NHS Shetland

Shetland NHS Board Annual Report and Accounts for the Year Ended 31 March 2021

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Annual Accounts and Notes for Year Ended 31 March 2021

Performance Overview Report

Section 1—Chief Executive's Statement

NHS Shetland has faced unprecedented challenges during 2020–21 and, on behalf of the Board, I would like to express my sincere thanks and appreciation to all our staff and partners for their fantastic work in supporting the provision of high quality health and social care across our community.

The early days of the pandemic posed unique difficulties for our Islands, with Shetland becoming one of the hardest hit areas in Scotland, coupled with limited testing capabilities, an aged hospital that posed challenges in how we could manage any critically unwell Covid-19 patients, and even needing to call on the Royal Air Force (RAF) to facilitate patient transfers to intensive care on the mainland. However, in the face of this adversity Shetland has risen to the challenge, showing the ingenuity of our staff and the resilience that Shetland is famed for.

All partners came together across Shetland with one aim of caring for our community and the result has been truly astounding. The speed of response and breadth of support provided has been inspiring. Despite staring into the face of a global pandemic, I am proud that our commitment to the needs of Shetland has been resolute. By working together we have shown what our future looks like—one that doesn't focus on the needs of the organisation but rather on the needs of those we care for.

Covid-19 did not happen in isolation and we needed to continue everything we had done previously and more, as services that had previously been delivered off-island needed to be provided in Shetland. As the initial risk eased, we needed to restart paused services and do it in such a way that protected those that needed our care. In response to these challenges, the Board has sought to remobilise, recover and re-design its services in line with the framework for NHS Scotland.

Our performance as a Board has reflected the commitment of staff and the challenges posed by Covid-19. During the past year our performance improved in six measures and I would like to highlight the 100% compliance with the 31 day standard for starting treatment for newly diagnosed primary cancers; improvements in compliance with the Accident and Emergency (A&E) 4 hour waiting target; and the dramatic reduction, of 400%, in delayed discharges. However, services that are heavily reliant on face to face engagement have seen their performance fall, namely Mental Health. This is consistent with the picture across Scotland and directly relates to Covid-19 restrictions. Plans to address waits are included in our remobilisation plan.

We know that Covid-19 will be with us for some time to come and will play a considerable part not only in how we live our lives, but also how we seek to provide our services. This means we will need to continue the journey of redesigning how and where care is provided, to ensure that we can continue to meet the health and social care needs of our population now and in the future.

Fortunately in Shetland we are in a strong position to build on the solid foundations already established through the integration of health and social care.

The response and commitment from our staff, partners and the public in reacting to Covid-19 has been remarkable. The efforts of everyone in our community have ensured the level of transmission within Shetland has been minimised, which has protected the NHS from being overwhelmed. Covid-19 has brought with it challenges but also opportunities, including the successful implementation of new ways of working at a pace that few thought was possible. We will continue to learn and benefit from these new approaches to innovate and develop, and we intend to build on these as we shape service provision requirements of the future and commission our new Clinical Strategy.

The strength of our teams and the incredible support from the public have enabled us to successfully roll out the Covid-19 vaccination programme to the highest priority groups. At the end of May 2021, NHS Shetland had delivered the first dose of vaccines to 90.6% of the adult population, the highest first dose immunisation rate in Scotland.

Without the support of our partners (care homes, local authorities, NHS colleagues, and local resilience partnership members), much of what we have achieved over the last year would not have been possible. Our response has required and been enabled by whole-system joint working. For your support we are truly grateful.

The Board continues to focus on and respond to key strategic issues that are critically important to the future of NHS Shetland.

The Executive Management Team has also met to discuss the key priorities for NHS Shetland for 2021–22 onwards which has resulted in five key areas of focus:

- Covid-19
- Safe, Effective and Responsive
- A Shetland Focus
- Well Led
- Sustainability

It has been a real privilege to lead NHS Shetland through the past year and I remain committed to leading an organisation that places the health and wellbeing of our community at the heart of how we work. I am proud to have been part of the team that has come together to meet the challenges of Covid-19 head on. I look forward to continuing to work with the amazing staff, partners, community, and dedicated Executive Management Team, as we navigate the remainder of 2021–22 and welcome the exciting future possibilities we can deliver for the people of Shetland.

Michael Dickson,

Chief Executive, NHS Shetland

Section 2—Overview

This overview will give the reader a summary of what an NHS Board does. It will also describe the nature of NHS Shetland, our purpose, the key risks to the achievement of our objectives, and our performance during 2020–21.

- **NHS Board Purpose?**

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

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

Specific roles of the Board include:

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

The work of the Board includes:

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

- **The nature of NHS Shetland**

NHS Shetland is domiciled in Scotland and our headquarters are based at: Upper Montfield, 24 Burgh Road, Lerwick, Shetland, ZE1 0LA.

NHS Shetland and Shetland Islands Council cover the same area and have the same boundaries and work jointly through our Health and Social Care Partnership

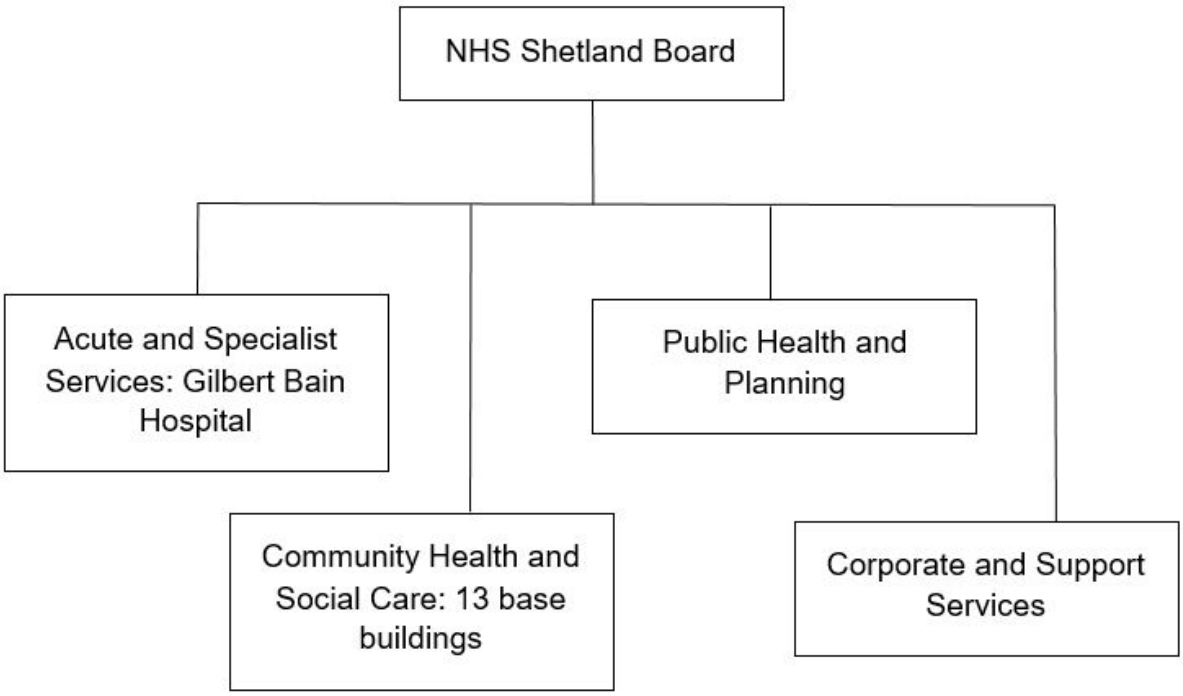
The map in Figure 1 shows the Shetland Islands, which has a population of around 23,000 distributed across 16 of the 100 islands. These islands cover a land mass of 567 square miles. They are surrounded by the North Sea and have a coastline 1,679 miles long.

Figure 1—Map of Shetland

Figure 2 below outlines a summary structure of NHS Shetland business model for delivery of the Board's business objectives and our performance against key targets.

The detailed organisational management structure for NHS Shetland is available online on our website along with the organisational governance structure.

Figure 2—Diagram of NHS Shetland Summary Organizational Structure



We provide health care services from 17 sites across Shetland, including 10 Health Centres, Breiwick House and Acute and Specialist Services from the Gilbert Bain Hospital, a remote and rural district general hospital, in Lerwick. Table 1 summaries our key services delivered directly locally and commissioned services from our partners.

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

Directly Provided Healthcare	Commissioned Healthcare Services
8 General Practitioner (GP) Practices with 19,503 registered patients	2 GP Practices with 3,543 registered patients
Community Healthcare Service	3 Ophthalmic Practices
Dental Services from 5 locations	1 Dental Practice
Gilbert Bain Hospital during 2020–2021 **Acute and Specialist Services:** • 7,643 in-patient bed-days • 1,286 day cases • 31,916 outpatients (8,342 new) • 110 births • 5,081 A&E Attendances	5 Pharmacy Contractors
	NHS Grampian—Acute and Maternity Services
	Golden Jubilee—Orthopaedic Services NHS Lothian—Acute Services NHS Greater Glasgow and Clyde—Acute Services
Child and Adolescent Community Mental Health Service (Breiwick House)	NHS Tayside—Specialist Mental Health Services for Adults, Children and Adolescents
Adult Community Mental Health Service	NHS Grampian—Mental Health Services
Public Health	Tertiary Specialist Services

Section 3—Risk and Uncertainty

The Board and the Governance Committees have continued to monitor risk throughout 2020–21. The Risk Management Committee reviewed the entire risk register during 2020–21 and agreed a new Corporate Risk register. The Board approved this in April 2021, also noting the risk management summary report 2020–21. All risks are assigned to a specific Governance Committee.

- **Top 5 Underlying Risks in NHS Shetland 2020–21 Corporate Risk Register**

The top risks in NHS Shetland 2020–21 Corporate Risk Register are summarised in Table 2 below. The principle recurring themes amongst these risks are:

- The workforce
- Compliance
- Quality
- Key Performance Targets (Section 5 and Performance Analysis Report)

- **Table 2—Top 5 Risks in NHS Shetland 2020–21 Corporate Risk Register**

Theme	Risk Description
Resources—workforce (Risk Ref: 1045)	"Within the scope of treating paediatric patient, there is risk of an adverse event or adverse clinical outcome due the generalist nature of the workforce sometimes being responsible for very sick children or children who are deteriorating in clinical status. This risk also affects potential recruitment of consultant physicians as they are not keen to have paediatric care within their scope of practice especially when some of it could be in the emergency scenario." To mitigate risk Consultant Paediatrician post was established.
Compliance (Risk Ref: 1482)	"There is risk of patient harm because of incomplete governance and assurance processes which results in poor system learning and an inability to provide reassurance that we support a learning culture to prevent repeat patient safety events or promote a quality improvement ethos." To mitigate risk review of risk management process. Incident management reviews focused on lessons to learn and practical implementation duty of candour obligation.
Compliance (Risk Ref: 19)	"Negative publicity, loss of confidence in the organisation from breaches of key ACCESS targets and the potential of poorer patient outcomes as a result in delays in assessment of treatment." To mitigate risk there is a waiting times group monitoring risk and performance reported to each Board meeting.
Quality (Risk Ref: 1037)	"External factors such as Covid-19, Brexit, changes to regulations or political instability could impact on the Board's ability to sustain services and the level of mitigation may be limited due to the external nature of these threats. Risk mitigations including - Business continuity planning, disaster recovery plans, local risk mitigation."
Quality (Risk Ref: 1449)	"There is a risk of reputational damage and of service quality failure because of lack of the appropriate recovery plan execution from the findings of internal and external audit reports which could result in poor governance leading to a decrease in patient safety and an inability to meet both national and local service targets." Risk mitigation includes joint governance group, business continuity planning and Quality report submitted to Board meetings.

To assist in mitigating risks 1037, 1449 and 1482 the planning department recruited to the newly established post in business continuity post during 2020–21 to enhance and support the development of organisational business continuity and resilience planning.

- **The workforce a recurring theme behind top risks**

The workforce is a common theme in the Corporate Risks register. It is essential to have the right staff in the right place to meet peaks in demand, as well as to ensure continual sustainable service provision.

The most significant risk to the delivery of quality patient-centred services, as well as the sustainable recurring financial balance of NHS Shetland, is the recruitment and retention of staff. Audit Scotland previously identified that NHS Shetland has the highest staff turnover rate in Scotland, at almost twice the Scottish average. This was laid out in their NHS Scotland workforce reviews. Current staff turnover is 12%.

To address this key issue, NHS Shetland has:

- Redesigned clinical staff models by creating flexible and new contracting models in Obstetrics, General Medicine and General Surgery services (Risk Ref: 19);
- Established a Paediatric Consultant post (Risk Ref: 1045);
- Continued our work with the Promote Shetland website, in addition to the standard NHS recruitment website; and
- Host remote and rural GP recruitment hub, which was started in partnership with three other North of Scotland Boards.

- **Mitigating risk filling essential clinical posts with agency and locum staff**

The use of agency and locum staff to fill essential clinical posts continues to be a financial pressure. It also makes it hard to maintain continuity in a patient's pathway and create sustainable pathways, objective 3. The cost of locum staff is not sustainable.

- Been engaging locums on NHS national contract rates through a direct engagement model via third party partner TempRe, to reduce costs; and
- Increased the number of temporary medical staff engaged as NHS bank staff, to ensure there are no gaps in essential services.

Managing risks arising from Covid-19 pandemic principle risk in 2020-21

Covid-19 would come under risk reference 1037 as an external factor out with NHS Shetland and negatively impacts upon objective 1, to continue to improve and protect the health of the people of Shetland. Table 3 summarises the principle Covid-19 risks and mitigation action taken.

- **Table 4—Covid-19 Risks and Mitigation NHS Shetland**

Covid-19 Risk Issue	Mitigation Management Action Taken
Air flow in hospital, preventing airborne spread of virus to staff and patients	Assessment of air flow in hospital and adapting hospital in line with guidance. Ensuring staff have access to personal protective equipment (PPE) including a PPE hub in hospital and a community hub.

Covid-19 Risk Issue	Mitigation Management Action Taken
Patient's increase oxygen therapy	Creation in Theatres of 5 bed resuscitation care unit for high oxygen patient treatment. Additional oxygen concentrator
Anticipated need for extra beds	Ronas was re-opened initially for positive Covid-19 cases then used as "Green" pathway.
Quick, reliable and effective Testing	PCR Testing in local laboratory Covid-19 community testing hub and home tests.
Community virus transfer	Track and trace team as pats of FACTS. Covid-19 immunisation vaccination programme.

Section 4—Performance Appraisal

- **Financial Performance**

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

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

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

NHS Boards are required to contain their net expenditure within these limits, and will report on any variation from them. NHS Shetland's out-turn for the year against these limits was as follows:

	Limit as set by Scottish Government Health and Social Care Directorate	**Actual Out-turn**	**Variance Under/(over)**
	£'000	**£'000**	**£'000**
Core RRL	74,356	74,293	63
Non-core RRL	1,893	1,652	241
Total RRLs	**76,249**	**75,945**	**304**
Core CRL	3,096	2,925	171

	Limit as set by Scottish Government Health and Social Care Directorate	**Actual Out-turn**	**Variance Under/(over)**
Non-core CRL	0	0	0
Total CRLs	**3,096**	**2,925**	**171**
Cash requirement	76,498	76,494	4

Memorandum for In Year Out-turn	**£000**
Core Revenue Resource Variance Surplus in 2020–21	63
Financial flexibility: funding banked with/(provided by) Scottish Government	38
Underlying (Deficit)/Surplus against Core RRL	**25**
Percentage	**0.03%**

- **Financial plan, 2020–21**

A three-year financial plan was submitted to the Scottish Government by NHS Shetland in December 2019. Due to the impact of the Covid-19 pandemic, the Scottish Government paused the Annual Operating and financial planning process. Recognising the exceptional nature of 2020-21 and the impact on delivery of financial plans, additional non-repayable funding was provided to support in-year financial balance across all NHS Boards. NHS Shetland received £7.760m.

- **Revenue Resource Limit (RRL)—2020–21**

The Board delivered a £0.063m underspend against its RRL for 2020–21. This compares to a £0.038m underspend in 2019–20 which was carried forward and added to the Board's 2020–21 RRL. The Board's out-turn would have only been £0.025m under spent if it had not benefited, non-recurrently, from this carry-forward.

The RRL in 2020–21 includes additional funding to support the Board and the IJB in their action plans to contain and mitigate the impact of Covid-19 in Shetland.

The expenditure on Covid-19 response in Shetland totalled £8.760m. That figure includes £1.0m which was transferred to SIC to mitigate the additional Covid-19 costs it incurred in social care services they delegated to the IJB.

- **IJB delegated budget and funding for Primary Care**

The out-turn on services delegated to the IJB exceeded the original delegated budget allocated by NHS Shetland—however, the Board gave £1.021m in additional funding to bridge the gap in 2020–21.

During 2020–21, the Scottish Government gave £1.2m in additional allocation funding for Primary Care, for the third consecutive year. These funds were passed on to the IJB, and brought direct funding for Primary Care in line with that of other island Health Boards. The NHS Shetland financial plan for 2020–21, as agreed by the NHS Board, assumes that Scottish Government fund this £1.2m on a recurrent basis, for equitable Primary Care Service resources. The financial plan delegates these funds to the IJB.

The IJB also carried forward £1.391m of resources originally allocated to NHS Shetland by the Scottish Government for services delegated to the IJB. This carry-forward included funding for various initiatives, including Action 15, Primary Care Improvement Fund, and Rediscover the Joy of General Practice.

- **Savings targets**

The revised Financial Plan for 2020–21 included a recurring savings target of £2.012m, equivalent to 3.7% of the Board's baseline resource allocation. While there has been some slippage in progress against the recurring target at year-end, progress has continued to be made and the overall target was exceeded with when non-recurring savings were included. The in-year recurring savings delivered were £0.873m; an in-year achievement rate of 43.4% of the overall target. The savings achieved were below the original target, due to the impact of Covid-19 and delays in the start dates for some clinical redesign projects.

The full-year effect of the savings achieved is £0.880m, still just 43.7% of the target, with the consequence that a carry-forward recurring savings target of £1.137m has initially been included in the ongoing financial plan. The Board's reserves are being reviewed, along with its ability to realise non-recurring savings recurrently in 2021–22, which should reduce the underlying deficit. Relevant figures are highlighted in Table 4, which highlights the Board's track record in successfully achieving the total savings target, year on year, over the last five years, albeit with a reliance on delivering non-recurring savings to address in-year gap.

However, the Board still carries an underlying recurring deficit in the resource budget for ongoing activities. At the close of 2020–21, this stood at £1.133m, down from £1.759m in 2019–20. The Board's underlying deficit has decreased by 35.6% in the year.

- **Table 4—NHS Shetland Track Record in Delivery Efficiency Savings**

Efficiency Savings	2016–17 £m	2017–18 £m	2018–19 £m	2019–20 £m	2020–21 £m
Recurring	1.897	2.375	1.591	0.818	0.873
Non-Recurring	2.271	2.232	2.239	2.655	1.254
Net Total	4.168	4.607	3.830	3.473	2.127
Target	3.713	4.306	3.455	2.579	2.012
Surplus achieved	0.455	0.301	0.375	0.894	0.115

The off-island repatriation savings are currently classified as non-recurrent. However, these savings have occurred for a number of years, as illustrated in Table 5, so a

proportion of these likely will be recurring. The stated savings reflect the net impact of a reduction in travel costs, offset by additional costs incurred locally.

- **Table 5—Repatriation of clinical services efficiency saving achieved**

Year	**2017–18**	**2018–19**	**2019–20**	**2020–21**
	£000's	**£000's**	**£000's**	**£000's**
Savings Delivered	133	223	320	400

In-year non-recurrent savings of £1.254m were also achieved, as outlined in Table 4. These made a key contribution to addressing the £1.339m gap in recurring savings in-year, as well as staff costs incurred from using locums to cover vacant posts—a result of difficulties in recruiting permanent clinical staff. The cost pressures caused by these difficulties were principally in the following areas:

- GP vacancies at Board-run practices;
- consultant Mental Health post; and
- consultant vacancies at Gilbert Bain Hospital for:
  - Physicians,
  - Obstetricians, and
  - Anaesthetists

- **Financial plan—2021–22**

The Board's Financial Plan for 2021–22 was submitted to the Scottish Government in March 2021, as part of the draft AOP. The Scottish Government approved the AOP.

Financial plan submitted on 31 March 2021, includes a "Covid-19 Pandemic Mobilisation Plan" alongside the standard plan. This plan focused on addressing local service needs, as well as identifying the potential risks to NHS Shetland's capacity to keep Covid-19 transmission in check while remobilising services, to tackle backlog.

The Scottish Government will again be actively monitoring expenditure and activity against the Covid-19 remobilisation plans in 2021–22.

The Board recognises its statutory financial obligation under section 85 of the National Health Services (Scotland) Act 1978 to achieve financial balance at the year-end.

Management will ensure it takes significant and appropriate management action to achieve financial balance at 2021–22 year-end. Regular updates will be given to the Board on performance against the plan throughout 2021–22.

There is a significant degree of uncertainty in the Financial Plan for 2021–22. This is due to the overall position of public finances, as well as the unpredictability of the full impact of Covid-19 in the coming year.

The ongoing risk associated with the delivery of the Financial Plan has been logged within the Board's Corporate Risk Register as risk 500.

Capital Resource Limit (CRL)

The Board's net expenditure on capital assets during 2020–21 was £2.925m. This was £0.171m below the approved CRL of £3.096m (equivalent to 5.5%).

The Board's net expenditure on capital assets during 2019–20 was £0.797m. This was £0.006m below the approved CRL (equivalent to 0.6%).

The key components of the capital programme are set out below in Table 6.

- **Table 6—Summary Outline of 2020-21 Capital Programme**

Project	**Amount**
	£m's
Gilbert Bain Hospital, Medical Equipment	2.095
IT Equipment	0.285
Gilbert Bain Hospital, other Plant and Equipment	0.545
Gross Additions Total	**2.925**

In addition to the RRL being increased for Covid-19**,** the CRL included £1.056m for equipment and infrastructure at the Gilbert Bain Hospital to counter the impact of Covid-19. Our baseline CRL was also used to fund these measures.

Statement of Financial Position

The Statement of Financial Position contains information about investments of £1.495m, relating to Shetland Health Board Endowment Funds. It also contains information regarding an interest of £1.085m in the IJB. These figures are included in the financial commentary below.

