints. Concerns are when people want to tell us about something but may not want to make a formal complaint. Compliments is an area that we don't always receive centrally as the vast majority of compliments go straight to the service area and therefore don't always come to the team that records them (they often take the form of thank you cards, flowers or chocolates for the staff).

Patient enquiries received are a varied and wide range of contacts and can be when someone phones and asks about upcoming appointments, a request for notes or a request for information on waiting times. Work related requests are from people asking for work experience or a practice placement. General enquiries cover a large array of areas, including national programme promotions requests, website enquires, departmental contact details requests and cruise liner contacts.

Quarter	Concerns	Compliments	Patient Enquiry	Work Related Requests	General Enquiries
Q1 - April-June	21	19	39	14	23
Q2 - July-September	20	15	48	18	36
Q3 - October-December	25	17	34	9	34
Q4 - January-March	21	9	25	28	26
Total	87	60	146	69	119

To support services in improving we run surveys periodically within different teams to identify areas for improvement or recognise where we do well.

We have implemented Care Opinion within our secondary care services, initially rolling out in Maternity as a pilot site. Since then, we have also supported our Dialysis team and Radiography team to promote Care Opinion. Unfortunately, this has not yet resulted in any feedback. The next steps will be to introduce in the Day Unit and Inpatient Wards. Care Opinion allows for our patients to provide anonymous feedback through an independent online service. They can provide feedback via a web response, telephone response and paper response, ensuring the service is accessible to all users. Promoting and working with Care Opinion allows us a further opportunity to hear from our patients and their families.

Number of complaints received at 25 March 2025

Stage 1 Closed Complaints	60
Stage 2 Closed Complaints	29
Stage 2 Closed Escalated Complaints	2

The total number of complaints recorded varied across the quarters and, as in previous years, we received more Stage one complaints than Stage two. This is similar to previous years where our efforts have been to respond and resolve complaints at an early stage. It is recognised that this generally results in a good outcome for our patients and families, evidenced by only two Stage two escalated complaints during the financial year.

- **Stage 1 complaints:** The number peaked in Quarter one with 24 complaints and dipped in Quarter three with nine complaints. The variation across quarters is notable; however, given the relatively small numbers, each complaint represents a significant percentage change. This highlights the importance of caution when interpreting these variations without considering potential influences.
- **Stage 2 non-escalated complaints:** These complaints peaked in Quarter two with nine and the lowest received number was five in Quarter one. The small absolute numbers mean percentage changes can appear more dramatic, underscoring the need for context.
- **Stage 2 escalated complaints:** Only two complaints were recorded. The rarity of escalated complaints makes any change statistically significant but also indicates that complaints handled at Stage one is generally resolved without the need for further escalation and investigation.
- **Overall Quarter complaints:** Over the quarters, the total figures for all complaints received show that the winter quarters, Quarter three and four, saw fewer complaints – 16 and 21 respectively. Quarter one and two totals are higher, at 30 and 27 for each.

Outcomes of complaints

Stage 1 outcomes:

- NHS Orkney upheld 33% of closed Stage one complaints, partially upheld 40% and did not uphold 27% of complaints. The outcome decision on complaints is made considering the original complaint, the investigation and the evidence found in relation to the concerns.
- In Quarter one the highest recorded outcome was “partially upheld” where 44% of complaints finalised with this decision. This was similar to Quarter two where 48% were partially upheld. In Quarter’s three and four, we saw more complaints upheld than in the other outcome categories with 44% and 38% upheld respectively.

Stage 2 non-escalated outcomes:

- NHS Orkney upheld 21% of Stage two complaints, partially upheld 58% and did not uphold 21% of closed complaints. In all quarters, partially upheld complaints were the most recorded outcome with 67% in Quarter one, 57% in Quarter two and three and 60% in Quarter four finalised with this decision. It should be noted these are percentages of small numbers and compliance can shift considerably in each quarter depending on the number of complaints received.

Stage 2 escalated outcomes:

- Percentage and small numbers add little value to this data however as a record 50% of Stage two escalated complaints were partially upheld and 50% were not upheld.
- Only two Stage two escalated complaints are recorded and emphasises the need for careful interpretation of such small datasets and highlights the need considering data over a longer timeframe for meaningful analysis.

Response times

The consistency of response times across the year is generally positive but shows areas for improvement:

- **Stage 1 complaints:** The average response time fluctuated between five days in Quarter two and Quarter four to a high of eight days in Quarter three. While these numbers suggest efficiency, small variations could disproportionately impact perceived performance.
- **Stage 2 non-escalated complaints:** The average response time for Stage two complaints was very poor. Only Quarter four fell below the national response time of 20 working days with an average response time of 18 days. Quarter one saw a very poor average response time of 94 days. This was influenced by two complex complaints during the quarter taking many months to investigate and respond to. Quarter two fared slightly better but again was poor at an average response of 47 days. Quarter three improved to an average of 24 days but still above the expected timeline.
- **Stage 2 escalated complaints:** An average response time of 44 days was recorded for the two Stage 2 escalated complaints. The Quarter one complaint was responded to in 12 days however the Quarter two complaint took 77 days to reply.

Timeliness

The percentage of complaints closed within designated timescales indicates mixed performance:

- **Stage 1:** Quarter two had the highest compliance at 76%, while Quarter three recorded the lowest at 56%. Stage 1 complaints are generally responded to in a timely manner.
- **Stage 2 non-escalated:** Compliance was poor across the quarters. Quarter one recorded 20% of complaints responded to within the national target. Quarter two improved slightly at 22%, Quarter three compliance was 43% and a final small improvement at 50% in Quarter four. At the time of reporting, only ten of the 24 complaints received during the 2024/25 financial year were responded to within the timescales.

The high average response time and low response compliance rate are mainly due to the complex nature of complaints, challenges/delays appointing an Investigating Officer, capacity issues for those undertaking investigations, lack of medical input and sign off/review processes within the complaint handling process

- **Stage 2 escalated:** Only one complaint was resolved within the 20-day target, one complaint took longer and did not meet the timescales.

The analysis of 2024/25 complaints data underscores the importance of context when interpreting small datasets and highlights the need for context.

The main factor this financial year is the poor response rates to Stage two complaints. However, these are influenced by a small number of complaints not meeting the target and impacting on the percentages and average response times.

It is also recognised that the number of complaints has fallen since 2020/21. There has been a 38% decrease this year from 2022/23. This is welcomed however should be balanced against the fact that Stage two complaints over the last few years are complex and widespread, with individual complaints regularly raising issues across a number of services and areas.

Complaint Outcomes	Complaint Upheld	Complaint Upheld	Partially Upheld	Complaint Not Upheld
Stage 1	21	25		17
Stage 2	5	14		5
Stage 2 Escalation	0	1		1

Average Response Times / Extensions Authorised	Q1	Q2	Q3	Q4
Average no of days to respond to Closed Stage 1 Complaints	7 days	5 days	8 days	5 days
Average No of days to respond to Closed Stage 2 Complaints (including escalations)	94 days	47 days	24 days	18 days
Closed within Timescales				
Number of Complaints closed in full at Stage 1	24	17	9	13
% closed within timescale of 5 working days	(14) 58%	(13) 76%	(5) 56%	(9) 69%
Number of Complaints closed in full at Stage 2	5	9	7	8
% closed within timescale of 20 working days	(1) 20%	(2) 22%	(3) 43%	(4) 50%
Number of Escalated complaints closed	1	1	0	0
% closed within timescales of 20 working days	(1) 100%	(0) 0%	n/a	n/a

Response Times	Less than 5 days	Less than 20 days	Average Response time calculated from all closed complaints
Stage 1	41	n/a	6 days
Stage 2	n/a	10	44 days
Stage 2 Escalation	n/a	1	44 days

NHS Orkney Number of Stage 1 Complaints

Quarter	Months	2020-21	2021-22	2022-23	2023-24	2024-25
Quarter 1	April-June	15	28	28	20	24
Quarter 2	July-September	31	29	24	25	17
Quarter 3	October-December	27	28	32	23	9
Quarter 4	January-March	36	26	18	15	13
Total		109	111	102	83	63

NHS Orkney Number of Stage 2 & Stage 2 Escalated Complaints

Quarter	Months	2020-21	2021-22	2022-23	2023-24	2024-25
Quarter 1	April-June	4	5	12	13	6
Quarter 2	July-September	11	8	6	7	10
Quarter 3	October-December	5	9	22	5	7
Quarter 4	January-March	8	10	9	5	8
Total		28	32	49	30	31

Scottish Public Services Ombudsman (SPSO) Complaints

SPSO received five complaints about NHS Orkney services and one complaint in relation to services provided by an independent GP Practice during 2024/25. The table below provides more detailed information on each case. SPSO independently review and investigate complaints from patients and families who are not content with the response provided by NHS Orkney. Three complaints have not been taken forward by SPSO for the reasons mentioned below, one complaint was not investigated due to being time barred and two complaints remain open under investigation.

Service	Complaint	Outcome	Recommendations	Closed
Inpatients	Care and Treatment	Time barred	n/a	25/04/24
NHS Orkney	Equality and Diversity	Not taken forward – SPSO advised complaint was not within their legislative remit and no hardship or injustice was suffered.	n/a	02/09/24
A GP Practice	Delayed diagnosis	Not taken forward – SPSO advised the practice provided a reasonable complaint response	n/a	06/09/24
An INOC GP Practice; Emergency Department	Care and Treatment/ Delayed Transfer for care	Not taken forward – SPSO advised NHSO provided reasonable complaint response	n/a	27/02/25

Inpatients; Patient Safety, Quality and Risk	Care and Treatment/ SAER Handling / Complaints Handling	OPEN – SPSO have not made a decision on this complaint in regards to whether this is upheld, partially upheld or not upheld. Therefore there are no recommendations at this stage.		
Surgical Services; Patient Safety, Quality and Risk	Care and Treatment/ SAER Handling	OPEN – SPSO have not made a decision on this complaint in regards to whether this is upheld, partially upheld or not upheld. Therefore there are no recommendations at this stage.		

Incidents and Serious Adverse Event Review (SAER)

NHS Orkney actively encourages reporting of incidents and ‘near misses’. This supports the organisation’s learning and improving the quality of the care for service users. Everyone within the organisation can submit an incident report and these are investigated to identify ‘things that have gone well’, ‘things that need to be improved’ and ‘lessons learnt’. Learning from incidents is shared with the reporter and the service area, and if applicable across the organisation.

Incidents are reviewed to identify whether there was any harm to the patient or staff member which helps in the categorisation of the incident and determination of the type of review carried out. The management of incidents within NHS Orkney aligns with the national framework for Scotland. In February 2025 the revised framework *A National Framework for Reviewing and Learning from Adverse Events in NHS Scotland* was released, due to this update work is being undertaken to benchmark against this and revise the processes where necessary. In some cases, a more in-depth review of an incident needs to be undertaken, this kind of review is called a Serious Adverse Event Review (SAER) and includes the patient and/or their family dependant on the patient’s wishes. This enables the patient to ask any questions that they may have and to ensure that their voice is heard throughout the review.

In the last year NHS Orkney commissioned four SAER’s. These are set out in the table below:

Significant Adverse Event Reviews (SAER) 2024-24	Q1 April-June 2024	Q2 July- September 2024	Q3 October- December 2024	Q4 January- March 2025
SAERs Commissioned	3	1	0	0
Report Completed in 90 working days	1	0	N/A	N/A
Causation Code	Outcome Code 3 – Minor System of Care Issues		N/A	N/A
Category	Failure to Plan/Manage Care		N/A	N/A
IHI Harm Scale	E. Continued to/resulted in temporary harm to patient. & required intervention		N/A	N/A
Closed	1	0	N/A	N/A

As part of the guidance, it is expected that the report for a SAER is completed within 90 working days, more time is then added for other aspect of these reviews. This year there has been four SAERs commissioned. Of these one has been closed, with one being due to be completed very soon and the remaining two requiring more review. Due to the complexity of the reviews this year we have only met the timeframe for completion on one of the SAERs. We are looking at what we need to try and make these reviews timelier.

We have focused on reviewing recommendations from SAERs to ensure that these are being implemented and have reviewed all outstanding recommendations and put in place processes to provide assurance that these are completed.

Learning from incidents has focused on patient falls tissue viability which has resulted in a quarter-on-quarter reduction of both falls and pressure ulcers.

One area that we reviewed last year was how learning was shared across the organisation. A new report has been designed and implemented which collates learning from incidents, SAERs, patient experience and quality improvement projects. This is now shared quarterly through the clinical governance groups, Senior Leadership Team and the Joint Clinical and Care Governance Group.

For the coming year we are continuing to benchmark our processes against the revised national framework. We are also taking this opportunity to revise the processes we use to review different categories of incidents making the process timelier and multidisciplinary where appropriate. This work will include strengthening the support we offer to staff involved in incidents and SAERs.

Information Governance

During 2024/2025 NHS Orkney established a new Digital and Information Operations Group (DIOG) to act as the oversight group for both governance and development work across the information management and digital needs of the business. This group replaced the previous Information Governance Committee and Technology Enabled Care Board, the new group having a wider range of attendees and more regular meetings. This has greatly strengthened the Information Governance arrangements during 2024/2025.

DIOG is provided six monthly assurance reports from the Information Governance Team covering areas such as:

- Data Protection Incidents Report
- Information Governance Training Report
- Info Gov Assurance Report (DPIAs, Information Asset Register, ROPA)
- Subject Access Request Performance Report
- Freedom of Information Performance Report

As an operator of essential service, NHS Orkney is subject to the Network and Information Systems (NIS) regulations. An audit in year resulted in a 50% score, increasing from 38% the previous year. Several areas of improvement have been identified and are currently being taken forward through a short life working group and this remains a priority for improvement in 2025/2026.

