



ANNUAL ACCOUNTS

Simon Stevens
Accounting Officer
8 July 2016

Statement of comprehensive net expenditure for the year ended 31 March 2016

	Note	Parent		Consolidated Group	
		2015/16 £000	2014/15 £000	2015/16 £000	Restated 2014/15 £000
Administration Income and Expenditure					
Operating revenue	2	(398,526)	(478,039)	(155,234)	(141,378)
Employee benefits	3.1	560,493	707,608	1,184,393	1,289,438
Operating expenses	4	1,485,170	1,668,188	623,538	689,469
Net administration expenditure before interest		1,647,137	1,897,757	1,652,697	1,837,529
Programme Income and Expenditure					
Operating revenue	2	(2,019,307)	(1,876,904)	(2,037,274)	(2,014,531)
Employee benefits	3.1	247,319	210,815	557,263	437,590
Operating expenses	4	99,975,370	97,118,466	100,030,150	97,321,163
Net programme expenditure before interest		98,203,382	95,452,377	98,550,139	95,744,222
Total Income and Expenditure					
Operating revenue	2	(2,417,833)	(2,354,943)	(2,192,508)	(2,155,909)
Employee benefits	3.1	807,812	918,423	1,741,656	1,727,028
Operating expenses	4	101,460,540	98,786,654	100,653,688	98,010,632
Net operating expenditure before interest		99,850,519	97,350,134	100,202,836	97,581,751
Other (gains) /losses		(1)	-	(2)	-
Finance costs	13	(11,587)	4,200	(11,400)	4,263
Net operating expenditure for the financial year		99,838,931	97,354,334	100,191,434	97,586,014
Net loss on transfers by absorption		-	-	-	-
Net operating expenditure for the financial year including absorption losses		99,838,931	97,354,334	100,191,434	97,586,014
Other comprehensive net expenditure					
Movements in other reserves		-	19,484	-	19,368
Net actuarial gain/(loss) on pension schemes *		-	-	(3,533)	2,281
Total comprehensive net expenditure for the year		99,838,931	97,373,818	100,187,901	97,607,663

The notes on pages 134 to 185 form part of this statement.

* In 2015/16 a further analysis of movement in reserves has been provided, the loss on pensions schemes relates to a Local Government Pension Scheme within one CCG. The comparatives for 2014/15 have been restated to show this.

All income and expenditure is derived from continuing operations.

Statement of financial position as at 31 March 2016

	Note	Parent		Consolidated Group	
		31 March 2016 £000	31 March 2015 £000	31 March 2016 £000	31 March 2015 £000
Non-current assets					
Property, plant and equipment	6	205,433	196,607	246,200	231,659
Intangible assets	7	12,862	6,224	18,590	9,849
Trade and other receivables	9	-	4,043	179	4,222
Other financial assets	9.1	278	-	278	-
Total non-current assets		218,573	206,874	265,247	245,730
Current assets					
Inventories	8	150	178	5,237	2,244
Trade and other receivables	9	269,733	230,888	853,387	766,866
Cash and cash equivalents	10	261,740	129,479	283,543	150,045
Total current assets		531,623	360,545	1,142,167	919,155
Total assets		750,196	567,419	1,407,414	1,164,885
Current liabilities					
Trade and other payables	11	(2,509,649)	(2,584,030)	(7,251,664)	(6,910,966)
Borrowings	12	(10,523)	(5,921)	(16,015)	(15,605)
Provisions	14	(304,730)	(312,482)	(376,996)	(379,177)
Total current liabilities		(2,824,902)	(2,902,433)	(7,644,675)	(7,305,748)
Total assets less current liabilities		(2,074,706)	(2,335,014)	(6,237,261)	(6,140,863)
Non-current liabilities					
Trade and other payables	11	(2,440)	(2,568)	(5,377)	(8,894)
Other financial liabilities		-	-	(76)	(51)
Borrowings	12	-	(10,523)	(1,085)	(11,683)
Provisions	14	(107,353)	(354,835)	(117,107)	(368,886)
Total non-current liabilities		(109,793)	(367,926)	(123,645)	(389,514)
Assets less liabilities		(2,184,499)	(2,702,940)	(6,360,906)	(6,530,377)
Financed by taxpayers' equity					
General fund		(2,184,523)	(2,702,964)	(6,356,524)	(6,522,485)
Revaluation reserve		24	24	137	160
Other reserves		-	-	(4,519)	(8,052)
Total taxpayers' equity		(2,184,499)	(2,702,940)	(6,360,906)	(6,530,377)

The notes on pages 134 to 185 form part of this statement.

The financial statements on pages 129 to 133 were approved by the Board and signed on its behalf by:

Simon Stevens
Accounting Officer
8 July 2016

Statement of changes in taxpayers' equity for the year ended 31 March 2016

Parent	General fund	Revaluation reserve	Other reserves	Taxpayers' equity
	£000	£000	£000	£000
Changes in taxpayers' equity for 2015/16				
Balance at 1 April 2015	(2,702,964)	24	-	(2,702,940)
Changes in taxpayers' equity for 2015/16				
Net operating expenditure for the financial year	(99,838,931)	-	-	(99,838,931)
Net recognised expenditure for the financial year	(99,838,931)	-	-	(99,838,931)
Grant-in-aid	100,357,372	-	-	100,357,372
Balance at 31 March 2016	(2,184,523)	24	-	(2,184,499)
	General fund	Revaluation reserve	Other reserves	Taxpayers' equity
	£000	£000	£000	£000
Changes in taxpayers' equity for 2014/15				
Balance at 1 April 2014	(2,710,192)	164	-	(2,710,028)
Changes in taxpayers' equity for 2014/15				
Net operating expenditure for the financial year	(97,354,334)	-	-	(97,354,334)
Movements in other reserves	(19,484)	-	-	(19,484)
Release of reserves to the Statement of Comprehensive Net Expenditure	140	(140)	-	-
Net recognised expenditure for the financial year	(97,373,678)	(140)	-	(97,373,818)
Grant-in-aid	97,380,906	-	-	97,380,906
Balance at 31 March 2015	(2,702,964)	24	-	(2,702,940)

Consolidated Group

	General fund	Revaluation reserve	Other reserves	Taxpayers' equity
	£000	£000	£000	£000
Changes in taxpayers' equity for 2015/16				
Balance at 1 April 2015	(6,522,485)	160	(8,052)	(6,530,377)
Changes in taxpayers' equity for 2015/16				
Net operating expenditure for the financial year	(100,191,434)	-	-	(100,191,434)
Movements in other reserves	-	-	3,533	3,533
Release of reserves to the Statement of Comprehensive Net Expenditure	23	(23)	-	-
Net recognised expenditure for the financial year	(100,191,411)	(23)	3,533	(100,187,901)
Grant-in-aid	100,357,372	-	-	100,357,372
Balance at 31 March 2016	(6,356,524)	137	(4,519)	(6,360,906)

	General fund	Revaluation reserve	Other reserves	Taxpayers' equity
	£000	£000	£000	£000
Changes in taxpayers' equity for 2014/15				
Balance at 1 April 2014	(6,298,186)	337	(5,771)	(6,303,620)
Changes in taxpayers' equity for 2014/15				
Net operating expenditure for the financial year	(97,586,014)	-	-	(97,586,014)
Movements in other reserves	(19,368)	-	(2,281)	(21,649)
Release of reserves to the Statement of Comprehensive Net Expenditure	177	(177)	-	-
Net recognised expenditure for the financial year	(97,605,205)	(177)	(2,281)	(97,607,663)
Grant-in-aid	97,380,906	-	-	97,380,906
Balance at 31 March 2015	(6,522,485)	160	(8,052)	(6,530,377)

Other reserves reflect pension assets/liabilities in respect of staff in non-NHS defined benefit schemes.

The notes on pages 134 to 185 form part of this statement.

Statement of cash flows for the year ended 31 March 2016

	Note	Parent		Consolidated Group	
		2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Cash flows from operating activities					
Net operating costs for the financial year		(99,838,931)	(97,354,334)	(100,191,434)	(97,586,014)
Depreciation and amortisation	4	69,222	47,456	79,250	55,030
Impairments and reversals	4	-	18,210	336	19,131
Other non cash adjustments*		-	(4,021)	26	(3,995)
(Gain)/Loss on disposal		(1)	-	(2)	-
Unwinding of discount	14	(12,217)	3,010	(12,092)	3,012
Change in discount rate	14	384	(12,298)	341	(12,235)
(Increase)/decrease in inventories	8	28	276	(2,993)	(529)
(Increase)/decrease in trade & other receivables	9	(34,802)	57,905	(82,478)	(24,234)
Increase/(decrease) in trade & other payables **	11	(72,516)	(150,143)	341,833	148,929
Provisions utilised	14	(98,821)	(68,430)	(117,862)	(88,865)
Increase/(decrease) in provisions	14	(144,580)	(84,571)	(124,347)	(53,980)
Net cash outflow from operating activities		(100,132,234)	(97,546,940)	(100,109,422)	(97,543,750)
Cash flows from investing activities					
Payments for property, plant and equipment		(77,555)	(94,092)	(91,998)	(111,762)
Payments for intangible assets		(9,308)	(1,759)	(12,178)	(5,163)
Proceeds from disposal of assets held for sale: property, plant and equipment		185	2,386	189	2,424
Proceeds from disposal of assets held for sale: intangible assets		-	26	-	26
Loans to other bodies	9.1	(278)	-	(278)	-
Net cash outflow from investing activities		(86,956)	(93,439)	(104,265)	(114,475)
Net cash outflow before financing activities		(100,219,190)	(97,640,379)	(100,213,687)	(97,658,225)
Cash flows from financing activities					
Grant in aid funding received		100,357,372	97,380,906	100,357,372	97,380,906
Capital element of payments in respect of finance leases		(5,921)	(3,038)	(6,000)	(3,116)
Net cash inflow from financing activities		100,351,451	97,377,868	100,351,372	97,377,790
Net increase (decrease) in cash and cash equivalents		132,261	(262,511)	137,685	(280,435)
Cash and cash equivalents at the beginning of the financial year	10	129,479	391,990	140,486	420,921
Cash and cash equivalents at the end of the financial year		261,740	129,479	278,171	140,486

The notes on pages 134 to 185 form part of this statement.