The Board's net assets at 31 March 2021 stood at £22.751m. When compared with £21.672m at 31 March 2020, this represents an increase of £1.079m.

As in previous years, the Board's Statement of Financial Position at 31 March 2021 shows a negative net current assets/liabilities balance. The total at 31 March 2021 was £9.811m, which is a change of £1.388m from the previous year's value of £8.423m.

Despite the negative net current assets/liabilities balance at 31 March 2021, and the inevitable challenges of the year ahead, the "going concern" basis of NHS Shetland remains appropriate on the basis of continued service provision.

NHS Shetland also has a strong record of achieving financial balance, and with the added support from the Scottish Government during the Covid-19 pandemic, that trend is expected to continue into 2021–22 and beyond.

At the end of the year, the Board carried four provisions totalling £2.047m for future liabilities (compared to £2.084m in 2019–20), as laid out in Note 13.

In Note 14, the Board has disclosed contingent liabilities totalling £0.115m (compared to £0.063m in 2019–20). This is with respect to less than five medical negligence claims, ranked as low-risk by the Central Legal Office.

There was one event requiring disclosure in the financial statements which occurred after the reporting date. This was the IJB Integration Scheme Review. Please find details at Note 15.

Section 5—Performance against Key Non-Financial Targets

Information in the summary key non-financial report is at 31 March 2021 unless stated.

The Board meeting on 25 June 2021 will receive the annual Performance Report with all the 2020–21 non-financial targets. Board receives quality reports regularly.

- **Summary of Key Performance Statistics**

Compliance	National Target	2018–19	2019–20	2020–21	Movement
✖	18 weeks from GP referral to outpatient appointment and/or treatment	83.6%	86.9%	83.6%	↓
✖	The percentage of patients waiting less than six weeks for one or more of the eight key diagnostic tests	98.6%	98.0%	83.0%	↓
✓	31 day standard from decision-to-treat to start of treatment for newly diagnosed primary cancers	98.6%	97.1%	100.0%	↑
✖	62 day standard from receipt of referral to start of treatment for newly diagnosed primary cancers	78.2%	94.2%	94.9%	↑
✓	A&E discharged within 4 hours	96.3%	95.2%	98.1%	↑
(1)	Delayed discharges—occupied bed days	1,375	1,505	376	↓
(1)	Delayed discharges—number of people waiting more than 14 days to be discharged from hospital into a more appropriate care setting, as measured on in-year "census dates"	12	19	1	↓
✖	Mental Health: 18 weeks referral to treatment for Psychological Therapies	58.5%	29.0%	19.0%	↓
✖	Mental Health: 18 weeks referral to treatment for specialist Child and Adolescent Mental Health Services (CAMHS)	97.8%	94.5%	60.3%	↓

Compliance	National Target	2018–19	2019–20	2020–21	Movement
✓	Drug and alcohol patients seen within three weeks (as at 31 December 2020)	95.0%	95.0%	*100.0%*	↑
✓	Staff sickness absence rate	4.3%	3.8%	2.9%	↓

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

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

Analysis and commentary on these Clinical Key Performance Statistics are set out in Performance Analysis Report, clicking links will take you to the relevant commentary.

- **Covid-19 Key Milestones**

The extended flu vaccination programme had a significant role in the national strategy to mitigate Covid-19. The local campaign launched to protect the community resulted in a total of 10,446 flu vaccinations in Shetland as at 31 March 2021.

In respect of mitigating Covid-19 the national vaccination programme is a key element of the national strategy. The participation of the local community has been phenomenal as outlined in Table 7. In respect of the percentage of the adult population having received first dose vaccination the 31 May 2021, Shetland has the highest community immunisation uptake at Health Board. For the second dose at 31 May 2021 is third highest rate.

- **Table 7—Summary of Adult Population Covid-19 Vaccination Immunisation Rate**

	As at 31 March 2021	As at 31 May 2021
1st Dose Immunisation Rate	66.1%	90.6%
2nd Dose Immunisation Rate	14.8%	61.1%

Section 6—Sustainability and Environmental Reporting

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

The Board's climate change reports are available at sustainablescotlandnetwork.org.

The Board's level of CO2 emissions are below the level required to register for the EU emissions trading system (EU ETS). The Board does not therefore hold EU Greenhouse Gas Emission Allowances.

Section 7—Payment Policy

The Scottish Government is committed to supporting business by paying bills more quickly, aiming to pay all undisputed invoices within 10 working days, across all public bodies. The statistics below, which relate to all suppliers, are calculated using "invoice received" date, as opposed to invoice date.

- In 2020–21 the average credit taken was 23 days (compared with 16 days in 2019–20).
- In 2020–21 the Board paid 84.41% by value and 83.04% by volume within 30 days (compared with 85.91% by value and 89.51% by volume in 2019–20).
- In 2020–21 the Board paid 65.50% by value and 64.34% by volume within 10 working days (compared with 68.63% by value and 74.27% by volume in 2019–20).

Section 8—Pension Liabilities

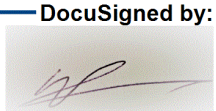
The accounting policy note regarding pension liabilities as well as disclosure of the costs are shown within the Staff Report, the Pension Report at Note 19, and the Remuneration Report.

Section 9—Events after the end of the reporting year

There was one significant event that occurred after the end of the reporting year, outlined below and detailed in Note 15.

The review of the IJB Integration Scheme was due to be completed by 30 June 2020. This was in line with the obligation of all three partners to review the Scheme before its fifth anniversary, under section 44 of the Public Bodies (Joint Working) (Scotland) Act 2014. Although the review was not completed by 31 March 2021 its now been submitted to the Scottish Ministers for final endorsement. The IJB agreed the proposed revised integration scheme on 25 March 2021. SIC and NHS Shetland then considered these recommendations from IJB and approved n 14 April 2021 and on 27 April 2021.

Section 10—Approval and signing of the Performance Report

Signed By: DocuSigned by:  5646D30D18744CA... Date 21 July 2021

Michael Dickson, Chief Executive as Accountable Officer

Performance Analysis Report

Objectives of Shetland NHS Board

During 2020–21, NHS Shetland has continued to focus on delivering the key Board Objectives, alongside focusing on addressing the significant issues arising from the Covid-19 pandemic. These key objectives are to:

1. Continue to improve and protect the health of the people of Shetland;
2. Provide quality, effective and safe services, delivered in the most appropriate setting for the patient;
3. Redesign services where appropriate, in partnership, to ensure a modern sustainable local health service;
4. Provide best value for resources and deliver financial balance; and
5. Ensure sufficient organisational capacity and resilience.

- **The first objective—"continue to improve and protect the health of the people of Shetland"**

To address the first objective, NHS Shetland has been implementing a ten-year Public Health Strategy, which is intended to create a significant change in the health of the local population and tackle inequalities.

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

- Using feedback from patients and their families or carers to learn from incidents and adverse events to inform service quality reviews;
- Working with NHS Grampian and the NHS Waiting Times Centre to improve pathways for patients referred to services off-island (although in 2020–21 activity off-island was significantly reduced due to focus on Covid-19);
- And using the Annual Operating Plan (AOP) to identify priorities for improvement, such as:
    - Individual clinical services plans,
    - Provision of services for older people,
    - Primary care,
    - And arranging Health and Social Care integration.

In 2020–21 the AOP also addressed the Public Health pandemic in containing Covid-19 and remobilising services from July 2020.

- **The second, third and fifth objectives—"provide quality, effective and safe services, delivered in the most appropriate setting for the patient", "redesign services where appropriate, in partnership, to ensure a modern sustainable local health service" and "Ensure sufficient organisational capacity and resilience"**

NHS Shetland has been improving the efficiency of our services partly through redesigning them.

This redesign includes activity, in line with our priorities, across three work streams:

- Whole Population
- Sustainable Services
- Organisational Issues

NHS Shetland has also been revitalizing its Clinical and Care Strategy, to ensure the operation of local services over the next five years reflects our changing times. We have been using a digital approach to talk to as many stakeholders as possible, including a feedback questionnaire and three interactive online workshops, recordings from which are available through the NHS Shetland website.

- **Investment in the Gilbert Bain Hospital**

The Gilbert Bain Hospital has been providing local access to Acute and Maternity Services in Shetland since it opened in 1961. However, a review of the space was required to address the challenges of managing Covid-19 in a hospital setting, resulting in significant operational changes to prevent cross-transmission. This included the creation of “red pathways” and “green pathways” throughout the hospital, to ensure clear separation. The cost of these changes, in capital and revenue expenditure, was in the region of £2m.

In 2019, the Board agreed the latest strategic development to the hospital—an investment of £1.3m in developing an Ambulatory Care unit, which would be achieved by refurbishing the Day Surgical Unit to create more capacity. We began preparatory work on this project in 2020–21, and it is scheduled to be completed in 2022–23. The opening of this facility will make it possible to repatriate some services back to Shetland in the future.

NHS Shetland continues to make repatriation of services to Shetland a high priority in 2020–21. Indeed, part of the Covid-19 transmission-management strategy has been to minimise patient travel to the mainland for care and treatment that could be provided locally. Not only has this saved a significant amount of money but, more importantly, it has saved around 1,300 patients from having to travel. Also, through the expansion of the local Near Me initiative, there are 51 services that residents can now access from home.

During 2020–21, the project to replace the CT scanner started. The new CT scanner inaugural first patient scan occurred on 24 May 2021. The scanner being replaced had originally been bought via a community fundraising campaign back in 2007, but its replacement has been funded by a grant from the Scottish Government.

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

During 2020–21, NHS Shetland has continued to work closely with Shetland Islands’ Health and Social Care Partnership, which is commonly referred to in Shetland as the Integration Joint Board (IJB). NHS Shetland has also worked with Shetland Islands Council (SIC) on a number of projects.

The IJB fell several months behind the timeline laid out in the statutory obligation for reviewing the Shetland Islands’ Health and Social Care Partnership Integration Scheme, but it began a public engagement process in October 2020. This process also sought

views on the IJB Joint Strategic Commissioning Plan (JSCP), which were shared with the NHS Board in December 2020.

The IJB agreed the proposed revised integration scheme in March 2021. SIC and NHS Shetland then considered these recommendations from IJB and approved them in April.

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

- The National Health and Wellbeing Outcomes;
- The integration delivery principles; and
- The needs of localities within Shetland.

You can find further information on health and social care integration on the Community Health and Social Care Partnership section of the SIC website.

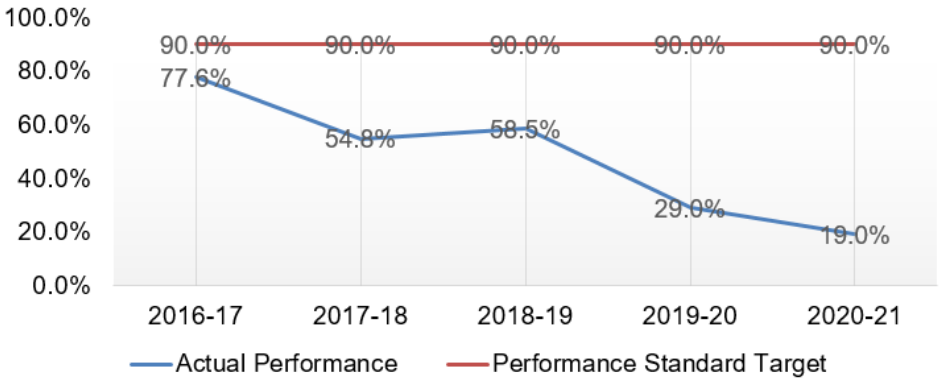
- **The fourth objective is covered in the financial performance review section.**

Analysis of the Clinical Key Performance Statistics

Mental Health

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

Figure 3—Graph 1: Patients starting treatment with Psychological Therapies within 18 weeks of referral



As detailed in Graph 1, the performance of NHS Shetland against access to Psychological Therapies within 18 weeks of referral remains significantly below 90%, sitting at 19% at the end of March 2021. At the end of March 2020, 29% of patients had been seen within 18 weeks of referral.

In 2021, 13 patients waited more than a year to access Psychological Therapies, with the longest wait at 163 weeks. This is a partial improvement from 2020, when 25 patients waited over a year, although the longest wait was shorter at 102 weeks.

While the service has been impacted by Covid-19, Graph 1 shows the trend over the last five years has been a significant adverse movement in performance against the 90% access target.

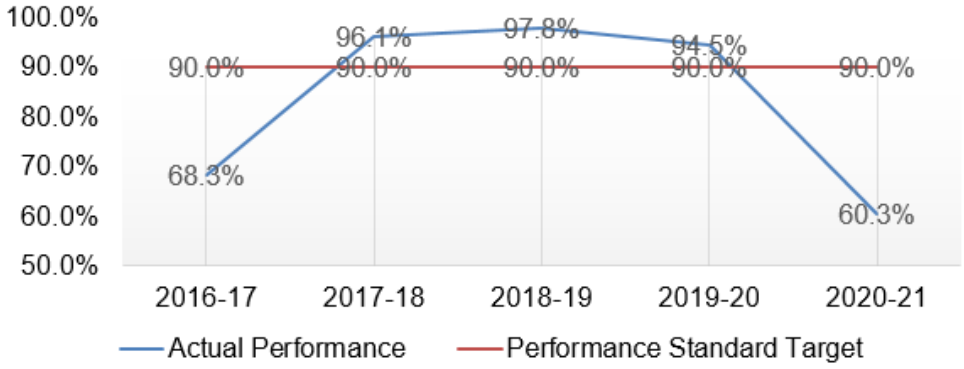
The performance and recovery plan for Psychological Therapies was discussed at Shetland IJB meeting on 25 March 2021.

As part of the recovery plan, the Psychological Therapies team is recruiting new additional staff, and the service is embedding new technologies such as Near Me for talking therapies.

As suggested by Graph 2 below, performance against the access target of 18 weeks Referral to Treatment for specialist CAMHS was impacted significantly by Covid-19 in 2020–21. The overall performance of patients treated within 18 weeks across the year dropped from 94.5% in 2019–20 to 60% in 2020–21.

The average waiting period in 2020–21 was 14.8 weeks, with the longest wait being 45 weeks, compared to an average waiting period in 2019–20 of 8.9 weeks, with a longest wait of 30.0 weeks. At the end of March 2021, the longest wait on the waiting list was 20 weeks.

Figure 4—Graph 2: Patients starting treatment with Child and Adolescent Mental Health Service (CAMHS) within 18 weeks of referral



Although Graph 2 illustrates that the access target was met in the three years prior to 2020–21, we recognise ongoing issues associated with the fragility of NHS Shetland Mental Health services, and we are continuing to address this. Additional investment has been received from the Scottish Government to implement its Mental Health Strategy 2017–2027.

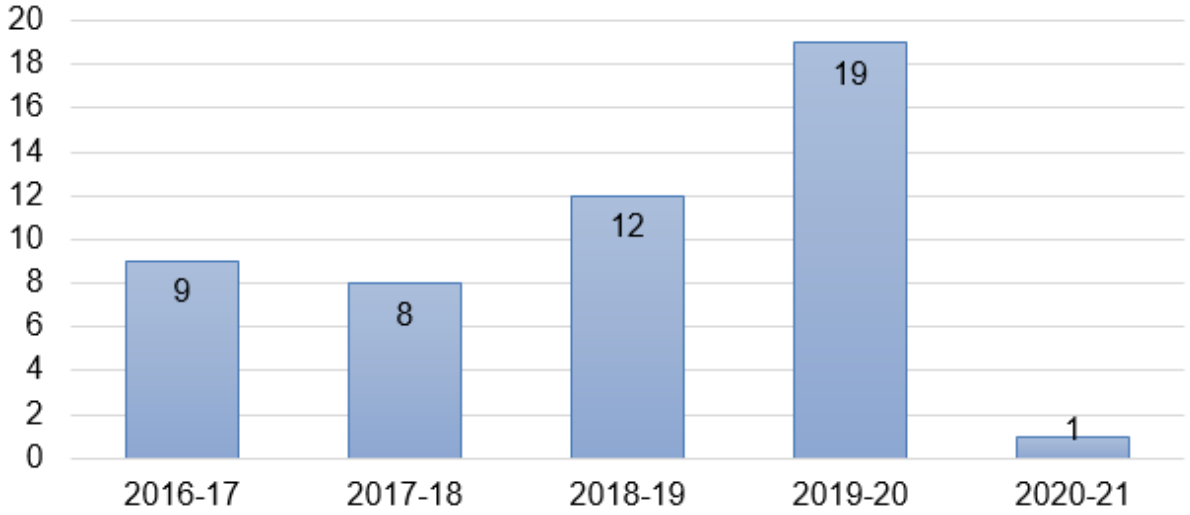
We also expect £0.6m of new additional investment from the Scottish Government in CAMHS for 2021–22, from the recovery and renewal fund allocations.

Reducing the number of patients delayed in hospital had added significance in 2020–21, to minimise the risk of patients contracting Covid-19 there. At 31 March in both 2020 and 2021, there were no patients in hospital as a result of delayed discharge. As Bar Chart 1 illustrates, there was only one delayed discharge on the census day during 2020–21, down on prior years.

To reduce delayed discharge, there has been an increased focus on daily reporting. As part of our partnership work, we have also seen more dedicated Social Work input to support the hospital, as well as the development of an Intermediate Care Team. Integration funding has been deployed to create seamless pathways.

Delayed Discharges

Figure 5—Bar Chart 1: Delayed Discharges: People waiting more than 14 days to be discharged from hospital, on census dates

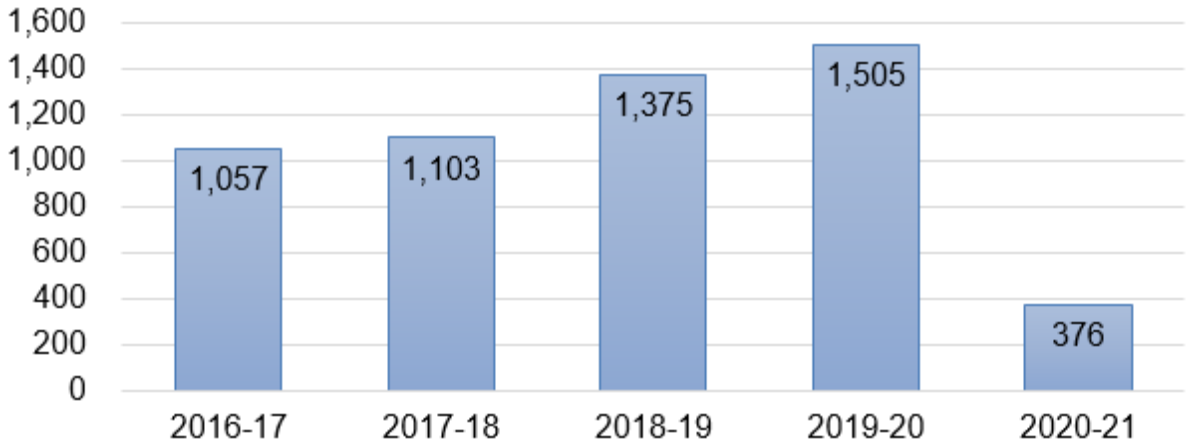


Similar to the fall in the number of patients subject to delayed discharge, the number of occupied bed days reduced by 75.0% in 2020–21, as illustrated in Bar Chart 2. The chart also illustrates that on average during 2020–21, only one bed a day was occupied, compared to an average of three to four days in prior years.

These changes were not driven by a desire to reduce delay-figures through rapid discharge, however, which would result in inappropriate use of residential care. Rather the driver locally was to get people back to the most appropriate community setting.

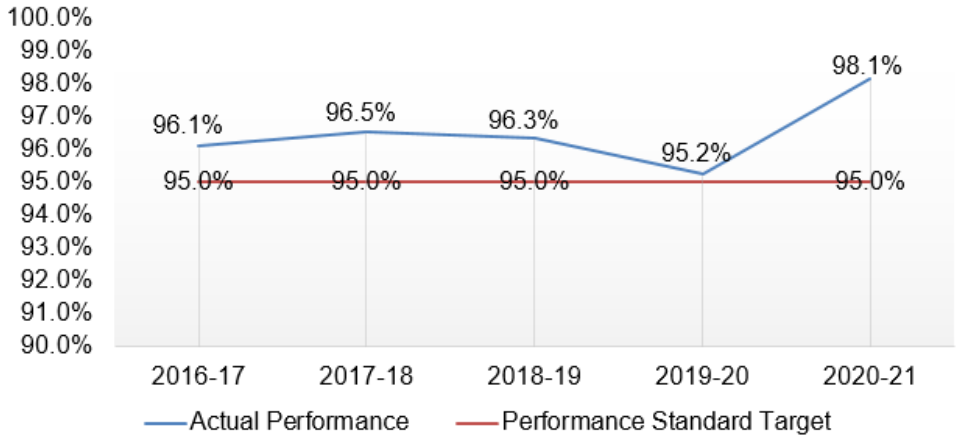
The Professional Alliance continues to look at how we can make unscheduled care more effective, which will impact positively on admission avoidance.

Figure 6—Bar Chart 2: Delayed discharges: Total number of occupied bed days in hospital during the year



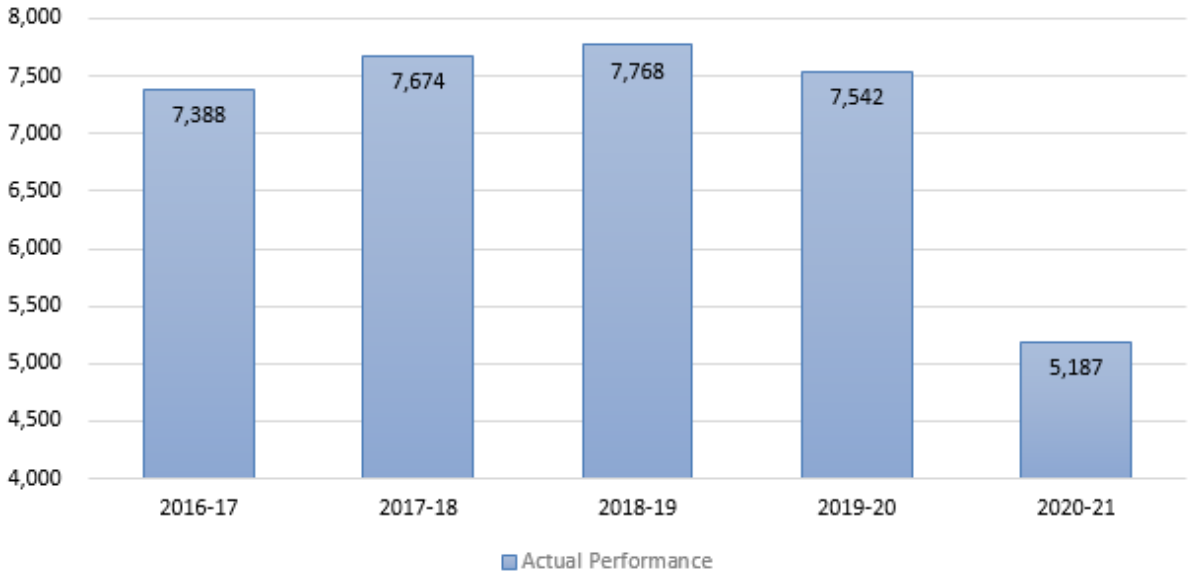
Unscheduled Care

Figure 7—Graph 3: A&E Discharged within 4 hours



During 2020–21, NHS Shetland continued to meet the target of discharging, or admitting to a ward, 95.0% of patients attending A&E within four hours. However, one month in 2020–21 did fall below this target, with a rate of 92.9% in April. The Board actively reviews each breach of this target and has a process in place to escalate cases when a patient is about to breach.