Whistleblowing

There was one formal concern raised under the Whistleblowing Standards during 2024/25 in the first half of the year. This concern related to the Mental Health Service and some concerns previously raised by the service. It followed a concern that was raised via the Chief Executive in one of the regular listening sessions and became a formal whistleblowing concern soon after with the support of the Chief Executive, recognising that concerns related to patient and staff safety, experience and wellbeing, out of hours arrangements and expectations in relation to the Mental Health Transfer Room, as well as digital developments and accommodation.

Work with the team to discuss the concerns and resolution of these has been undertaken and an action plan completed in conjunction with the team. This has been overseen by the Chief Officer for the Integration Joint Board (IJB) as the lead Executive Director. The action plan is partially completed and as the work has progressed the team have been kept up-to-date and will continue to be updated with developments. The Joint Clinical and Care Governance Committee continue to oversee progress against this action and improvement plan, which sits alongside the action plan for the latest Mental Welfare Commission (MWC) report (after a 2024 visit from the MWC) and the peer review commissioned by the Chief Officer for the IJB, under this Board-level assurance Committee.

A whistleblowing case from the reporting period 2022/23 from our Health Visitor Team was referred to the Independent National Whistleblowing Officer (INWO) for consideration in-year. The case in question was multi-stranded (HR, SBAR and whistleblowing) and encompassed issues where other due process had to be concluded. This introduced significant confusion and delay into the overall organisational response, from which the organisation must learn.

The concerns that were referred have been upheld, which is supported by NHS Orkney, such has been the impact on staff and this team. It should be noted that the Chief Executive and Whistleblowing Champion supported the complaint to INWO and have taken steps to improve relationships with the team, which INWO also recognised in the Decision Notice.

Previous learning from this case, before this INWO referral, had been shared with the team and included:

- An independent investigation of case notes – a Child Health Review (which is completed and is coming through our governance routes with our learning)
- Having clearer structures between management between Orkney Health and Care and NHS Orkney and clarity re: leadership arrangements within our services (line manager and professional responsibilities) and clear routes of escalation
- A review of our whistleblowing process itself to incorporate learning points in an updated process going forward, with particular emphasis (but not restricted to) the post investigation and organisational response phase

We consider the decision to uphold the referred concerns to be fair and recognise it identifies areas of learning for us as an organisation that will enable us to further improve our processes and practices moving forward. We are taking this opportunity to reflect on

this case and other whistleblowing concerns and how our processes support whistleblowers and the organisation, including having clearer lines of responsibility and support for whistleblowers and other team members. Part of this is engaging with whistleblowers to better understand their experiences and what is important to them during this process and how we can maximise support for them during and after concerns are reviewed and closed. We have already spent time reviewing and reflecting on the recommendations and have started the work to respond to these. We want to ensure that we make and can evidence meaningful change and organisational learning and therefore take this opportunity to review our entire processes.

Circa 25 staff/teams have contacted the Chief Executive Directly with concerns that are always logged and followed through as appropriate in 2024/25. When staff/teams contact the Chief Executive for advice and support, the full range of options, including whistleblowing are always discussed with staff, so that appropriate next steps can be agreed and taken, based on the wishes of the staff member/teams concerned and the standards in place.

People continue to choose to raise concerns directly with the Chief Executive though several mechanisms, including the Chief Executive's monthly listening session for staff, direct contact and via Board walkarounds (which Executive Directors and Non-Executives take part in). Themes from the year can be summarised as follows: frustrations about our Job Evaluation and recruitment processes, lack of clarity about the 'offer from our Corporate Services and the often disconnect between Corporate and Clinical Teams and improving our discharge processes and experience for our patients.

The areas of focus in 2024/25 for NHS Orkney have included:

- Strengthened leadership (a continued focus on listening and visible and compassionate leadership)
- Listening and closing the loop when people raise concerns to improve trust and confidence in our processes and leadership
- Further strengthened communications re: the culture we want to create and the ways in which we listen
- Introducing new quarterly touchpoint meetings for Confidential Contacts
- Introducing a new anonymous feedback form in response to staff feedback, which is being used across the organisation
- Improved promotion of who our Confidential Contacts are and their role at NHS Orkney via regular promotion of the 'ways we listen' document so that staff know who and where they can turn to when they have concerns to raise, including safety concerns

Looking to 2025/26, several priorities have been identified so that we build further on the good work that has taken place over the last 12-months, notably:

- We will evidence and share our organisation-wide learning from the case that has been upheld by INWO – and ensure that the action plan resulting in it, which has deadline dates into Quarter 1 of 2025/26 is overseen by Staff Governance Committee (see below) to ensure Board-level oversight
- In response to staff feedback and now we have substantive Medical Director, the Board-level whistleblowing lead role is from 1 April 2025 transferring back from the Chief Executive to the Medical Director
- We will proactively promote, in our communications, that we will offer other Board support/independent person to consider cases for every whistleblowing

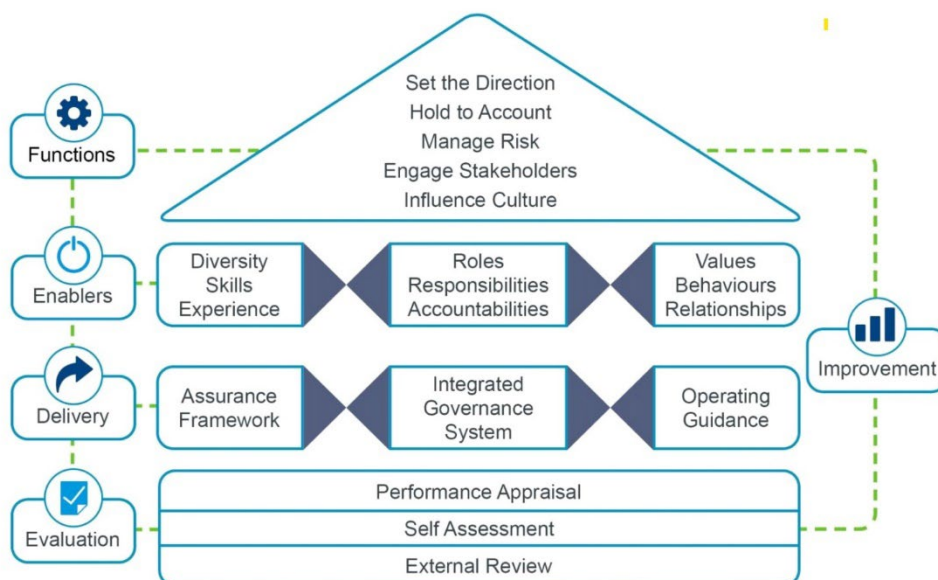
case – recognising the challenges of being a small Board can bring when it comes to whistleblowing concerns

- We will introduce annual refresher training for our Confidential Contacts
- From April 2025, reporting against the Whistleblowing Standards will continue to be via the Staff Governance Committee – with concerns that relate to care quality and safety being escalated to Joint Clinical and Care Governance Committee also (to ensure appropriate reporting and visibility of concerns, but to reduce unnecessary duplication to further streamline our governance).

Blueprint for Good Governance

The implementation of the NHS Scotland Blueprint for Good Governance 2nd Edition ('the Blueprint') has received significant focus in year, with a focus being on the operational arm of our Governance system. The Board completed its action plan to meet the expectations of DL (2019)02.

Figure 1 – The Blueprint for Good Governance



Best Value

I can confirm that Orkney Health Board is committed to ensuring that 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 Scottish Public Finance Manual (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. In addition, the Board continues to enhance the system of internal control with 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.

Review of Adequacy and Effectiveness

As Accountable Officer, I have responsibility for reviewing the adequacy and effectiveness of the system of internal control and the quality of data used. My views have been informed by:

- The Executive Directors, who have a responsibility for development and maintenance of the internal control framework, and their subsidiary report on governance.
- The Board's membership has been refreshed. The Board has throughout the year refreshed its membership of Committees.
- The work of the internal auditors, who submit regular reports to the Audit and Risk Committee which include their independent and objective opinion on the adequacy and effectiveness of the organisation's system of control together with recommendations for improvement.
- Comments made by external auditors in their management letters and reports.
- Financial plans, service plans and related organisational performance and risk management reports presented to the Board and relevant governance committees
- Statements of Assurance from the assurance Committees.
- Annual reports from assurance Committees.

In addition to the above, the processes that have been applied to assist me in reviewing the effectiveness of the system of internal control include:

- Annual statements of assurance from each of the core governance committees of the Board, including the Endowment Committee, with respect to the governance arrangements that exist for the NHS Orkney Endowment Funds charity which is consolidated with the main Board Accounts.
- Written confirmation from executive and senior managers that controls within their individual areas of responsibility are adequate and have been operating effectively throughout the year.
- Assurance from the External Auditor of the NHS Orkney Endowment Funds, in their management letter, that expenditure complies with the charitable purpose and that endowment funds have not been used retrospectively for expenditure originally authorised as a commitment against exchequer funds.
- Independent consideration of the governance statements and its disclosures by Internal Audit and the Audit and Risk Committee.
- Consideration and approval of the annual accounts, including the Governance Statement by the Board; and
- During the year, minutes of the meetings of the core governance Committees were provided to all Board members.

I have been advised on the implications of the result of my review of the effectiveness of internal control by the Board and the Audit and Risk Committee and plan to address weaknesses and ensure continuous improvement of the system is in place.

Disclosures

Based on the evidence considered during my review of the effectiveness of the internal control environment operating within NHS Orkney, I am not aware of any outstanding significant control weaknesses or other failures to achieve the standards set out in the guidance on governance, risk management and control.

2. Remuneration Report and Staff Report

The total remuneration disclosed on 77 - 83 includes all amounts paid or payable to the Executive Directors and Non-Executive members in 2024/2025. This includes a separate assessment of the estimated increase in the cumulative pension benefit that will be payable following retirement. These disclosures have been subject to audit.

Remuneration Report for Year Ended 31 March 2025

	Gross Salary (Bands of £5,000) £'000	Bonus Payments (Bands of £5,000) £'000	Benefits in Kind £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits £'000	Total Remuneration (Bands of £5,000) £'000
Remuneration of:						
Executive Members						
Chief Executive Officer: Laura Skaife-Knight	125-130	-	-	125-130	33	160-165
Director of Nursing, Midwifery and AHP: Samantha Thomas	135-140	-	-	135-140	46	180-185
Director of Finance: Mark Doyle (1)	45-50	-	-	45-50	5	50-55
Director of People and Culture: Jarrard O'Brien	125-130	-	-	125-130	32	155-160
Medical Director: Anna Lamont	175-180	-	-	175-180	306	480-485
Director of Public Health: Dr Louise Wilson	170-175	-	-	170-175	149	320-325
Chief Officer of the Integrated Joint Board: Stephen Brown	120-125	-	-	115-120	32	150-155
Interim Director of Finance: Brian Steven (2)	80-85	-	-	80-85	-	80-85
Interim Director of Finance: Melanie Barnes (3)	25-30	-	-	25-30	-	25-30
Recovery Director & Interim Director of Finance: Paul Corlass (7)	-	-	-	-	-	-
Director of Improvement: Phil Tydeman (7)	-	-	-	-	-	-
Non Executive Members						
The Chair: Meghan McEwen	40-45	-	-	40-45	-	40-45
Vice Chair: David Campbell	10-15	-	-	10-15	-	10-15
Isobel Grieve	10-15	-	-	10-15	-	10-15
Jason Taylor	10-15	-	-	10-15	-	10-15
Joanna Kenny	10-15	-	-	10-15	-	10-15
Des Creasey (4)	5-10	-	-	5-10	-	5-10
Rona Gold	10-15	-	-	10-15	-	10-15
Jean Stevenson	10-15	-	-	10-15	-	10-15
Kirsty Cole (5)	10-15	-	-	10-15	-	10-15
Ryan McLaughlin (6)	40-45	-	-	40-45	11	50-55

Note 1: Mark Doyle left 30.06.24. Full year equivalent gross salary would be in the range £110,000-£115,000. PILON paid in year.

Note 2: Brian Steven commenced 16.09.24 left 28.01.25 - not superannuated. Full year equivalent gross salary would be in the range £225,000-£230,000

Note 3: Melanie Barnes commenced 23.01.25 as Interim Director of Finance seconded from the Scottish Ambulance Service. Total charges are those invoiced for the period 23.01.25 to 31.03.25.

Note 4: Des Creasey left 26.11.24. Full year equivalent gross salary would be in the range £10,000-£15,000.

Note 5: Kirsty Cole commenced 01.04.24

Note 6: Ryan McLaughlin – the remuneration disclosed comprises remuneration for their role as Employee Director and remuneration for substantive post as eHealth Facilitator, gross remuneration for role as Non-Executive Director is in the range £10,000-£15,000.

Note 7: Paul Corlass & Phil Tydeman undertook these roles as part of the financial recoveries works contracted to Viridian Associates, remuneration is not separately identifiable from the contract totals and therefore not shown above. The value of all transaction with Viridian Associates is included in the Note 22 of the financial statements, Related Party Transactions.