*Other non-cash adjustments include a non cash charge to reflect a discount on future lease charges of £26,000.

** Consolidated Group includes an increase of £3,533,000 to reflect a reduction in Local Authority Pension Payables.

Notes to the financial statements

1. Statement of accounting policies

These financial statements have been prepared in a form directed by the Secretary of State under Schedule 1(A), paragraph 16(1) of the Health and Social Care Act 2012 and in accordance with the 2015/16 Government Financial Reporting Manual (FReM) as issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NHS England for the purpose of giving a true and fair view has been selected. The particular policies adopted by NHS England are described below. They have been applied consistently in dealing with items considered material to the accounts.

The functional and presentational currency is pounds sterling and figures are expressed in pounds thousands unless expressly stated. Two sets of figures are presented - the first relating to NHS England itself (the Parent) and a second set of consolidated figures (Consolidated Group). The entities making up the Consolidated Group are shown on Note 23.

1.1 Operating segments

Income and expenditure are analysed in the Operating Segments note (note 18) and reflect the management information used within NHS England. Information on assets less liabilities is not separately reported to the Chief Operating Decision Maker and therefore in accordance with IFRS 8 does not form part of the disclosure in note 18.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation to fair value of investment property, property, plant and equipment, intangible assets, certain financial assets and financial liabilities and stockpiled goods.

1.3 Basis of consolidation

These accounts comprise the results of the NHS England statutory entity as well as the consolidated position of NHS England and its 209 related clinical commissioning groups (CCGs). Transactions between entities included in the consolidation are eliminated.

Commissioning Support Units (CSUs) form part of NHS England and provide services to CCGs. The CSU results are included within the Parent accounts.

1.4 Comparative information

The comparative information provided in these financial statements is for the year ended 31 March 2015.

1.5 Going concern

NHS England's financial statements are produced on a going concern basis. NHS England is supply-financed and draws its funding from the Department of Health (DH). Parliament has demonstrated its commitment to fund DH for the foreseeable future via the latest Spending Review and the passing of the Health and Social Care Act 2012. In the same way, DH has demonstrated commitment to the funding of NHS England, with funding flows for the 2016/17 financial year having already commenced. It is therefore considered appropriate to adopt the going concern basis for the preparation of these financial statements.

1.6 Revenue recognition

The main source of funding for NHS England is grant-in-aid from DH. NHS England is required to maintain expenditure within this allocation. DH also approves a cash limit for the period. NHS England is required to draw down cash in accordance with this limit. Cash drawn down is credited to the general fund. Grant-in-aid is recognised in the financial period in which it is received.

Other operating revenue in respect of fees, charges and services is recognised when the service is rendered and the stage completion of the transaction at the end of the reporting period can be measured reliably, and it is probable that economic benefit associated with the transaction will flow to the group. Income is measured at fair value of the consideration receivable. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.7 Employee benefits

Recognition of short-term benefits - retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practitioners and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme; the cost recognised in these accounts represents the contributions payable for the year. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

For early retirements other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the organisation commits itself to the retirement, regardless of the method of payment.

The scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year.

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

1.8 Administration and programme expenditure

The statement of comprehensive net expenditure is analysed between administration and programme expenditure, as defined by HM Treasury. In addition to the costs of running NHS England, administration costs in the consolidated accounts include the running costs associated with the commissioning functions of CCGs. Administration costs are those that do not relate directly to the provision of frontline services.

Programme costs reflect non-administration costs, including payments of grants and other disbursements, as well as certain staff costs where they relate directly to, or support, frontline service delivery.

1.9 Value Added Tax

Most of the activities of the group are outside the scope of value added tax (VAT). 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.

1.10 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- 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 will be supplied to, the group
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably; and either
- the item cost at least £5,000, or
- collectively, a number of items have a total cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Where an asset includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

Valuation of property, plant and equipment

All property, plant and equipment is measured initially at cost, representing the cost 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 depreciated historical cost as a proxy for fair value.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historical cost as a proxy for fair value. This is in accordance with FReM requirements as these assets have short useful lives or low values or both.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease is only recognised as an impairment charged to the revaluation reserve when it does not result from a loss in the economic value or service potential to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported in the statement of changes in taxpayers' equity.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is charged to operating expenses.

1.11 Intangible non-current assets

Intangible non-current assets are non-monetary assets without physical substance that are capable of sale separately from the rest of the group's business or arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the group; where the cost of the asset can be measured reliably; and where the cost is at least £5,000.

Intangible non-current assets acquired separately are initially recognised at cost. Software that is integral to the operation of hardware is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware is capitalised as an intangible asset.

Following initial recognition, intangible assets are carried at depreciated historic cost as a proxy for fair value.

1.12 Research and development

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred.

Internally generated assets are recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use.
- The intention to complete the intangible asset and use it.
- The ability to sell or use the intangible asset.
- How the intangible asset will generate probable future economic benefits or service potential.
- The availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it.
- The ability to reliably measure the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

1.13 Depreciation, amortisation and impairments

Freehold land, assets under construction, investment properties, stockpiled goods and assets held for sale are neither depreciated nor amortised.

Otherwise, depreciation or amortisation, as appropriate, is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight line basis over their estimated remaining useful lives. The estimated useful life of an asset is the period over which economic benefits or service potential is expected to be obtained from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation/amortisation is charged as follows:

	Minimum life (Years)	Maximum life (Years)
Buildings excluding dwellings	5	20
Plant and machinery	5	10
Transport equipment	5	10
Information technology	2	10
Furniture and fittings	5	10
Computer software: purchased	2	5
Licences and trademarks	2	5
Development expenditure (internally generated)	2	5

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset being impaired and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.14 Government grants

Government grant funded assets are capitalised at their fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.15 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied once both of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales; and
- the sale is highly probable.

Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the statement of comprehensive net expenditure. On disposal, the balance for the asset in the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.16 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. Property, plant and equipment held under finance leases are initially recognised at the inception of the lease at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive net expenditure.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

1.17 Inventories

Inventories are valued at the lower of cost and net realisable value.

1.18 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of cash management. Cash, bank and overdraft balances are recorded at current values.

1.19 Provisions

Provisions are recognised when there exists a present legal or constructive obligation as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Provisions are subject to three separate discount rates according to the expected timing of cashflows:

- A short term rate of minus 1.55 percent (2014/15: minus 1.50 percent) is applied to expected cash flows in a time boundary of between 0 and up to and including five years from the statement of financial position date.
- A medium term rate of minus 1 percent (2014/15: minus 1.05 percent) is applied to the time boundary of after five and up to and including 10 years.
- A long-term rate of minus 0.80 percent (2014/15: 2.20 percent) is applied to expected cashflows exceeding 10 years.

All percentages are in real terms.

1.20 Clinical negligence costs

The NHS Litigation Authority (NHSLA) operates a risk pooling scheme under which NHS England and CCGs pay an annual contribution to the NHSLA, which in turn settles all clinical negligence claims. The contribution is charged to expenditure. Although the NHSLA is administratively responsible for all clinical negligence cases, the liability rests with the group.

1.21 Non-clinical risk pooling

NHS England participates in the Property Expenses Scheme and the Liabilities to Third Parties scheme. Both are risk pooling schemes under which the CCG pays an annual contribution to the NHSLA and, in return, receives assistance with the cost of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims, are charged to operating expenses when they become due.

1.22 Continuing healthcare risk pooling

In 2014/15 a risk pool scheme was introduced by NHS England for continuing healthcare claims, for claim periods prior to 31 March 2013. Under the scheme CCGs contribute annually to a pooled fund, which is used to settle the claims. The contribution of CCGs are charged to operating income in year in the NHS England parent account.

1.23 Contingent liabilities and contingent assets

A contingent liability is:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation.
- A present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities that are required to be disclosed under IAS37 are stated at discounted amounts.