Figure 8—Bar Chart 3: A&E Annual Activity Levels



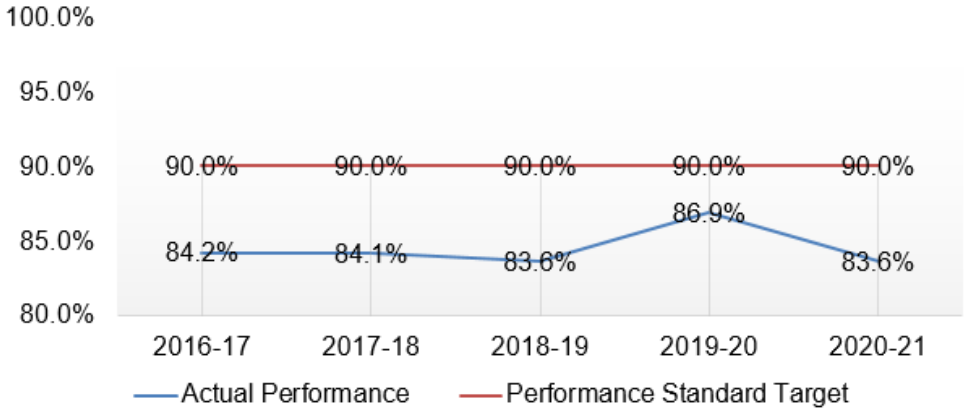
Since March 2020, one impact of Covid-19 has been a reduction in A&E attendance, in line with the rest of Scotland and the United Kingdom. The impact in Shetland is highlighted in Bar Chart 3, with a 31% drop in activity in 2020–21 compared to 2019–20.

The Board successfully delivered A&E services through the winter months with no significant disruption, and it has systems in place to actively monitor and manage services through periods of severe weather.

Waiting Times Targets—Secondary Care

The Covid-19 pandemic impacted upon the elective performance of NHS Shetland and our partner NHS Boards in 2020–21.

Figure 9—Graph 4: 18-week access standard from GP referral to outpatient appointment and/or treatment in Shetland



Graph 4 shows that the Board has not achieved the 18-week access standard from GP referral to outpatient appointment and/or treatment in Shetland over the last five years, averaging around 84.5% against the 90% performance standard.

This has been primarily due to issues in meeting the 95% target of a first outpatient appointment within 12 weeks. This target was met in only three months during 2020–21, although this was a modest improvement on 2019–20, when it was met only twice. NHS Shetland's performance ranged from a low of 58.3% in December to a high of 100% in April. However, the overall annual average performance in 2020–21 of 83.6% was lower than the 2019–20 performance of 86.9%.

This struggle to meet the 12-week access target to first outpatient appointment has meant that NHS Shetland has also been unable to meet the Referral to Treatment Target (RTT) in a number of specialities, largely due to our reliance on visiting services, which has in turn impacted our overall performance against the RTT.

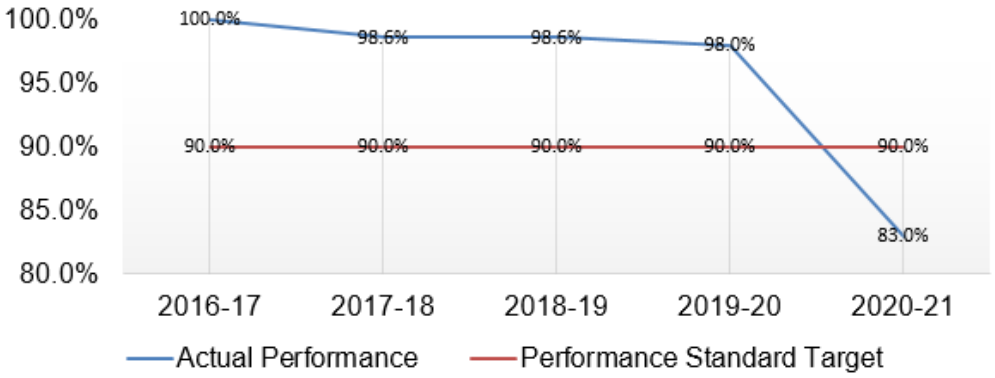
At year-end, the Board's performance against the 12-week target for outpatients in 2020–21 fell in relation to 2019–20, with 325 outpatient appointments waiting longer than 12 weeks at 31 March 2021, compared to 127 at 31 March 2020. In 2020–21 Orthopaedics accounted for 34% of these delays, with109 cases, while in 2019–20 Orthopaedics accounted for only 4% of delays, with 5 cases.

The other specialties primarily comprising the 2020–21 treatment-delay figures were Ophthalmology, with 75 cases, up from 26 in 2019–20; Rheumatology, with 46 cases, an increase from 0 the year before; and Ear Nose and Throat (ENT), with 20 cases, a drop from the previous year's 63.

For new outpatient cases, 192 patients had been waiting longer than 26 weeks for their first appointment at 31 March 2021, a significant increase from the 23 patients waiting over 26 weeks at 31 March 2020. This rise is due to the impact of Covid-19, and NHS Shetland has put recovery plans in place to reduce the number of patients waiting over 12 weeks, using additional allocations from the Scottish Government, ring-fenced to improve our access targets in 2021–22.

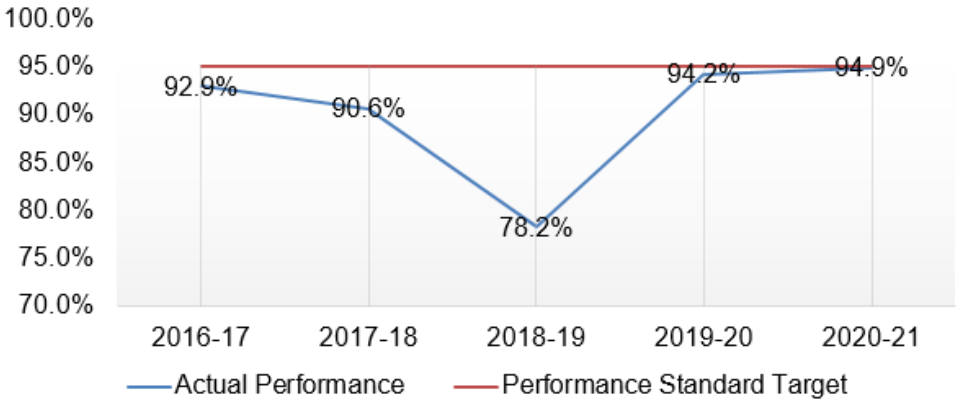
As highlighted in Graph 5 below, the Board has had good compliance in the four years prior to 2020–21 regarding patients waiting less than six weeks for one or more of the eight key diagnostic tests.

Figure 10—Graph 5: Waiting less than 6 weeks in respect of one or more of the 8 key diagnostic tests



At 31 March 2020, there were 20 patients who had to wait longer than six weeks, and compliance with this standard was at 98.0%. However, performance has fallen during 2020–21, with 162 patients at 31 March 2021 with a wait longer than six weeks. The primary delay in respect of diagnostics is non-obstetric ultrasound.

Figure 11—Graph 6: Cancer: 62 day standard from referral to start of treatment for newly diagnosed primary cancers



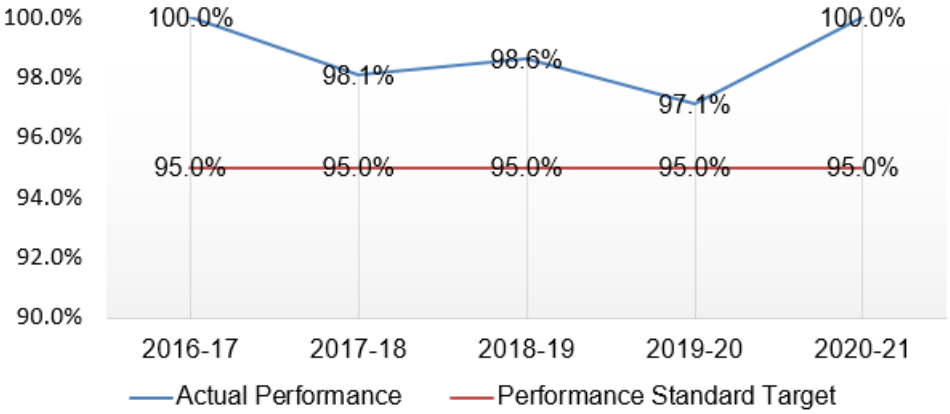
The cancer targets require 95% of patients to start cancer treatment within 62 days of referral with suspected cancer, and for patients diagnosed with cancer to receive their first treatment within 31 days of the “decision to treat”.

As Graph 6 shows, the Board’s joint cancer pathways with NHS Grampian did not maintain 100% compliance with the 62 day Treatment Target over the last five years, although in 2020–21 only two patients’ treatment-time wait exceeded 62 days, and in 2019–20, only three did. A principle factor behind the non-compliance was access to diagnostic services provided by NHS Grampian, which is actively working to improve patient flow in this pathway for all the Health Boards they manage.

As Graph 7 below shows, the Board’s joint pathways with NHS Grampian has consistently maintained full compliance over the last five years with the 31-day Cancer Treatment Target. In 2020–21, all patients’ treatment plans met the 31-day performance standard, although in 2019–20, the patients’ treatment time wait exceeded 31 days in two cases.

NHS Shetland is actively participating in the Detecting Cancer Early Programme.

Figure 12—Graph 7: Cancer: 31-day standard from decision to treat to starting treatment for newly diagnosed primary cancers



The Board continues to actively manage its general waiting times and cancer targets, and it is working closely with NHS Grampian to reduce delays and improve access.

While overall the Board continues to have some of the best access-target performance across Scotland, we recognise that we will continue to experience risks in sustaining performance, particularly where individual visiting services have staffing issues. Work continues to make all pathways sustainable, as well as to address the additional requirement in 2021–22 of working through the backlog caused by the initial focus on containment during the Covid-19 pandemic.

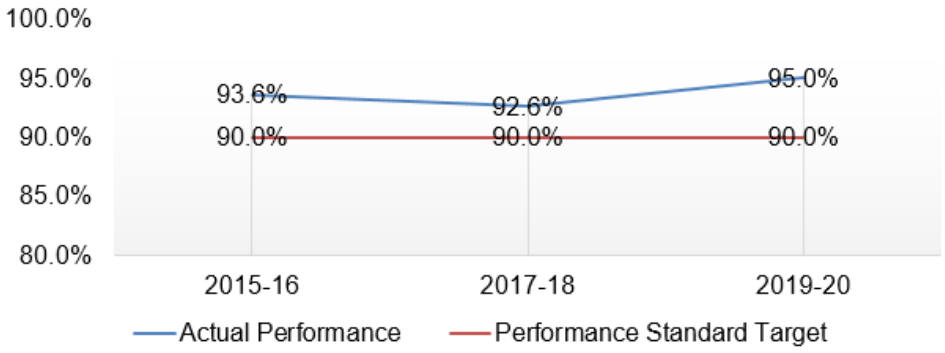
The most up-to-date summary information is published at NHS Scotland's NHS Performs website for selected statistics. Information is also published on the Public Health Scotland website in more detail for all national performance measures

Summary Analysis of other Non-Financial Indicators

Primary Care

The Scottish Government GP access survey takes places every two years. The last survey took place in November 2019, however the result of the survey was not published 13 October 2020.

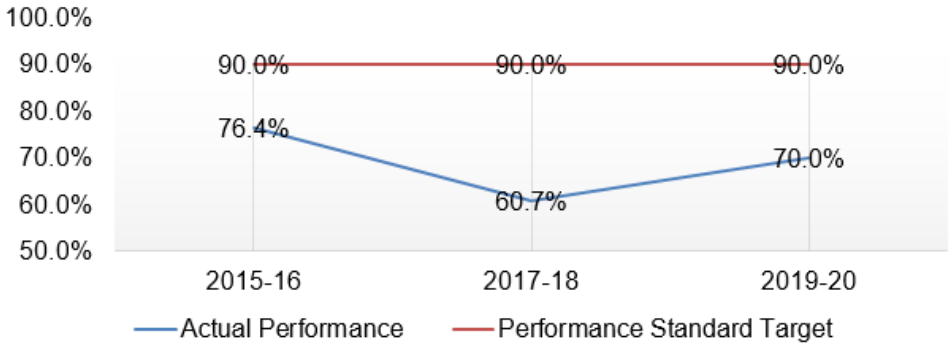
Figure 13—Graph 8: GPs target to provide 48 hour access to an appropriate member of the GP practice team



There are two performance targets the GP access survey measures. Graph 8 above shows patient's view of local practices ability to provide access to an appropriate member of the practice team has met in the last three surveys.

Locally in 2020–21 all practices continued to meet the 48-hour access target.

Figure 14—Graph 9: GPs to provide advanced booking to an appropriate member of GP practice team



Graph 9 shows patient's view of local practices ability to provide advance booking to an appropriate member of the practice team has not been met in the last three surveys. The performance in the survey released on 13 October 2020 does show a positive movement in the trend although still significantly below the target by 20.0% points.

In respect of advanced booking, access to the GP Practice Team, in 2020–21 NHS Shetland continues to perform below the NHS Scotland target.

NHS Shetland is now responsible for operating eight out of the 10 practices in Shetland. There are currently a number of vacancies in practices resulting in the use of locums. In addition to recruitment to these posts substantively, the Board, as part of an initiative funded by the Scottish Government, has created a remote and rural GP recruitment hub for both short-term and substantive posts in partnership with three other North of Scotland Boards to address our common challenge. NHS Shetland hosts the hub and has recruited GPs to some of the vacant posts as a result of this initiative.

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

Public Health including Health Improvement and Tackling Health Inequalities

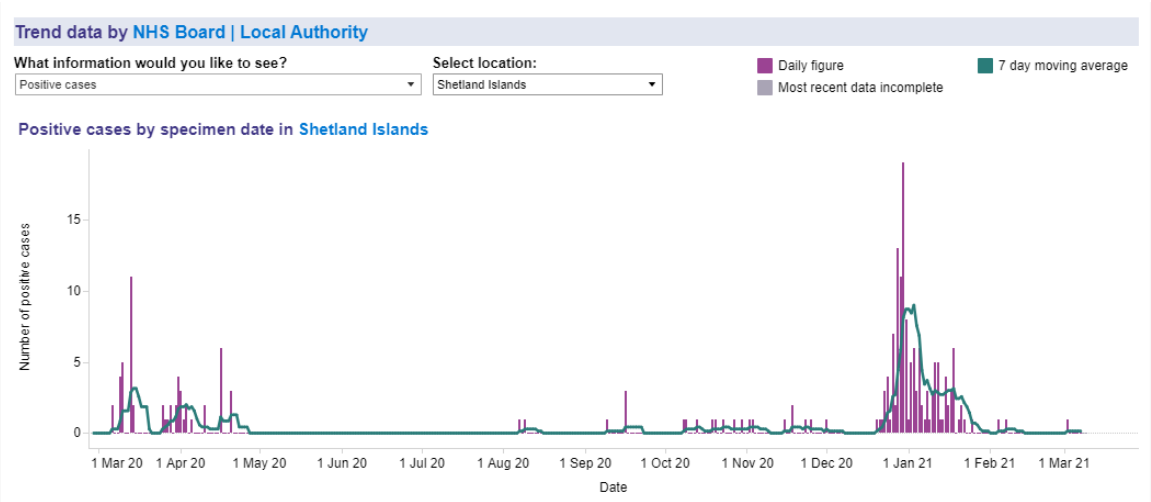
The Public Health team focus in 2020–21 was on the Pandemic Disease Plan that NHS Shetland officially implemented on 16 March 2020 in response to Covid-19 pandemic.

The first confirmed cases of Covid-19 in Shetland was on 8 March 2020 and by 31 March 2020, there were 36 test-confirmed cases of Covid-19 in Shetland. During 2020–21 there was a further 196 test-confirmed cases of Covid-19 in Shetland so at 31 March 2021 the cumulative number of test-confirmed cases of Covid-19 was 232. The first wave stating in March had 54 cases in total. The second wave had 134 cases.

As the trend report below illustrates following wave 1 that started in March 2020 the second wave in Shetland started in mid-December 2020 with peak in January 2021.

Official statistic on contract tracing started in August 2020. At the 31 March 2021 the local contact tracing team had spoken to 823 people whilst investigating positive cases.

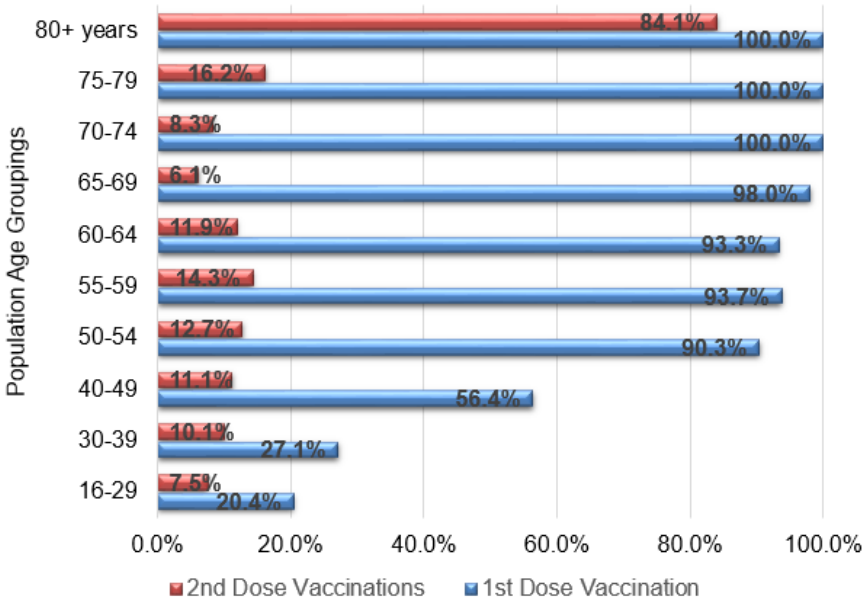
Figure 15—Trend data by NHS Board



NHS Shetland started the Covid-19 immunisation campaign on 11 December 2020. The campaign was significantly scaled up from February 2021 when the mass vaccination centres in Lerwick started to open. At 31 March 2021 the number of people having received their first dose was 12,446, 66.1% of the adult population. In respect of the second dose 2,777 people have received this, 14.8% of the adult population.

Bar chart 4 below highlights how successful this local campaign was at 31 March 2021 across the age groups.

Figure 16—Bar Chart 4: NHS Shetland Covid-19 vaccine immunisation rate at 31 March 2021



Further information on Public Health activity is available through the Public Health Annual reports. Reports includes details on our actions to tackle inequalities locally. In respect of tackling inequalities the Board discussed and approved Shetland's second Annual Child Poverty Action Report (ACPAR).

Infection Control

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

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

Overall the data demonstrates a high standard of infection prevention and control in place in NHS Shetland with a strong audit programme to demonstrate compliance to national standards. Positive Healthcare Environment Inspectorate inspection reports across the years reflect this.

- **Sustainability and Environmental**

NHS Shetland have engaged with specialist consultants to develop a NHS Shetland Net Zero Route map to achieve the current Scottish Government targets. The route map is currently scheduled to be presented to the Board for consideration and approval at its June 2021 meeting.

NHS Shetland are currently using the NHS Scotland Climate Change Adaptation Assessment Tool to assess the risks and produce an Adaptation Action Plan. This is currently programmed to be completed by September 2021 for consideration and approval by the Board in October 2021.

The Board is committed to sustainability and to reducing its impact on the environment as laid down in the Scottish Health Technical Memorandum 07-02. In line with this, the Board has taken the following actions:

- Continued to implement our Sustainability and Environmental Management Policy with action plan;
- NHS Shetland have a nominated Green Champion, Gary Robinson Board Chair
- Joint appointment with Sustrans Scotland for active travel project officer post;
- Working in partnership with ZetTrans on progressing sustainable transport and active travel across Shetland with local community;
- Ongoing monitoring to reduce where possible electricity and water consumption;
- Gilbert Bain and Montfield accommodation, Lerwick Health Centre and Breiwick House continue to use the Shetland Heat Energy and Power (SHEP) district heating system, minimising carbon dioxide (CO2) emissions from heat energy;
- Reduced planned patient travel flights off-island via repatriation schemes; and
- Increased the number of electric and hybrid vehicles in the Board fleet.

Continued to expanding the number of e-bikes for staff business travel to increase active travel.

NHS Shetland have an established Environmental and Sustainability Group, Waste Group. Transport Group and Energy Group with identified leads.

Summary highlights of some key events and achievements at NHS Shetland during 2020–21

Adapting

Adaptability was key to meeting the challenges of a potential surge of Covid-19 patients at the Gilbert Bain Hospital and managing community transmission of the Covid-19 virus

At the Gilbert Bain Hospital, the Ronas Ward was re-opened in anticipation of a surge of Covid-19 patients. Red and green pathways were worked out, to prevent Covid-19-positive patients from infecting those who were not infected. Every passage and ward became a maze of red vs green. All elective surgery was stopped, and part of the theatre converted into a makeshift ventilation unit for highly infectious but critically ill patients. Oxygen stocks were laid in. Hospital visiting was stopped to prevent the spread of the virus.