Remuneration Report for Year Ended 31 March 2024

	Gross Salary (Bands of £5,000) £'000	Bonus Payments (Bands of £5,000) £'000	Benefits in Kind £'000	Total Earnings in Year (Bands of £5,000) £'000	Pension Benefits £'000	Total Remuneration (Bands of £5,000) £'000
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Remuneration of:

Executive Members

Chief Executive Officer: Laura Skaife-Knight (1)	140-145	-	-	140-145	32	170-175
Director of Nursing, Midwifery and AHP: Samantha	125-130	-	-	125-130	262	390-395
Director of Finance: Mark Doyle	120-125	-	-	120-125	10	130-135
Interim Director of Human Resources: Lorraine Hall	40-45	-	-	40-45	-	40-45
Interim Director of People and Culture: Linda McGov	75-80	-	-	75-80	-	75-80
Director of People and Culture: Jarrard O'Brien (4)	5-10	-	-	5-10	2	10-15
Medical Director: Mark Henry (5)	50-55	-	-	50-55	14	65-70
Interim Medical Director: Malcolm Metcalfe (6)	95-100	-	-	95-100	-	95-100
Acting Medical Director: Monique Sterrenburg (7)	130-135	-	-	130-135	33	160-165
Medical Director: Anna Lamont (8)	30-35	-	-	30-35	72	40-45
Director of Public Health: Dr Louise Wilson	155-160	-	-	155-160	(9)	150-155

Other Senior Employees

Interim Director of Public Health: Sara Lewis (9)	110-115	-	-	110-115	-	110-115
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Non Executive Members

The Chair: Meghan McEwen	30-35	-	-	30-35	-	30-35
Vice Chair: David Campbell	5-10	-	-	5-10	-	5-10
Isobel Grieve	5-10	-	-	5-10	-	5-10
Jason Taylor	5-10	-	-	5-10	-	5-10
Joanna Kenny	5-10	-	-	5-10	-	5-10
Des Creasey	5-10	-	-	5-10	-	5-10
Rona Gold	5-10	-	-	5-10	-	5-10
Ryan McLaughlin	40-45	-	-	40-45	11	55-60
Jean Stevenson (10)	0-5	-	-	0-5	-	0-5
Steven Johnston (11)	90-95	-	-	90-95	13	105-110
Steven Heddle (12)	0-5	-	-	0-5	-	0-5

- Note 1: Laura Skaife-Knight – commenced as Chief Executive Officer on 03/04/2023.
- Note 2: Lorraine Hall – Interim Director of Human Resources until 30/09/2023 on a secondment from NHS Shetland and pension benefits will be disclosed by them. Total charges are those invoiced.
- Note 3: Linda McGovern – Interim Director of People and Culture from 01/10/2023 until 29/03/2024 on a secondment from NHS Forth Valley and pension benefits will be disclosed by them. Total charges are those invoiced.
- Note 4: Jarrard O'Brien – commenced as Director of People and Culture on 04/03/2024,
- Note 5: Mark Henry – commenced as Medical Director on 01/04/2023 until 06/09/2023 when he left post.
- Note 6: Malcolm Metcalfe – commenced as interim Medical Director 11/09/2023 until 18/01/2023 on a secondment from NHS Grampian and pension benefits will be disclosed by them. Total charges are those invoiced.
- Note 7: Monique Sterrenburg – commenced acting Medical Director between 06/09/2023 and 10/09/2023
- Note 8: Anna Lamont – commenced as Medical Director on 22/01/2024.
- Note 9: Sara Lewis – Interim Director of Public Health until 31/03/2024 to cover absence in year, attended Board meetings and Executive Management Team meetings in year, in NEST pension scheme, no pension benefits to disclose.
- Note 10: Jean Stevenson – commenced as Local Authority Representative 01/12/2023.
- Note 11: Steven Johnston – Left with effect from 06/02/2024.
- Note 12: Steven Heddle – left with effect from 07/09/2023.

PENSION TABLE

FOR THE YEAR ENDED 31 MARCH 2025

	Total accrued pension at pensionable age at 31 March 2025 (Bands of £5,000)	Real increase in pension at pensionable age (Bands of £2,500)	Accrued Lump Sum as at age 65 at 31 March 2025 (Bands of £5,000)	Real Increase in Lump Sum at age 65 (Bands of £2,500)	Cash Transfer (CETV) at 31 March 2025 £'000	Cash Equivalent Transfer Value at 31 March 2024 £'000	Real increase in CETV in year £'000
Chief Executive Officer: Laura Skaife-Knight	0-5	0-2.5	-	-	58	28	13
Director of Nursing, AHPs & Midwifery: Samantha Thomas	45-50	2.5-5	115-120	0-2.5	984	905	46
Director of Finance: Mark Doyle (1)	40-45	0-2.5	110-115	(0)-(2.5)	1,026	1,001	3
Director of People and Culture: Jarrod O'Brien	0-5	0-2.5	-	-	31	2	12
Medical Director: Anna Lamont	110-115	15-17.5	80-85	0-2.5	1,832	1,526	256
Employee Director: Ryan McLaughlin	5-10	0-2.5	-	-	66	57	5
Director of Public Health: Dr Louise Wilson	85-90	7.5-10	225-230	12.5 – 15	2,119	1,912	152
Interim Director of Finance: Brian Steven (2)	-	-	-	-	-	-	-
Interim Director of Finance: Melanie Barnes (3)	-	-	-	-	-	-	-
						Total	487

Note 1: Mark Doyle left 30.06.24.

Note 2: Brian Steven commenced 16.09.24 left 28.01.25 - not superannuated.

Note 3: Melanie Barnes commenced 23.01.25 as Interim Director of Finance, is seconded from the Scottish Ambulance Service and pension benefit will be disclosed by them. Total charges are those invoiced.

PENSION TABLE

FOR THE YEAR ENDED 31 MARCH 2024

	Total accrued pension at pensionable age at 31 March 2024	Real increase in pension at pensionable age	Accrued Lump Sum as at age 65 at 31 March 2024	Real Increase in Lump Sum at age 65	Cash Equivalent Transfer Value (CETV) at 31 March 2024	Cash Equivalent Transfer Value (CETV) at 31 March 2023 in year	Real increase in CETV in year
	(Bands of £5,000)	(Bands of £2,500)	(Bands of £5,000)	(Bands of £2,500)	£'000	£'000	£'000
Chief Executive Officer: Laura Skaife-Knight (1)	0-5	0-2.5	0-5	0-2.5	28	-	28
Director of Nursing, AHPs & Midwifery: Samantha Thomas	40-45	10-12.5	110-115	27.5-30	905	601	264
Director of Finance: Mark Doyle	40-45	0-2.5	105-110	(-5.0) – (-7.5)	1,001	931	8
Interim Director of Human Resources: Lorraine Hall (2)	-	-	-	-	-	-	-
Interim Director of People and Culture: Linda McGovern (3)	-	-	-	0-2.5	-	-	-
Director of People and Culture: Jarrod O'Brien (4)	0-5	0-2.5	0-5	0-2.5	2	-	2
Medical Director: Mark Henry (5)	0-5	0-2.5	0-5	0-2.5	54	36	16
Interim Medical Director: Malcolm Metcalfe (6)	-	-	-	-	-	-	-
Acting Medical Director: Monique Sterrenburg (7)	0-5	2.5-5	0-5	-	60	25	34
Medical Director: Anna Lamont (8)	100-105	2.5-5	75-80	(-0)-(-2.5)	1,668	1,489	79
Employee Director: Ryan McLaughlin	5-10	0-2.5	0-5	0-2.5	57	46	8
Non Executive Director: Steven Johnston	25-30	0-2.5	0-5	0-2.5	341	303	17
Director of Public Health: Dr Louise Wilson	75-80	0-2.5	210-215	(-5.0) – (-7.5)	1,912	1,798	(6)
						Total	450

Note 1: Laura Skaife-Knight – commenced as Chief Executive Officer on 03/04/2023

Note 2: Lorraine Hall – Interim Director of Human Resources until 30/09/2023 on a secondment from NHS Shetland and pension benefits will be disclosed by them.

Note 3: Linda McGovern – Interim Director of People and Culture from 01/10/2023 until 29/03/2024 on a secondment from NHS Forth Valley and pension benefit will be disclosed by them.

- Note 4: Jarrod O'Brien commenced as Director of People and Culture on 04/03/2024.
- Note 5: Mark Henry commenced as Medical Director on 01/04/2023 until 06/09/2023.
- Note 6: Malcolm Metcalfe – commenced as interim Medical Director 11/09/2023 until 18/01/2023 on a secondment from NHS Grampian and pension benefits will be disclosed by them.
- Note 7: Monique Sterrenburg - Interim Deputy Medical Director to cover absence in year, attended Board meetings and Executive Management Team meetings in year
- Note 8: Anna Lamont – commenced as Medical Director on 22/01/2024.

Additional Disclosure in respect of Hutton Review on Fair Pay in the Public Sector

The Hutton Review reported its recommendations on disclosure of public sector pay in March 2011. The additional disclosure compares the banded remuneration of the highest paid Director against the median salary for the workforce each year. This disclosure is subject to audit.

2024/25		2023/24		% Change
Range of staff remuneration (£000s)	0-280	Range of staff remuneration (£000s)	0-225	+24%
Highest Earning Director's Total Remuneration* (£000s)	175-180	Highest Earning Director's Total Remuneration* (£000s)	155-160	+11%
Median (Total pay & benefits)	£46,981	Median (Total pay & benefits)	£39,838	+18%
Median (salary only)	£46,981	Median (salary only)	£39,838	+18%
Ratio	3.73	Ratio	3.89	-4.11%
25 th Percentile (Total pay & benefits)	£35,845	25 th Percentile (Total pay & benefits)	£31,523	+13.71%
25 th Percentile (salary only)	£35,845	25 th Percentile (salary only)	£31,523	+13.71%
Ratio	4.85	Ratio	4.92	-1.42%
75 th Percentile (Total pay & benefits)	£59,148	75 th Percentile (Total pay & benefits)	£54,949	+7.64%
75 th Percentile (salary only)	£59,148	75 th Percentile (salary only)	£54,949	+7.64%
Ratio	2.96	Ratio	2.82	+4.96%
Commentary The values above are based on salaries for full time equivalent pay.				

Remuneration

Remuneration of Board members and senior employees is determined in line with directions issued by Scottish Government. All posts at this level are subject to rigorous job evaluation arrangements and the pay scales reflect the outcomes of these processes. All extant policy guidance issued has been appropriately applied and agreed by the Remuneration Committee.

Board Members' Contracts of Employment

The Executive Board members of NHS Orkney are employed on permanent contracts of employment which require a minimum of three-months' notice. The Non-Executive members are ministerial appointments on contracts of between two and four years. The terms and conditions of Executive and Senior Management Cohort and Non-Executive Members including annual remuneration, and any entitlement to severance pay, is determined by the Scottish Government under Ministerial Direction and in accordance with relevant updates to Pay and Conditions of Service issued.

Performance Appraisal

Performance appraisals for executive members are carried out in line with guidance and overseen by the Remuneration Committee. Annual pay rises for Executive Directors are dependent on achieving specified levels of performance.

Staff Report

All elements of workforce activity sit within the governance remit of the Staff Governance Committee. The Committee, on an annual basis, agrees an action plan which details the programmes of work the Board will undertake under the 5 governance pillars and track progress on the delivery on a quarterly basis. The Chair of the Committee provides a risk and assurance update directly to the Board.

Each year, in compliance with our statutory requirements, the Board completes a Self-Assessment for the Scottish Government Workforce Division (SAAT) and receives feedback on performance, which includes activities to be included or progressed the following year.

To enable us to deliver quality patient services we need to ensure that we attract, recruit and retain staff. Enabling and supporting staff to be the best they can be is a key aspiration, and empowering means that we need to be an employer that listens. We recognise that being a listening employer is something that we have to work at continuously with staff to ensure that we build together a culture of one that hears, listens and takes action in a caring, compassionate and thoughtful way.

In 2024/25 156 people were employed. Of these, 60 were internal candidates and 96 were external candidates. 107 permanent contracts, 28 were fixed-term or secondment and 21 were bank contracts

There has been a significant decrease in the use of agency staffing for medical, nursing, and Allied Health Professionals, with reductions ranging from 10% to 75% observed across different areas throughout the year. We are continuing to collaborate with key clinical colleagues to define future roles and to explore innovative recruitment strategies that align with our delivery needs.

We will continue to deliver the agreement regarding agency costs and usage, which will support not only the acquisition of quality candidates but also establish a capped pricing structure. We are ensuring that we work within the guideline and principles as laid down by Scottish Government on the use of agency workforce. These changes which are being made in order to support patient safety, as required by the Health and Care (Staffing) (Scotland) Act 2019, and to address the value and sustainability relating to the use of flexible workforce provide a framework for Boards to operate within (and to report compliance on).

Staff Support and Wellbeing

Improving staff health and wellbeing remains one of the five areas of focus for the organisation in 2023/24 in response to staff feedback.

In response to feedback and with support from the Orkney Health Board Endowment Fund, we implemented a staff health and wellbeing programme focused on improving physical, mental and financial health for Team Orkney. The programme includes:

- An Employee Assistance Programme (via Health Assured)
- Women's health and menopause
- Physical and mental health
- National campaigns (for example, Healing Arts Scotland)
- Wellbeing events

Wellbeing initiatives continue to be promoted to staff on a weekly basis as part of our staff communications.

The Occupational Health Service continues to provide ongoing support to the organisation as part of recruitment, management referrals, self-referrals, general enquiries, workstation assessments and general wellbeing. Occupational Health also supports small and medium-sized enterprises (SME's) as part of providing a wider service to the Community. We are currently accepting management referrals from Orkney Island Council.