1.24 Financial assets

Financial assets are recognised on the statement of financial position when the group becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred. Financial assets are initially recognised at fair value. Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

As available for sale financial assets, the group's investments are measured at fair value. With the exception of impairment losses, changes in value are taken to the revaluation reserve. Accumulated gains or losses are recycled to the consolidated statement of net comprehensive expenditure on de-recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method. This is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

At the statement of financial position date, the group assesses whether any financial assets are impaired. Financial assets are impaired, and impairment losses recognised, if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which have an impact on the estimated future

cash flows of the asset. For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the statement of net comprehensive expenditure.

1.25 Financial liabilities

Financial liabilities are recognised in the statement of financial position when the group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged; that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.26 Accounting standards that have been issued but have not yet been adopted

The FReM does not require the following Standards and Interpretations to be applied in 2015/16. The application of the Standards as revised would not have a material impact on the accounts in 2015/16, were they applied in that year:

IFRS9 Financial Instruments - effective from 2018/19

IFRS15 Revenue for Contract with Customers - effective from 2018/19

IFRS16 Leases - effective from 2019/20

1.27 Significant accounting policies and material judgements

Estimates and the underlying assumptions are reviewed on a regular basis by the group's senior management. Areas of significant judgement made by management are:
IAS37 Provisions - judgement is applied in arriving at the best estimate of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties.

IAS36 Impairments - management makes judgement on whether there are any indications of impairments to the carrying amounts of the group's assets.

2. Operating revenue

Parent	2015/16			2014/15		
	Total	Admin	Programme	Total	Admin	Programme
	£000	£000	£000	£000	£000	£000
Recoveries in respect of employee benefits	1,215	1,153	62	570	530	40
Prescription fees and charges	517,769	-	517,769	501,009	-	501,009
Dental fees and charges	743,843	-	743,843	716,014	-	716,014
Education, training and research	219,353	906	218,447	267,614	6,509	261,105
Charitable and other contributions to revenue expenditure: non-NHS	406	302	104	478	443	35
Non-patient care services to other bodies*	586,291	355,285	231,006	685,629	428,062	257,567
Continuing Healthcare risk pool contributions**	250,000	-	250,000	94,434	-	94,434
Other revenue	98,956	40,880	58,076	89,195	42,495	46,700
Total operating revenue	2,417,833	398,526	2,019,307	2,354,943	478,039	1,876,904

Administration revenue is income received that is not directly attributable to the provision of healthcare or healthcare services.

* Parent non-patient care services to other bodies administration revenue figures are greater than those of the consolidated group due to the elimination of intra-group trading.

**Continuing healthcare risk pool contributions comprise contributions from CCGs to a risk pool scheme for which the related continuing healthcare costs are settled by NHS England. This is eliminated on consolidation for the group account.

Consolidated Group	2015/16			2014/15		
	Total	Admin	Programme	Total	Admin	Programme
	£000	£000	£000	£000	£000	£000
Recoveries in respect of employee benefits	4,911	4,011	900	3,415	2,590	825
Prescription fees and charges	523,539	-	523,539	503,940	-	503,940
Dental fees and charges	743,843	-	743,843	716,014	-	716,014
Education, training and research	230,956	4,739	226,217	280,807	10,659	270,148
Charitable and other contributions to revenue expenditure: non-NHS	3,291	1,184	2,107	2,278	1,295	983
Non-patient care services to other bodies	383,512	64,543	318,969	368,116	49,766	318,350
Rental revenue from operating leases	302	-	302	-	-	-
Other revenue	302,154	80,757	221,397	281,339	77,068	204,271
Total operating revenue	2,192,508	155,234	2,037,274	2,155,909	141,378	2,014,531

Administration revenue is income received that is not directly attributable to the provision of healthcare or healthcare services.

3. Employee benefits and staff numbers

3.1 Employee benefits

Parent	2015/16					2014/15				
	Permanent employees	Permanent CSU employees	Other	CSU other	Total	Permanent employees	Permanent CSU employees	Other	CSU other	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee benefits										
Salaries and wages	231,571	272,986	70,435	105,303	680,295	252,387	315,880	56,663	135,946	760,876
Social security costs	22,149	23,230	12	16	45,407	23,847	26,562	74	30	50,513
Employer contributions to NHS Pension Scheme	30,381	34,611	13	18	65,023	32,449	38,727	20	40	71,236
Termination benefits	4,271	12,816	-	-	17,087	30,109	6,038	-	-	36,147
Gross employee benefits expenditure	288,372	343,643	70,460	105,337	807,812	338,792	387,207	56,757	136,016	918,772
Less: recoveries in respect of employee benefits	(390)	(588)	-	(237)	(1,215)	(162)	(407)	-	-	(569)
Total net employee benefits	287,982	343,055	70,460	105,100	806,597	338,630	386,800	56,757	136,016	918,203
Less: Employee costs capitalised	-	-	-	-	-	-	(349)	-	-	(349)
Net employee benefits excluding capitalised costs	287,982	343,055	70,460	105,100	806,597	338,630	386,451	56,757	136,016	917,854
		Charged to administration budgets	Charged to programme budgets	Total gross employee benefits expenditure		Charged to administration budgets	Charged to programme budgets	Total gross employee benefits expenditure		
Of which:		£000	£000	£000		£000	£000	£000		
Parent excluding CSU		269,987	88,844	358,831		337,303	58,246	395,549		
CSU		290,506	158,475	448,981		370,654	152,569	523,223		
Gross employee benefits expenditure		560,493	247,319	807,812		707,957	210,815	918,772		
less: employee costs capitalised		-	-	-		(349)	-	(349)		
Gross employee benefits excluding capitalised costs		560,493	247,319	807,812		707,608	210,815	918,423		

Consolidated Group	2015/16					2014/15				
	Permanent employees	Permanent CSU employees	Other	CSU other	Total	Permanent employees	Permanent CSU employees	Other	CSU other	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Employee benefits										
Salaries and wages	857,565	272,986	239,893	105,303	1,475,747	796,666	315,880	199,106	135,946	1,447,598
Social security costs	78,416	23,230	115	16	101,777	73,141	26,562	209	30	99,942
Employer contributions to NHS Pension Scheme	110,439	34,611	187	18	145,255	100,319	38,727	188	40	139,274
Termination benefits	6,061	12,816	-	-	18,877	34,525	6,038	-	-	40,563
Gross employee benefits expenditure	1,052,481	343,643	240,195	105,337	1,741,656	1,004,651	387,207	199,503	136,016	1,727,377
Less: recoveries in respect of employee benefits	(4,129)	(588)	-	(194)	(4,911)	(3,009)	(407)	-	-	(3,416)
Total net employee benefits	1,048,352	343,055	240,195	105,143	1,736,745	1,001,642	386,800	199,503	136,016	1,723,961
Less: Employee costs capitalised	-	-	-	-	-	-	(349)	-	-	(349)
Net employee benefits excluding capitalised costs	1,048,352	343,055	240,195	105,143	1,736,745	1,001,642	386,451	199,503	136,016	1,723,612
		Charged to administration budgets	Charged to programme budgets	Total gross employee benefits expenditure		Charged to administration budgets	Charged to programme budgets	Total gross employee benefits expenditure		
Of which:		£000	£000	£000		£000	£000	£000		
Parent excluding CSU		269,987	88,844	358,831		337,303	58,246	395,549		
CSU		290,506	158,475	448,981		370,654	152,569	523,223		
CCG		623,900	309,944	933,844		581,830	226,775	808,605		
Gross employee benefits expenditure		1,184,393	557,263	1,741,656		1,289,787	437,590	1,727,377		
Less: employee costs capitalised		-	-	-		(349)	-	(349)		
Gross employee benefits excluding capitalised costs		1,184,393	557,263	1,741,656		1,289,438	437,590	1,727,028		

CSUs are part of NHS England and provide services to CCGs. The employment contracts or secondment of almost all of these staff are held for NHS England on a "hosted basis" by the NHS Business Services Authority.

3.2 Average number of people employed

Parent	2015/16					2014/15				
	Total number	Permanently employed number	CSU employed number	Other number	CSU Other number	Total number	Permanently employed number	CSU employed number	Other number	CSU other number
Total	14,365	4,693	7,373	1,056	1,243	16,562	5,525	8,220	1,128	1,689

Of the above:

Number of whole time equivalent people engaged on capital projects	-	-	-	-	-	7	-	2	-	5
--	---	---	---	---	---	---	---	---	---	---

Consolidated Group	2015/16					2014/15				
	Total number	Permanently employed number	CSU employed number	Other number	CSU Other number	Total number	Permanently employed number	CSU employed number	Other number	CSU other number
Total	30,535	18,807	7,373	3,112	1,243	30,642	17,763	8,220	2,970	1,689

Of the above:

Number of whole time equivalent people engaged on capital projects	-	-	-	-	-	13	1	2	5	5
--	---	---	---	---	---	----	---	---	---	---

3.3 Exit packages agreed in the financial year

Parent	2015/16			2014/15		
	Compulsory redundancies number	Other agreed departures number	Total number	Compulsory redundancies number	Other agreed departures number	Total number
Less than £10,000	38	8	46	78	40	118
£10,001 to £25,000	67	42	109	126	101	227
£25,001 to £50,000	57	46	103	78	147	225
£50,001 to £100,000	51	31	82	68	76	144
£100,001 to £150,000	18	22	40	21	26	47
£150,001 to £200,000	14	7	21	16	19	35
Over £200,001	6	4	10	24	20	44
Total	251	160	411	411	429	840
Total cost (£000)	13,203	9,572	22,775	21,666	24,406	46,072