A PPE store was set up in the Physio gym and manned by dentists, (unable to work due to their reliance on aerosol generating procedures) and the military. This central point was pivotal in the managing distribution of masks, hand gel and protective clothing.

The hospital laundry, anticipating a surge in requests for scrubs, , appealed to the local community for assistance. The response was overwhelming the community responded turning old duvets and sheets into thousands of items of scrubs that were distributed to NHS facilities across the isles.

At first, Covid-19 testing systems were established but all specimens were initially sent to Aberdeen. The laboratory in the Gilbert Bain Hospital then received a testing machine and staff worked round the clock to process tests. This significantly reduced the time to confirm if a test was positive or negative. The work of the lab staff was not in the public eye, but it played a major part in containing the pandemic in Shetland.

Those early days demanded strong leadership and difficult decisions. Hours before they were due to start, Board Chair Gary Robinson advised the jarls of the Delting and South Mainland Up Helly Aa celebrations to consider postponing their events in the interest of public safety. They agreed, and in hindsight it is clear that these actions prevented the spread of the virus and, without a doubt, saved lives.

In the community the virus continued to spread in March and April during Shetland's first wave. A contact tracing team was set up and the Public Health team grappled with telling individuals they had to isolate for two weeks. Encouraging compliance was not difficult in the early stages of the lockdown, but it became more challenging as people realised what it meant—not leaving the house under any circumstances for an extended period of time.

In the initial stages of Covid-19, the Scottish Ambulance Service (SAS) was not able to safely transfer patients requiring an intensive care unit bed to Aberdeen via air ambulance. During this time, NHS Scotland relied upon the invaluable assistance of the RAF to fly patients to Aberdeen in their A400 Atlas Airbus, dispatched from RAF Brize Norton.

Figure 17—Photograph of an air ambulance transfer, featuring air senior nurse Carol Colligan

Moments of Celebration

Despite the changes, and the added strain, there were moments of celebration. Six junior doctors who were in Shetland completing the final stage of their training when the pandemic was declared, sacrificed their summer holidays and remained to support the clinical team. When their graduation was cancelled, their colleagues organised a virtual graduation in the hospital canteen which was livestreamed for their families to watch.

In July NHS Shetland was in the news when the domestic team achieved the best figures in Scotland for the first quarter in the National Cleaning Compliance Audit. At the time, Head of Estates and Facilities Lawson Bisset told the media that all the staff in his team “treat our premises with pride, as if their family or friends were coming in as patients or visitors.”

A few weeks later, the annual Excellence in Care event went ahead on TEAMS shining a light on services and work across the health board.

Most notably, in the practice education category, the work of senior infection control nurses Linda Turner and Michelle Wilkinson was recognised. They spoke about supporting care homes with infection prevention and control at the height of the pandemic.

Keeping the Wheels Turning

As the winter approached, the flu vaccination programme was rolled out. The old way of doing things—inviting big groups of vulnerable people to mass vaccination clinics—

could not be replicated for obvious reasons. Nevertheless, the Public Health, Community Nursing and Primacy Care teams did what they do best and vaccinated as many people as possible using an appointment-based system.

The year ended with a second major Covid-19 outbreak fuelled by community transmission. The Public Health team, supported by other key staff, worked through Christmas and New Year to contain the outbreak through contact tracing, asked the community to stay at home and avoid family and friends despite the festive season.

Two staff in the hospital were infected and their colleagues asked to isolate. While this was happening, planning was underway to roll out the Covid-19 vaccination programme—the biggest ever done.

As soon as the second Shetland outbreak was stopped (and despite the emergence of more clusters, some of them on vessels lying off-shore and so complicated to manage) the vaccination roll-out began. By end of March, this year Shetland's population was reported to be amongst the best vaccinated against Covid-19 in Scotland with 14.8% of the population fully vaccinated.

By April, this year Shetland's population was reported to be the best vaccinated against Covid-19 in Scotland with 43.6% of the population fully vaccinated. Board Chair Gary Robinson told the Board at its April meeting that this meant that the most vulnerable in the community were as well protected as was possible.

Royals and the Media

In the same month NHS Shetland's Community Nursing team made international headlines when both the BBC and CNN accompanied nurse Margaret Cooper to Fair Isle to complete vaccinations for the islanders. Fair Isle became the first community in the UK to be fully vaccinated. It took the nurse (and the media teams) three attempts to reach the island due to bad weather.

Fair Isle nurse Kirstin Robson told journalists, "It's been great because we've had ten days without a boat, so the boat managed to come in, we have a full shop and we have had the second vaccinations. The sun is out and the lambs are coming!".

Another big moment was a phone call from the Duke of Cambridge, Prince William who spoke to Employee Director Ian Sandilands about the vaccination rollout. Prince William sent his regards and thanks to the NHS Shetland team.

Milestones

Beyond Covid-19, one of the most notable clinical events of the year was a faecal matter transplant done by Consultant Surgeon Beatrix Weber in February. The donated faeces was flown from Birmingham to Shetland for a patient suffering from Clostridium Difficile Infection.

No summing up of the year would be complete without noting some big moments for our staff. Among the many who retired were Director of Pharmacy Chris Nicolson and Chief Nurse (Acute) Alison Mustard. Antony Visocchi took over, on an interim basis, as Director of Dentistry, Brian Chittick took the reins, also on an interim basis, as Chief Officer of the IJB. At the height of the pandemic, on 8 July 2020, CEO Michael Dickson took on the added responsibility of leading NHS Orkney.

The Accountability Report

Corporate Governance Report

Directors' Report

- **Date of Issue**

The Accountable Officer authorised these audited financial statements for issue on 25 June 2021 as that was the date the financial statements were approved by the Board.

- **Appointment of auditor**

The Public Finance and Accountability (Scotland) Act 2000 places personal responsibility on the Auditor General for Scotland to decide who will audit each Scottish health body. For the financial years 2016–17 to 2020–21, the Auditor General appointed Deloitte LLP to audit Shetland Health Board. However, as a result of the Covid-19 pandemic, Deloitte's appointment has been extended by one year to include 2021–22.

The general and statutory duties of the auditors of health bodies 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, and its membership will be conditioned by the functions of the Board.

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

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

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

The names and positions of the Board Members are set out below:

Executive Board Members	**Position Held**
Michael Dickson	Chief Executive
Kirsty Brightwell	Medical Director (from 6 July 2020)
Brian Chittick	Interim Medical Director (until 5 July 2020)
Kathleen Carolan	Director of Nursing and Acute Services
Colin Marsland	Director of Finance

Executive Board Members	**Position Held**
Lorraine Hall	Director of Human Resources and Support Services
Susan Webb	Director of Public Health
Non-Executive Board Members	**Position Held**
Gary Robinson	Chairman
Natasha Cornick	
Shona Manson	
Jane Haswell	
Lincoln Carroll	
Colin Campbell	
Stakeholder Non-Executive Board Members	**Position Held**
Ian Sandilands	Chair, Area Partnership Forum
Edna Watson	Chair, Area Clinical Forum (until 28 February 2021)
Amanda McDermott	Chair, Area Clinical Forum (from 1 March 2021)
Malcolm Bell	Vice Chair / Shetland Islands Council Member

Board Members' and senior managers' interests

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

All Directors appointed by the Cabinet Secretary (shown in the remuneration report) are also Trustees of the Shetland Health Board Endowment Fund, which are consolidated into these accounts.

Directors' third party indemnity provisions

The Board has not provided a qualifying third party indemnity provision for any of its Directors at any time during the financial year 2020–21 (nor were any provided in 2019–20).

Remuneration for non-audit work

Deloitte LLP did not undertake any non-audit work for the Board in 2020–21 (nor in 2019–20).

Value of Land

The value of land owned by the Board is included at current market value, with details provided in Note 7.

Public Services Reform (Scotland) Act 2010

Sections 31 and 32 of the Public Services Reform (Scotland) Act 2010 imposed duties on the Scottish Government, as well as listed Public Bodies, to publish information on expenditure and certain other matters as soon as is reasonably practicable after the end of each financial year. NHS Shetland has met the requirements of the Public Services Reform (Scotland) Act 2010. You can find the relevant documentation on NHS Shetland's external website.

Personal data related incidents reported to the Information Commissioner

During 2020–21 there were twelve cases reported to the Information Commissioner's Office (ICO). In comparison, during 2019–20 there were nine cases reported to the ICO. This increase reflects a greater organisational awareness of, and response to, the requirements of the Data Protection Act 2018. The ICO concluded that no further action was necessary in all twelve cases. They made recommendations for improvements to procedures and, in cases involving human error, highlighted the importance of ensuring staff training was effective and up-to-date.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Board's auditor is unaware; and each Director has taken all the steps that he/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.

Financial instruments

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

The Statement of Accountable Officer's Responsibilities

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

This designation carries with it responsibility for:

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

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

- observe the accounts direction issued by the Scottish Ministers including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FReM) have been followed and disclose and explain any material departures;
- prepare the financial statements on a going concern basis;
- and confirm that as far as I am aware, there is no relevant audit information of which the entity's auditor is not aware.

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 financial statements are prepared under the principles and in the format directed by Scottish Ministers. To the best of my knowledge and belief, I have properly discharged my responsibilities as Accountable Officer as intimated in the Departmental Accountable Officers letter of June 2011.

The Statement of Board Members' Responsibilities

Under the National Health Service (Scotland) Act 1978, the Health Board is required to prepare financial statements in accordance with the directions of Scottish Ministers which require that those financial statements give a true and fair view of the state of affairs of the Health Board as at 31 March 2021 and of its operating costs for the year then ended. In preparing these financial statements the Directors are required to:

- apply on a consistent basis the accounting policies and standards approved for the NHS Scotland by Scottish Ministers;
- make judgements and estimates that are reasonable and prudent;
- state, where applicable, accounting standards as set out in the Financial Reporting Manual have not been followed where the effect of the departure is material; and
- prepare the financial statements 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 financial statements 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 financial statements.

Governance Statement

Scope of Responsibility

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

My accountability arrangement, with respect to the SGHSCD, is as set out in the extant guidance and includes full responsibility for all governance arrangements as well as the performance of the Board. This performance is formally reviewed by the Scottish Government on a yearly basis via the Annual Review process. In addition, a number of other external scrutiny arrangements are in place including ongoing scrutiny of a range of quality and service issues by Healthcare Improvement Scotland and other bodies. However, with the exception of External Audit, in 2020–21there were no formal external reviews.

Purpose of the System of Internal Control

The system of internal control is based on an ongoing process designed to identify, prioritise and manage the principal risks to the achievement of NHS Shetland's policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The System of Internal Control is designed to manage rather than eliminate the risk of failure to achieve NHS Shetland's policies, aims and objectives. As such, it can only provide reasonable and not absolute assurance.

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

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

Strategic Framework

NHS Shetland Board has approved a 2025 Vision when agreeing the Shetland Islands Health and Social Care Partnership: Joint Strategic Commissioning Plan 2019–2022. The 2025 Vision sets out its aim that by 2025 everyone is supported in their community to live longer, healthier lives and we will have reduced health inequalities.

The Board's five corporate objectives are:

- continue to improve and protect the health of the people of Shetland;

- provide quality, effective and safe services, delivered in the most appropriate setting for the patient;
- redesign services where appropriate, in partnership, to ensure a modern sustainable local health service;
- provide best value for resources and deliver financial balance;
- and ensure sufficient organisational capacity and resilience.

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

Our Annual Operational Plan sets out intended actions and the risks associated with delivering key national targets and this is signed off by the Scottish Government.

The Board has agreed in partnership with Shetland Islands Council and Shetland Islands Health and Social Care Partnership agreement on the local JSCP. This is now the key strategic document of the IJB and also acts as the strategic planning document for all health services including those directly managed and commissioned by the Health Board. The Board, SIC and IJB are jointly working to a shared vision and objectives for Health and Social care services in Shetland.

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

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

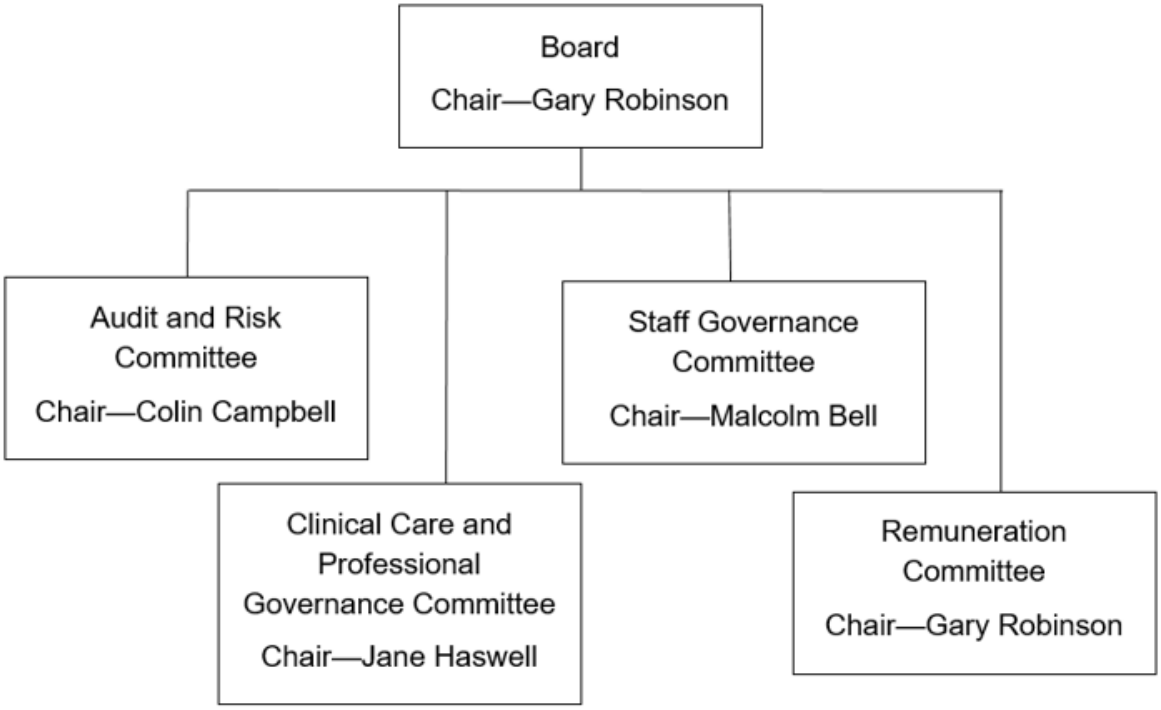
Governance Framework

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

The Board's governance framework includes the committees outlined on pages 38 to 41 of the Accountability Report plus the Risk Management Group (RMG). The Board outlines the remit, role and responsibilities of these committees in the Corporate Governance Handbook. The Board's high level governance structure is outlined figure 18 below and the detail of committees in the organisational governance chart that provide assurance to these committees is on the Board's website as well as the management reporting structures.

The Board met eleven times in public during 2020–21(2019–20, seven times) and all the reports and minutes considered by the Board are publicly available on the Board's website. Seven of these meetings though were held under out temporary governance arrangements that were put in place following the activation of the Board's Pandemic Plan in response to the Covid-19 outbreak.

Figure 18—Diagram of High Level Board Governance



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

Revisions to the Corporate Governance Handbook were agreed at the December 2020 Board meeting. The December papers included a review and update to the Board's Standing Financial Instructions (SFIs) and Scheme of Delegation.

Corporate Governance

In line with Scottish Government policy, in 2020–21, the Board had the following standing committees:

a) Clinical Care and Professional Governance Committee (CCPGC)
b) Audit Committee
c) Endowments Committee
d) Staff Governance Committee
e) General Medical Practitioners Committee
f) Reference Committee (for Primary Care contractors)

The Board's own Scheme of Committees also includes the:

- Remuneration Committee.

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

2020–21 saw some turnover in both executive and non-executive directors. This included the appointment of a new Medical Director in July. There has been a review and updating of committee membership and leadership. Further information can be found in the Remuneration Report on page 47.

The functions of the Board's committees are:

Clinical Care and Professional Governance Committee (CCPGC)

The CCPGC has two key roles:

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

The membership of the CCPGC includes five non-executive Board Members and in 2020–21 has been chaired by Jane Haswell. The Committee did not meet during the year due to Covid-19 but met four times during 2019–20.

Audit and Risk Committee

The Audit and Risk Committee comprises five non-executive Board Members and until August 2020 was chaired by Lincoln Carroll. Colin Campbell then took on the Chair role. The committee's prime function is to provide the Board with assurance that adequate control systems are in place to manage governance effectively. The committee met five times during 202-21 to consider all aspects of control. It met four times in 2019–20. As part of the committee's approach to continuous development and improvement, the business plan includes time at each meeting for a development session to inform members' understanding of nominated topics plus dedicated training meetings to address training issues identified. In 2020–21 these training sessions were organised in conjunction with the audit committees of NHS Western Isles and NHS Orkney.

The committee receives and discusses reports from internal and external audit and scrutinises the Annual Report and Accounts in detail on behalf of the Board. The committee received three Internal Audit reports in 2020–21 on Procurement, Financial Management and Reporting and Statutory and Mandatory Training. There are sixteen management actions arising from these reports. A significant control weakness in Statutory and Mandatory training was highlighted. The Staff Governance Committee will lead on monitoring the management action plan to address the issues raised.

The committee agrees the Annual Internal Audit plan and receives the Chief Internal Auditors Annual Report.

The committee also meets jointly with Chairs of the other Governance committees for the purpose of considering the draft Director's Report and Governance Statement, as part of the final financial statements process in May. Due to Covid-19 the joint meeting did not occur in May 2020. The May meeting resumed in 2021.

Endowment Committee

The Endowment Committee comprises all members of the Board and the Chair is Lincoln Carroll. The committee oversees the management of Shetland Health Board Endowment Fund. The committee met five times in 2020–21 and four times in 2019–20.

The Endowment Fund is registered with the Office of the Scottish Charity Regulator (OSCR); its charity reference number is SC011513. The Endowment Fund produces its own audited financial statements, however in line with IFRSs 10 this has been consolidated with the Board's financial statements. Deloitte LLP does not audit these financial statements as part of this Audit. The A9 Partnership Limited C.A. based in Lerwick is the Auditor of these funds.

The Endowment Fund was responsible for organising a community fundraising appeal for a MRI Scanner in Shetland. In 2020–21 the appeal met the fundraising target.

Staff Governance Committee

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

The Committee has an important role in ensuring consistency of policy and equity of treatment of all staff and assessing the Board's compliance with NHS Scotland Staff Governance standards to ensure compliance with all relevant laws and regulations. Activities undertaken within the Staff Governance action plan during the last year include focusing accelerated recruitment process to support deployment and redeployment of staff during the Covid-19 pandemic, staff wellbeing, updating relevant policies and work to improve the organisational culture and transparency.

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

The membership of the Staff Governance Committee comprises four non-executive Board Members, one of whom is the Employee Director and three members from the Area Partnership Forum (two staff-side and one management representative). The Committee is chaired by Malcolm Bell. During 2020–21 the committee met on three occasions and in 2019–20 also met three times.

Reference Committee

The Board has a Reference Committee which has a general duty of deciding whether allegations of breach of terms of service made against Family Health Contractors should be made to a Discipline Committee. The Reference Committee was not required to meet in 2020–21 or during 2019–20. The committee Chair is a non-executive Board Member.

Remuneration Committee

The main function of the Remuneration Committee is to ensure the appropriate application and implementation of pay systems on behalf of the Board, as determined by the Scottish Government. During 2020–21the committee met on two occasions and twice during 2019–20. The Remuneration Committee is chaired by the Board Chair.

Risk and Control Framework

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

The Board's Corporate Governance Handbook contains the Board's System of Internal Control: Standing Orders, SFIs and approved Scheme of Delegation. This information is publicly available on the Board's website.

NHS Scotland bodies are subject to the requirements of the SPFM and must operate a Risk Management Strategy in accordance with relevant guidance issued by Scottish Ministers. The local risk management strategy was last agreed by the Board in June 2018. The risk management strategy is under review.

NHS Shetland 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 Board and Governance Committees on a regular basis.

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.

NHS Shetland risk arrangements are managed by the RMG with annual work plan to embed risk management in the organisation. The work of the RMG is now overseen by the Audit Committee with individual corporate risks allocated to the relevant committee and an overall oversight maintained by the Board.

Our risk management process uses a standard matrix with red, amber, green status that has been developed and is utilised organisation-wide. The output from this review is included in the Corporate Risk Register. The corporate risks are reviewed on a regular basis by both the RMG and the relevant governance committee along with the actions taken to mitigate the risk.

The Corporate Risk Register is aligned to the corporate objectives of the Board and is focussed on key strategic risks. The Corporate Risk Register is published on the Board's website and is formally reviewed by the Board and Audit Committee.

A complete review of the corporate risks was undertaken during the year. The revised Corporate Risk Register was approved by the Board at April 2021 meeting. The review includes issues arising and mitigations in respect of the Covid-19 pandemic to our local services.

More generally, the Board is committed to continuous development and improvement developing systems in response to any relevant reviews and developments in best

practice. The Risk Management Summary Report 2020–21 presented to the April 2021 Board meeting summaries the activities undertaken in 2020–21 and plan for 2021–22.

Covid-19 pandemic

Following the declaration of Covid-19 as a worldwide pandemic the Board implemented our emergency planning arrangements on 16 March 2020, overseen and guided via local and national operational, tactical and strategic response structures. In line with guidance from the Scottish Government, the Board agreed revised governance arrangements. For the duration of the Covid-19 pandemic our local response in response to mitigating the spread of the virus and recovery plans have been adjusted to match. Further local guidance was published to the local community in October 2020 to update the local population on key issues.

The board has worked in partnership with the IJB, Ministry of Defence, SAS, NHS Grampian, NHS National Shared Services, SIC, Up Helly Aa committees and local volunteer groups to ensure the health and wellbeing of the Shetland population was paramount in working together to save lives locally and take this opportunity to thank them all for their support.

Annual Service Reports

A review of Annual Service Audit Reports is undertaken by National Services Scotland (NSS). These are intended to provide assurance to all Boards around the internal controls frameworks in place for a range of services provided on behalf of NHS Scotland. This includes payments to Practitioners, Information Technology (IT) Services and Finance Ledger Systems. A qualification in a service audit report relates to the design or operating effectiveness of controls in order to meet the stated control objectives rather than indicating that the underlying transactions are necessarily incorrectly processed. An adverse opinion would occur where controls were absent or failed. Last year, 2019-20, both the payments to Practitioners and National IT Services service audits reports resulted in a qualified opinion. This remains in place in 2020-21 for Practitioner service audit. Please see below Review of Effectiveness for further information. The National IT Service Audit report in 2020-21 audit found it operated effectively throughout the year from 1 April 2020 to 31 March 2021.