Recognising that staff support requires a range of different approaches, we continue to promote access to Confidential Contacts for staff to raise concerns. We have also begun to establish a peer support network. We currently have 12 volunteers identified as our first cohort of peer supporters, who will undergo training in psychological first aid before the programme is launched in 2025/26.

Organisational Development

NHS Orkney participates in iMatter, NHS Scotland's Staff Experience continuous improvement tool.

The response rate for the NHS Orkney questionnaire in 2024 was 69%. Managers across NHS Orkney continue to be engaged with iMatter Manager Development Sessions, and the feedback is positive and well-received. The first session was aimed at providing a detailed overview of the iMatter process, including the key dates of survey rollout. The second session was a training session to support managers in facilitating action planning sessions within their teams to create their department plans. The final sessions aimed to facilitate action planning sessions with new or less experienced managers who requested support to enhance their team's planning process.

67 out of 90 teams completed their action plans throughout the year giving a 69% completion rate which is an increase of 11% on the 2024 position and the second year in a row an increase has been seen. Communications have been issued to managers and colleagues to emphasise the importance of individual teams getting together to discuss the results and develop meaningful action plans for a more positive staff experience and a communication and support plan is in place for this financial year.

Training and Education

Eighty staff members completed an introductory course on change management, designed for those expected to facilitate and support organisational change in their roles. The training included facilitated discussions and interactive group sessions aimed at encouraging full participation and maximizing shared learning. The course aimed to help staff understand the requirements for effectively implementing change while also providing mutual support throughout the process.

This specially designed course equips leaders with the essential skills needed to confidently engage with improvement programs and support their teams during transitions.

Additionally, the Talent and Culture team has focused on modern apprenticeships, with two colleagues undertaking the Healthcare Support course and three participating in the Social Services and Healthcare course. The team continues to build relationships with educational providers, including Heriot-Watt University and the University of the

Highlands and Islands Orkney College, while encouraging recruiting managers to consider apprenticeships as a means to “grow our own” talent when developing roles within service areas.

To enhance the confidence and capabilities of managers at NHS Orkney, the People and Culture team has continued to deliver various training, development, and improvement sessions throughout 2024/2025. These sessions provide managers with essential information and support to help them develop the key skills required for their roles. Topics covered include Attendance Management, Managing Difficult Conversations, Conducting Effective Appraisal Conversations, Performing Workplace Investigations, Handling Flexible Working Requests, Understanding Fixed-Term Contracts and Redeployment, Navigating the Recruitment Process, and receiving eESS training.

Staff Costs

The following table summarises total staff costs and numbers for 2024/25 and the prior year:

2023/24		2024/25						
Total £'000	STAFF COSTS	Executive Board Members £'000	Non Executive Members £'000	Permanent Staff £'000	Inward Secondees £'000	Other Staff £'000	Outward Secondees £'000	Total £'000
31,016	Salaries and wages	998	101	32,092	-	-	-	33,191
3,314	Taxation and Social security costs	130	4	3,474	-	-	-	3,608
5,588	NHS scheme employers' costs	198	-	6,207	-	-	-	6,405
317	Secondees	34	-	-	583	-	(49)	568
4,495	Agency staff	-	-	-	-	3,142	-	3,142
44,730	TOTAL	1,360	105	41,773	583	3,142	(49)	46,914

There were no staff engaged directly on capital projects in 2024/25 (2023/24 nil).

The staff costs are included under Note [3a](#) and Note [4](#) income.

Staff Numbers

2023/24 Total		Executive Board Members	Non Executive Members	Permanent Staff	Inward Secondees	Other Staff	Outward Secondees	2024/25 Total
602.7	Whole Time Equivalent (WTE)	6	9	610	7	38	(1)	670

Staff Composition

	As at 31 March 2024			As at 31 March 2025		
	Male	Female	Total	Male	Female	Total
Executive Directors	2	4	6	2	4	6
Non-Executive Directors and Employee Director	4	5	9	3	6	9
Senior Employees	11	34	45	29	39	68
Other	129	564	693	116	550	666
Total Head Count	146	607	753	150	599	749

Higher Paid Employees Remuneration

2023/24 Number		2024/25 Number
	Clinicians	
12	£70,001 to £80,000	15
8	£80,001 to £90,000	7
1	£90,001 to £100,000	4
4	£100,001 to £110,000	5
3	£110,001 to £120,000	3
1	£120,001 to £130,000	1
1	£130,001 to £140,000	6
3	£140,001 to £150,000	2
1	£150,001 to £160,000	-
-	£160,001 to £170,000	1
-	£170,001 to £180,000	3
-	£180,001 to £190,000	-
1	£190,001 to £200,000	-
1	£200,001 and above	2
	Other	
3	£70,001 to £80,000	5
1	£80,001 to £90,000	4
3	£90,001 to £100,000	2
3	£100,001 to £110,000	1
1	£110,000 to £120,000	-
-	£120,001 to £130,000	3

Sickness Absence Data

NHS Orkney has a dedicated confidential Occupational Health Service which provides proactive and reactive supports to keep staff well and in work.

This includes the support available from the Employee Assistance Programme which is provided by Health Assured which was introduced in September 2023 by the NHS Orkney endowments fund. As part of this programme, our colleagues can access a confidential 24/7/365 helpline that provides support services such as counselling and virtual sessions, as well as legal and information services if needed. Calls are answered by a counsellor who is a member of the British Association for Counselling and Psychotherapy and can conduct an immediate risk assessment while offering in-the-moment support.

NHS Orkney takes a proactive approach in managing the absence of staff due to sickness. Staff are provided with support and encouragement to return to work as soon as possible. If necessary, adjustment programs longer than four weeks can be implemented as part of a phased return to work agreed upon by both the staff member's manager and Occupational Health, when clinically justified. Support is also available in assisting colleagues to remain at work by undertaking self-referral to our occupational health team or physiotherapy team.

The annual sickness absence rate for this last year was 6.25% (2023/24 5.89%). Longer term sickness absence is 4.04% and short term is 2.22% for the same period. The greatest percentage of hours lost against short term absence was Cold, cough and flu at 7.6%.

For long term absence, Anxiety, Stress, Depression and Other Psychiatric illness remains the top reason with 23.64% of all hours lost. Work is ongoing to make improvements to absence reporting in relation to the reasons for absence, alongside improvements to attendance management processes and the ongoing wellbeing support across the organisation.

Staff Policies applied during the year relating to employment of disabled persons

All health boards across NHS Scotland are required to comply with the three aims of the Public Sector General Duty, Equality Act (2010) and (Specific Duties) (Scotland) Regulations 2012, outlined below. The implementation of these legal duties will be by rethe Equality and Human Rights Commission in Scotland.

The purpose of the Public Sector General Equality Duty is to ensure that all public bodies, including health boards, mainstream equality into their day-to-day business by proactively advancing equality, encouraging good community relations and addressing discrimination. The current duty requires equality to be considered in relation to key Health Board functions including the development of internal and external policies, decision making processes, procurement, workforce support, service delivery and improving outcomes for patients/service users.

The Board is committed to ensuring the elimination of all forms of discrimination on the basis of race, disability, age, gender, sexual orientation, gender reassignment, pregnancy and maternity, marriage and civil partnership, religion or beliefs.

Our work in each of these areas is designed to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited under this Act
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The disability policy can be found at the [NHS Orkney website](#).

Exit Packages

There were two exit packages agreed in 2024/25 totalling £117,000, out of which £38,218.09 related to an Executive Board Member. There were no exit packages in 2023/24.

Trade Union Regulations

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.

Number of employees who were relevant union officials during the period 1 April 2024 to 31 March 2025	Full-time equivalent employee number
21	16.90

Percentage of time spent on facility time

Percentage of time	Number of representatives
0%	1
1 - 50%	7
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	£15,857
Total pay bill	£46,962,991
Percentage of the total pay bill spent on facility time	0.03%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	24%
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3. Parliamentary Accountability Report

Losses and Special Payments

On occasion the Board may be required to write off balances which are no longer recoverable. Losses and special payments over £250k require formal approval to regularise such transactions and their notation in the annual accounts of which none arose in 2024/25 or 2023/24.

There were no special payments written off during 2024/25 or 2023/24, however, the losses accounted for are as follows:

	2024/25		2023/24	
	No. of cases	£'000	No. of cases	£'000
Losses	21	9	25	3

The Board is also required to provide for CNORIS claims notified to it and which will be settled at a future date; details of these provisions can be found in note 13 of the Annual Accounts.

Fees and Charges

As required in the fees and charges guidance in the SPFM, NHS Orkney charges for services provided on a full cost recovery basis, wherever applicable.

There were no material amounts in 2024/25 or 2023/24.

Contingent Liabilities

Occasionally past events can place an obligation for future liabilities where payment of the liability is contingent an uncertain future event(s).

When such an event(s) occurs, the board are required to disclose these as a contingent liability, detail of contingent liabilities can be found in note 14 of the Annual Accounts.

Signed

Date

Laura Skaife-Knight
Chief Executive

Independent auditor's report to the members of Orkney Health Board, the Auditor General for Scotland and the Scottish Parliament

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Orkney Health Board 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, Consolidated Statement of Financial Position, the Statement of Consolidated Cash Flows, the Statement of Consolidated 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 2024/5 Government Financial Reporting Manual (the 2024/5 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the 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 2024/5 FReM; and
- have been prepared in accordance with the requirements of the National Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the board and its group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the board. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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, we report on the board's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

In preparing the financial statements, the Accountable Officer is responsible for assessing the 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 or the group's operations.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited 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.

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Annual 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 Annual Governance Statement

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Rashpal Khangura, (for and on behalf of KPMG LLP)
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA



ANNUAL ACCOUNTS
For
Year Ended 31 March 2025

SECTION 3 – Annual Accounts for Year ended 31 March 2025

STATEMENT OF CONSOLIDATED COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2025

2023/24			2024/25
£'000			£'000
		Notes	
	Total income and expenditure		
45,061	Employee expenditure	3	46,963
	Other operating expenditure:		
6,446	Independent Primary Care Services	3	6,956
9,508	Drugs and medical supplies	3	9,657
71,298	Other health care expenditure	3	77,266
132,313	Gross Expenditure for the year		140,842
(46,599)	Less: Other Operating Income	4	(48,472)
(96)	Associates and joint ventures accounted for on an equity basis		(285)
85,618	Net expenditure for the year		92,085

R COMPREHENSIVE NET EXPENDITURE

2023/24		2024/25
£'000		£'000
(4,540)	Net (gain)/loss on revaluation of Property Plant and Equipment	(2,361)
(103)	Net (gain)/loss on revaluation investments	21
(4,643)	Other Comprehensive Expenditure	(2,340)
80,975	Comprehensive net expenditure	89,745

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

31 March 2024		Notes	31 March 2025	
Consolidated £'000	Board £'000		Consolidated £'000	Board £'000
		Non-Current Assets:		
99,084	99,084	Property, plant and equipment 7c	101,549	101,549
167	167	Intangible assets 6	112	112
329	329	Right of Use assets 17a	1,395	1,395
		Financial assets:		
1,025	-	Investments 10	959	-
1,358	-	Investments in associates and joint ventures	1,643	-
14	14	Trade and other receivables 9	12	12
101,977	99,594	Total non-current assets	105,670	103,068
		Current Assets:		
814	814	Inventories 8	880	880
		Financial assets:		
2,096	2,096	Trade and other receivables 9	1,779	1,778
651	595	Cash and cash equivalents 11	343	239
-	-	Assets classified as held for sale 7b	-	-
3,561	3,505	Total current assets	3,002	2,897
105,538	103,099	Total assets	108,672	105,965
		Current liabilities		
(457)	(457)	Provisions 13	(377)	(377)
		Financial liabilities:		
(12,005)	(11,974)	Trade and other payables 12	(14,757)	(14,673)
(12,462)	(12,431)	Total current liabilities	(15,134)	(15,050)
93,076	90,668	Non-current assets plus/less net current assets/liabilities	93,538	90,915
		Non-current liabilities		
(1,205)	(1,205)	Provisions 13	(1,232)	(1,232)
(128)	(128)	Trade and other payables 12	(1,198)	(1,198)
(1,333)	(1,333)	Total non-current liabilities	(2,430)	(2,430)
91,743	89,335	Assets less liabilities	91,108	88,485
		Taxpayers' Equity		
59,565	59,565	General fund SOCTE	56,932	56,932
29,770	29,770	Revaluation reserve SOCTE	31,553	31,553
1,358	-	Other reserves – associates and joint ventures SOCTE	1,643	-
1,050	-	Funds held on Trust SOCTE	980	-
91,743	89,335	Total taxpayers' equity	91,108	88,485

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

The financial statements on pages 97 to 100 were approved by the board on 26 June 2025 and signed on their behalf by

.....Director of Finance
Date:

.....Chief Executive
Date:

STATEMENT OF CONSOLIDATED CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2025