Consolidated Group	2015/16			2014/15		
	Compulsory redundancies number	Other agreed departures number	Total number	Compulsory redundancies number	Other agreed departures number	Total number
Less than £10,000	51	24	75	86	48	134
£10,001 to £25,000	90	56	146	142	116	258
£25,001 to £50,000	64	51	115	94	155	249
£50,001 to £100,000	56	35	91	80	90	170
£100,001 to £150,000	20	22	42	28	30	58
£150,001 to £200,000	14	9	23	20	19	39
Over £200,001	6	4	10	29	20	49
Total	301	201	502	479	478	957
Total cost (£000)	14,543	10,630	25,173	26,118	26,350	52,468

Parent	2015/16		2014/15	
	Other agreed departures		Other agreed departures	
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	156	9,440	429	24,406
Contractual payments in lieu of notice	3	37	-	-
Exit payments following employment tribunals or court orders	1	95	-	-
Total	160	9,572	429	24,406

Consolidated Group	2015/16		2014/15	
	Other agreed departures		Other agreed departures	
	Number	£000	Number	£000
Voluntary redundancies including early retirement contractual costs	160	9,681	450	25,527
Mutually agreed resignations (MARS) contractual costs	1	170	-	-
Early retirements in the efficiency of the service contractual costs	-	-	1	11
Contractual payments in lieu of notice	36	648	26	803
Exit payments following employment tribunals or court orders	2	97	1	9
Non-contractual payments requiring HMT approval	2	34	-	-
Total	201	10,630	478	26,350

As a single exit package can be made up of several components each of which will be counted separately in this table, the total number of exit packages will not necessarily match the total number in the table above, which will be the number of individuals.

These tables report the number and value of exit packages agreed in the financial year. The expense associated with these departures may have been recognised in part or in full in a previous period.

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS England.

Exit costs are accounted for in accordance with relevant accounting standards and at the latest in full in the year of departure.

Where NHS England and CCGs have agreed early retirements, the additional costs are met by NHS England or the CCGs and not by the NHS Pension Scheme, and are included in the tables. Ill health retirement costs are met by the NHS Pension Scheme and are not included in the tables.

The Remuneration Report includes the disclosure of exit payments payable to individuals named in that report.

3.4 Pension costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these is given overleaf:

3.4.1 Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the scheme (taking into account its recent demographic experience), and to recommend the contribution rates.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012.

The Scheme Regulations allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

3.4.2 Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

- The Scheme is a final salary scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.
- With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HM Revenue & Customs (HMRC) rules. This new provision is known as "pension commutation".
- Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011/12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).
- Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.
- For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.
- Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

3.4.3 Local Government Pension Scheme

Within the group there are CCGs who account for defined benefit pension scheme assets and liabilities primarily in respect of local government superannuation schemes. These schemes are immaterial to the group financial statements and therefore have not been disclosed separately. Full disclosures are available in the underlying CCG's published accounts.

3.4.4 Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme is an unfunded multi-employer defined benefit scheme. As such, NHS England is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the Annual Report and Accounts of the Cabinet Office: Civil Superannuation on the Civil Service website.

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during the financial year to be paid when the member retires and not the benefits paid during this period to existing pensioners.

4. Operating expenses

Parent	2015/16			2014/15		
	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000
Other costs						
Services from CCGs	423	50,444	50,867	3,913	73,071	76,984
Services from Foundation Trusts	277	10,292,322	10,292,599	842	9,624,137	9,624,979
Services from other NHS Trusts	238	5,242,277	5,242,515	677	5,970,603	5,971,280
Services from other NHS bodies*	14	5,739	5,753	472	28,978	29,450
Purchase of healthcare from non-NHS bodies**	-	1,118,429	1,118,429	-	2,277,953	2,277,953
General dental services and personal dental services	-	3,314,086	3,314,086	-	3,113,516	3,113,516
Prescribing costs	-	158	158	-	3,024	3,024
Pharmaceutical services	-	2,094,255	2,094,255	-	2,121,624	2,121,624
General ophthalmic services	-	534,857	534,857	-	523,299	523,299
Primary care services***	38	5,263,421	5,263,459	60	7,264,373	7,264,433
Supplies and services – clinical	685	87,103	87,788	562	73,794	74,356
Supplies and services – general	90,456	582,786	673,242	48,264	335,299	383,563
Chair and lay membership body and governing body members	133	-	133	169	-	169
Consultancy services	10,762	14,289	25,051	30,080	13,826	43,906
Establishment	105,209	83,306	188,515	104,743	94,023	198,766
Transport	8,316	2,869	11,185	8,455	2,388	10,843
Premises	66,594	112,032	178,626	69,301	147,106	216,407
Audit fees	335	-	335	355	-	355
Other non statutory audit expenditure	1,095	3	1,098	-	-	-
Other professional fees excl. services provided by audit	15,182	35,576	50,758	19,054	24,941	43,995
Grants to other public bodies	7,767	48,797	56,564	31,451	200	31,651
Clinical negligence	37	21	58	51	-	51
Research and development (excluding staff costs)	497	189	686	846	1,915	2,761
Education and training	9,382	106,587	115,969	10,422	99,326	109,748
Funding to group bodies	1,139,837	71,072,722	72,212,559	1,289,472	65,396,012	66,685,484
Other expenditure	732	14,345	15,077	513	1,930	2,443
Total operating expenses - cash	1,458,009	100,076,613	101,534,622	1,619,702	97,191,338	98,811,040
Operating expenditure - non cash						
Impairments and reversals of receivables	601	208	809	467	10,675	11,142
Inventories written down	83	-	83	-	88	88
Depreciation	23,359	41,175	64,534	13,215	28,814	42,029
Amortisation	4,084	604	4,688	4,865	562	5,427
Impairments and reversals of property, plant and equipment	-	-	-	15,766	1,911	17,677
Impairments and reversals of intangible assets	-	-	-	531	2	533
Change in discount rate	2	382	384	-	(12,298)	(12,298)
Provisions	(968)	(143,612)	(144,580)	13,642	(98,605)	(84,963)
Other expenditure****	-	-	-	-	(4,021)	(4,021)
Total operating expenses - non cash	27,161	(101,243)	(74,082)	48,486	(72,872)	(24,386)
Total operating expenses	1,485,170	99,975,370	101,460,540	1,668,188	97,118,466	98,786,654

Administration expenditure is cost incurred that is not a direct payment for the provision of healthcare or healthcare services.

Funding to group bodies is shown above and represents cash funding drawn down by the CCGs. These balances are eliminated on consolidation.

Provision costs have been reduced in 2014/15 and 2015/16 by the ongoing reassessment of required provision values, particularly for legacy Continuing Healthcare. See note 14 for further details.

Parent expenditure figures may be greater than those of the consolidated group due to the elimination of intra-group trading.

*Services from other NHS bodies comprises expenditure from the DH and other am's length bodies.

** Funding of £1,278million relating to the purchase of healthcare from independent providers within purchase of healthcare non-NHS bodies has been transferred to CCGs in 2015/16 for the Better Care Fund.

*** There is a significant fall in primary care expenditure in 2015/16 due to the switch in budget from NHS England to those CCGs who have taken delegated commissioning responsibilities.

****Other non-cash expenditure relates to the release of legacy creditors.

Consolidated Group

	2015/16			2014/15		
	Admin £000	Programme £000	Total £000	Admin £000	Programme £000	Total £000
Other costs						
Services from Foundation Trusts	5,064	39,251,449	39,256,513	5,005	36,847,583	36,852,588
Services from other NHS Trusts	3,518	23,887,705	23,891,223	4,177	25,680,878	25,685,055
Services from other NHS bodies	37	11,163	11,200	494	32,959	33,453
Purchase of healthcare from non-NHS bodies	-	12,552,868	12,552,868	-	11,577,570	11,577,570
General dental services and personal dental services	-	3,313,160	3,313,160	-	3,114,073	3,114,073
Prescribing costs	-	8,557,135	8,557,135	-	8,216,012	8,216,012
Pharmaceutical services	-	2,105,899	2,105,899	-	2,132,112	2,132,112
General ophthalmic services	-	542,339	542,339	-	527,709	527,709
Primary care services	1,187	7,796,707	7,797,894	3,022	7,683,683	7,686,705
Supplies and services – clinical	698	176,018	176,716	564	165,905	166,469
Supplies and services – general	113,950	1,002,835	1,116,785	77,517	522,111	599,628
Chair and lay membership body and governing body members	48,955	1,223	50,178	51,788	878	52,666
Consultancy services	34,079	78,885	112,964	64,454	93,460	157,914
Establishment	153,710	179,733	333,443	154,311	183,025	337,336
Transport	9,715	14,722	24,437	9,783	13,634	23,417
Premises	122,686	288,500	411,186	129,747	325,313	455,060
Audit fees	13,995	23	14,018	18,306	26	18,332
Other non statutory audit expenditure	3,345	67	3,412	2,791	103	2,894
Other professional fees excl. services provided by audit	43,529	62,432	105,961	52,635	42,312	94,947
Grants to other public bodies	7,777	100,882	108,659	31,736	53,060	84,796
Clinical negligence	328	45	373	367	24	391
Research and development (excluding staff costs)	898	12,502	13,400	1,908	12,045	13,953
Education and training	23,028	119,367	142,395	24,025	111,400	135,425
Other expenditure	2,097	40,988	43,085	1,752	24,139	25,891
Total operating expenses - cash	588,596	100,096,647	100,685,243	634,382	97,360,014	97,994,396
Operating expenditure - non cash						
Impairments and reversals of receivables	1,007	8,987	9,994	868	12,379	13,247
Inventories written down	83	2,788	2,871	-	88	88
Depreciation	28,389	45,406	73,795	17,181	31,698	48,879
Amortisation	4,230	1,225	5,455	5,081	1,070	6,151
Impairments and reversals of property, plant and equipment	119	217	336	15,827	2,771	18,598
Impairments and reversals of intangible assets	-	-	-	531	2	533
Change in discount rate	2	339	341	(2)	(12,233)	(12,235)
Provisions	1,112	(125,459)	(124,347)	15,601	(70,605)	(55,004)
Other expenditure*	-	-	-	-	(4,021)	(4,021)
Total operating expenses - non cash	34,942	(66,497)	(31,555)	55,087	(38,851)	16,236
Total operating expenses	623,538	100,030,150	100,653,688	689,469	97,321,163	98,010,632