NHS Ayrshire and Arran hosts National Single Instance Financial Ledger Services and the annual service audit found it operated effectively throughout the year from 1 April 2020 to 31 March 2021.

Whistleblowing

NHS Shetland has a whistle blowing policy that was developed in partnership between management and trade unions and is built around our local Staff Governance Standard. In February 2020, the Scottish Government appointed an additional non-executive to the Board who is the Board's Whistleblowing Champion. Shona Manson was appointed to this post. During 2020-21 further joint work on implementing the new national Whistleblowing Standards locally was led by the Executive Lead, Kirsty Brightwell Medical Director. This work has been highlighted to both staff and general public.

Counter Fraud Services

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

CFS also provide a central intelligence base for Boards and provide support and training for staff in engendering an anti-fraud culture at the Board. In respect of fraud training there was 530 member of staff who completed CFS on-line training in Turas or participated CFS Team training events.

Information Governance

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

In line with the regulations NHS Shetland has appointed Data Protection Officer (DPO), Caldicott Guardian and Senior Information Risk Owner (SIRO).

The DPO is supported by a dedicated team ensure organisational responsibilities in respect of IG responsibilities under General Data Protection Regulation (EU) 2016/679, Freedom of Information (FOI), Public Records (Scotland) Act 2011 and Network & Information Systems Regulations 2018 (NISR).

The operational delivery of these issues is scrutinized by Information Governance Sub Group (IGSG) that includes the DPO, Caldicott Guardian, SIRO and e-Health lead.

The IG work plan is monitored through the eHealth and Informatics Support Group (eISG) which has lead responsibility for IG. ISGS is accountable to this governance committee.

There are clear links between the IG framework and the clinical governance framework and the IG plan is normally presented to the CCPGC along with an annual review of prior year activities against the prior year plan. However due to Covid-19 CCPG has not formally met since February 2020.

During Covid-19 there was a number of new systems introduced nationally to address NHS Scotland Pandemic response and local review and approval of these had to be promptly undertaken.

Progress has been made in the following areas during 2020–21:

- Education of staff through increasing the number of staff completing on-line training courses;
- Production of IG reports to managers to ensure they were aware of their staff group compliance with completing mandatory training;
- Standard IG dashboard reports submitted to each meeting of IGSG and eISG; and
- Ongoing work in respect to the Board becoming compliant with cyber security obligations under NISR with an action plan to tackle issues arising from audit.

There have been 83 “near miss” data security incidents during 2020–21 reported to the Board’s Data Protection Office. Actions have been taken to improve systems and remind staff of the importance of data security. While the physical security of our data

has improved, we continue to work with staff to ensure they understand their responsibilities. During 2020–21 there were twelve (2019–20, nine) incidents reported to the Information Commissioners Office and these cases have all been closed.

During the Covid-19 pandemic the number of Freedom of Information (FOI) requests initially reduced. In respect of the Board's obligation under 91% of requests were responded to on time. However as reported to FOISA there are 19 requests that have not yet received a response and are overdue.

Best Value

I can confirm that Shetland 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 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 seek opportunities to enhance the system of internal control with a specific focus on the delivery of safe and effective patient care, achievement of priority access targets and demonstrating best value and the efficient use of resources.

Board Compliance with SPFM

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

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

Review of Effectiveness

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

- the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditor, who submit to the organisation's Audit and Risk Committee regular reports which include Internal Audit's independent and objective opinion on the adequacy and effectiveness of the Board's systems of internal control together with recommendations for improvement;
- comments made by the External Auditor in their management letters and reports;
- and the work of the service auditors in relation to the control frameworks operated by the following, which are reported through the Annual Service Audit Reports:
    - Practitioner and Counter Fraud Services (PCFS) in the discharge of their services to support the payments of family health services practitioners on behalf of NHS Scotland Health Boards

- Atos and NSS Digital and Security in the discharge of their services to support National IT Services on behalf of NHS Scotland Health Boards
- NHS Ayrshire and Arran in the discharge of their services to operate the National Single Instance (NSI) financial ledger services on behalf of NHS Scotland Boards.

For the year 2020–21, the Service Audit Report in relation to the NSI financial ledger service and National IT services was unqualified. However, the reports in relation to PCFS was qualified. The Board has considered the issues identified in the report and concluded that it does not represent significant governance issues. The Board has received assurances from NSS that each point raised within the reports will be addressed as part of its continuous improvement programme of work.

As part of this process, the Directors and Committee Chairs have provided Certificates of Assurance for their relevant committees/areas of responsibility. This has highlighted a number of areas for further development and focus. These include the arrangements in place for management of completing internal audit action points to agreed timescales and Mental Health Internal Audit report management actions outstanding but are scheduled to be completed by 30 September 2021.

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

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

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

Significant Governance Issues

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

1. Waiting times' performance in Psychological Therapies falling significantly below the compliance standards highlighted above. A management action plan that involves service redesign with additional staff and greater use of technology is being implemented in 2021–22;
2. Although the Board was working in partnership with our partners to complete the statutory obligation under section 44 of Public Bodies (Joint Working) (Scotland) Act 2014, to review the integration scheme for Shetland Islands Health and

Social Care Partnership, it was not completed before the deadline date of 30 June 2020. The principle cause of the delay was the Covid-19 pandemic and a revised plan ensured the completion of the local agreement on the plan by 30 April 2021. The approved plan now requires the Cabinet Secretary to accept the amended plan; and

3. As highlighted by the Chief Internal Auditor, the internal audit report on statutory and mandatory training. The management action plan to remedy the significant compliance issues raised in the report on monitoring completion of statutory and mandatory training by staff and the completion of annual performance reviews is scheduled to be completed by 31 October 2021.

Remuneration and Staff Report

Remuneration Report

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

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

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

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

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

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

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

- **Shetland NHS Board—Year Ended 31 March 2021 (Audited Information)**

Director	**Director's Gross Salary (bands of £5,000)**	**Benefits in Kind**	**Total Earnings in Year**	**Pension Benefits**	**Total Remuneration**
Executive Members	**£000**	**£s**	**£000**	**£000**	**£000**
Chief Executive: Michael Dickson [1]	125-130	200	125-130	30	155-160
Medical Director: Kirsty Brightwell [from 06/07/2020] [2]	95-100	0	95-100	40	135-140
Interim Medical Director: Brian Chittick [until 05/07/2020] [3]	105-110	0	105-110	28	130-135
Director of Nursing: Kathleen Carolan	95-100	0	95-100	36	135-140
Director of Finance: Colin Marsland	80-85	0	80-85	30	110-115
Director of Human Resources and Support Services: Lorraine Hall [4]	110-115	0	110-115	114	225-230
Director of Public Health: Susan Webb [5]	35-40	0	35-40	0	35-40
Director	**Director's Gross Salary (bands of £5,000)**	**Benefits in Kind**	**Total Earnings in Year**	**Pension Benefits**	**Total Remuneration**
Non-Executive Members	**£000**	**£s**	**£000**	**£000**	**£000**
Chair: Gary Robinson	30-35	0	30-35	0	30-35
Natasha Cornick	5-10	0	5-10	0	5-10
Shona Manson	5-10	0	5-10	0	5-10

Director	**Director's Gross Salary (bands of £5,000)**	**Benefits in Kind**	**Total Earnings in Year**	**Pension Benefits**	**Total Remuneration**
Non-Executive Members	**£000**	**£s**	**£000**	**£000**	**£000**
Jane Haswell	5-10	0	5-10	0	5-10
Lincoln Carroll	5-10	0	5-10	0	5-10
Colin Campbell	5-10	0	5-10	0	5-10
Malcolm Bell	5-10	0	5-10	0	5-10
Other Board Members	**£000**	**£s**	**£000**	**£000**	**£000**
Chair of Area Clinical Forum: Edna Watson [until 28/02/2021] [6]	75-80	0	75-80	22	95-100
Chair of Area Clinical Forum: Amanda McDermott [from 01/03/2021] [7]	60-65	0	60-65	49	105-110
Employee Director: Ian Sandilands [8]	65-70	0	65-70	40	105-110
Other Senior Employees	**£000**	**£s**	**£000**	**£000**	**£000**
Interim Director of Community Health and Social Care: Jo Robinson [until 13/07/2020] [9]	15-20	0	15-20	0	15-20
Director of Community Health and Social Care: Simon Bokor-Ingram [until 20/04/2020] [10]	95-100	0	95-100	62	160-165
Total				**451**	

Notes in respect of 2020–21disclosure:

1. The Chief Executive's salary reflects that from 01/07/2020 he was Chief Executive for both NHS Shetland and NHS Orkney. The full year equivalent salary for this joint post is £130k-£135k and is funded 50/50 by NHS Shetland and NHS Orkney.
2. This Medical Director's salary includes £12k in respect of non-Board duties (Salaried GP). The full year equivalent salary of this Medical Director is £120k-£125k.
3. This Medical Director was in post until 05/07/20 and then moved to the post of Interim Director of Community Health and Social Care from 14/07/2020. The gross salary above represents £22k as Medical Director and £85k as Interim Director of Community Health and Social Care. The full year equivalent salary of this Director of Community Health & Social Care is £95k-£100k.
4. The Director of Human Resources and Support Services salary reflects that from 19/10/2020 she was performing this role for both NHS Shetland and NHS Orkney. The full year equivalent salary for this joint post is £100k-£105k and is funded 50/50 by NHS Shetland and NHS Orkney.
5. The Director of Public Health is a joint post between NHS Shetland (NHSS) and NHS Grampian (NHSG). They are employed by NHSG and provide services to NHSS through a Service Level Agreement (SLA). The annual cost of the SLA is included above. Their full annual salary paid by NHS Grampian was £185k-£190k.
6. This Chair of the Area Clinical Forum salary includes £70k in respect of non-Board duties (Chief Nurse Community).
7. This Chair of the Area Clinical Forum salary includes £60k in respect of non-Board duties (Chief Nurse Acute).
8. The Employee Director's salary includes £61k in respect of non-Board duties (Clinical Team Leader).
9. This Interim Director of Community Health and Social Care is a joint post between NHS Shetland (NHSS) and SIC. They are employed by SIC who recharge NHSS 50% of the gross cost. The cost to NHSS was £16k for 2020–21 and the full annual salary paid by SIC was £75-£80k.
10. This Director of Community Health and Social Care was in post until seconded to Moray Health and Social Care Partnership, as Chief Officer, from 20/04/2020. He was seconded until leaving NHS Shetland on 21/03/2021.
11. No bonus payments were made in 2020–21.

- **Shetland NHS Board—Pension Values—Year Ended 31 March 2021 (Audited Information)**

Director	**Accrued pension at age 60 as at 31/03/2021 (bands of £5,000) [1]**	**Real Increase in Pension at age 60 (bands of £2,500) [1]**	**CETV at 31/03/2021**	**CETV at 31/03/2020**	**Real Increase in CETV**
Executive Members	**£000**	**£000**	**£000**	**£000**	**£000**
Chief Executive: Michael Dickson	0-5 (0)	0-2.5 (0)	33	6	27
Medical Director: Kirsty Brightwell [from 06/07/2020]	35-40 (80-85)	2.5-5 (0-2.5)	580	539	41
Interim Medical Director: Brian Chittick [until 05/07/2020]	10-15 (0)	0-2.5 (0)	128	103	25
Director of Nursing: Kathleen Carolan	25-30 (45-50)	0-2.5 (0-2.5)	400	362	38
Director of Finance: Colin Marsland	30-35 (65-70)	0-2.5 (0-2.5)	575	536	39
Director of Human Resources and Support Services: Lorraine Hall	20-25 (55-60)	5-7.5 (10-12.5)	411	312	99
Director of Public Health: Susan Webb [3]	N/A	N/A	N/A	N/A	N/A

Director	**Accrued pension at age 60 as at 31/03/2021 (bands of £5,000) [1]**	**Real Increase in Pension at age 60 (bands of £2,500) [1]**	**CETV at 31/03/2021**	**CETV at 31/03/2020**	**Real Increase in CETV**
Non-Executive Members [2]					
Other Board Members	**£000**	**£000**	**£000**	**£000**	**£000**
Chair of Area Clinical Forum: Edna Watson [until 28/02/2021]	25-30 (80-85)	0-2.5 (2.5-5)	588	549	39
Chair of Area Clinical Forum: Amanda McDermott [from 01/03/2021]	10-15 (0)	2.5-5 (0)	132	102	30
Employee Director: Ian Sandilands	20-25 (65-70)	0-2.5 (5-7.5)	548	489	59
Other Senior Employees	**£000**	**£000**	**£000**	**£000**	**£000**
Interim Director of Community Health and Social Care: Jo Robinson [3]	N/A	N/A	N/A	N/A	N/A
Director of Community Health and Social Care: Simon Bokor-Ingram [until 20/04/2020]	35-40 (75-80)	2.5-5 (2.5-5)	721	647	74
Total					**471**

Notes in respect of 2020–21disclosure:

1. Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.
2. Non-executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table.
3. Pension values are included in the financial statements of relevant employers NHSG and SIC.

- **Shetland NHS Board—Year Ended 31 March 2020 (Audited Information)**

Director	**Director's Gross Salary (bands of £5,000)**	**Benefits in Kind**	**Total Earnings in Year**	**Pension Benefits**	**Total Remuneration**
Executive Members	**£000**	**£s**	**£000**	**£000**	**£000**
Chief Executive: Ralph Roberts [until 21/04/2019] [1]	5-10	0	5-10	0	5-10
Interim Chief Executive: Simon Bokor-Ingram [22/04/2019 until 05/01/2020] [2]	95-100	0	95-100	26	125-130
Chief Executive: Michael Dickson [from 06/01/2020] [3]	25-30	0	25-30	6	30-35
Medical Director: Brian Chittick [4]	120-125	0	120-125	30	150-155
Director of Nursing : Kathleen Carolan	90-95	0	90-95	25	115-120
Director of Finance: Colin Marsland	80-85	0	80-85	45	125-130

Director	Director's Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year	Pension Benefits	Total Remuneration
Executive Members	**£000**	**£s**	**£000**	**£000**	**£000**
Director of Human Resources and Support Services: Lorraine Hall	85-90	0	85-90	35	120-125
Director of Public Health: Susan Webb [5]	35-40	0	35-40	0	35-40

Director	Director's Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year	Pension Benefits	Total Remuneration
Non-Executive Members	**£000**	**£s**	**£000**	**£000**	**£000**
Chair: Gary Robinson	25-30	0	25-30	0	25-30
Colin Campbell [from 01/03/2020]	0-5	0	0-5	0	0-5
Lincoln Carroll	5-10	0	5-10	0	5-10
Malcolm Bell	5-10	0	5-10	0	5-10
Natasha Cornick	5-10	0	5-10	0	5-10
Shona Manson	5-10	0	5-10	0	5-10
Lisa Ward [until 29/02/2020]	5-10	0	5-10	0	5-10
Jane Haswell	5-10	0	5-10	0	5-10

Director	Director's Gross Salary (bands of £5,000)	Benefits in Kind	Total Earnings in Year	Pension Benefits	Total Remuneration
Other Board Members	**£000**	**£s**	**£000**	**£000**	**£000**
Chair of Area Clinical Forum: Edna Watson [6]	70-75	0	70-75	15	85-90
Employee Director: Ian Sandilands [7]	55-60	0	55-60	25	80-85
Other Senior Employees	**£000**	**£s**	**£000**	**£000**	**£000**
Director of Community Health and Social Care: Jo Robinson [from 14/05/2019][8]	40-45	0	45-50	0	40-45
Total				**207**	

Notes in respect of 2019–20 disclosure:

1. The full year equivalent salary of this Chief Executive is £105k-110k.
2. This Interim Chief Executive was seconded from his substantive post of Director of Community Health & Social Care between 22/04/2019 and 05/01/2020. The full year salary is included above.
3. The full year equivalent of this Chief Executive is £105k-110k.
4. The Medical Director's salary includes £44k in respect of non-Board duties (Dental Director).
5. The Director of Public Health is a joint post between NHS Shetland (NHSS) and NHS Grampian (NHSG). They are employed by NHSG and provide services to NHSS through a Service Level Agreement (SLA). The annual cost of the SLA is included above. Their full annual salary paid by NHS Grampian was £105-£110k.
6. The Chair of the Area Clinical Forum salary includes £66k in respect of non-Board duties (Chief Nurse Community).

7. The Employee Director's salary includes £52k in respect of non-Board duties (Clinical Team Leader).
8. The Director Community Health and Social Care is a joint post between NHS Shetland (NHSS) and SIC. They are employed by SIC who recharge NHSS 50% of the gross cost. The annual cost to NHSS is £45-£50k and the full annual salary paid by SIC was £70-£75k.
9. No bonus payments were made in 2019–20.

- **Shetland NHS Board—Pension Values—Year Ended 31 March 2020 (Audited Information)**

Director	**Accrued pension at age 60 as at 31/03/2020 (bands of £5,000) [1]**	**Real Increase in Pension at age 60 (bands of £2,500) [1]**	**CETV at 31/03/2020**	**CETV at 31/03/2019**	**Real Increase in CETV**
Executive Members	**£000**	**£000**	**£000**	**£000**	**£000**
Chief Executive: Ralph Roberts	40-45 (115-120)	0-2.5 (0)	906	880	26
Interim Chief Executive: Simon Bokor-Ingram	30-35 (70-75)	0-2.5 (0-2.5)	644	595	49
Chief Executive: Michael Dickson	0-5 (0)	0-2.5 (0)	6	0	6
Medical Director: Brian Chittick	0-10 (0)	0-2.5 (0)	102	73	29
Director of Nursing: Kathleen Carolan	20-25 (40-45)	0-2.5 (0-2.5)	360	326	34
Director of Finance: Colin Marsland	25-30 (65-70)	2.5-5 (2.5-5)	533	474	59

Director	Accrued pension at age 60 as at 31/03/2020 (bands of £5,000) [1]	Real Increase in Pension at age 60 (bands of £2,500) [1]	CETV at 31/03/2020	CETV at 31/03/2019	Real Increase in CETV
Director of Human Resources and Support Services: Lorraine Hall	15-20 (45-50)	0-2.5 (0-2.5)	380	332	48
Director of Public Health: Susan Webb [3]	N/A	N/A	N/A	N/A	N/A

Director	Accrued pension at age 60 as at 31/03/2020 (bands of £5,000) [1]	Real Increase in Pension at age 60 (bands of £2,500) [1]	CETV at 31/03/2020	CETV at 31/03/2019	Real Increase in CETV
Non-Executive Members [2]					
Other Board Members	**£000**	**£000**	**£000**	**£000**	**£000**
Chair of Area Clinical Forum: Edna Watson	25-30 (75-80)	0-2.5 (2.5-5)	547	505	42
Employee Director: Ian Sandilands [7]	20-25 (60-65)	0-2.5 (2.5-5)	487	439	48

Director	Accrued pension at age 60 as at 31/03/2020 (bands of £5,000) [1]	Real Increase in Pension at age 60 (bands of £2,500) [1]	CETV at 31/03/2020	CETV at 31/03/2019	Real Increase in CETV
Other Senior Employees	**£000**	**£000**	**£000**	**£000**	**£000**
Director of Community Health and Social Care: Jo Robinson [3]	N/A	N/A	N/A	N/A	N/A
Total					**341**

Notes in respect of 2019–20 disclosure:

1. Accrued annual pension and real annual increase stated first followed by lump sum payment inside brackets.
2. Non-executive members are not eligible for membership of NHS pension scheme so the value is nil in all columns for the pension values table.
3. Pension values are included in the financial statements of relevant employers NHSG and SIC.

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

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

Fair Pay Disclosure (Audited Information)

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

2019–20		**2020–21**	
Range of staff remuneration (£000s)	18-227	Range of staff remuneration (£000s)	20-266

2019–20		**2020–21**	
Highest Earning Director's Total Remuneration (£000s)	120-125	Highest Earning Director's Total Remuneration (£000s)	125-130
Median Total Remuneration (£s)	32,242	Median Total Remuneration (£s)	33,860
Median Pay Ratio	1:4	Median Pay Ratio	1:4

The remuneration figures used for this calculation represent the annualised whole time equivalent (WTE) salary figures excluding employer's pension contributions. The figures disclosed earlier in this remuneration report represent actual earnings for the year inclusive of pension costs. In respect of staff with part-time employment the total pay used in the calculation of the median has been grossed-up to a WTE value but staff with contracts of less than 2 hours were excluded as this can lead to very high annual salaries when grossed up that distort the median result. Arrears of staff pay have also been excluded as this may also distort the median. Agency staff are excluded, as they are not employees and are charged via invoice, not via payroll.

Staff Report

Number of senior staff by band (Audited Information)

This information is provided by headcount and represents the Executive Board Members and Other Senior Employees from the Remuneration Report. This information represents full year equivalent salaries of Board Members and Senior Employees still in employment at 31 March 2021.

	2021	**2020**
Band (bands of £10,000)	**Number of Staff**	**Number of Staff**
£70,001 to £80,000	1	1
£80,001 to £90,000	1	2
£90,001 to £100,000	2	1
£100,001 to £110,000	1	2
£110,001 to £120,000	1	0
£120,001 to £130,000	1	1
£180,001 to £190,000 [1]	1	0
Total	**8**	**7**

The Director of Public Health is a joint post between NHS Shetland (NHSS) and NHS Grampian (NHSG). They are employed by NHSG and provide services to NHSS through a Service Level Agreement (SLA). The annual cost of the SLA is £35k-£40k. Their full annual salary paid by NHS Grampian was £185k-£190k.