2023/24 £'000		Notes	2024/25 £'000
	Cash flows from operating activities		
(85,618)	Net expenditure	SOCTE	(92,085)
3,065	Adjustments for non-cash transactions	2b	2,877
4	Add back: interest payable recognised in net operating expenditure	2b	15
(1,676)	Movements in working capital	2b	3,301
(84,225)	Net cash outflow from operating activities		(85,892)
	Cash flows from investing activities		
(3,049)	Purchase of property, plant and equipment	7a	(2,981)
(14)	Investment Additions	10	(72)
-	Proceeds of disposal of property, plant and equipment		20
6	Proceeds of disposal of intangible assets		-
27	Receipts from sale of investments		117
(3,030)	Net cash outflow from investing activities		(2,916)
	Cash flows from financing activities		
87,560	Funding	SOCTE	89,122
61	Movement in general fund working capital	SOCTE	(356)
87,621	Cash drawn down		88,766
(303)	Capital element of payments in respect of leases and on-balance sheet PFI and Hub contracts		(251)
-	Interest paid		-
(4)	Interest element of leases and on-balance sheet PFI/ PPP and Hub Contracts		(15)
87,314	Net Financing		88,500
59	Net Increase in cash and cash equivalents in the period		(308)
592	Cash and cash equivalents at the beginning of the period		651
651	Cash and cash equivalents at the end of the period		343
	Reconciliation of net cash flow to movement in net debt/cash		
59	Increase in cash in year		(308)
592	Net debt/cash at 1 April		651
651	Net debt/cash at 31 March		343

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

STATEMENT OF CONSOLIDATED CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2025

	Notes	General Fund £'000	Revaluation Reserve £'000	IJB Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2024		59,565	29,770	1,358	1,050	91,743
Changes in taxpayers' equity for 2024-25						
Net gain/(loss) on revaluation/indexation of property, plant and equipment	7a	-	2,361	-	-	2,361
Net gain/(loss) on revaluation of investments	10	-	-	-	(21)	(21)
Net gain/(loss) on revaluation of Right-of-Use assets		-	-	-	-	-
Impairment of property, plant and equipment		-	-	-	-	-
Revaluation and impairments taken to operating Costs	2b	-	(12)	-	-	(12)
Transfers between reserves		566	(566)	-	-	-
Net operating cost for the year	SOCNE	(92,321)	-	285	(49)	(92,085)
Total recognised income and expense for 2024-25		(91,755)	1,783	285	(70)	(89,757)
Funding:						
Drawn down		88,766	-	-	-	88,766
Movement in General Fund (Creditor) / Debtor	CFS	356	-	-	-	356
Balance at 31 March 2025	SoFP	56,932	31,553	1,643	980	91,108

FOR THE YEAR ENDED 31 MARCH 2024

	Notes	General Fund £'000	Revaluation Reserve £'000	IJB Reserve £'000	Funds Held on Trust £'000	Total Reserves £'000
Balance at 31 March 2023		57,190	25,744	1,262	989	85,185
Changes in taxpayers' equity for 2023-24						
Net gain/(loss) on revaluation/indexation of property, plant and equipment	7a	-	4,540	-	-	4,540
Net gain/(loss) on revaluation of investments	10	-	-	-	103	103
Impairment of property, plant and equipment		-	-	-	-	-
Revaluation and impairments taken to operating Costs	2b	-	(27)	-	-	(27)
Transfers between reserves		487	(487)	-	-	-
Net operating cost for the year	SOCNE	(85,672)	-	96	(42)	(85,618)
Total recognised income and expense for 2023-24		(85,185)	4,026	96	61	(81,002)
Funding:						
Drawn down		87,621	-	-	-	87,621
Movement in General Fund (Creditor) / Debtor	CFS	(61)	-	-	-	(61)
Balance at 31 March 2024	SoFP	59,565	29,770	1,358	1,050	91,743

The Notes to the Accounts, numbered 1 to 24, form an integral part of these Accounts.

Notes to the Accounts

NOTE 1 – ACCOUNTING POLICIES

1. Authority

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

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

Disclosure of New Accounting Standards

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

There are no new standards, amendments or interpretations effective in the year 2024-2025.

(b) Standards, amendments and interpretations effective in current year adopted early this year:

There are no new standards, amendments or interpretations early adopted in the 2024-25 financial year.

(c) 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.

Standard	Current status
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.
FRS 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.

2. Basis of Consolidation

Consolidation

In accordance with IFRS 10 – Consolidated Financial Statements, the Financial Statements consolidate the Orkney Health Board Endowment Funds.

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 Orkney Health Board Endowment Funds is a Registered Charity with the Office of the Charity Regulator of Scotland (OSCR) and is required to prepare and submit Audited Financial Statements to OSCR on an annual basis.

The basis of consolidation used is Merger Accounting. Any intra-group transactions between the Board and the Endowment Fund have been eliminated on consolidation.

The integration of health and social care services under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 and associated secondary legislation impacts on Health Board disclosure requirements in the annual accounts.

In line with statutory guidance issued by the Integrated Resources Advisory Group (IRAG) IJBs are deemed to be joint ventures. In accordance with IFRS 11 Joint Arrangements, the primary financial statements have been amended for the additional disclosure required to accurately reflect the Board's interest in IJBs using the equity method of accounting.

Note 24 to the Annual Accounts, details how these consolidated Financial Statements have been calculated.

3. Retrospective Restatement

There are no prior year adjustments for 2023/24.

4. Going Concern

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

5. Accounting Convention

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

6. Funding

Most of the expenditure for NHS Orkney is met from funds advanced by the Scottish Government within an approved revenue resource limit. Cash drawn down to fund expenditure within this approved revenue resource limit (RRL) is credited to the general fund.

All other income receivable by NHS Orkney 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 Outturn.

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 Consolidated Comprehensive Net Expenditure except where it results in the creation of a non-current asset such as property, plant and equipment.

7. Property, plant and equipment

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

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

7.1 Recognition

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

All assets falling into the following categories are capitalised:

- 1) property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £5,000
- 2) in cases where a new hospital would face an exceptional write off of items of equipment costing individually less than £5,000, NHS Orkney 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 £20,000 in total (including VAT where this is not recoverable), or where they are part of the initial costs of equipping a new development and total over £20,000(including VAT where this is not recoverable).

7.2 Measurement

Valuation:

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

Thereafter, valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and are 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 (Red Book) insofar as these terms are consistent with the agreed requirements of Scottish Government.

In general, operational assets which are in use delivering front-line services or back-office functions are valued at current market value in existing use. However, to meet the underlying objectives established by the Scottish Government the following is accepted variations of the RICS Appraisal and Valuation Manual are adopted:

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

All assets that are not held for their service potential (i.e. investment properties and assets held for sale), including operational assets which are surplus to requirements where there are no restrictions on disposal which would prevent access to the market, are measured subsequently at fair value as follows:

- Specialised NHS Land, buildings, equipment, installations and fittings are stated at depreciated replacement cost, as a proxy for fair value as agreed by an independent valuer.
- Non-specialised land and buildings, such as offices, are stated at fair value

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

Assets under construction are valued at current cost. 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.

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 NHS Orkney and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the Statement of Consolidated Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether it has been depreciated separately.

Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Consolidated Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together. Gains and losses on revaluation are reported in the Statement of Consolidated Comprehensive Net Expenditure.

Permanent decreases in asset values and impairments arising from a reduction in service potential or consumption of economic benefit are charged to the Statement of Consolidated Comprehensive Net Expenditure. Any related balance on the revaluation reserve is transferred to the General Fund.

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

7.3 Depreciation

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

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

- 1) freehold land is considered to have an infinite life and is not depreciated
- 2) assets in the course of construction and residual interests in off-balance sheet PFI contract assets are not depreciated until the asset is brought into use or reverts to NHS Orkney, respectively
- 3) Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification
- 4) buildings, installations and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
- 5) equipment is depreciated over the estimated life of the asset.
- 6) Leased Property, plant and equipment held under leases are depreciated over the shorter of the lease term and the estimated useful life. Unless there is reasonable certainty the Board will obtain ownership of the asset by the end of the lease term in which case it is depreciated over its useful life.

Depreciation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life (years)
Office, short life medical and IT Equipment	5
Vehicles and soft furnishings	7
Mainframe IT installations	8
Medium life medical equipment	10
Engineering plant and long life medical equipment	15
Building Structure	15 – 60
Building Engineering	15
External Plant	15

8. Intangible Assets

8.1 Recognition

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

The main classes of intangible assets recognised are:

Software:

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

Software licences:

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

8.2 Measurement

Valuation

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

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

Revaluation and impairment

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

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

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

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

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

8.3 Amortisation

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

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

- 1) software is amortised over their expected useful life
- 2) software licences are amortised over the shorter term of the licence and their useful economic lives.
- 3) other intangible assets are amortised over their expected useful life.
- 4) intangible assets which have been reclassified as 'Held for Sale' cease to be amortised upon reclassification.

Amortisation is charged on a straight line basis.

The following asset lives have been used:

Asset Category/Component	Useful Life
Software	5

9. Non-current assets held for sale

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

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

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

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

10. Donated Assets

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

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

Disposal of non-current assets is accounted for as a reduction 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 Statement of Consolidated Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

12. Leases

Scope and classification

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

Contracts or parts of 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 financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration have been valued using market 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.

13. Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes 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 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.

14. General Fund Receivables and Payables

Where NHS Orkney 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 NHS Orkney has a net overdrawn cash position at the year end, a corresponding debtor is created and the general fund credited with the same amount to indicate that additional cash is to be drawn down from the SGHSCD..

15. Inventories

Inventories are valued at the lower of 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.

16. Losses and Special Payments

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

17. Employee Benefits

Short-term Employee Benefits

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

Pension Costs

NHS Orkney participates in the NHS Superannuation Scheme (Scotland). This scheme is an unfunded statutory pension scheme with benefits underwritten by the UK Government. The scheme is financed by payments from employers and those current employees who are members of the scheme and paying contributions at progressively higher marginal rates based on pensionable pay as specified in the regulations. The Board is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were defined contribution scheme, as required by IAS 19 'Employee Benefits'. As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the Board's employer contributions payable to the scheme in respect of the year. The contributions deducted from employees are reflected in the gross salaries charged and are similarly remitted to the Exchequer. The pension cost is assessed every four years by the Government Actuary and this valuation determines the rate of contributions required. The most recent actuarial valuation is published by the Scottish Public Pensions Agency and is available on their website.

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

18. Clinical and Medical Negligence Costs

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

NHS Orkney provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the

claim and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the Clinical Negligence and Other Risks Indemnity Scheme in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

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

19. Related Party Transactions

Material related party transactions are disclosed in the Note 22 in line with the requirements of IAS 24. Transactions with other NHS bodies for the commissioning of health care are summarised in Note 3.

20. Value Added Tax

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.

21. NPD Schemes

NHS Orkney has a Non Profit Distributing (NPD) scheme which was agreed with the Scottish Government for the provision of the New Hospital and Healthcare Facility. The new facility opened in 2019/20 and is accounted for in accordance with the HM Treasury application of IFRIC 12, Service Concession Arrangements.

On completion the asset was recognised on the Statement of Financial Position at Fair Value. Ownership will pass to NHS Orkney at the end of the 25 year service contract period. Annual Service Payments (ASP) will be made over the 25 year service contract period and charged to the Statement of Comprehensive Net Expenditure.

22. Provisions

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

23. Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within 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.

24. Corresponding Amounts

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

25. Financial Instruments

Financial assets

Business model

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 Statement of Comprehensive Net Expenditure. Financial assets carried at fair value through profit or loss are subsequently NHS Scotland - NHS Board Accounts Manual 81 measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Financial assets held at amortised cost

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

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

Financial Liabilities

Classification

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:

- i. these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- ii. they contain embedded derivatives; and/or
- iii. it eliminates or reduces 'accounting mismatch' that would otherwise arise from measurement or recognition on an amortised 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 Board becomes party to the contractual provisions of the financial instrument.

A financial liability is removed from the balance sheet 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 NHS Scotland - NHS Board Accounts Manual 82 value, and transaction costs are expensed in the income statement.

Financial liabilities carried at fair value through profit or loss are subsequently measured at fair value. Gains or losses arising from changes in the fair value are presented in the Statement of Comprehensive Net Expenditure.

(b) Amortised costs

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

26. 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 of the operating segments. This has been identified as the senior management of the Board.

Operating segments are unlikely to directly relate to the analysis of expenditure shown in note 3.

27. 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 balance sheet. Where the Government Banking Service is using the National Westminster Bank to provide the banking services, funds held in these accounts are not classed as commercial bank balances.

28. Foreign exchange

The functional and presentational currencies of the Board are sterling.

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

29. Third party assets

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

30. 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 exercised in the application of the Board's accounting policies which have the most significant effect on the carrying amounts in the financial statements are summarised below:

Clinical and Medical Negligence Provision: The clinical and medical negligence provision is calculated using information received from the Central Legal Office regarding claims they have received relating to NHS Orkney. The provision covers all claims classified as category 3 and 50% of the value of claims in category 2 which have been assessed as having a probability of settlement. The share of NHS Scotland CNORIS liability is estimated based on actual settlement trends in prior years.

Pension Provision: The pension provision is calculated using information received from the Scottish Public Pension Agency (SPPA) relating to former NHS Orkney employees for whom NHS Orkney have an ongoing pension liability. The liability is calculated using information obtained from SPPA and discount rates as per SGHSCD guidance.

Fair Value of Property, Plant and Equipment: Valuations of all land and building assets are reassessed by valuers under a 5-year programme of professional valuations and adjusted in intervening years to take account of movements in prices since the latest valuation. The full 5-year revaluation was undertaken at 31st March 2023. This was then adjusted at 31st March 2025 to take account of movement in prices.

In applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards, the valuation is not reported as being subject to 'material valuation uncertainty'.