Administration expenditure is cost incurred that is not a direct payment for the provision of healthcare or healthcare services. Parent expenditure figures may be greater than those of the consolidated group due to the elimination of intra-group trading.

*Other non-cash expenditure relates to the release of legacy creditors.

5. Operating Leases

5.1 As lessee

The group has arrangements in place with NHS Property Services Ltd (NHSPS) and Community Health Partnerships Ltd in respect of the utilisation of various clinical and non-clinical properties. These largely relate to payments made in respect of void space in clinical properties, as well as for accommodation costs.

Although formal signed leases are not typically in place for these properties, the transactions involved do convey the right of the group to use property assets. The group has considered the substance of these arrangements under IFRIC4 'Determining whether an arrangement contains a lease' and determined that the arrangements are (or contain) leases. Work is ongoing with NHSPS to determine the future minimum lease payments.

Accordingly the payments made in 2015/16 and 2014/15 are disclosed as minimum lease payments in the buildings category in note 5.1.1. However in the absence of formal contracts it is not possible to confirm minimum lease payments for future years and hence no disclosure is made for these buildings in note 5.1.2. It is expected that the payments recognised in 2015/16 would continue to be minimum lease payments in 2016/17.

The group does not act as a lessor.

5.1.1 Payments recognised as an expense

Parent	2015/16			2014/15		
	Buildings	Other	Total	Buildings	Other	Total
	£000	£000	£000	£000	£000	£000
Payments recognised as an expense						
Minimum lease payments	153,732	1,477	155,209	118,870	1,735	120,605
Total	153,732	1,477	155,209	118,870	1,735	120,605

Consolidated Group

Payments recognised as an expense						
Minimum lease payments	347,592	3,846	351,438	318,005	3,845	321,850
Contingent rents	-	34	34	-	32	32
Total	347,592	3,880	351,472	318,005	3,877	321,882

5.1.2 Future minimum lease payments

Parent	2015/16			2014/15		
	Buildings	Other	Total	Buildings	Other	Total
	£000	£000	£000	£000	£000	£000
Payable:						
No later than one year	14,107	1,071	15,178	102,218	1,839	104,057
Between one and five years	33,042	2,459	35,501	7,436	2,110	9,546
After five years	108	365	473	6,623	-	6,623
Total	47,257	3,895	51,152	116,277	3,949	120,226

Consolidated Group

Payable:						
No later than one year	25,267	2,232	27,499	112,326	3,260	115,586
Between one and five years	65,014	3,933	68,947	33,409	4,459	37,868
After five years	27,652	385	28,037	26,593	225	26,818
Total	117,933	6,550	124,483	172,328	7,944	180,272

6. Property, plant and equipment

Parent
2015/16

	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation at 1 April 2015	18,083	895	5,164	32	251,864	1,429	277,467
Addition of assets under construction and payments on account	-	296	-	-	-	-	296
Additions purchased	7	-	165	-	73,827	1,266	75,265
Reclassifications	-	(744)	(337)	-	(1,933)	972	(2,042)
Disposals	(6,063)	-	(588)	-	(7,434)	(88)	(14,173)
Cost or valuation at 31 March 2016	12,027	447	4,404	32	316,324	3,579	336,813
Depreciation at 1 April 2015	14,321	-	3,764	5	62,474	296	80,860
Reclassifications	-	-	(122)	4	(27)	120	(25)
Disposals	(6,065)	-	(588)	-	(7,248)	(88)	(13,989)
Charged during the year	2,265	-	591	4	61,019	655	64,534
At 31 March 2016	10,521	-	3,645	13	116,218	983	131,380
Net Book Value at 31 March 2016	1,506	447	759	19	200,106	2,596	205,433
Purchased	1,506	447	759	19	200,106	2,596	205,433
Total at 31 March 2016	1,506	447	759	19	200,106	2,596	205,433
Asset financing:							
Owned	-	447	304	19	200,106	2,596	203,472
Held on finance lease	1,506	-	455	-	-	-	1,961
Total at 31 March 2016	1,506	447	759	19	200,106	2,596	205,433
Revaluation reserve balance for property, plant and equipment							
	Buildings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Balance as at 1 April 2015 and 31 March 2016	-	-	-	-	7	12	19

**Parent
2014/15**

	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation at 1 April 2014	19,969	6,307	4,963	32	174,615	1,286	207,172
Addition of assets under construction and payments on account	-	744	-	-	-	-	744
Additions purchased	-	-	262	-	97,688	1,416	99,366
Reclassifications	-	(6,156)	-	-	3,585	(20)	(2,591)
Disposals	-	-	-	-	(9,431)	(116)	(9,547)
Impairments charged	(1,886)	-	(61)	-	(14,593)	(1,137)	(17,677)
Cost or valuation at 31 March 2015	18,083	895	5,164	32	251,864	1,429	277,467
Depreciation at 1 April 2014	9,092	-	2,483	5	34,092	320	45,992
Disposals	-	-	-	-	(7,045)	(116)	(7,161)
Charged during the year	5,229	-	1,281	-	35,427	92	42,029
At 31 March 2015	14,321	-	3,764	5	62,474	296	80,860
Net book value at 31 March 2015	3,762	895	1,400	27	189,390	1,133	196,607
Purchased	3,762	895	1,400	27	189,390	1,133	196,607
Total at 31 March 2015	3,762	895	1,400	27	189,390	1,133	196,607
Asset financing:							
Owned	-	895	411	27	189,390	1,133	191,856
Held on finance lease	3,762	-	989	-	-	-	4,751
Total at 31 March 2015	3,762	895	1,400	27	189,390	1,133	196,607

Revaluation reserve balance for property, plant and equipment	Buildings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Balance at 1 April 2014	140	-	-	-	7	12	159
Release to general fund	(140)	-	-	-	-	-	(140)
At 31 March 2015	-	-	-	-	7	12	19

**Consolidated Group
2015/16**

	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation at 1 April 2015	18,329	2,787	19,675	151	278,352	8,422	327,716
Addition of assets under construction and payments on account	-	2,324	-	-	-	-	2,324
Additions purchased	167	-	2,038	-	83,515	2,832	88,552
Reclassifications	1,012	(2,636)	(337)	-	(1,053)	972	(2,042)
Disposals	(6,063)	-	(750)	-	(7,739)	(165)	(14,717)
Impairments charged	(4)	-	-	-	(238)	(94)	(336)
Cost or valuation at 31 March 2016	13,441	2,475	20,626	151	352,837	11,967	401,497
Depreciation at 1 April 2015	14,358	-	7,283	67	72,192	2,157	96,057
Reclassifications	-	-	(122)	4	(27)	120	(25)
Disposals	(6,065)	-	(750)	-	(7,550)	(165)	(14,530)
Charged during the year	2,320	-	2,735	33	66,945	1,762	73,795
At 31 March 2016	10,613	-	9,146	104	131,560	3,874	155,297
Net Book Value at 31 March 2016	2,828	2,475	11,480	47	221,277	8,093	246,200
Asset financing:							
Owned - purchased	-	2,475	10,003	47	221,277	8,093	241,895
Held on finance lease	2,828	-	1,477	-	-	-	4,305
Total at 31 March 2016	2,828	2,475	11,480	47	221,277	8,093	246,200

**Revaluation reserve balance for
property, plant and equipment**

	Buildings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Balance at 1 April 2015	-	-	148	-	6	-	154
Release to general fund	-	-	(19)	-	-	(4)	(23)
Other movements	-	-	(34)	-	11	24	1
At 31 March 2016	-	-	95	-	17	20	132