Higher paid employees' remuneration (Audited Information)

Other employees whose remuneration fell within the following ranges:

2021		**2020**
Number		**Number**
	Clinicians	
6	£70,001 to £80,000	10
10	£80,001 to £90,000	9
5	£90,001 to £100,000	4
3	£100,001 to £110,000	1
1	£110,001 to £120,000	3
0	£120,001 to £130,000	3
4	£130,001 to £140,000	2
2	£140,001 to £150,000	2
3	£150,001 to £160,000	2
1	£160,001 to £170,000	2
1	£170,001 to £180,000	1
1	£180,001 to £190,000	0
1	£190,001 to £200,000	0
3	£200,001 and above	1
	Other	
2	£70,001 to £80,000	2
0	£80,001 to £90,000	2

2021		**2020**
Number		**Number**
1	£90,001 to £100,000	1

Staff costs (Audited Information)

	Salaries and wages	**Social security costs**	**NHS scheme employers' costs**	**Inward secondees**	**Agency and other directly engaged staff**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Executive Board Members	454	70	109	0	0	**633**
Non-Executive Members	95	3	0	0	0	**98**
Permanent staff	27,828	3,051	5,006	0	0	35,885
Inward Secondees	0	0	0	2,607	0	2,607
Other Staff	0	0	0	0	5,147	5,147
Outward Secondees	0	0	0	0	0	0
2021 total	**28,377**	**3,124**	**5,115**	**2,607**	**5,147**	**44,370**
2020 total	**24,717**	**2,673**	**4,511**	**1,847**	**3,164**	**36,912**

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

	WTE
Executive Board Members	5
Non-Executive Members	2
Permanent staff	656
Inward Secondees	0
Other Staff	0
Outward Secondees	0
2021 total	**663**
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:	0
Included in the total staff numbers above were disabled staff of:	50
Included in the total staff numbers above were Special Advisers of:	0
2020 total	**598**
Included in the total staff numbers above were staff engaged directly on capital projects, charged to capital expenditure of:	0
Included in the total staff numbers above were disabled staff of:	59
Included in the total staff numbers above were Special Advisers of:	0

Note: Staff pension benefits are provided through the NHS Superannuation Scheme for Scotland. Details of the scheme are included in Note 19.

Staff composition (Unaudited Information)

Head Count of Staff	**2021**			**2020**		
	Male	Female	**Total**	Male	Female	**Total**
Executive Directors	2	4	6	3	3	6
Non-Executive Directors and Employee Director	5	4	9	5	4	9
Senior Employees	1	0	1	0	1	1
Other	153	647	800	123	602	725
Total Headcount	161	655	816	131	610	741

Sickness absence data (Unaudited Information)

	2021	**2020**
Sickness absence rate	2.9%	3.8%

The NHS Scotland AOP compliance standard for Boards to achieve is a sickness absence rate of 4.0% or less. NHS Shetland moved from non-compliant to compliant against this KPI in 2019–20 and has remained compliant during the challenges in 2020–21.

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

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

Exit packages (Audited Information)

None in 2020–21 or prior year.

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

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force.

On 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of facility time within their organisation. The data is required to be published on a website maintained by or on behalf of the employer before 31 July each year.

Relevant Union Officials

Number of employees who were relevant union officials during the year 1 April 2020 to 31 March 2021	**Full time equivalent employee number**
15	15

Percentage of time spent of facility time

Percentage of time	**Number of representatives**
0%	0
1–50%	15
51–99%	0
100%	0

Percentage of pay bill spent on facility time

	£000's
Total cost of facility time	6
Total pay bill	45,853
Percentage of the total pay bill spent on facility time	0.01%

- **Paid trade union activities**

Time spent on paid trade union activities as a percentage of total paid facility time hours	2%

Staff Turnover Percentage (Unaudited Information)

2020–21 12%

2019–20 11%

Staff turnover is calculated as follows and has remained consistent year on year.

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

Off Payroll Engagement (Unaudited Information)

The use of locum agency medical and nursing staff throughout the year is disclosed in section (c) above. These staff are either (1) remunerated through NHS Shetland's payroll when deemed 'employed for tax purposes' or under IR35 legislation (2) remunerated through a third party payroll service provided by Liaison Financial Services Limited, or (3) remunerated through the payroll of the Agency provider.

Staff Survey (Unaudited Information)

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

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

The process is based on a staff engagement questionnaire which all staff are asked to respond to, which then generates a Team Report containing the results. The Line Manager discusses the report with the team and agree what the teams' main strength is along with up to 3 improvement actions that are specific for them for the months ahead. This improvement plan is captured on a team 'Storyboard' which the team then uses to monitor progress prior to the next iMatter run. The process is then completed annually.

Expenditure on Consultancy (Unaudited Information)

There has been three consultancy firms engaged during 2020–21. Digital Health and Care Innovation Centre in respect of the Clinical Strategy review through iHub, Anderson Solutions for Shetland Children Partnership, a new framework for partnership project and Affinaod in respect of Mental Health staff wellbeing.

The Net Zero Route map energy consultant reference in the report are being paid by Health Facilities Scotland for this project and not NHS Shetland

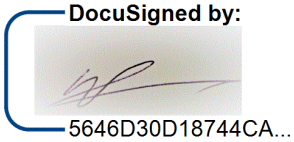
Other Employee Matters (Unaudited Information)

The Board has policies and procedures in place for other employee matters such as other diversity issues and equal treatment in employment and occupation; employment issues including employee consultation and/or participation; health and safety at work; trade union relationships; and human capital management such as career management and employability, pay policy etc. Policies include 'Eliminating Bullying and Harassment', 'Work Life Balance' and 'Health and Safety Policy'. You can find the relevant documentation on NHS Shetland's external website.

Parliamentary Accountability Report (Audited Information)

There are no disclosures applicable, as NHS Shetland is not aware of any attempted fraud or irregular activities during 2020–21 or prior year that incurred a loss and only two payments were made within our delegated limits in respect of a medical negligence claim for £0.168m. The Board as required has provided 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.

Approval and signing of the Accountability Report

Signed 

Date: 21 July 2021

By Michael Dickson, Chief Executive as Accountable Officer

Independent auditor's report

To the members of Shetland Health Board, the Auditor General for Scotland and the Scottish Parliament.

Report on the audit of the financial statements

Opinion on financial statements

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

In our opinion the accompanying financial statements:

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

Basis of opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 31 May 2016. The period of total uninterrupted appointment is 5 years. We are independent of the board 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 body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included the National Health Service (Scotland) Act 1978 and the Public Bodes (Joint Working) Scotland Act 2014.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These included the Data Protection Act 2018 and relevant employment legislation.

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

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

around the year-end to assess whether they have been recorded in the correct period.

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Statutory other information

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

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

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

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

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National

Health Service (Scotland) Act 1978 and directions made thereunder by the Scottish Ministers; and

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

Matters on which we are required to report by exception

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

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

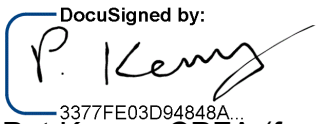
We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

DocuSigned by:

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Pat Kenny, CPFA (for and on behalf of Deloitte LLP)

110 Queen Street

Glasgow

G1 3BX

United Kingdom

21 July 2021

Shetland NHS Board Statements and Summaries

SoCNE for the Year Ended 31 March 2021

2020			**2021**
£000		**Note**	**£000**
36,912	Staff costs	3a	44,370
	Other operating expenditure		
3,171	Independent Primary Care Services		3,600
7,571	Drugs and medical supplies		8,727
50,683	Other health care expenditure		55,642
98,337	Gross expenditure for the year		112,339
(32,295)	Less: operating income	4	(35,322)
(36)	Associates and joint ventures accounted for on an equity basis		(596)
66,006	**Net expenditure for the year**		**76,421**

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

2020		**2021**
£000		**£000**
179	Net (gain) / loss on revaluation of investments	(327)
(273)	Net gain on revaluation of property	0
(94)	**Other comprehensive expenditure**	(327)
65,912	**Comprehensive net expenditure**	**76,094**

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

Summary of Resource Out-turn (SoRO) for the Year Ended 31 March 2021

- **Summary of Core Revenue Resource Out-turn**

		2021
Summary of Core Revenue Resource Out-turn	**Note**	**£000**
Net expenditure	**SoCNE**	**76,421**
Total non-core expenditure (see below)		(1,652)
Family Health Services non-discretionary allocation		(1,912)
Donated asset income		80
Endowment net expenditure		760
Associates and joint ventures accounted for on an equity basis		596
Total core expenditure		**74,293**
Core RRL		74,356
Saving against Core RRL		**63**

- **Summary of Non-Core Revenue Resource Out-turn**

		2020
Summary of Non-Core Revenue Resource Out-turn	**Note**	**£000**
Depreciation/amortisation		1,538
Annually Managed Expenditure (AME)—impairments		67
AME—pension valuation		20
AME—depreciation of donated assets	2a	27
Total Non-Core Expenditure		**1,652**
Non-Core RRL		1,893
Saving against Non-Core RRL		**241**

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

Summary Resource Out-turn	**Resource**	**Expenditure**	**Saving/(Excess)**
	£000	**£000**	**£000**
Core	74,356	74,293	63
Non-Core	1,893	1,652	241
Total	**75,572**	**75,268**	**304**

Consolidated Statement of Financial Position as at 31 March 2021

Consolidated	Board			Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**		**Note**	**£000**	**£000**
30,055	30,055	Property, plant and equipment	7c	31,432	31,432
		Financial assets:			
1,168	0	Available for sale financial assets	10	1,495	0
489	0	Investments in associates and joint ventures		1,085	0
31,712	**30,055**	**Total non-current assets**		**34,012**	**31,432**
		Current Assets:			
505	505	Inventories	8	475	475
		Financial assets:			
1,219	1,322	Trade and other receivables	9	2,859	2,919
547	124	Cash and cash equivalents	11	1,555	122
2,271	**1,951**	**Total current assets**		**4,889**	**3,516**
33,983	**32,006**	**Total assets**		**38,901**	**34,948**
		Financial liabilities:			
(467)	(467)	**Provisions**	13a	(597)	(597)
(10,227)	(10,577)	Trade and other payables	12	(14,103)	(14,160)

Consolidated	Board			Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**		**Note**	**£000**	**£000**
(10,694)	**(11,044)**	**Total current liabilities**		**(14,700)**	**(14,757)**
23,289	**20,962**	**Non-current assets plus / less net current assets / liabilities**		**24,201**	**20,191**
		Non-current liabilities			
(1,617)	(1,617)	Provisions	13a	(1,450)	(1,450)
(1,617)	**(1,617)**	**Total non-current liabilities**		**(1,450)**	**(1,450)**
21,672	**19,345**	**Assets less liabilities**		**22,751**	**18,741**
		Taxpayers' Equity			
7,063	7,063	General fund		6,860	6,860
12,282	12,282	Revaluation reserve		11,881	11,881
489	0	Other reserves - associates and joint ventures		1,085	0
1,838	0	Fund held on Trust		2,925	0
21,672	**19,345**	**Total taxpayers' equity**		**22,751**	**18,741**

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

The financial statements on pages 74 to 148 were approved by the Board on 25 June 2021 and signed on their behalf by:

DocuSigned by:
Colin Marsland
CF62D3C08DB14E2...
Director of Finance Date: 21 July 2021

DocuSigned by:
5646D30D18744CA...
Chief Executive Date: 21 July 2021

Consolidated Statement Of Cash Flows for the Year Ended 31 March 2021

2020			2021	2021
£000		Note	£000	£000
	Cash flows from operating activities			
(66,006)	Net expenditure	SoCTE	(76,421)	
1,439	Adjustments for non-cash transactions	2a	1,463	
41	Investment income		31	
1,839	Movements in working capital	2c	2,231	
(62,687)	**Net cash outflow from operating activities**	**26c**		**(72,696)**
	Cash flows from investing activities			
(1,034)	Purchase of property, plant and equipment		(2,832)	
89	Proceeds of disposal of property, plant and equipment		73	
(119)	Investment additions		(287)	
119	Receipts from sale of investments		287	
(41)	Interest received		(31)	
(986)	**Net cash outflow used in investing activities**	**26c**		**(2,790)**
63,957	Funding	SoCTE	76,496	
(18)	Movement in general fund working capital	SoCTE	(2)	
63,939	Cash drawn down		76,494	
63,939	**Net Financing**	**26c**		**76,494**
266	**Net Increase in cash and cash equivalents in the year**			1,008
281	**Cash and cash equivalents at the beginning of the year**			547

2020			2021	2021
£000		Note	£000	£000
547	**Cash and cash equivalents at the end of the year**			**1,555**
	Reconciliation of net cash flow to movement in net debt/cash			
266	Increase in cash in year	11		1,008
281	Net debt / cash at 1 April			547
547	**Net debt / cash at 31 March**			**1,555**

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

Consolidated Statement of Changes in Taxpayers' Equity

		General Fund	Revaluation Reserve	Other reserve - associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2020		7,063	12,282	489	1,843	21,677
Changes in taxpayers' equity for 2020–21						
Transfers between reserves		401	(401)	0	(5)	(5)
Net gain on revaluation of investments		0	0	0	327	327
PPE and testing kits		677	0	0	0	677
Net operating cost for the year	CFS	(77,777)	0	596	760	(76,421)
Total recognised income and expense for 2020–21		(76,699)	(401)	596	1,087	(75,417)
	Note					
Drawn down	CFS	76,494	0	0	0	76,494
Movement in General Fund creditor	CFS	2	0	0	0	2
Balance at 31 March 2021	**SoFP**	**6,860**	**11,881**	**1,085**	**2,925**	**22,751**

Consolidated Statement of Changes in Taxpayers' Equity—Prior Year, Ended 31 March 2020

		General Fund	Revaluation Reserve	Other reserve—associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 1 April 2019		9,217	12,465	453	1,497	23,632
Changes in taxpayers' equity for 2019–20						
Net gain on revaluation of property		0	273	0	0	273
Transfers between reserves		456	(456)	0	0	0
Net loss on revaluation of investments		0	0	0	(179)	(179)
Net operating cost for the year	CFS	(66,567)	0	36	525	(66,006)
Total recognised income and expense for 2019–20		(66,111)	(183)	36	346	(65,912)
Funding:						
Drawn down	CFS	63,939	0	0	0	63,939
Movement in General Fund debtor	CFS	18				18

		General Fund	Revaluation Reserve	Other reserve— associates and joint ventures	Funds Held on Trust	Total Reserves
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Balance at 31 March 2020	**SoFP**	**7,063**	**12,282**	**489**	**1,843**	**21,677**

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

Note 1—Accounting Policies

Authority

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

The preparation of financial statements in conformity with IFRSs 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 28 below.

Standards, amendments and interpretations effective in current year

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

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

Standards, amendments and interpretation early adopted this year

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

Standards, amendments and interpretation not yet adopted this year

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

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

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

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

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

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

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

Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity from April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021-22 is currently impracticable. However, the Board does not expect the implementation of this standard to have a material impact on the financial statements.

Basis of Consolidation

Consolidation

In accordance with IAS 27 – Separate financial statements, the financial statements consolidate the Shetland Health Board Endowment Funds and the IJB which are both considered material to NHS Shetland.

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

The Shetland Health Board Endowment Fund is a Registered Charity with the 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 intragroup transactions between the Board and the Endowment Fund have been eliminated on consolidation. Note 21 details how these consolidated financial statements have been calculated.

Unaudited financial statements for the Endowment Fund and IJB have been used as a basis for the calculations/consolidation.

The IJB was formally constituted on 27th June 2015 under the Public Bodies (Joint Working) (Scotland) Act 2014.

The IJB reviewed the 2019–2022 Strategic Commissioning Plan on 10 December 2020. The basis of consolidation used is the equity method.

Going Concern

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

Approximately 95% of NHS Shetland costs are directly funded by allocations received from the Scottish Government. There is currently a general climate of

uncertainty across NHS Scotland but there is no indication from the Scottish Government that the structure of Health Boards in Scotland will change. It is therefore likely that NHS Shetland will exist, in its current form, for the foreseeable future.

Covid-19 continues to cause disruption across the global economy but the roll out of the vaccination programme and the introduction of mass testing facilities has seen restrictions begin to ease in the last quarter of 2020–21. Uncertainty does however remain over what the longer term impact on NHS Scotland will be. Based on the facts and circumstances known at this moment and the possible scenarios about how the Covid-19 virus and resulting government measures could evolve, we have determined that the use of the going concern assumption is warranted.

EU Withdrawal continues to be monitored by the Board but is not deemed a significant risk due to the security of the collective national approach being adopted across the country.

Accounting Convention

The financial statements are prepared on a historical cost basis, as modified by the revaluation of property, available-for-sale financial assets and financial assets and liabilities (including derivative instruments) at fair value.

Funding

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

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

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

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

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

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

Expenditure on goods and services is recognised when and to the extent that they have been received, and is measured at the fair value of those goods and services.

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

Property, plant and equipment

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

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

Recognition

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

All assets falling into the following categories are capitalised:

1. Property, plant and equipment assets which are capable of being used for a period which could exceed one year, and have a cost equal to or greater than £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, the Board has the option to capitalise initial revenue equipment costs with a standard life of 10 years.
3. Assets of lesser value may be capitalised where they form part of a group of similar assets purchased at approximately the same time and cost over £20,000 in total, or where they are part of the initial costs of equipping a new development and total over £20,000.

Measurement

Valuation

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

All assets are measured subsequently at fair value as follows:

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

Non-specialised land and buildings, such as offices, are stated at fair value.

Valuations of all land and building assets are reassessed by valuers under a 3-year programme of professional valuations and adjusted in intervening years to take

account of movements in prices since the latest valuation. The valuations are carried out in accordance with the Royal Institution of Chartered Surveyors (RICS) Appraisal and Valuation Manual insofar as these terms are consistent with the agreed requirements of the Scottish Government.

The Board changed from a 5-year to a 3–year programme of professional valuations during 2013-14 with the latest full valuation of the estate taking place as at 31 March 2020. This programme was deemed to be the most economically advantageous option during the contract renewal process. This will also ensure the value of the asset base more accurately reflects movements in the market. The next full valuation of the estate is scheduled to take place at 31 March 2023.

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

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

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

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

Subsequent expenditure

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

Revaluations and Impairment

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

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.

Gains and losses on revaluation are reported in the Statement of Comprehensive Net Expenditure.

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-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Board, respectively.
3. Property, Plant and Equipment which has been reclassified as 'Held for Sale' ceases to be depreciated upon the reclassification.
4. Buildings, Dwellings and fittings are depreciated on current value over the estimated remaining life of the asset, as advised by the appointed valuer. They are assessed in the context of the maximum useful lives for building elements.
5. Plant and Machinery, Transport Equipment, IT and Furniture and Fittings are depreciated over the estimated life of the asset.

Depreciation is charged on a straight-line basis.

The following asset lives have been used:

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

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

Intangible Assets

- **Recognition**

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Board's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Board and where the cost of the asset can be measured reliably.

Intangible assets that meet the recognition criteria are capitalised when they are capable of being used in a Board's activities for more than one year and they have a cost of at least £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.

- **Measurement**

Valuation:

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

- **Amortisation**

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

All intangible assets have been purchased and amortisation is charged to the Statement of Comprehensive Net Expenditure on each main class of intangible asset as follows:

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

Amortisation is charged on a straight-line basis.

The following asset lives have been used:

Asset Category	**Useful Life**
Software	10

Donated Assets

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

During 2020–21 a BD Max Analyser valued at £80k was donated to the Board to support with its Covid-19 response.

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 Comprehensive Net Expenditure. Non-current assets held for sale will include assets transferred from other categories and will reflect any resultant changes in valuation.

Leasing

- **Finance leases**

Where substantially all risks and rewards of ownership of a leased asset are borne by the Board, the asset is recorded as Property, Plant and Equipment and a corresponding liability is recorded. Assets held under finance leases are valued at their fair values and are depreciated over the remaining period of the lease in accordance with IAS17.

The asset and liability are recognised at the inception of the lease, and are de-recognised when the liability is discharged, cancelled or expires. The minimum lease payments (annual rental less operating costs e.g. maintenance and contingent rental) are apportioned between the repayment of the outstanding liability and a finance charge. The annual finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability using either the implicit interest rate or another relevant basis of estimation such as the sum of the digits method. Finance charges are recorded as interest payable in the Statement of Comprehensive Net Expenditure. Contingent rental and operating costs are charged as expenses in the periods in which they are incurred.

- **Operating leases**

Other leases are regarded as operating leases and the rentals are charged to expenditure on a straight-line basis over the term of the lease. Operating lease incentives received are added to the lease rentals and charged to expenditure over the life of the lease.

- **Leases of land and buildings**

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately. Leased land is treated as an operating lease unless title to the land is expected to transfer.

Impairment of non-financial assets

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

General Fund Receivables and Payables

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

Inventories

Inventories are valued at the lower of cost and net realisable value. Taking into account the high turnover of NHS inventories, the use of average purchase price is deemed to represent current cost.

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.

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

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

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

Clinical and Medical Negligence Costs

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

NHS Shetland provide for all claims notified to the NHS Central Legal Office according to the value of the claim and the probability of settlement. Claims assessed as 'Category 3' are deemed most likely and provided for in full, those in 'Category 2' as 50% of the claim and those in 'category 1' as nil. The balance of the value of claims not provided for is disclosed as a contingent liability. This procedure is intended to estimate the amount considered to be the liability in respect of any claims outstanding and which will be recoverable from the CNORIS in the event of payment by an individual health body. The corresponding recovery in respect of amounts provided for is recorded as a debtor and that in respect of amounts disclosed as contingent liabilities are disclosed as contingent assets.

NHS Shetland also provides for its liability from participating in the scheme. The Participation in CNORIS provision recognises the Board's respective share of the

total liability of NHS Scotland as advised by the Scottish Government and based on information prepared by NHS Boards and the Central Legal Office. The movement in the provisions between financial years is matched by a corresponding adjustment in AME provision and is classified as non-core expenditure.

Related Party Transactions

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

VAT

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

Provisions

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

Contingencies

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

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

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

Corresponding Amounts

Corresponding amounts are shown for the primary statements and notes to the 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.

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 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:

- these are measured at fair value on a portfolio basis in accordance with a documented risk management or investment strategy;
- they contain embedded derivatives; and/or

- it eliminates or reduces ‘accounting mismatch’ that would otherwise arise from measurement or recognition on an amortised costs basis.

a) Financial liabilities at fair value through profit or loss

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

b) Financial liabilities held at amortised cost

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

Recognition and measurement:

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

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

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

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

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

Segmental reporting

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

Cash and cash equivalents

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

Key sources of judgement and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Board makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The Board makes judgements in applying accounting policies.

- **Assumptions and sources of estimation uncertainty**

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial statements within the next financial year are addressed 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 Shetland. 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 provision at 31 March 2021 is £116,000 (31 March 2020: £162,000) The share of the NHS Scotland CNORIS liability is estimated based on actual settlement trends in prior years and is £1,659,000 at 31 March 2021 (£1,661,000 at 31 March 2020). There is a risk of a material adjustment to the carrying amount of the provision in the next financial year should there be significant changes to the claims received by the Central Legal Office. All claims are closely monitored by the Central Legal Office to reduce the level of risk.