Note 2: Memoranda To the Primary Statements

		2024/25 £'000
2a. Summary of Core Revenue Resource Outturn	Notes	
Net Expenditure	SOCNE	92,085
Total Non Core Expenditure (see below)		(1,313)
FHS Non Discretionary Allocation		(1,989)
Endowment Net Expenditure		(49)
Associates and joint ventures accounted for on an equity basis		285
Total Core Expenditure		89,019
Core Revenue Resource Limit		89,019
Saving/(excess) against Core Revenue Resource Limit		-

Summary of Non Core Revenue Resource Outturn

Capital grants to/ (from) other bodies	(1,922)
Depreciation/Amortisation	3,179
Annually Managed Expenditure – Impairments	(12)
Annually Managed Expenditure – Provisions	40
Annually Managed Expenditure – depreciation of donated assets	1
Annually Managed Expenditure – Pension valuation	27
Donated assets income	-
Total Non Core Expenditure	1,313
Non Core Revenue Resource Limit	1,313
Saving/(excess) against Non Core Revenue Resource Limit	-

Summary Resource Outturn

	Resource £'000	Expenditure £'000	Saving/(Excess) £'000
Core	89,019	89,019	-
Non Core	1,313	1,313	-
Total	90,332	90,332	-

2b. Notes to the cash flow statement

Consolidated adjustments for non-cash transactions

2023/24 £'000		2024/25 £'000	Notes
	Expenditure Not Paid In Cash		
2,826	Depreciation	2,863	7a
54	Amortisation	55	6
1	Depreciation on donated assets	1	7a
313	Depreciation on Right of Use (RoU) Assets	262	17a
-	Impairments on PPE charged to SoCNE	-	
(27)	Net revaluation on PPE charged to SoCNE	(12)	
-	Funding of Donated Assets	-	
(6)	Loss/(Profit) on disposal of intangible assets	-	
-	Loss/(Profit) on disposal of property, plant and equipment	(7)	
-	Impairments on intangible assets charged to SoCNE	-	6
(96)	Associates and joint ventures accounted for on an equity basis	(285)	SOCNE
-	B/fwd General Fund Diff	-	
3,065	Total Expenditure Not Paid In Cash	2,877	CFS

Interest payable recognised in operating expenditure

2024 £000			2025 £000
	Interest payable		
-	Interest on late payment of commercial debt		-
-	Bank and other interest payable		-
-	PFI lease charges allocated in the year	18b	-
4	Lease interest	17b	15
-	Provisions - Unwinding of discount		-
4	Net interest payable	CFS	15

Consolidated movements in working capital

2023/24		2024/25			
Net Movement £'000		Opening Balances £'000	Closing Balances £'000	Net Movement £'000	Notes
	INVENTORIES				
(13)	Inventories	814	880		8
(13)	Net Decrease/(Increase)	814	880	(66)	
	TRADE AND OTHER RECEIVABLES				
(492)	Due within one year	2,096	1,779		9
2	Due after more than one year	14	12		9
(490)	Net Decrease/(Increase)	2,110	1,791	319	
	TRADE AND OTHER PAYABLES				
(1,220)	Due within one year	12,005	14,757		12
(210)	Due after more than one year	128	1,198		
-	Less: Property, Plant & Equipment (Capital) included in above	-	-		
(61)	Less: General Fund Creditor included in above	(595)	(239)		
292	Less: lease and PFI creditors included in value	(333)	(1,410)		
(1,199)	Net Increase/(Decrease)	11,205	14,306	3,101	
	PROVISIONS				
26	Statement of Financial Position	1,662	1,609		13a
26	Net Increase/(Decrease)	1,662	1,609	(53)	
(1,676)	NET MOVEMENT Increase/(Decrease)			3,301	CFS

3. Operating expenses

3a. Staff costs

2023/24		2024/25		Notes
Consolidated £'000		Board £'000	Consolidated £'000	
10,150	Medical and Dental	10,807	10,807	SOCNE
14,600	Nursing	14,936	14,936	
20,311	Other Staff	21,220	21,220	
45,061	Total	46,963	46,963	

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

3b. Other operating expenditure

2023/24		2024/25		Notes
Consolidated £'000		Board £'000	Consolidated £'000	
	Independent Primary Care Services:			SOCNE
4,343	General Medical Services	4,724	4,724	
986	Pharmaceutical Services	907	907	
818	General Dental Services	1,009	1,009	
299	General Ophthalmic Services	316	316	
6,446	Total Independent Primary Care Services	6,956	6,956	
	Drugs and medical supplies:			SOCNE
4,794	Prescribed drugs and appliances - Primary Care	4,733	4,733	
2,919	- Secondary Care	3,325	3,325	
43	PPE and Testing Kits	-	-	
1,752	Medical Supplies	1,599	1,599	
9,508	Total Drugs and medical supplies	9,657	9,657	
	Other health care expenditure			SOCNE
42,336	Contribution to Integrated Joint Boards	44,664	44,664	
9,077	Goods and services from other NHS Scotland bodies	9,790	9,790	
(17)	Goods and services from other UK NHS bodies	129	129	
539	Goods and services from private providers	268	268	
73	Goods and services from voluntary organisations	231	231	
2,120	Resource Transfer	2256	2256	
-	Loss on disposal of assets	-	-	
17,001	Other operating expenses	19,737	19,737	
91	Auditor's remuneration - statutory audit fee	106	106	
78	Endowment Fund expenditure	-	85	
71,298	Total Other health care expenditure	77,181	77,266	
87,252	Total	93,794	93,879	

4. Operating Income

2023/24		2024/25		Notes
Consolidated £'000		Board £'000	Consolidated £'000	
2,226	Income from Scottish Government	1,922	1,922	
964	Income from other NHS Scotland bodies	858	858	
170	Income from NHS non-Scottish bodies	230	230	
42,144	Income for services commissioned by Integrated Joint Board (IJB)	44,093	44,093	
220	Patient charges for primary care	282	282	
-	Donations	-	-	
5	Profit of disposal of assets	7	7	
-	Contribution in respect of clinical and medical negligence claims	-	-	
Non NHS:				
59	Overseas patients (non-reciprocal)	101	101	
36	Endowment Fund Income	-	36	
775	Other	943	943	
46,599	Total Income	48,436	48,472	SOCNE

5. Segmental Information

Segmental information as required under IFRS has been reported for each strategic objective.

	Nursing & Acute Services £'000	Medical Director £'000	Integrated Joint Board £'000	Finance Directorate £'000	Estates, Facilities & NPD Contracts £'000	Chief Executive £'000	Public Health £'000	Director Of Human Resources £'000	Dental NCL £'000
2024/25 Net Operating Cost	20,445	17,449	30,963	1,153	10,260	5,506	997	2,246	766
2023/24 Net Operating Cost	20,312	17,132	29,717	2,126	9,027	1,647	1,045	1,679	645

	Ophthalmic NCL £'000	Dental & Pharmacy NCL-IJB £'000	Capital Grants £'000	Annually Managed Expenditure £'000	Donated Assets Income £'000	Capital Charges £'000	IJB Reserves £'000	Endowments £'000	Total £'000
2024/25 Net Operating Cost	316	907	(1,922)	56	-	3,179	(285)	49	92,085
2023/24 Net Operating Cost	299	912	(2,099)	61	-	3,169	(96)	42	85,618

6. Intangible Assets

Movements in 2024/25	Notes	Software Licences £'000	IT - Software £'000	Total £'000
Cost or Valuation:				
As at 1st April 2024		-	471	471
Impairment charges		-	-	-
Disposals		-	-	-
At 31st March 2025		-	471	471
Amortisation				
As at 1st April 2024		-	304	304
Provided during the year		-	55	55
Impairment charges		-	-	-
Disposals		-	-	-
At 31st March 2025		-	359	359
Net Book Value at 1st April 2024		-	167	167
Net Book Value at 31 March 2025	SoFP	-	112	112

Movements in 2023/24	Notes	Software Licences £'000	IT - Software £'000	Total £'000
Cost or Valuation:				
As at 1st April 2023		3	1,336	1,339
Impairment charges		-	-	-
Disposals		(3)	(865)	(868)
At 31st March 2024		-	471	471
Amortisation				
As at 1st April 2023		3	1,115	1,118
Provided during the year		-	54	54
Impairment charges		-	-	-
Disposals		(3)	(865)	(868)
At 31st March 2024		-	304	304
Net Book Value at 1st April 2023		-	221	221
Net Book Value at 31 March 2024	SoFP	-	167	167

7(a). Property, Plant and Equipment – Purchased Assets Current Year Purchased Assets

Movements in 2024/25	Notes	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation										
At 1 April 2024		1,830	91,524	289	690	12,178	3,402	1,046	3,048	114,007
Additions – purchased		-	60	-	-	184	46	7	2,684	2,981
Additions – donated		-	-	-	-	-	-	-	-	-
Completions		-	2,060	-	-	653	330	78	(3,121)	-
Transfers (to)/ from non-current assets held for sale		-	-	-	-	-	-	-	-	-
Revaluation		-	2,524	-	-	-	-	-	-	2,524
Impairment charges		-	-	-	-	-	-	-	-	-
Disposals – purchased		-	-	-	-	(26)	-	-	-	(26)
Disposals – donated		-	-	-	-	-	-	-	-	-
At 31 March 2025		1,830	96,168	289	690	12,989	3,778	1,131	2,611	119,486
Depreciation										
At 1 April 2024		-	4,255	70	339	7,134	2,502	623	-	14,923
Provided during the year – purchased		-	1,756	19	72	554	379	83	-	2,863
Provided during the year – donated		-	1	-	-	-	-	-	-	1
Revaluation		-	163	-	-	-	-	-	-	163
Impairment charges		-	-	-	-	-	-	-	-	-
Disposals – purchased		-	-	-	-	(13)	-	-	-	(13)
Disposals – donated		-	-	-	-	-	-	-	-	-
At 31 March 2025		-	6,175	89	411	7,675	2,881	706	-	17,937
Net book value at 1 April 2024		1,830	87,269	219	351	5,044	900	423	3,048	99,084
Net book value at 31 March 2025	SoFP	1,830	89,993	200	279	5,314	897	425	2,611	101,549

Open Market Value of Land in Land and Dwellings Included Above	1,830	200
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Asset financing:									
Owned-purchased	1,830	5,088	200	279	5,314	897	425	2,602	16,635
Owned-donated	-	49	-	-	-	-	-	-	49
On-balance sheet NPD contracts	-	84,856	-	-	-	-	-	9	84,865
Net book value at 31 March 2025	SoFP	1,830	89,993	200	279	5,314	897	425	101,549

Prior year Purchased Assets

Movements in 2023/24	Notes	Land (including under buildings) £'000	Buildings (excluding dwellings) £'000	Dwellings £'000	Transport Equipment £'000	Plant & Machinery £'000	Information Technology £'000	Furniture & Fittings £'000	Assets Under Construction £'000	Total £'000
Cost or valuation										
At 1 April 2023		1,830	86,567	289	745	12,137	6,108	1,046	596	109,318
Additions – purchased		-	-	-	-	13	105	-	2,931	3,049
Additions – donated		-	-	-	-	-	-	-	-	-
Completions		-	192	-	1	286	-	-	(479)	-
Transfers (to)/ from non-current assets held for sale		-	-	-	-	-	-	-	-	-
Revaluation		-	4,765	-	-	-	-	-	-	4,765
Impairment charges		-	-	-	(56)	(258)	(2,763)	-	-	(3,077)
Disposals – purchased		-	-	-	-	-	(48)	-	-	(48)
At 31 March 2024		1,830	91,524	289	690	12,178	3,402	1,046	3,048	114,007
Depreciation										
At 1 April 2023		-	2,453	46	321	6,892	4,734	550	-	14,996
Provided during the year – purchased		-	1,576	24	74	500	579	73	-	2,826
Provided during the year – donated		-	1	-	-	-	-	-	-	1
Revaluation		-	225	-	-	-	-	-	-	225
Impairment charges		-	-	-	-	-	-	-	-	-
Disposals – purchased		-	-	-	(56)	(258)	(2,763)	-	-	(3,077)
Disposals – Donated		-	-	-	-	-	(48)	-	-	(48)
At 31 March 2024		-	4,255	70	339	7,134	2,502	623	-	14,923
Net book value at 1 April 2023		1,830	84,114	243	424	5,245	1,374	496	596	94,322
Net book value at 31 March 2024	SoFP	1,830	87,269	219	351	5,044	900	423	3,048	99,084

Open Market Value of Land in Land and Dwellings Included Above	1,830	219
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Asset financing:

Owned-purchased	1,830	3,838	219	351	5,044	900	423	3,048	15,653
Owned- donated	-	50	-	-	-	-	-	-	50
On-balance sheet NPD contracts	-	83,381	-	-	-	-	-	-	83,381
Net book value at 31 March 2024	SoFP	1,830	87,269	219	351	5,044	900	3,048	99,084

7(b). Assets Held for Sale

There are no assets held for sale at 31 March 2025.

Movements in 2024/25	Notes	Property, Plant & Equipment £'000
At 1 April 2024		-
Transfers from property, plant and equipment		-
Disposals of non-current assets held for sale		-
As at 31 March 2025	SoFP	-

Movements in 2023/24	Notes	Property, Plant & Equipment £'000
At 1 April 2023		-
Transfers from property, plant and equipment		-
Disposals of non-current assets held for sale		-
As at 31 March 2024	SoFP	-

The old Balfour site remains part of our non-current assets at 31/03/25, the Board is considering options for the future of the site.