**Consolidated Group
2014/15**

	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation at 1 April 2014	21,253	6,964	14,716	151	190,657	5,093	238,834
Addition of assets under construction and payments on account	-	2,604	-	-	-	-	2,604
Additions purchased	66	-	4,056	-	109,421	4,056	117,599
Reclassifications	(1,097)	(6,781)	1,144	-	3,448	695	(2,591)
Disposals	(7)	-	(4)	-	(10,162)	(138)	(10,311)
Impairments charged	(1,886)	-	(237)	-	(15,028)	(1,284)	(18,435)
Reversal of impairments	-	-	-	-	16	-	16
Cost or valuation at 31 March 2015	18,329	2,787	19,675	151	278,352	8,422	327,716
Depreciation at 1 April 2014	9,179	-	4,367	36	39,927	1,376	54,885
Reclassifications	(58)	-	65	-	(27)	20	-
Disposals	(7)	-	(4)	-	(7,751)	(125)	(7,887)
Impairments charged	-	-	(39)	-	220	(1)	180
Charged during the year	5,244	-	2,894	31	39,823	887	48,879
At 31 March 2015	14,358	0	7,283	67	72,192	2,157	96,057
Net book value at 31 March 2015	3,971	2,787	12,392	84	206,160	6,265	231,659
Purchased	3,971	2,787	12,392	84	206,160	6,265	231,659
Total at 31 March 2015	3,971	2,787	12,392	84	206,160	6,265	231,659
Asset financing:							
Owned - purchased	171	2,787	10,297	84	206,160	6,265	225,764
Held on finance lease	3,800	-	2,095	-	-	-	5,895
Total at 31 March 2015	3,971	2,787	12,392	84	206,160	6,265	231,659

Revaluation reserve balance for property, plant and equipment	Buildings £000	Assets under construction and payments on account £000	Plant and machinery £000	Transport equipment £000	Information technology £000	Furniture and fittings £000	Total £000
Balance at 1 April 2014	140	-	148	1	7	36	332
Impairments	-	-	-	(1)	(1)	(36)	(38)
Release to general fund	(140)	-	-	-	-	-	(140)
At 31 March 2015	-	-	148	-	6	-	154

7. Intangible non-current assets

Parent 2015/16	Computer software: purchased	Licences and trademarks	Development expenditure (internally generated)	Total
	£000	£000	£000	£000
Cost or valuation at 1 April 2015	13,205	8	349	13,562
Additions purchased	7,764	-	1,544	9,308
Reclassifications	2,043	-	-	2,043
Disposals	(2,486)	-	-	(2,486)
At 31 March 2016	20,526	8	1,893	22,427
Amortisation 1 April 2015	7,292	8	38	7,338
Reclassifications	25	-	-	25
Disposals	(2,486)	-	-	(2,486)
Charged during the year	4,377	-	311	4,688
At 31 March 2016	9,208	8	349	9,565
Net book value at 31 March 2016	11,318	-	1,544	12,862
Asset financing				
Owned	11,318	-	1,544	12,862
Total at 31 March 2016	11,318	-	1,544	12,862
Revaluation reserve balance for intangible assets				
	Computer software: purchased	Licences and trademarks	Development expenditure (internally generated)	Total
	£000	£000	£000	£000
Balance at 1 April 2015	5	-	-	5
At 31 March 2016	5	-	-	5

**Parent
2014/15**

	Computer software: purchased	Licences and trademarks	Development expenditure (internally generated)	Total
	£000	£000	£000	£000
Cost or valuation at 1 April 2014	9,828	42	-	9,870
Additions purchased	1,410	-	349	1,759
Reclassifications	2,625	(34)	-	2,591
Disposals	(125)	-	-	(125)
Impairments charged	(533)	-	-	(533)
At 31 March 2015	13,205	8	349	13,562
Amortisation at 1 April 2014	2,005	5	-	2,010
Disposals	(99)	-	-	(99)
Charged during the year	5,386	3	38	5,427
At 31 March 2015	7,292	8	38	7,338
Net book value at 31 March 2015	5,913	-	311	6,224
Asset financing				
Owned	5,913	-	311	6,224
Total at 31 March 2015	5,913	-	311	6,224

Revaluation reserve balance for intangible assets	Computer software: purchased	Licences and trademarks	Development expenditure (internally generated)	Total
	£000	£000	£000	£000
Balance at 1 April 2014	5	-	-	5
At 31 March 2015	5	-	-	5

**Consolidated Group
2015/16**

	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Cost or valuation at 1 April 2015	17,175	8	1,398	18,581
Additions purchased	9,459	-	2,719	12,178
Reclassifications	2,043	-	-	2,043
Disposals	(2,509)	-	-	(2,509)
At 31 March 2016	26,168	8	4,117	30,293
Amortisation 1 April 2015	8,048	8	676	8,732
Reclassifications	25	-	-	25
Disposals	(2,509)	-	-	(2,509)
Charged during the year	4,863	-	592	5,455
At 31 March 2016	10,427	8	1,268	11,703
Net book value at 31 March 2016	15,741	-	2,849	18,590
Asset financing				
Owned	15,741	-	2,849	18,590
Total at 31 March 2016	15,741	-	2,849	18,590

Revaluation reserve balance for intangible assets	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Balance at 1 April 2015	5	-	-	5
At 31 March 2016	5	-	-	5

**Consolidated Group
2014/15**

	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Cost or Valuation at 1 April 2014	10,858	96	629	11,583
Additions purchased	4,394	-	769	5,163
Reclassifications	2,679	(88)	-	2,591
Disposals	(223)	-	-	(223)
Impairments charged	(533)	-	-	(533)
Cost or Valuation at 31 March 2015	17,175	8	1,398	18,581
Amortisation at 1 April 2014	2,437	38	303	2,778
Disposals	(197)	-	-	(197)
Charged during the year	5,808	(30)	373	6,151
Amortisation at 31 March 2015	8,048	8	676	8,732
Net book value at 31 March 2015	9,127	-	722	9,849
Asset financing				
Owned	9,127	-	722	9,849
Total at 31 March 2015	9,127	-	722	9,849

Revaluation reserve balance for intangible assets	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Balance at 1 April 2014	5	-	-	5
At 31 March 2015	5	-	-	5

8. Inventories

Parent 2015/16

	Consumables £000	Loan equipment £000	Other £000	Total £000
Balance at 1 April 2015	13	-	165	178
Additions	11	-	44	55
Inventories recognised as an expense in the period	-	-	(83)	(83)
At 31 March 2016	24	-	126	150

Parent 2014/15

	Consumables £000	Loan equipment £000	Other £000	Total £000
Balance at 1 April 2014	103	-	351	454
Additions	-	-	77	77
Inventories recognised as an expense in the period	(13)	-	(252)	(265)
Write-down of inventories (including losses)	(77)	-	(11)	(88)
At 31 March 2015	13	-	165	178

Consolidated Group 2015/16

	Consumables £000	Loan equipment £000	Other £000	Total £000
Balance at 1 April 2015	317	-	1,927	2,244
Additions	806	562	4,496	5,864
Inventories recognised as an expense in the period	-	-	(2,871)	(2,871)
At 31 March 2016	1,123	562	3,552	5,237

Consolidated Group 2014/15

	Consumables £000	Loan equipment £000	Other £000	Total £000
Balance at 1 April 2014	290	-	1,425	1,715
Additions	1,205	-	2,842	4,047
Inventories recognised as an expense in the period	(1,101)	-	(2,329)	(3,430)
Write-down of inventories (including losses)	(77)	-	(11)	(88)
At 31 March 2015	317	-	1,927	2,244

9. Trade and other receivables

	Parent				Consolidated Group			
	Current	Non-current	Restated current	Restated non-current	Current	Non-current	Restated current	Restated non-current
	2015/16	2015/16	2014/15	2014/15	2015/16	2015/16	2014/15	2014/15
	£000	£000	£000	£000	£000	£000	£000	£000
NHS receivables: revenue	48,686	-	39,516	-	107,199	-	87,810	-
NHS prepayments*	1,969	-	1,596	-	182,696	-	167,793	-
NHS accrued income*	18,586	-	6,382	-	57,888	-	61,501	-
Non-NHS receivables: Revenue	111,978	-	87,156	-	281,513	-	237,034	-
Non-NHS prepayments*	74,845	-	71,587	964	124,399	179	121,197	1,143
Non-NHS accrued income*	16,080	-	26,178	-	94,716	-	82,714	-
Provision for the impairment of receivables	(13,373)	-	(12,476)	-	(29,780)	-	(22,822)	-
VAT	9,249	-	9,578	-	19,172	-	18,923	-
Other receivables	1,713	-	1,371	3,079	15,584	-	12,716	3,079
Total	269,733	-	230,888	4,043	853,387	179	766,866	4,222
Total current and non-current	269,733		234,931		853,566		771,088	

* In 2015/16 a further breakdown of prepayments and accrued income has been provided. The comparatives for 2014/15 have been restated to split this balance.