- **Fair Value of Property, Plant & Equipment:**

NHS Shetland’s land and property was fully revalued at 31 March 2020, shown in note 7, and resulted in a net gain on revaluation of £273,000. The professional valuer’s estimates, assumptions and judgements are relied upon in relation to the valuation report.

Advice was sought from the professional valuer during 2020–21 in regards to indexation and the following statement was provided. On this basis it was

management's decision that no indexation was performed and as a result no revaluation movements have been recognised in 2020-21.

"The information we have gleaned over the past year to establish our building cost rates for this year's exercise has been hampered by, in particular, various ramifications of the Covid-19 pandemic but also the very late trade deal that was agreed in December 2020 between the UK and the EU following the exit of the UK from the EU on 31 January 2020 e.g. fewer buildings being constructed / completed due to lock-down measures (resulting in fewer completed projects to analyse their cost), uncertainty over the continued supply and price of building materials, uncertainty over the short to medium term effects on the UK economy. This resulted in the various indices being inconsistent in nature during the year 31 March 2020 - 31 March 2021 with some showing decreases in cost rates and some showing increases in cost rates as well as different outcomes in the forecasting of future cost rates - all occurring as a logical consequence of the material uncertainty caused especially by the Covid-19 pandemic. After considerable deliberation, the conclusion which we have reached is that for Depreciated Replacement Cost (DRC) based values, a Buildings Element indexation factor of 0% (before depreciation) is appropriate between 31 March 2020 and 31 March 2021 with a corresponding 0% factor in respect of the Land Element.

In terms of the non-specialist properties which have been assessed to Fair Value (Market Value) we have considered general trends in the Scottish property markets over the relevant period. As above, the dual issues of the Covid-19 pandemic and the UK's new relationship with the EU have greatly influenced property market sentiment and conditions, particularly on (1) the residential front whereby there appears to be shift towards more "open" living, (2) the office market with a potential reduction in demand for office accommodation and (3) the almost complete collapse of the traditional high street retail market. Thus, reflecting the character and locations of the Board's Estate and these current general market trends, we would suggest that building and land assets assessed on this basis have a 0% indexation factor applied."

- **Critical judgements**

The Board has concluded that there are no critical judgements required by management in applying accounting policies that may have a significant effect on the amounts recognised in the financial statements.

PPE and Testing Kits

In 2020/21 NHS Shetland received inventories including personal protective equipment from National Services Scotland at nil cost. In line with IAS 20 and FreM, the Board has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by National Services Scotland.

Note 2—Notes to the Cash Flow Statement

- **2a. Consolidated adjustments for non-cash transactions**

2020			**2021**
£000		**Note**	**£000**
	Expenditure not paid in cash		
1,452	Depreciation	7a	1,528
9	Amortisation	6	0
23	Depreciation of donated assets	7a	27
0	Funding of donated assets		(173)
(9)	Profit on disposal of property		0
(36)	Associates and joint ventures accounted for on an equity basis	SoCNE	(596)
0	PPE and testing kits		677
1,439	**Total expenditure not paid in cash**	**CFS**	**1,463**

- **2b. Consolidated movements in working capital**

2020		**2021**			
Net movement		**Note**	**Opening balances**	**Closing balances**	**Net Movement**
£000			**£000**	**£000**	**£000**
	Inventories				
(109)	SoFP	8	**505**	**475**	**30**
	Trade and other Receivables				
(75)	Due within one year	9	1,219	2,859	
0	Due after more than one year	9	0	0	
(75)	**Net increase**		**1,219**	**2,859**	**(1,640)**

2020		2021			
Net movement		**Note**	**Opening balances**	**Closing balances**	**Net Movement**
£000			**£000**	**£000**	**£000**
	Trade and other Payables				
1,692	Due within than one year	12	10,227	14,103	
18	Less: General Fund creditor included in above	12	(124)	(122)	
1,710	**Net decrease/ (increase)**		**10,103**	**13,981**	**3,878**
	Provisions				
313	Statement of Financial Position	13a	2,084	2,047	
313	**Net decrease/ (increase)**		**2,084**	**2,047**	**(37)**
1,839	**Net movement (decrease)/ increase**	**CFS**			**2,231**

Note 3—Expenditure

- **3a. Staff costs**

2020			2021	2021
Total			Board	Consolidated
£000		Note	£000	£000
10,408	Medical and Dental		12,018	12,018
10,905	Nursing		13,705	13,705
15,599	Other Staff		18,647	18,647
36,912	**Total**	SoCNE	**44,370**	**44,370**

- **3b. Other operating expenditures**

2020		2021	2021
Total		Board	Consolidated
£000		£000	£000
	Independent Primary Care Services:		
1,092	General Medical Services [1]	1,434	1,434
974	Pharmaceutical Services	1,163	1,163
653	General Dental Services [2]	547	547
452	General Ophthalmic Services	456	456
3,171	**Total**	**3,600**	**3,600**
	Drugs and medical supplies:		
4,698	Prescribed drugs Primary Care	4,404	4,404
1,532	Prescribed drugs Secondary Care	1,997	1,997
0	PPE and testing kits	881	881
1,341	Medical Supplies	1,445	1,445
7,571	**Total**	**8,727**	**8,727**
	Other health care expenditure		
29,888	Contribution to IJBs	34,657	34,657

2020		2021	2021
Total		**Board**	**Consolidated**
£000		**£000**	**£000**
9,035	Goods and services from other NHS Scotland bodies	8,860	8,860
28	Goods and services from other UK NHS bodies	10	10
191	Goods and services from private providers	158	158
17	Goods and services from voluntary organisations	41	41
1,453	Resource Transfer	1,562	1,562
9,847	Other operating expenditure	10,142	10,142
75	External Auditor – statutory audit fee	77	77
13	External Auditor - other services – share of IJB audit fee	13	13
136	Endowment Fund expenditure	0	122
50,683	**Total**	**55,520**	**55,642**
61,425	**Total Other Operating Expenditure**	**67,847**	**67,969**

[1] This figure represents the costs of the independent GP practices only. The total cost of services in 2020–21, including Board run practices, is £6,537k (2019–20, £5,609k).

[2] This figure represents the costs of the independent dental practices only. The total cost of services in 2020–21, including Board run practices, is £2,787k (2019–20, £3,117k).

Note 4—Operating Income

2020			2021	2021
Total			Board	Consolidated
£000		Note	£000	£000
0	Income from Scottish Government		33	33
940	Income from other NHS Scotland bodies		959	959
125	Income from NHS non-Scottish bodies		50	50
28,507	Income for services commissioned by IJB		30,879	30,879
304	Patient charges for primary care		34	34
0	Donations		284	284
85	Contributions in respect of clinical and medical negligence claims		92	92
	Non NHS:			
27	Overseas patients (non-reciprocal)		5	5
661	Endowment Fund Income		0	882
1,646	Other		2,104	2,104
32,295	**Total Income**	**SoCNE**	**34,440**	**35,322**

Note 5—Segmental Analysis

- **5a. Segmental Analysis 2021**

		Net Operating Costs	Total assets	Total liabilities
Directorate of Acute and Specialist Services	**£000**	20,239	10,302	(4,277)
Directorate of Community Health & Social Care	**£000**	29,253	14,891	(6,182)
Off-island Clinical Services	**£000**	11,011	5,605	(2,327)
Public Health	**£000**	1,736	884	(367)
Support Services	**£000**	14,182	7,219	(2,997)
2021	**£000**	**76,421**	**38,901**	**(16,150)**

- **5b. Segmental Analysis Previous Year, 2020**

		Net Operating Costs	Total assets	Total liabilities
Directorate of Acute and Specialist Services	**£000**	17,732	9,131	(3,307)
Directorate of Community Health & Social Care	**£000**	25,060	12,904	(4,674)
Off-island Clinical Services	**£000**	12,513	6,443	(2,334)
Public Health	**£000**	779	401	(145)
Support Services	**£000**	9,922	5,104	(1,851)
2020	**£000**	**66,006**	**33,983**	**(12,311)**

Note 6—Intangible Assets

- **6a. Intangible assets (non-current)—Consolidated and Board**

		IT Software	Total
	Note	**£000**	**£000**
Cost or Valuation:			
At 1 April 2020		97	97
At 31 March 2021		**97**	**97**
Amortisation			
At 1 April 2020		97	97
Provided during the year		0	0
At 31 March 2021		**97**	**97**
Net book value at 1 April 2020		**0**	**0**
Net book value at 31 March 2021	**SoFP**	**0**	**0**

- **6b. Intangible assets (non-current)—Consolidated and Board—Prior year**

		IT Software	Total
	Note	**£000**	**£000**
Cost or Valuation:			
At 1 April 2019		97	97
At 31 March 2020		**97**	**97**
Amortisation			
At 1 April 2019		88	88
Provided during the year		9	9
At 31 March 2020		**97**	**97**
Net book value at 1 April 2019		**9**	**9**
Net book value at 31 March 2020	**SoFP**	**0**	**0**

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

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Cost or valuation									
At 1 April 2020	577	24,692	1,461	0	5,970	1,194	30	129	34,053
Additions—purchased	0	0	0	0	2,231	285	0	316	2,832
Additions - donated	0	0	0	0	173	0	0	0	173
Disposals—purchased	0	0	0	0	(449)	(44)	0	(5)	(498)
At 31 March 2021	**577**	**24,692**	**1,461**	**0**	**7,925**	**1,435**	**30**	**440**	**36,560**
Depreciation									
At 1 April 2020	0	0	0	0	3,278	690	30	0	3,998
Provided during the year - purchased	0	847	53	0	480	148	0	0	1,528

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Provided during the year - donated	0	0	0	0	27	0	0	0	27
Disposals—purchased	0	0	0	0	(381)	(44)	0	0	(425)
At 31 March 2021	**0**	**847**	**53**	**0**	**3,404**	**794**	**30**	**0**	**5,128**
Net book value at 1 April 2020	**577**	**24,692**	**1,461**	**0**	**2,692**	**504**	**0**	**129**	**30,055**
Net book value at 31 March 2021	**577**	**23,845**	**1,408**	**0**	**4,521**	**641**	**0**	**440**	**31,432**
Asset financing:									
Owned—purchased	577	23,845	1,408	0	4,329	641	0	440	31,240
Owned—donated	0	0	0	0	192	0	0	0	192
Net book value at 31 March 2021	**577**	**23,845**	**1,408**	**0**	**4,521**	**641**	**0**	**440**	**31,432**

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

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
At 1 April 2019	589	27,237	1,484	0	5,437	1,159	30	60	35,996
Additions—purchased	0	0	0	0	744	221	0	69	1,034
Revaluations	0	(2,545)	20	0	0	0	0	0	(2,525)
Disposals—purchased	(12)	0	(43)	0	(211)	(186)	0	0	(452)
At 31 March 2020	**577**	**24,692**	**1,461**	**0**	**5,970**	**1,194**	**30**	**129**	**34,053**
Depreciation									
At 1 April 2019	0	1,807	90	0	3,036	730	30	0	5,693
Provided during the year—purchased	0	856	45	0	416	135	0	0	1,452
Provided during the year—donated	0	0	0	0	23	0	0	0	23

	Land	Buildings	Dwellings	Trans Equip	Plant & Machinery	ICT	Furniture & Fittings	Assets Under Construction	Total
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Revaluations	0	(2,663)	(135)	0	0	0	0	0	(2,798)
Disposals—purchased	0	0	0	0	(197)	(175)	0	0	(372)
At 31 March 2020	**0**	**0**	**0**	**0**	**3,278**	**690**	**30**	**0**	**3,998**
Net book value at 1 April 2019	**589**	**25,430**	**1,394**	**0**	**2,401**	**429**	**0**	**60**	**30,303**
Net book value at 31 March 2020	**577**	**24,692**	**1,461**	**0**	**2,692**	**504**	**0**	**129**	**30,055**
Asset financing:									
Owned—purchased	577	24,692	1,461	0	2,646	504	0	129	30,009
Owned—donated	0	0	0	0	46	0	0	0	46
Net book value at 31 March 2020	**577**	**24,692**	**1,461**	**0**	**2,692**	**504**	**0**	**129**	**30,055**

Note 7b—Property, Plant and Equipment Disclosures

Consolidated	Board			Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**		**Note**	**£000**	**£000**
		Net book value of property, plant and equipment at 31 March			
30,009	30,009	Purchased		31,240	31,240
46	46	Donated		192	192
30,055	**30,055**	**Total**	**SoFP**	**31,432**	**31,432**
577	577	Net book value related to land valued at open market value at 31 March		577	577
24,692	24,692	Net book value related to buildings valued at open market value at 31 March		23,845	23,845

Land and buildings were fully revalued by an independent valuer, Gerald Eve, at 31 March 2020 on the basis of fair value. A full revaluation will be carried out again on 31 March 2023 in line with the Board's three year cycle.

Valuations of land and building assets have been prepared having regard to the contents of the RICS Valuation- Global Standards UK (January 2020) and specifically the appropriate bases of valuation for IFRSs. It is provided within these Standards (and associated RICS Practice Statements) that (a) for those properties that are owner-occupied and are of a non-specialised nature, the basis of valuation is Fair Value assuming ongoing operational use, (b) for properties which are either owned but not occupied by the Board or have been declared surplus, these are also to be valued on the basis of Fair Value. Fair value is defined as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". (In this context, Fair Value is generally taken to be the equivalent of the RICS definition of Market Value) and (c) for properties that are owner-occupied but are of a specialist nature, where few, if

any, open market transactions involving a continuation of the existing use occur, then the basis of valuation is also Fair Value but the Depreciated Replacement Cost method of valuation is appropriate set against the assumption of a continuation of the existing health care use for the foreseeable future.

Note 7c—Analysis of Capital Expenditure

Consolidated	Board			Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**		**Note**	**£000**	**£000**
		Expenditure			
1,034	1,034	Acquisition of property, plant and equipment	7a	2,832	2,832
0	0	Donated asset additions		173	173
1,034	**1,034**	**Gross Capital Expenditure**		**3,005**	**3,005**
		Income			
80	80	Net book value on disposal of property, plant and equipment	7a	73	73
		Donated asset income		80	80
0	**0**	**Capital Income**		**153**	**153**
954	**954**	**Net Capital Expenditure**		**2,852**	**2,852**
979	797	Total capital expenditure		2,925	2,925
985	985	Total CRL		3,096	3,096
6	**6**	**Saving against Total CRL**		**171**	**171**

Note 8—Inventories and Work in Progress

Consolidated	Board			Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**		**Note**	**£000**	**£000**
505	505	Raw materials and consumables		475	475
505	**505**	**Total inventories**	**SoFP**	**475**	**475**

Note 9—Trade and Other Receivables

Consolidated	Board			Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**		**Note**	**£000**	**£000**
		Receivables due within one year			
		NHS Scotland			
327	327	Boards		541	541
327	**327**	**Total NHS Scotland Receivables**		**541**	**541**
20	20	NHS non-Scottish bodies		25	25
67	67	VAT recoverable		146	146
241	241	Prepayments		242	242
55	55	Accrued income		191	191
154	257	Other receivables		780	840
100	100	Reimbursement of provisions		185	185
255	255	Other public sector bodies		749	749

Consolidated	Board			Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**		**Note**	**£000**	**£000**
1,219	**1,322**	**Total Receivables**		**2,859**	**2,919**
327	327	NHS Scotland		541	541
67	67	Central Government bodies		146	146
255	255	Whole of Government bodies		749	749
20	20	Balances with NHS bodies in England and Wales		25	25
550	653	Balances with bodies external to Government		1,398	1,458
1,219	**1,322**	**Total**		**2,859**	**2,919**
		Movements on the provision for impairment of receivables are as follows:			
56	56	At 1 April		45	45
7	7	Provision for impairment		2	2
0	0	Receivables written off during the year as uncollectable		0	0
(18)	(18)	Unused amounts reversed		(4)	(4)
45	**45**	**At 31 March**		**43**	**43**

As of 31 March 2021, receivables with a carrying value of £43,156 (2020: £45,062) were impaired and provided for. The ageing of these receivables is as follows:

Consolidated	Board		Consolidated	Board
2020	**2020**		**2021**	**2021**
£000	**£000**		**£000**	**£000**
0	0	3 to 6 months past due	0	0
45	45	Over 6 months past due	43	43
45	**45**		**43**	**43**

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

Receivables that are less than three months past their due date are not considered impaired. As at 31 March 2021, receivables with a carrying value of £978,000 (2020: £375,000) were past their due date but not impaired. The ageing of receivables which are past due but not impaired is as follows:

Consolidated	Board		Consolidated	Board
2020	**2020**		**2021**	**2021**
£000	**£000**		**£000**	**£000**
344	344	Up to 3 months past due	855	855
21	21	3 to 6 months past due	56	56
10	10	Over 6 months past due	67	67
375	**375**		**978**	**978**

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

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

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

Receivables that are neither past due nor impaired are shown by their credit risk below: Consolidated	**Board**		**Consolidated**	**Board**
2020	**2020**		**2021**	**2021**
£000	**£000**	Counterparties with external credit ratings	**£000**	**£000**
1,219	1,322	Existing customers with no defaults in the past	2,859	2,919
1,219	**1,322**	Total neither past due or impaired	**2,859**	**2,919**
The maximum exposure to credit risk is the fair value of each class of receivable. The NHS Board does not hold any collateral as security.	**Board**		**Consolidated**	**Board**
2020	**2020**		**2021**	**2021**
£000	**£000**		**£000**	**£000**
		The carrying amount of receivables are denominated in the following currencies:		
1,219	1,322	Pounds	2,859	2,919
1,219	**1,322**		**2,859**	**2,919**

All current receivables are due within 1 year (2019–20: 1 year) from the reporting date. The carrying amount of short-term receivables approximates their fair value. The fair value of long-term other receivables are £0 (2019–20: £0). The effective interest rate on non-current other receivables is 0% (2019–20: 0%).

Note 10—Investments

Consolidated	Board		Note	Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**			**£000**	**£000**
1,168	0	Other		1,495	0
1,168	**0**	**TOTAL**	**SoFP**		**0**
1,347	0	**At 1 April**		1,168	0
119	0	Additions	CFS	287	0
(254)	0	Disposals		(180)	0
(44)	0	Revaluation surplus / (deficit) transferred to equity	SoCTE	220	0
1,168	**0**	**At 31 March**		**1,495**	**0**
1,168	0	Non-current	SoFP	1,495	0
1,168	**0**	**TOTAL**		**1,495**	**0**

Note 11—Cash and Cash Equivalents

		2021
	Note	**£000**
Balance at 1 April		547
Net change in cash and cash equivalent balances	CFS	1,008
Balance at 31 March	**SoFP**	**1,555**
Total Cash—Cash Flow Statement		**1,555**
The following balances at 31 March were held at:		
Government Banking Service		78
Commercial banks and cash in hand		44
Endowment cash		1,433
Balance at 31 March		**1,555**

Note 12—Trade and Other Payables

Consolidated	Board		Note	Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**			**£000**	**£000**
		Payables due within one year			
		NHS Scotland			
2,873	2,873	Boards		2,477	2,477
2,873	**2,873**	**Total NHS Scotland Payables**		**2,477**	**2,477**
20	20	NHS Non-Scottish bodies		1	1
124	124	Amounts payable to General Fund		122	122
1,419	1,419	FHS practitioners		1,301	1,301
352	352	Trade payables		486	486
2,045	2,045	Accruals		3,808	3,808
119	119	Deferred income		82	82
2	2	Payments received on account		0	0
759	759	Income tax and social security		928	928
583	583	Superannuation		646	646
715	715	Holiday pay accrual		945	945
611	611	Other public sector bodies		1,674	1,674
10	10	Clinical and medical negligence claims		0	0
(350)	0	Other payables		(57)	0
945	945	Pay accrual		1,690	1,690
10,227	**10,577**	**Total payables**		**14,103**	**14,160**

Consolidated	Board		Note	Consolidated	Board
2020	**2020**			**2021**	**2021**
£000	**£000**			**£000**	**£000**
		WGA Classification			
2,873	2,873	NHS Scotland		2,477	2,477
1,342	1,342	Central Government bodies		1,574	1,574
611	611	Whole of Government bodies		1,674	1,674
20	20	Balances with NHS bodies in England and Wales		1	1
5,381	5,731	Balances with bodies external to Government		8,377	8,434
10,227	**10,577**	**Total**		**14,103**	**14,160**
£000	**£000**	The carrying amount of payables are denominated in the following currencies:			
10,227	10,577	Pounds		14,103	14,160
10,227	**10,577**			**14,103**	**14,160**

Note 13—Provisions

- **13a. Provisions—Consolidated and Board**

	Pensions arising from Staff Early Retirement	Clinical & Medical Legal Claims against NHS Board	Participation in CNORIS	Other	2021 Total
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2020	231	162	1,661	30	2,084
Arising during the year	11	54	93	14	172
Utilised during the year	(23)	(100)	(95)	0	(218)
Unwinding of discount	9	0	0	0	9
Reversed unutilised	0	0	0	0	0
At 31 March 2021	**228**	**116**	**1,659**	**44**	**2,047**

Further details on Provision are included in Note 1—Accounting Policies

- **Pensions arising from Staff Early Retirement**

The Board meets the additional costs of benefits beyond the normal 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, currently 0.95% as advised by PES (2020) 11, (2019–20: 0.5%). The Board expects expenditure to be charged to this provision for a period of up to 16 years.

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

The amounts shown above in relation to Clinical and Medical Legal Claims against NHS Shetland are stated gross and the amount of any expected reimbursements are separately disclosed as receivables in note 9. Further details are disclosed in Note 13b along with participation in NHS Scotland CNORIS.

- **Other**

Relating to the PAIAW liability in respect of former employees of NHS Shetland.