7(c). Property, Plant and Equipment Disclosures

2023/24 £'000		2024/25 £'000	Notes
	Net book value of property, plant and equipment at 31 March		
99,034	Purchased	101,500	
50	Donated	49	
99,084	Total	101,549	SoFP

1,830	Net book value related to land valued at open market value at 31 March	1,830
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219	Net book value related to buildings valued at open market value at 31 March	200
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83,381	Total value of assets held under NPD contract	84,865
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1,452	Total depreciation charged in respect of assets held under NPD contract	1,527
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All land and buildings were revalued by an independent valuer, the Gerald Eve LLP, at 31/03/2023 on the basis of fair value (market value or depreciated replacement costs where appropriate), as part of the Boards five year full valuation cycle. The values for 2024/25 have been adjusted for movements in prices since the 31/03/2023, informed by Gerald Eve LLP. The valuations are computed in accordance with the Royal Institute of Chartered Surveyors Statement of Asset Valuation Practice and Guidance notes, subject to the special accounting practices of the NHS.

7(d). Analysis of Capital Expenditure

2023/24 £'000		2024/25 £'000	Notes
	EXPENDITURE		
-	Acquisition of Intangible Assets	-	6
3,049	Acquisition of Property, plant and equipment	2,981	7a
-	Donated asset additions	-	
40	Right of Use Additions	1,340	17a
3,089	Gross Capital Expenditure	4,321	
	INCOME		
-	Net book value of disposal of Property, plant and equipment	13	7a
-	Net book value of disposal of Non-Current Assets held for sale	-	
29	Right of Use Disposals	12	17a
29	Capital Income	25	

3,060	Net Capital Expenditure	4,296
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SUMMARY OF CAPITAL RESOURCE OUTTURN

3,060	Core capital expenditure included above	4,296
3,099	Core Capital Resource Limit	4,336
39	Saving/(excess) against Core Capital Resource Limit	40
-	Non-core capital expenditure included above (including financial transactions)	-
-	Non-core Capital Resource Limit (including financial transactions)	-
-	Saving/ (excess) against Non Core Capital Resource Limit	-
3,060	Total Capital Expenditure	4,296
3,099	Total Capital Resource Limit	4,336

39	Saving/(excess) against Total Capital Resource Limit	40
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8. Inventories

2023/24 £'000	Notes	2024/25 £'000
814	Raw Materials and Consumables	880
814	Total Inventories SoFP	880

9. Trade and Other Receivables

Consolidated 2023/24 £'000	Board 2023/24 £'000		Consolidated 2024/25 £'000	Board 2024/25 £'000	Notes
		Receivables due within one year			
		NHS Scotland			
1	1	Scottish Government Health & Social Care Directorate	-	-	
410	410	Boards	708	708	
411	411	Total NHS Scotland Receivables	708	708	
55	55	NHS Non-Scottish Bodies	237	237	
320	320	VAT recoverable	118	118	
256	256	Prepayments	373	373	
849	849	Accrued income	176	176	
12	12	Other receivables	15	15	
-	-	Reimbursement of provisions	-	-	
194	194	Other Public Sector Bodies	151	151	
-	-	Endowments consolidation	1	-	
2,096	2,096	Total Receivables due within one year	1,779	1,778	SoFP
		Receivables due after more than one year			
		NHS Scotland			
14	14	Accrued income	12	12	
14	14	Total Receivables due after more than one year	12	12	SoFP
2,110	2,110	TOTAL RECEIVABLES	1,791	1,790	
3	3	The total receivables figure above includes a provision for impairments of :	168	168	
		WGA Classification			
410	410	NHS Scotland	708	708	
1	1	Central Government Bodies	-	-	
194	194	Whole of Government Bodies	152	152	
55	55	Balances with NHS Bodies in England and Wales	237	237	
1,450	1,450	Balances with bodies external to Government	694	694	
2,110	2,110	Total	1,791	1,790	

2023/24 £'000	2023/24 £'000	Movements on the provision for impairment of receivables are as follows:	2024/25 £'000	2024/25 £'000
3	3	At 1 April	3	3
-	-	Provision for impairment	165	165
-	-	Receivables written off during the year as uncollectible	-	-
-	-	Unused amounts reversed	-	-
3	3	At 31 March	168	168

As of 31 March 2025, receivables with a carrying value of £168k (2023/24: £3k) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated 2023/24 £'000		Consolidated 2024/25 £'000
-	3 to 6 months past due	-
3	Over 6 months past due	168
3		168

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 £1,623m (2023/24: £2,110m) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Consolidated 2023/24 £'000	Board 2023/24 £'000		Consolidated 2024/25 £'000	Board 2024/25 £'000
1,934	1,934	Up to 3 months past due	1,530	1,529
45	45	3 to 6 months past due	52	52
131	131	Over 6 months past due	41	41
2,110	2,110		1,623	1,622

The receivables assessed as past due but not impaired were mainly NHS Scotland Health Boards, and 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.

All carrying amounts of receivables are denominated in pounds sterling and the carrying value of both short term and long term receivables is approximate to their fair value.

10. Investments

Consolidated 2023/24 £'000		Consolidated 2024/25 £'000	Notes
62	Government securities	62	SoFP
963	Other	897	
1,025	TOTAL	959	
935	At 1 April	1,025	CFS
14	Additions	72	
(27)	Disposals	(118)	
103	Revaluation surplus/(deficit) transferred to equity	(20)	SOCTE
1,025	At 31 March	959	
1,025	Non-current	959	SoFP
1,025	At 31 March	959	
-	The carrying value includes an impairment provision of	-	

All the transactions relate to Orkney Health Board Endowment Funds.

11. Cash and Cash Equivalents

Consolidated 2023/24 £'000		Consolidated 2024/25 £'000	Notes
592	Balance at 1 April	651	
59	Net change in cash and cash equivalent balances	(308)	CFS
651	Balance at 31 March	343	SoFP
651	Total Cash – Cash Flow Statement	343	

576	Government Banking Service	209	
19	Commercial banks and cash in hand	30	
56	Endowment cash	104	
651	Balance at 31 March	343	

12. Trade and Other Payables

Consolidated 2023/24 £'000	Board 2023/24 £'000		Consolidated 2024/25 £'000	Board 2024/25 £'000	Notes
		Payables due within one year			
		NHS Scotland			
-	-	SGHSCD	5	5	
2,157	2,157	Boards	3,431	3,431	
2,157	2,157	Total NHS Scotland Payables	3,436	3,436	
46	46	NHS Non-Scottish Bodies	109	109	
595	595	Amounts Payable to General Fund	239	239	
607	607	FHS Practitioners	617	617	
226	226	Trade Payables	53	53	
2,743	2,743	Accruals	4,076	4,076	
26	26	Deferred income	50	50	
205	205	Net obligations under leases	212	212	17b
933	933	Income tax and social security	1,031	1,031	
690	690	Superannuation	778	778	
431	431	Holiday Pay Accrual	352	352	
3,315	3,315	Other Public Sector Bodies	3,720	3,720	
-	-	Other payables	-	-	
31	-	Endowments Consolidation	84	-	
12,005	11,974	Total Payables due within one year	14,757	14,673	SoFP
		Payables due after more than one year			
64	64	Net obligations under leases due within 2 years	220	220	17b
64	64	Net obligations under leases due after 2 years but within 5 years	462	462	17b
-	-	Net obligations under leases due after 5 years	516	516	
128	128	Total payables due more than one year	1,198	1,198	
12,133	12,102	TOTAL PAYABLES	15,955	15,871	

WGA Classification

2,157	2,157	NHS Scotland	3,431	3,431	
-	-	Central Government Bodies	5	5	
3,341	3,341	Whole of Government Bodies	3,720	3,720	
46	46	Balances with NHS Bodies in England and Wales	109	109	
6,589	6,558	Balances with bodies external to Government	8,690	8,606	
12,133	12,102	Total	15,955	15,871	

Consolidated 2023/24 £'000	Board 2023/24 £'000
-	-
333	333
-	-
333	333

Borrowings included above comprise:

Bank overdrafts

Leases

PFI contracts

Consolidated 2024/25 £'000	Board 2024/25 £'000
-	-
1,410	1,410
-	-
1,410	1,410

Consolidated 2023/24 £'000	Board 2023/24 £'000
128	128
-	-
128	128

The carrying amount and fair value of the non-current borrowings are as follows

Carrying amount

Leases

PFI contracts

Consolidated 2024/25 £'000	Board 2024/25 £'000
1,198	1,198
-	-
1,198	1,198

All carrying amounts of payables are denominated in pounds sterling.

13. Provisions

Movements in 2024/25	Pensions and similar obligations £'000	Clinical & Medical Legal Claims against NHS Board £'000	Participation in CNORIS £'000	Other £'000	Total £'000
At 1 April 2024	242	90	1,323	7	1,662
Arising during the year	32	-	128	-	160
Utilised during the year	(29)	(73)	(88)	-	(190)
Unwinding of Discount	-	-	-	-	-
Reversed unutilised	(6)	(17)	-	-	(23)
At 31 March 2025	239	-	1,363	7	1,609

Analysis of expected timing of discounted flows to 31 March 2025

	Pensions and similar obligations £'000	Clinical & Medical Legal Claims against NHS Board £'000	Participation in CNORIS £'000	Other £'000	Total £'000	Notes
Payable in one year	29	-	341	7	377	SoFP
Payable between 2 - 5 years	116	-	829	-	945	
Payable between 6 - 10 years	94	-	71	-	165	
Thereafter	-	-	122	-	122	
At 31 March 2025	239	-	1,363	7	1,609	

Movements in 2023/24	Pensions and similar obligations £'000	Clinical & Medical Legal Claims against NHS Board £'000	Participation in CNORIS £'000	Other £'000	Total £'000
At 1 April 2023	254	90	1,292	-	1,636
Arising during the year	1	-	99	7	107
Utilised during the year	(13)	-	(68)	-	(81)
Unwinding of Discount	-	-	-	-	0
Reversed unutilised	-	-	-	-	0
At 31 March 2024	242	90	1,323	7	1,662

Analysis of expected timing of discounted flows to 31 March 2024

	Pensions and similar obligations £'000	Clinical & Medical Legal Claims against NHS Board £'000	Participation in CNORIS £'000	Other £'000	Total £'000	Notes
Payable in one year	29	90	331	7	457	SoFP
Payable between 2 - 5 years	116	-	804	-	920	
Payable between 6 - 10 years	97	-	69	-	166	
Thereafter	-	-	119	-	119	
At 31 March 2024	242	90	1,323	7	1,662	

Pensions and similar Obligations

The board meets the additional costs of benefits beyond the normal National Health Service Superannuation Scheme for Scotland benefits in respect of employees who retire early by paying the required amounts annually to the National Health Service 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 of 2.4% in real terms. The Board expects expenditure to be charged to this provision for a period of up to 14 years.

Clinical and Medical Legal Claims against NHS Board

The Board holds a provision to meet costs of outstanding clinical and medical negligence claims. All legal claims notified to the Board are processed by the Scottish NHS Central Legal Office who will decide upon risk liability and likely outcome of each case. The impact of the provision is offset by an associated receivable disclosed in note 9, recognising the expected reimbursement of settlement costs, through the Board's participation in the Clinical Negligence and Other Risks Indemnity Scheme (CNORIS).

Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)

2023/24 £'000		2024/25 £'000	Notes
90	Provision recognising individual claims against the NHS Board as at 31 March	-	13
-	Associated CNORIS receivable at 31 March	-	9
1,323	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	1,363	13
1,413	Net Total Provision relating to CNORIS at 31 March	1,363	

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

When a legal claim is made against the board, the board will assess whether a provision or contingent liability for that legal claim is required. 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 receivables 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 the 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 on the scheme can be found at <https://clo.scot.nhs.uk/our-services/cnoris.aspx>.

14. Contingent Liabilities

As part of the 2024/25 Agenda for Change Reform arrangements, it is estimated that between 80 and 140 Band 5 nurses may be eligible for a pay grade review to Band 6 at 31 March 2025. At this date, 9 submissions have been received and accounted for within the financial statements.

A contingent liability exists in respect of the remaining 71 eligible staff members who may submit for and be awarded a pay grade review. While the financial impact is uncertain until the individual assessments are concluded, the estimated contingent liability for the remaining 71 cases is between £1.965m and £3.625m, based on the anticipated cost per regrading.

This liability is disclosed as contingent, as the obligation is dependent on future events, including submission and approval of individual cases, which are not wholly within the control of the organisation and there is no certainty over the number and value of the liability.

There were no contingent liabilities in 2023/24.

15. Events After the Reporting Period

There were no Post Balance Sheet date events having a material effect on the accounts.

16. Capital Commitments

The board has the following capital commitments which have not been included in the annual accounts.