9.1 Other non-current financial assets

	Parent				Consolidated Group			
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
	2015/16	2015/16	2014/15	2014/15	2015/16	2015/16	2014/15	2014/15
	£000	£000	£000	£000	£000	£000	£000	£000
Loan to other bodies (Section 96 NHS Act 2006)	-	278	-	-	-	278	-	-
Total	-	278	-	-	-	278	-	-

10. Cash and cash equivalents

	Parent		Consolidated Group	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Balance at 1 April 2015	129,479	391,990	140,486	420,921
Net change in year	132,261	(262,511)	137,685	(280,435)
Balance at 31 March 2016	261,740	129,479	278,171	140,486
Made up of:				
Cash with the Government Banking Service	162,759	67,084	183,936	81,321
Hosted cash/cash in hand	98,981	62,395	99,607	68,724
Cash and cash equivalents as in statement of financial position	261,740	129,479	283,543	150,045
Bank overdraft: Government Banking Service	-	-	(5,372)	(9,559)
Total bank overdrafts	-	-	(5,372)	(9,559)
Balance at 31 March 2016	261,740	129,479	278,171	140,486

For details of bank overdraft see note 12.

Included within hosted cash/cash in hand above is £98.9million (2014/15: £62.39million) held on behalf of NHS England by the NHS Business Services Authority.

11. Trade and other payables

	Parent				Consolidated Group			
	Current 2015/16 £000	Non-current 2015/16 £000	Restated Current 2014/15 £000	Restated Non-current 2014/15 £000	Current 2015/16 £000	Non-current 2015/16 £000	Restated Current 2014/15 £000	Restated Non-current 2014/15 £000
NHS payables: revenue	520,136	-	570,212	-	1,260,410	-	1,326,756	-
NHS payables: capital	482	-	1,372	-	884	-	156	-
NHS accruals*	242,516	-	117,668	-	742,649	-	638,546	-
NHS deferred income*	955	-	857	-	200	-	91	-
Non-NHS payables: revenue	243,082	2,440	416,138	2,440	1,048,435	2,440	1,044,847	2,440
Non-NHS payables: capital	4,952	-	6,056	-	9,364	-	11,214	-
Non-NHS accruals*	1,215,237	-	1,257,197	-	3,742,406	-	3,520,302	-
Non-NHS deferred income*	4,545	-	4,640	128	11,947	580	12,530	709
Social security costs	5,869	-	6,897	-	15,297	-	14,580	-
VAT	-	-	-	-	290	-	-	-
Tax	6,237	-	7,553	-	15,860	-	15,641	-
Payments received on account	108	-	24	-	288	-	560	-
Other payables	265,530	-	195,416	-	403,634	2,357	325,743	5,745
Total	2,509,649	2,440	2,584,030	2,568	7,251,664	5,377	6,910,966	8,894
Total payables (current and non-current)	2,512,089		2,586,598		7,257,041		6,919,860	

* In 2015/16 a further breakdown of accruals and deferred income has been provided.

The comparatives for 2014/15 have been restated to split this balance.

12. Borrowings

	Parent				Consolidated Group			
	Current	Non-current	Restated current	Restated non-current	Current	Non-current	Restated current	Restated non-current
	2015/16	2015/16	2014/15	2014/15	2015/16	2015/16	2014/15	2014/15
	£000	£000	£000	£000	£000	£000	£000	£000
Bank overdrafts								
Government Banking Service	-	-	-	-	5,372	-	9,559	-
Total overdrafts	-	-	-	-	5,372	-	9,559	-
Finance lease liabilities	10,523	-	5,921	10,523	10,643	1,085	6,046	11,683
Total	10,523	-	5,921	10,523	16,015	1,085	15,605	11,683
Total current and non-current	10,523		16,444		17,100		27,288	

12.1 Repayment of principal falling due

	Parent				Consolidated Group			
	Department of Health	Other	Total	Total	Department of Health	Other	Total	Total
	2015/16	2015/16	2015/16	2014/15	2015/16	2015/16	2015/16	2014/15
	£000	£000	£000	£000	£000	£000	£000	£000
Within one year	-	10,523	10,523	5,921	-	16,015	16,015	15,605
Between one and five years	-	-	-	10,523	-	443	443	11,022
After five years	-	-	-	-	-	642	642	661
Total	-	10,523	10,523	16,444	-	17,100	17,100	27,288

13. Finance costs

	Parent		Consolidated Group	
	2015/16 £000	2014/15 £000	2015/16 £000	2014/15 £000
Interest				
Interest on obligations under finance leases	569	1,189	614	1,236
Interest on late payment of commercial debt	-	1	15	15
Other interest expense	-	-	2	-
Total interest	569	1,190	631	1,251
Other finance costs*	61	-	61	-
Provisions: unwinding of discount	(12,217)	3,009	(12,092)	3,012
Total finance costs	(11,587)	4,199	(11,400)	4,263

* The NHS England Parent has issued a loan under the provisions of S96 NHS Act 2006 in 2015/16.

14. Provisions

Parent

	Current		Non-current	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Restructuring	317	223	1,062	223
Redundancy	6,956	-	9,506	-
Equal pay	-	-	25	-
Legal claims	1,267	428	1,519	428
Continuing care	278,345	80,653	276,435	328,860
Other	17,845	26,049	23,935	25,324
Total	304,730	107,353	312,482	354,835
Total current and non-current	412,083		667,317	

	Pensions relating to other staff	Restructuring	Redundancy	Equal pay	Legal claims	Continuing Care	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2015	-	1,285	9,506	25	1,947	605,295	49,259	667,317
Arising during the year	-	-	5,219	-	1,230	33,689	2,263	42,401
Utilised during the year	-	(580)	(4,573)	(25)	(174)	(91,684)	(1,785)	(98,821)
Reversed unused	-	(154)	(3,193)	-	(1,323)	(175,293)	(7,018)	(186,981)
Unwinding of discount	-	(11)	(2)	-	12	(13,368)	1,152	(12,217)
Change in discount rate	-	-	-	-	2	359	23	384
Balance at 31 March 2016	-	540	6,957	-	1,694	358,998	43,894	412,083

Expected timing of cash flows

Within one year	-	317	6,956	-	1,267	278,345	17,845	304,730
Between one and five years	-	131	-	-	428	80,653	16,014	97,226
After five years	-	92	-	-	-	-	10,035	10,127
Balance at 31 March 2016	-	540	6,956	-	1,695	358,998	43,894	412,083

Consolidated Group

	Current		Non-current	
	2015/16	2015/16	2014/15	2014/15
	£000	£000	£000	£000
Pensions relating to other staff	-	-	77	-
Restructuring	3,028	244	3,659	223
Redundancy	7,348	-	10,156	-
Equal pay	-	-	25	-
Legal claims	1,443	446	1,578	446
Continuing care	321,890	86,770	316,593	341,080
Other	43,287	29,647	47,089	27,137
Total	376,996	117,107	379,177	368,886
Total current and non-current	494,103		748,063	

	Pensions relating to other staff	Restructuring	Redundancy	Equal pay	Legal claims	Continuing Care	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2015	77	3,882	10,156	25	2,024	657,673	74,226	748,063
Arising during the year	-	979	5,719	-	1,407	65,675	21,927	95,707
Utilised during the year	(1)	(813)	(5,015)	(25)	(191)	(101,184)	(10,633)	(117,862)
Reversed unused	(76)	(765)	(3,510)	-	(1,365)	(200,557)	(13,781)	(220,054)
Unwinding of discount	-	(11)	(2)	-	12	(13,241)	1,150	(12,092)
Change in discount rate	-	-	-	-	2	294	45	341
Balance at 31 March 2016	-	3,272	7,348	-	1,889	408,660	72,934	494,103

Expected timing of cash flows

Within one year	-	3,028	7,348	-	1,443	321,890	43,287	376,996
Between one and five years	-	152	-	-	446	86,770	19,460	106,828
After five years	-	92	-	-	-	-	10,187	10,279
Balance at 31 March 2016	-	3,272	7,348	-	1,889	408,660	72,934	494,103

The NHS Litigation Authority financial statements disclose a provision of £66,589,000 as at 31 March 2016 in respect of clinical negligence liabilities of NHS England (31 March 2015: £49,054,000).

NHS Continuing Healthcare is a package of health and social care arranged and funded solely by the NHS for a person aged 18 or over to meet physical or mental health needs which have arisen as a result of disability, accident or illness. Where an individual has both health and social care needs, but they have been assessed as having a 'primary health need' under the National Framework for NHS Continuing Healthcare and NHS-funded Nursing Care, the NHS has responsibility for providing for all of that individual's assessed needs, both the health and social care. The amount included in the table above as Continuing Care represents the best estimate, at the year end date, of the liabilities of NHS England group relating to the obligation of the NHS to pay for cases of such care and hence its responsibility for reimbursing patients and their families for costs incurred.

"Other" provisions include miscellaneous provisions inherited under the Health and Social Care Reforms (April 2012) including onerous contracts, property related provisions and dilapidations.