- **Analysis of expected timing of discounted flows to 31 March 2021**

	Pensions arising from Staff Early Retirement	**Clinical & Medical Legal Claims against NHS Board**	**Participation in CNORIS**	**Other**	**2021 Total**
	£000	**£000**	**£000**	**£000**	**£000**
Payable in one year	23	116	414	44	597
Payable between 2—5 years	95	0	1,008	0	1,103
Payable between 6—10 years	84	0	85	0	169
Thereafter	26	0	152	0	178
At 31 March 2021	**228**	**116**	**1,659**	**44**	**2,047**

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

	Pensions arising from Staff Early Retirement	**Clinical & Medical Legal Claims against NHS Board**	**Participation in CNORIS**	**Other**	**2020 Total**
	£000	**£000**	**£000**	**£000**	**£000**
At 1 April 2019	239	85	1,417	30	1,771
Arising during the year	28	119	258	0	405
Utilised during the year	(23)	(42)	(14)	0	(79)
Unwinding of discount	13	0	0	0	13
Reversed unutilised	(26)	0	0	0	(26)
At 31 March 2020	**231**	**162**	**1,661**	**30**	**2,084**

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

- **Analysis of expected timing of discounted flows to 31 March 2020**

	Pensions arising from Staff Early Retirement	**Clinical & Medical Legal Claims against NHS Board**	**Participation in CNORIS**	**Other**	**2020 Total**
	£000	**£000**	**£000**	**£000**	**£000**
Payable in one year	23	162	282	0	467
Payable between 2—5 years	93	0	997	0	1,090
Payable between 6—10 years	84	0	299	0	383
Thereafter	31	0	83	30	144
At 31 March 2020	**231**	**162**	**1,661**	**30**	**2,084**

- **13b. Clinical Negligence and Other Risks Indemnity Scheme (CNORIS)**

2020		**Note**	**2021**
£000			**£000**
162	Provision recognising individual claims against the NHS Board as at 31 March	13a	116
(100)	Associated CNORIS receivable at 31 March	9	(185)
1,661	Provision recognising the NHS Board's liability from participating in the scheme at 31 March	13a	1,659
1,723	**Net Total Provision relating to CNORIS at 31 March**		**1,590**

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

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

claims to be managed and reduces the level of volatility that individual Boards are exposed to.

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

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

Therefore there are two related but distinct provisions required as a result of participation in the scheme. Both of these provisions as well as the associated receivable have been shown in the note above to aid the reader's understanding of CNORIS.

Further information on the CNORIS website.

Note 14—Contingent Liabilities

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

2020		**2021**
£000		**£000**
	Nature	
63	Clinical and medical compensation payments	115
63	**Total Contingent Liabilities**	**115**

Note 15—Events After the End of the Reporting Year

NHS Shetland along with our partners started a review of Shetland Islands Health and Social Care Partnership Integration Scheme in line with section 44 of Public Bodies (Joint Working) (Scotland) Act 2014 with a plan to complete this obligation before the 30 June 2020 to meet the fifth anniversary date of the implementation as outlined in the Act.

The Covid-19 pandemic significantly delayed progress but all three partners have now recommended the scheme for approval by the Scottish Ministers. The IJB agreed the proposed revised integration scheme on 25 March 2021. SIC and NHS Shetland then considered these recommendations from IJB and approved n 14 April 2021 and on 27 April 2021.

Note 16—Commitments

- **Capital Commitments**

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

2020		**2021**
£000		**£000**
	Authorised but not Contracted	
211	Estates capital projects	96
567	Statutory compliance & backlog maintenance	519
350	Medical equipment	332
105	ICT Projects (Tangible)	100
0	Covid-19	653
1,233	**Total**	**1,700**

Note 17—Commitments Under Leases

- **Operating Leases**

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

- **Obligations under operating leases comprise:**

2020		**2021**
£000		**£000**
	Land	
	None	
	Buildings	
63	Not later than one year	63
63	Later than one year, not later than two years	63
189	Later than two year, not later than five years	136
0	Later than five years	0
	Other	

2020		2021
£000		£000
85	Not later than one year	76
69	Later than one year, not later than two years	33
31	Later than two year, not later than five years	19
0	Later than five years	0
	Amounts charged to Operating Costs in the year were:	
167	Hire of equipment (including vehicles)	210
63	Other operating leases	146
230	**Total**	**356**

- **Aggregate Rentals Receivable in the year**

2020		2021
£000		£000
76	Total of finance and operating leases	66

Note 18—Pension Costs

	2021	2020
	£000	£000
Pension cost charge for the year	5,115	4,511
Additional costs arising from early retirement	20	15
Provisions / liabilities / prepayments included in the Statement of Financial Position	228	231

- **2021–22 Pension Cost Assumption**

It has been announced that NHS Scotland Agenda for Change staff will receive a minimum 4% pay increase from 1 December 2020. It is therefore expected that the total pension charge for 2021–22 will increase by £205k to £5,320k.

From 1 April 2019 the employer's contribution rate increased from 14.9% to 20.9%. The employer's contribution rate will remain unchanged in 2021–22 at 20.9%.

Note 19—Financial Instruments

- **19a. Financial Instruments by Category**
- **Financial assets**

Consolidated		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
As at 31 March 2021					
Assets per Statement of Financial Position					
Investments	10		0	1,495	1,495
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,745	0	0	1,745
Cash and cash equivalents	11	1,555	0	0	1,555
		3,300	**0**	**1,495**	**4,795**

Board		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
As at 31 March 2021					
Assets per Statement of Financial Position					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	1,805	0	0	1,805
Cash and cash equivalents	11	122	0	0	122
		1,927	**0**	**0**	**1,927**

Consolidated (Prior Year)		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
As at 31 March 2020					
Assets per Statement of Financial Position					
Investments	10	0	0	1,168	1,168
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	484	0	0	484
Cash and cash equivalents	11	547	0	0	547
		1,031	**0**	**1,168**	**2,199**

Board (Prior Year)		**Financial assets at fair value through OCI**	**Financial assets at amortised cost**	**Financial assets at fair value through profit/loss**	**Total**
	Note	**£000**	**£000**	**£000**	**£000**
As at 31 March 2020					
Assets per Statement of Financial Position					
Trade and other receivables excluding prepayments, reimbursements of provisions and VAT recoverable.	9	587	0	0	587
Cash and cash equivalents	11	124	0	0	124
		711	**0**	**0**	**711**

- **Financial Liabilities**

Consolidated		**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note	**£000**	**£000**	**£000**
As at 31 March 2021				
Liabilities per Statement of Financial Position				
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	9,970	9,970
		0	**9,970**	**9,970**
Board		**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note	**£000**	**£000**	**£000**
As at 31 March 2021				
Liabilities per Statement of Financial Position				
Trade and other payables excluding statutory liabilities (VAT and income tax and social security), deferred income and superannuation	12	0	10,027	10,027
		0	**10,027**	**10,027**

Consolidated (Prior Year)		**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note	**£000**	**£000**	**£000**
At 31 March 2020				
Liabilities per Statement of Financial Position				
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	0	5,893	5,893
		0	**5,893**	**5,893**
Board (Prior Year)		**Liabilities at Fair Value through profit and loss**	**Financial liabilities at amortised cost**	**Total**
	Note	**£000**	**£000**	**£000**
At 31 March 2020				
Liabilities per Statement of Financial Position				
Trade and other payables excluding statutory liabilities (VAT and income tax and social security) and superannuation	12	0	6,243	6,243
		0	**6,243**	**6,243**

- **19b. Financial Risk Factors**
- **Exposure to risk**

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

a) Credit risk—the possibility that other parties might fail to pay amounts due.

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

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

d) 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 cash equivalents, deposits with banks and other institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

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

Customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the NHS Board.

The utilisation of credit limits is regularly monitored.

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

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 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.

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. Cash flow and fair value interest rate risk

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

ii. Foreign Currency Risk

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

iii. Price risk

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

- **19c. Fair value estimation**

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

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

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

Note 20—Related Party Transactions

The Board had material transactions with SIC during 2020–21. The Board's expenditure with SIC was £5,111k (2019–20: £4,164k) (of which £1,674k (2019–20: £65k) owed at year end). Malcolm Bell was a member of the Board and an elected member of SIC during the year. The Board has Endowment Funds that are managed by Trustees who are also directors of the Board. The total funds held in Endowments at the 31 March 2021 were £2,925k (2019–20: £1,838k). As disclosed in note 10 £1,495k (2019–20: £1,168k) of the Endowment Fund is held in investments. These investments are managed by Tilney's investment services for charities. The Board had material transactions with the IJB during 2020–21 as detailed in Notes 3 and 4 of the financial statements. Directors of the Board who were also voting members of the IJB during 2020–21 were Ms J Haswell, Ms N Cornick and Ms S Manson.

The Board Members declarations of interest are publicly available on NHS Shetland's website, or can be viewed in person at the Board's Headquarters in Lerwick.

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

- **21a. Consolidated statement of comprehensive net expenditure**

Consolidated			Board	Endowment	Shetland IJB	Consolidated
2020			**2021**	**2021**	**2021**	**2021**
£000		**Note**	**£000**	**£000**	**£000**	**£000**
	Total income and expenditure					
36,912	Employee expenditure	3a	44,370	0	0	44,370
	Other operating expenditure	3b				
3,171	Independent Primary Care Services		3,600	0	0	3,600
7,571	Drugs and medical supplies		8,727	0	0	8,727
50,683	Other health care expenditure		55,520	122	0	55,642
98,337	Gross expenditure for the year		112,217	122	0	112,339
(32,295)	Less: operating income	4	(34,440)	(882)	0	(35,322)
(36)	Associates and joint ventures accounted		0	0	(596)	(596)

Consolidated			Board	Endowment	Shetland IJB	Consolidated
2020			**2021**	**2021**	**2021**	**2021**
£000		**Note**	**£000**	**£000**	**£000**	**£000**
	for on an equity basis					
66,006	**Net Expenditure**		**77,777**	**(760)**	**(596)**	**76,421**

- **21b. Consolidated statement of financial position**

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2020			**2021**	**2021**	**2021**	**2021**	**2021**
£000		**Note**	**£000**	**£000**	**£000**	**£000**	**£000**
	Non-current assets:						
30,055	Property, plant and equipment		31,432	0	0	0	31,432
	Financial assets:	SoFP					
1,168	Investments		0	1,495	0	0	1,495
489	Investments in associates and joint ventures	SoFP	0	0	489	596	1,085
31,712	**Total non-current assets**	**SoFP**	**31,432**	**1,495**	**489**	**596**	**34,012**
	Current assets:						
505	Inventories		475	0	0	0	475
1,219	Trade and other receivables	SoFP	2,919	124	(184)	0	2,859
547	Cash and cash equivalents	SoFP	122	1,433	0	0	1,555

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2020			**2021**	**2021**	**2021**	**2021**	**2021**
£000		**Note**	**£000**	**£000**	**£000**	**£000**	**£000**
2,271	**Total current assets**		**3,516**	**1,557**	**(184)**	**0**	**4,889**
33,983	**Total assets**		**34,948**	**3,052**	**305**	**596**	**38,901**
	Current liabilities:						
(467)	Provisions	SoFP	(597)	0	0	0	(597)
	Financial liabilities:						
(10,227)	Trade and other payables	SoFP	(14,160)	(127)	184	0	(14,103)
(10,694)	**Total current liabilities**		**(14,757)**	**(127)**	**184**	**0**	**(14,700)**
23,289	**Non-current assets plus/less net current assets/liabilities**		**20,191**	**2,925**	**489**	**596**	**24,201**
	Non-current liabilities						
(1,617)	Provisions	SoFP	(1,450)	0	0	0	(1,450)
	Financial liabilities:						
0	Trade and other payables	SoFP		0	0	0	0
(1,617)	**Total non-current liabilities**		**(1,450)**	**0**	**0**	**0**	**(1,450)**

Consolidated			Board	Endowment	Intra Group adjustment	Shetland IJB	Consolidated
2020			**2021**	**2021**	**2021**	**2021**	**2021**
£000		**Note**	**£000**	**£000**	**£000**	**£000**	**£000**
21,672	**Assets less liabilities**		**18,741**	**2,925**	**489**	**596**	**22,751**
	Taxpayers' Equity						
7,063	General fund	SoFP	6,860	0	0	0	6,860
12,282	Revaluation reserve	SoFP	11,881	0	0	0	11,881
489	Other reserves - joint venture	SoFP	0	0	489	596	1,085
1,838	Funds Held on Trust	SoFP	0	2,925	0	0	2,925
21,672	**Total taxpayers' equity**		**18,741**	**2,925**	**489**	**596**	**22,751**

- **Consolidated statement of financial position continued—Prior Year**

Prior Year		**Board**	**Endowment**	**Intra Group adjustment**	**Shetland IJB**	**Consolidated**
		2020	**2020**	**2020**	**2020**	**2020**
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Non-current assets:						
Property, plant and equipment	SoFP	30,055	0	0	0	30,055
Financial assets:						
Investments	SoFP	0	1,168	0	0	1,168
Investments in associates and joint ventures		0	0	453	36	489
Total non-current assets		**30,055**	**1,168**	**453**	**36**	**31,712**
Current Assets:						
Inventories	SoFP	505	0	0	0	505
Financial assets:						
Trade and other receivables	SoFP	1,322	390	(493)	0	1,219
Cash and cash equivalents	SoFP	124	423	0	0	547

Prior Year		**Board**	**Endowment**	**Intra Group adjustment**	**Shetland IJB**	**Consolidated**
		2020	**2020**	**2020**	**2020**	**2020**
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Total current assets		**1,951**	**813**	**(493)**	**0**	**2,271**
Total assets		**32,006**	**1,981**	**(40)**	**36**	**33,983**
Current liabilities:						
Provisions	SoFP	(467)	0	0	0	(467)
Financial liabilities:						
Trade and other payables	SoFP	(10,577)	(143)	493	0	(10,227)
Total current liabilities		**(11,044)**	**(143)**	**493**	**0**	**(10,694)**
Non-current assets plus/less net current assets/liabilities		**20,962**	**1,838**	**453**	**36**	**23,289**
Non-current liabilities:						
Provisions	SoFP	(1,617)	0	0	0	(1,617)
Total non-current liabilities		**(1,617)**	**0**	**0**	**0**	**(1,617)**
Assets less liabilities		**19,345**	**1,838**	**453**	**36**	**21,672**

Prior Year		**Board**	**Endowment**	**Intra Group adjustment**	**Shetland IJB**	**Consolidated**
		2020	**2020**	**2020**	**2020**	**2020**
	Note	**£000**	**£000**	**£000**	**£000**	**£000**
Taxpayers' Equity:						
General fund	SoFP	7,063	0	0	0	7,063
Revaluation reserve	SoFP	12,282	0	0	0	12,282
Other reserves - joint venture	SoFP	0	0	453	36	489
Funds Held on Trust	SoFP	0	1,838	0	0	1,838
Total taxpayers' equity		**19,345**	**1,838**	**453**	**36**	**21,672**

- **21c. Consolidated Statement Of Cash Flows**

Consolidated		**Board**	**Endowment**	**Intra Group Adjustment**	**Shetland IJB**	**Consolidated**
2020		**2021**	**2021**	**2021**	**2021**	**2021**
£000		**£000**	**£000**	**£000**	**£000**	**£000**
	Cash flow from operating activities					
(66,006)	Net operating expenditure	(77,777)	760	0	596	(76,421)
1,439	Adjustments for non-cash transactions	2,059	0	0	(596)	1,463
41	Investment income	0	31	0	0	31
1,839	Movements in working capital	2,231	0	0	0	2,231
(62,687)	**Net cash outflow from operating activities**	**(73,487)**	**791**	**0**	**0**	**(72,696)**
(1,034)	Purchase of plant and equipment	(2,832)	0	0	0	(2,832)
(119)	Investment additions	0	(287)	0	0	(287)
89	Proceeds of disposal of property, plant and equipment	73	0	0	0	73
119	Receipts from sale of investments	0	287	0	0	287
(41)	Interest received	0	(31)	0	0	(31)

Consolidated		Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
2020		**2021**	**2021**	**2021**	**2021**	**2021**
£000		**£000**	**£000**	**£000**	**£000**	**£000**
(986)	**Net cash outflow from investing activities**	**(2,759)**	**(31)**	**0**	**0**	**(2,790)**
	Cash flows from financing activities					
63,957	Funding	76,496	0	0	0	76,496
(18)	Movement in general fund working capital	(2)	0	0	0	(2)
63,939	Cash drawn down	76,494	0	0	0	76,494
63,939	**Net Financing**	**76,494**	**0**	**0**	**0**	**76,494**
266	Net increase in cash and cash equivalents in the year	248	760	0	0	1,008
281	Cash and cash equivalents at the beginning of the year	124	423	0	0	547
547	**Cash and cash equivalents at the end of the year**	**372**	**1,183**	**0**	**0**	**1,555**
	Reconciliation of net cash flow to movement in net cash					

Consolidated		Board	Endowment	Intra Group Adjustment	Shetland IJB	Consolidated
2020		**2021**	**2021**	**2021**	**2021**	**2021**
£000		**£000**	**£000**	**£000**	**£000**	**£000**
266	Increase in cash in year	(2)	1,010	0	0	1,008
281	Net cash at 1 April	124	423	0	0	547
547	**Net cash at 31 March**	**122**	**1,433**	**0**	**0**	**1,555**

Prior Year	Board	Endowment	Shetland IJB	Consolidated
	2020	**2020**	**2020**	**2020**
	£000	**£000**	**£000**	**£000**
Cash flow from operating activities				
Net operating expenditure	(66,567)	525	36	(66,006)
Adjustments for non-cash transactions	1,475	0	(36)	1,439
Investment income	0	41	0	41
Movements in working capital	1,839	0	0	1,839
Net cash outflow used in operating activities	**(63,253)**	**566**	**0**	**(62,687)**
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,034)	0	0	(1,034)
Investment additions	0	(119)	0	(119)
Proceeds of disposal of property, plant and equipment	89	0	0	89
Receipts from sale of investments	0	119	0	119
Interest received	0	(41)	0	(41)
Net cash outflow from investing activities	**(945)**	**(41)**	**0**	**(986)**
Cash flows using in financing activities				
Funding	63,957	0	0	63,957

Prior Year	**Board**	**Endowment**	**Shetland IJB**	**Consolidated**
	2020	**2020**	**2020**	**2020**
	£000	**£000**	**£000**	**£000**
Movement in general fund working capital	(18)	0	0	(18)
Cash drawn down	63,939	0	0	63,939
Net Financing	**63,939**	**0**	**0**	**63,939**
Net increase (decrease) in cash and cash equivalents in the year	(259)	525	0	266
Cash and cash equivalents at the beginning of the year	142	139	0	281
Cash and cash equivalents at the end of the year	**(117)**	**664**	**0**	**547**
Reconciliation of net cash flow to movement in net debt / cash				
Increase in cash in year	(18)	284	0	266
Net cash at 1 April	142	139	0	281
Net cash at 31 March	**124**	**423**	**0**	**547**

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

Acronym	Narrative Explanation
A&E	Accident and Emergency Department
AME	Annually managed expenditure (a type of non-core funding allocation received by Boards)
AOP	Annual Operating Plan, replaced local delivery plan
Brexit	British Exit from the EU
CAMHS	Child and Adolescent Mental Health Services
CCPGC	Clinical Care and Professional Governance Committee
CFS	NHS Scotland Counter Fraud Services , when used in reference to fraud
CFS	Consolidated Statement Of Cash Flows, when referenced in the financial notes
CNORIS	Clinical Negligence and Other Risks Indemnity Scheme
CO2	Carbon Dioxide
CRL	Capital Resource Limit
DPO	Data Protection Officer
eISG	eHealth and Informatics Support Group
ENT	Ear Nose and Throat
EU	European Union
FReM	Government Financial Reporting Manual
GP	General Practitioner
HAI	Healthcare Associated Infection
ICO	Information Commissioner’s Office
IJB	Shetland Islands Health and Social Care Partnership also referred to as Integration Joint Board
IG	Information Governance
IGSG	Information Governance Sub Group

Acronym	Narrative Explanation
IT	Information Technology
IFRSs	International Financial Reporting Standards
ISAs	International Standards on Auditing
Jarl	The leader of an Up Helly Aa (please see below) celebration
JSCP	Joint Strategic Commissioning Plan
KPIs	Key Performance Indicators
NES	NHS Education for Scotland
NHS	National Health Service
NHS Performs	Website on NHS Scotland information that is produced by NHS National Services Scotland
NHS Shetland	Shetland Health Board
NISR	Network & Information Systems Regulations 2018
NSS	National Services Scotland
OSCR	Office of the Scottish Charity Regulator
PAIAW	Payment As If At Work
PPE	Personal Protective Equipment
RICS	Royal Institution of Chartered Surveyors
RAF	Royal Air Force
RMG	Risk Management Group
RRL	Revenue Resource limit
RTT	Referral to Treatment Target
SAS	Scottish Ambulance Service
SoCNE	Statement of Consolidated Comprehensive Net Expenditure
SoCTE	Summary of Resource Out-turn
SoFP	Consolidated Statement of Financial Position
SFIs	Standing Financial Instructions
SGHSCD	Scottish Government Health and Social Care Directorate

Acronym	Narrative Explanation
SIC	Shetland Islands Council
SIRO	Senior Information Risk Owner
SPFM	Scottish Public Finance Manual
Telehealth	This is the use of digital information and communication technologies, such as computers and mobile devices, to access health care services remotely and manage your health care. These may be technologies you use from home or that your doctor uses to improve or support health care services.
Up Helly Aa	A community fire festival event, inspired by Viking history and mythology. A number are held annually around Shetland.
VAT	Value Added Tax
WTE	Whole time equivalent value for NHS staff

Direction by the Scottish Ministers

DIRECTION BY THE SCOTTISH MINISTERS

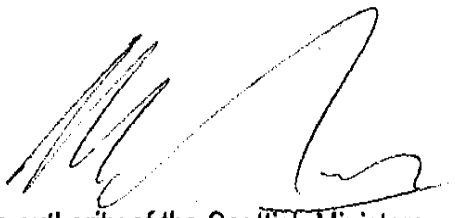
1. The Scottish Ministers, in pursuance of sections 86(1), (1B) and (3) of the National Health Services (Scotland) Act 1978, hereby give the following direction.

2. The statement of accounts for the financial year ended 31 March 2006, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

3. Subject to the foregoing requirements, the accounts shall also comply with any accounts format, disclosure and accounting requirements issued by the Scottish Ministers from time to time.

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

5. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 30 December 2002 is hereby revoked.



Signed by the authority of the Scottish Ministers

Dated 10/2/2006

DocuSign

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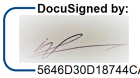
Michael Dickson michael.dickson6@nhs.scot Security Level: Email, Account Authentication (None)	DocuSigned by:  5646D30D18744CA... Signature Adoption: Uploaded Signature Image Using IP Address: 82.17.144.91	Sent: 7/21/2021 1:25:57 PM Viewed: 7/21/2021 2:01:56 PM Signed: 7/21/2021 3:08:43 PM
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Agent Delivery Events	Status	Timestamp

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Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
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Payment Events	Status	Timestamps