2023/24		2024/25
Property, plant and equipment: £'000		Property, plant and equipment: £'000
	Contracted	
-	Building Works	-
-	Medical Equipment	-
-	Total	-

17. Leases

17a. Right of Use Assets (RoU)

CONSOLIDATED & BOARD

Cost or valuation

At 1 April 2024

Additions

Revaluations

Disposals

At 31 March 2025

Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Total
£000	£000	£000	£000
581	141	135	857
198	-	1,142	1,340
-	-	-	-
(224)	(141)	(135)	(500)
555	-	1,142	1,697

Depreciation

At 1 April 2024

Provided during the year - (include new dilapidation provisions)

Disposals

At 31 March 2025

302	106	120	528
180	36	46	262
(212)	(142)	(134)	(488)
270	-	32	302

Balance at 1 April 2024

Balance at 31 March 2025

[SoFP](#)

279	35	15	329
285	-	1,110	1,395

CONSOLIDATED & BOARD – PRIOR YEAR

Cost or valuation

At 1 April 2023

Additions

Revaluations

Disposals

At 31 March 2024

Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Total
£000	£000	£000	£000
701	107	135	943
6	34	-	40
-	-	-	-
(126)	-	-	(126)
581	141	135	857

Depreciation

At 1 April 2024

Provided during the year - (include new dilapidation provisions)

Disposals

At 31 March 2024

202	50	60	312
197	56	60	313
(97)	-	-	(97)
302	106	120	528

Balance at 1 April 2023

Balance at 31 March 2024

[SoFP](#)

499	57	75	631
279	35	15	329

17b. Lease Liabilities

CONSOLIDATED & BOARD

Amounts falling due:

Not later than one year

Later than one year, not later than 2 years

Later than two year, not later than five years

Later than five years

Less: Unaccrued interest

Balance at 31 March 2025

Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Total
£0	£0	£0	£0

99	-	113	212
104	-	116	220
92	-	370	462
-	-	516	516
-	-	-	-
295	-	1,115	1,410

Current

Non Current

99	-	113	212
196	-	1,002	1,198
295	-	1,115	1,410

CONSOLIDATED & BOARD – PRIOR YEAR

Amounts falling due:

Not later than one year

Later than one year, not later than 2 years

Later than two year, not later than five years

Later than five years

Less: Unaccrued interest

Balance at 31 March 2025

Buildings (excluding dwellings)	Transport Equipment	Plant & Machinery	Total
£0	£0	£0	£0

154	37	14	205
64	0	0	64
64			64
			0
			0
282	37	14	333

Current

Non Current

154	37	14	205
128	0	0	128
282	37	14	333

Amounts recognised in the Statement of Comprehensive Net Expenditure

2023-24		2024-25	
Consolidated		Consolidated	Board
£000		£000	£000
313	Depreciation	262	262
4	Interest Expense	15	15
7	Non Recoverable VAT on lease payments	3	3
-	Low value and short term leases	-	-
-	Remeasurement of ROU assets - (gain)/loss charged to SOCNE	-	-
324	Total	280	280

Amounts recognised in the Statement of Cash Flows

2023-24		2024-25	
Consolidated		Consolidated	Board
£000		£000	£000
4	Interest Expense	15	15
303	Repayments of Principal of leases	251	251
307	Total	266	266

18. Commitments under NPD contracts

The accounting treatment reflects the nature of the contract, which is a Non Profit Distribution (NPD) scheme with a funding variant. As agreed in the business case this asset is on the public sector Balance Sheet as a Fixed Asset. During 2019/20 the New Hospital and Healthcare Facility was recognised on Statement of Financial Position at Fair Value. NHS Orkney will make Annual Service Payments over the 25 year period of the contract which will be charged to the Statement of Comprehensive Net Expenditure as they are incurred. Ownership of the New Hospital and Healthcare Facility will pass to NHS Orkney at the end of the 25 year period. The Annual Service Payments made in 2024/25 totalled £2.167m (2023/24 £2.096m).

19. Pension Costs

2023/24 £'000		2024/25 £'000
5,958	Pension cost charge for the year	6,814
5	Additional Costs arising from early retirement	-
242	Provisions/Liabilities/Pre-payments included in the Balance Sheet	239

- a) NHS Orkney 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.

- b) 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%. NHS Orkney 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 Orkney 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 Orkney's level of participation in the scheme is 0.4% 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 12.7% of pensionable earnings. The normal pension age (NPA) is the same as the State Pension age. Members can take their benefits earlier but there will be a deduction for early payment.

The existing NHS Superannuation Scheme (Scotland)

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

All other members automatically joined the NHS 2015 scheme on 1 April 2015.

Further information is available on the Scottish Public Pensions Agency (SPPA) web site at www.sppa.gov.uk

National Employment Savings Trust (NEST)

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

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

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

Pension members can 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.

20. Financial Instruments

20(a) Financial Instruments by Category

Financial Assets	Consolidated			Board	
	Loans and Receivables £'000	Financial Assets £'000	Total £'000	Loans and Receivables £'000	Notes
2024/25					
At 31 March 2025					
Assets per Consolidated Statement of Financial Position					
Investments	-	959	959	-	10
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	592	-	592	591	9
Cash and cash equivalents	343	-	343	239	11
	935	959	1,894	830	

	Consolidated			Board	
	Loans and Receivables £'000	Financial Assets £'000	Total £'000	Loans and Receivables £'000	Notes
2023/24					
At 31 March 2024					
Assets per Consolidated Statement of Financial Position					
Investments	-	1,025	1,025	-	10
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	1,124	-	1,124	1,124	9
Cash and cash equivalents	651	-	651	595	11
	1,775	1,025	2,800	1,719	

Financial Liabilities	Consolidated	Board	
	Other financial liabilities £'000	Other financial liabilities £'000	Notes
2024/25			
At 31 March 2025			
Liabilities per Consolidated Statement of Financial Position			
Lease liabilities	1,410	1,410	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	9,250	9,166	12
	10,660	10,576	

	Consolidated	Board	
2023/24	Other financial liabilities £'000	Other financial liabilities £'000	Notes
At 31 March 2024			
Liabilities per Consolidated Statement of Financial Position			
Lease liabilities	333	333	
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	7,994	7,963	12
	8,327	8,296	

20(b) Financial Instruments – Financial Risk Factor

Exposure to Risk

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

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

Liquidity risk - the possibility that the NHS Board might not have funds available to meet its commitments to make payments.

Market risk - the possibility that financial loss might arise as a result of changes in such measures as interest rates, stock market movements or foreign exchange rates.

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

a) **Credit risk**

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

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

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings 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 period and no losses are expected from non-performance by any counterparties in relation to deposits.

b) **Liquidity risk**

The Scottish Parliament makes provision for the use of resources by 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 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.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£000	£000	£000	£000
As At 31 March 2025				
Lease liabilities	212	220	462	516
Trade and other payables excluding statutory liabilities	9,250	-	-	-
Total	9,462	220	462	516

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
	£000	£000	£000	£000
As At 31 March 2024				
Lease liabilities	205	64	64	-
Trade and other payables excluding statutory liabilities	7,994	-	-	-
Total	8,199	64	64	-

c) 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.

- i) 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.
- ii) The NHS Board is not exposed to foreign currency risk or price risk.

21. Derivative Financial Instruments

NHS Orkney does not have any derivative financial instruments.

22. Related Party Transactions

David Campbell is a director of Orkney Taxis and Private Hire Limited. During the year expenditure totalling £49,148 (2023/24: £43,468) was incurred with Orkney Taxis and Private Hire Limited.

David Campbell was also a director of Licenced to Clean Limited. During the year expenditure totalling £288 was incurred with Licenced to Clean Limited.

The Directors of the Board are also Trustees of Orkney Health Board Endowment funds. At 31 March 2025 there were £74,866 (2023/24: £14,472) outstanding debts due to NHS Orkney and nil (2023/24: nil) due by NHS Orkney. During the year Income totalling £74,866 was charged to the Endowment fund (2023/24: £19,027) there was no expenditure incurred from the Endowment Fund (2023/24: £nil).

Kirsty Cole is a General Practitioner at Skerryvore GP Practice. During the year expenditure totalling £1.733m and income totalling £0.033m was incurred with Skerryvore GP Practice. As at 31 March 2025 there was outstanding debts to NHS Orkney totalling £0.001m and due by NHS Orkney totalling £0.004m.

NHS Orkney's financial recovery plan included contracting external consultants Viridian Associates, as part of this contract Paul Corlass and Phil Tydeman undertook the roles of Recovery Director and Director of Improvement as well as Paul acting as Director of Finance between April 2024 and September 2024. These roles have been noted in the remuneration report however it is not possible to separate individual remuneration costs from the total contract charges and therefore no remuneration value has been noted. During the year expenditure totalling £0.779m was incurred with Viridian Associates. As at 31 March 2025 there was outstanding debts due from NHS Orkney totalling £0.088m.

CY executive resourcing has management in common with Viridian Associates. Brian Steven, Interim Director of Finance was recruited via CY executive resourcing. During the year expenditure totalling £21,677 was incurred with CY executive resourcing.

The Integrated Joint Board expenditure is 2024/25 was £44.093m (2023/24: £42.114m). £3.318m (2023/24: £2.716m) is due as a creditor to the IJB at 31 March 2025.

23. Third Party Assets

There were no Patients' Private Fund Accounts held in 2024/25 or 2023/24.

24(a). Consolidated Statement of Comprehensive Net Expenditure

2023/24		2024/25				
Group £'000		Notes	Board £'000	IJB £'000	Endowments £'000	Consolidated £'000
45,061	Total income and expenditure					
	Staff costs	N3	46,963	-	-	46,963
	Other operating expenditure:	N3				
6,446	Independent Primary Care Services		6,956	-	-	6,956
9,508	Drugs and medical supplies		9,657	-	-	9,657
71,298	Other health care expenditure		77,181	-	85	77,266
132,313	Gross Expenditure for the year		140,757	-	85	140,842
(46,599)	Less: Other Operating Income	N4	(48,436)	-	(36)	(48,472)
(96)	Associates and joint ventures accounted for on an equity basis	N4	-	(285)	-	(285)
85,618	Net Operating Costs		92,321	(285)	49	92,085

24(b). Consolidated Statement of Financial Position

2023/24		Notes	2024/25			
Consolidated			Board	IJB	Endowment	Consolidated
£'000			£'000	£'000	£'000	£'000
	Non-current assets:					
99,084	Property, plant and equipment	SoFP	101,549	-	-	101,549
167	Intangible assets	SoFP	112	-	-	112
329	Right of Use assets	SoFP	1,395	-	-	1,395
	Financial assets:					
1,025	Investments	SoFP	-	-	959	959
1,358	Associates and joint ventures accounted for on an equity basis	26a	-	1,643	-	1,643
14	Trade and other receivables	SoFP	12	-	-	12
101,977	Total non-current assets		103,068	1,643	959	105,670
	Current Assets:					
814	Inventories	SoFP	880	-	-	880
	Financial assets:					
2,096	Trade and other receivables	SoFP	1,778	-	1	1,779
651	Cash and cash equivalents	SoFP	239	-	104	343
-	Assets classified as held for sale	SoFP	-	-	-	-
3,561	Total current assets		2,897	-	105	3,002
105,538	Total assets		105,965	1,643	1,064	108,672
(457)	Provisions	SoFP	(377)	-	-	(377)
	Financial liabilities:					
(12,005)	Trade and other payables	SoFP	(14,673)	-	(84)	(14,757)
(12,462)	Total current liabilities		(15,050)	-	(84)	(15,134)
93,076	Non-current assets plus/less net current assets/liabilities		90,915	1,643	980	93,538
	Non-current liabilities					
(1,205)	Provisions	SoFP	(1,232)	-	-	(1,232)
(128)	Trade and other payables		(1,198)	-	-	(1,198)
(1,333)	Total non-current liabilities		(2,430)	-	-	(2,430)
91,743	Assets less liabilities		88,485	1,643	980	91,108
	Taxpayers' Equity					
59,565	General fund	SoFP	56,932	-	-	56,932
29,770	Revaluation reserve	SoFP	31,553	-	-	31,553
1,358	Other reserves – associates and joint ventures	SoFP	-	1,643	-	1,643
1,050	Funds Held on Trust	SoFP	-	-	980	980
91,743	Total taxpayers' equity		88,485	1,643	980	91,108

24(c). Consolidated Statement of Cash Flows

2023/24		2024/25			
Consolidated £'000		Board £'000	Endowment £'000	Integration £'000	Group £'000
	Cash flows from operating activities				
(85,618)	Net operating cost	(92,321)	(49)	285	(92,085)
3,065	Adjustments for non-cash transactions	3,162	-	(285)	2,877
4	Add back: interest payable recognised in net operating expenditure	15	-	-	15
(1,676)	Movements in working capital	3,301	-	-	3,301
(84,225)	Net cash outflow from operating activities	(85,843)	(49)	-	(85,892)
	Cash flows from investing activities				
(3,049)	Purchase of property, plant and equipment	(2,981)	-	-	(2,981)
-	Purchase of intangible assets	-	-	-	-
(14)	Investment Additions	-	(72)	-	(72)
6	Proceeds of disposal of property, plant and equipment	20	-	-	20
27	Receipts from sale of investments	-	117	-	117
(3,030)	Net cash outflow from investing activities	(2,961)	45	-	(2,916)
	Cash flows from financing activities				
87,560	Funding	89,122	-	-	89,122
61	Movement in general fund working capital	(408)	52	-	(356)
87,621	Cash drawn down	88,714	52	-	88,766
(303)	Capital element of payments in respect of leases and on-balance sheet PFI and Hub contracts	(251)	-	-	(251)
-	Interest paid	-	-	-	-
(4)	Interest element of leases and on balance sheet PFI/ PPP and Hub contracts	(15)	-	-	(15)
87,314	Net Financing	88,448	52	-	88,500
59	Net Increase / (decrease) in cash and cash equivalents in the period	(356)	48	-	(308)
592	Cash and cash equivalents at the beginning of the period	595	56	-	651
651	Cash and cash equivalents at the end of the period	239	104	-	343
	Reconciliation of net cash flow to movement in net debt/cash				
59	Increase/(decrease) in cash in year	(356)	48	-	(308)
592	Net debt/cash at 1 April	595	56	-	651
651	Net debt/cash at 31 March	239	104	-	343



Orkney Health Board

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 Orkney by virtue of that Act, and all other powers enabling them to do so, hereby DIRECT that:

1. NHS Orkney 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 Orkney must use the NHS Orkney 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 Orkney 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 Orkney 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 Orkney 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 Orkney is a Health Board established under section 2(1) of the National Health Service (Scotland) Act 1978

“NHS Orkney Annual Accounts template” means the Excel spreadsheet issued to NHS Orkney 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 26 March 2022