15. Contingencies

	Parent		Consolidated Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Contingent liabilities				
Employment tribunal	1,157	300	1,157	300
NHSLA employee liability claim	15	-	24	2
Continuing Healthcare	-	-	16,631	16,338
Contractual dispute	-	-	370	2,400
Employee pension	600	-	600	-
Her Majesty's Revenue and Customs	-	-	42	-
Learning disabilities disputed cases	-	-	-	457
Legal claim	8,051	2,388	8,073	2,402
NHS Property Services Ltd	-	-	3,270	2,963
NHSLA - LTPS	-	21	-	21
Older People Sec 117 recharges	-	-	1,320	-
Other employee related litigation	1,955	-	1,955	5
Retrospective social care claims	-	-	-	710
Service transformation costs	-	-	-	466
The Princess Alexandra NHS Trust	-	-	1,000	-
Under-utilised property lease liabilities	-	-	-	336
Net value of contingent liabilities	11,778	2,709	34,442	26,400

	Parent		Consolidated Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Contingent assets				
Legal claims	1,015	917	1,015	917
NHS Property Services Ltd	-	-	-	1,408
Net value of contingent assets	1,015	917	1,015	2,325

Contingent liabilities are those for which provisions have not been recorded as there is a possible obligation depending on uncertain future events, or a present obligation where payment is not probable or the amount cannot be measured reliably.

16. Commitments

16.1 Capital commitments

	Parent		Consolidated Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
Property, plant and equipment	332	-	429	10
Intangible assets	-	-	-	66
Total	332	-	429	76

16.2 Other financial commitments

NHS England has entered into non-cancellable contracts (which are not leases, private finance initiative contracts or other service concession arrangements) which expire as follows:

	Parent		Consolidated Group	
	2015/16	2014/15	2015/16	2014/15
	£000	£000	£000	£000
In not more than one year	80,368	82,523	165,778	141,859
In more than one year but not more than five years	371,819	23,403	563,988	69,367
In more than five years	219,796	-	321,811	26,144
Total	671,983	105,926	1,051,577	237,370

In the parent account the most significant contracts relate to:

- contract with Capita for the delivery of administration services for primary care
- PET Scanner contract with Alliance Medical.

In the group account the most significant contracts relate to:

- contract with Virgin Healthcare for the delivery of community services in Staffordshire.

17. Risk management

17.1 Financial risk management

Financial reporting standard IFRS7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

Because NHS England is financed through parliamentary funding, it is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. NHS England has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the CCG in undertaking its activities.

HM Treasury management operations are carried out by the finance department, within parameters defined formally within the NHS England standing financial instructions and policies agreed by the governing body. Treasury activity is subject to review by the NHS England internal auditors.

17.1.1 Currency risk

NHS England is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based.

NHS England has no overseas operations. NHS England therefore has low exposure to currency rate fluctuations.

17.1.2 Interest rate risk

NHS England does not have any borrowings that are subject to interest rate risk.

17.1.3 Credit risk

Because the majority of NHS England revenue comes from parliamentary funding, NHS England has low exposure to credit risk. The maximum exposure as at the end of the financial year are in receivables from customers, as disclosed in the trade and other receivables note.

17.1.4 Liquidity risk

NHS England is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament.

NHS England draws down cash to cover expenditure, as the need arises. The NHS England is not, therefore, exposed to significant liquidity risks.

17.1.5 Financial instruments

As the cash requirements of NHS England are met through the estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with NHS England's expected purchase and usage requirements and NHS England is therefore exposed to little credit, liquidity or market risk.

18. Operating segments

Consolidated Group 2015/16	Clinical commissioning groups	Direct commissioning	NHS England	Other	Intra-group eliminations	NHS England group total
	£000	£000	£000	£000	£000	£000
Income	(1,037,148)	(1,543,667)	(50,957)	(912,178)	1,351,442	(2,192,508)
Gross expenditure	73,602,211	28,267,150	1,342,154	523,869	(1,351,442)	102,383,942
Total net expenditure	72,565,063	26,723,483	1,291,197	(388,309)	-	100,191,434

Revenue resource expenditure

Revenue departmental expenditure limit						100,372,452
Annually managed expenditure						(253,960)
Technical expenditure						72,942
Net operating expenditure for the financial year						100,191,434

Reconciliation back to SoCNE

Net operating expenditure for the financial year						100,191,434
Net loss on transfer by absorption						-
Net operating expenditure for the financial year including absorption losses						100,191,434

Consolidated Group 2014/15	Clinical commissioning groups	Direct commissioning	NHS England	Other	Intra-group eliminations	NHS England group total
	£000	£000	£000	£000	£000	£000
Income	(1,156,271)	(1,558,362)	(26,341)	(849,134)	1,434,200	(2,155,908)
Gross expenditure	68,073,434	30,933,696	1,402,938	766,054	(1,434,200)	99,741,922
Total net expenditure	66,917,163	29,375,334	1,376,597	(83,080)	-	97,586,014

Revenue resource expenditure

Revenue departmental expenditure limit						97,659,757
Annually managed expenditure						(137,591)
Technical expenditure						63,848
Net operating expenditure for the financial year						97,586,014

Reconciliation back to SoCNE

Net operating expenditure for the financial year						97,586,014
Net loss on transfer by absorption						-
Net operating expenditure for the financial year including absorption losses						97,586,014

The reportable segments disclosed within this note reflect the current structure of NHS England with the activities of each reportable segment reflecting the remit of the organisation. These operating segments are regularly reported to the NHS England Board for financial management and decision making purposes.

The activities of each segment are defined as follows:

CCGs - clinically led groups that are responsible for commissioning healthcare services as defined in the Health and Social Care Act 2012.

Direct commissioning - the services commissioned by NHS England (via local offices and specialised commissioning hubs) as defined in the Health and Social Care Act 2012.

NHS England - the central administration of the organisation and centrally managed programmes.

Other - includes CSUs, social care, national reserves, technical accounting items and legacy balances.

Multiple transactions take place between reportable segments, all of which are eliminated upon consolidation as shown in the "Intra-group eliminations" column. Information on total assets and liabilities and net assets and liabilities is not separately reported to the chief operating decision maker and thus, in accordance with IFRS8, does not form part of this disclosure.

19. Pooled budgets

CCGs have the power to enter into pooled budget arrangements with other organisations such as local authorities. From 1 April 2015 this included pooled budgets under the Better Care Fund initiative.

The details of these arrangements can be found in the notes of the CCGs statutory accounts. Consolidated accounts are not presented due to the varying nature of local pooled budget arrangements, which do not permit consolidation on a consistent basis across the group.

20. Related party transactions

Details of related party transactions with individuals are as follows:

Related party transactions associated with the Parent are disclosed within this note. As disclosed in note 23, NHS England acts as the parent to 209 CCGs whose accounts are consolidated within these financial statements. These bodies are regarded as related parties with which the Parent has had various material transactions during the year; those transactions are disclosed in those entities' financial statements.

The following individuals hold director positions within NHS England and during the year NHS England has transacted with other organisations to which the directors are connected. Details of these relationships and transactions are set out below.

2015/16

Name and position in NHS England	Related party	Nature of relationship	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Professor Sir Malcolm Grant - Chair	University College London (UCL)	Non-executive, former President and Provost	673	-	114	-
Professor Sir Malcolm Grant - Chair	UCL Partners	Ex Board member	4,132	-	274	-
Professor Sir Malcolm Grant - Chair	Genomics England Ltd	Director	53	-	-	-
Professor Sir Malcolm Grant - Chair	Cancer Research UK	Family member is an employee	222	368	-	77
Professor Sir Malcolm Grant - Chair	University of York	Chancellor	76	-	5	-
Lord Victor Adebowale - Non-Executive Director	Turning Point	Chief Executive Officer and Company Secretary,	1,226	-	-	-
Lord Victor Adebowale - Non-Executive Director	University of Lincoln	Chancellor & Visiting Professor	2	-	-	-
Lord Victor Adebowale - Non-Executive Director	London School of Economics	Governor	17	-	34	-
Professor Sir John Burn - Non-Executive Director	Newcastle University.	Professor of Clinical Genetics	711	-	0	-
Professor Sir John Burn - Non-Executive Director	Newcastle Hospitals NHS Foundation Trust	Honorary Consultant Clinical Geneticist	377,551	-	1,008	-
Professor Sir John Burn - Non-Executive Director	Genomics England	Science Advisory Committee,	53	-	-	-
Professor Sir John Burn - Non-Executive Director	Health Education England	Genomics Advisory Board, member	15,261	193,058	1,954	28,469
Margaret Casely-Hayford - Non-Executive Director	Metropolitan Police	Member of the Corruption Investigation Oversight Panel	130	-	-	-
Dame Moira Gibb - Non-Executive Director	Skills for Care	Chair	57	-	70	-
Dame Moira Gibb - Non-Executive Director	University of Reading	Council member	3	-	-	-
David Roberts - Non-Executive Director	Henley Business School, University of Reading	Member, Strategy Board	1	-	-	-
Wendy Becker - Non-Executive Director	Cancer Research UK	Unremunerated	222	368	-	77
Ed Smith - Non-Executive Director to 30 September 2015	PwC	Retired Senior Partner	3,301	-	-	-

2015/16 continued...

Name and position in NHS England	Related party	Nature of relationship	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Ed Smith - Non-Executive Director to 30 September 2015	University of Birmingham	Pro Chancellor and Chair of Council	132	-	12	-
Ed Smith - Non-Executive Director to 30 September 2015	Crown Commercial Services	Non-Executive Chairman	33	-	-	-
Professor Jane Cummings - National Director	Macmillan Cancer Support	Director and Trustee	6	189	-	153
Professor Sir Bruce Keogh - National Director	Royal College of Surgeons in England (previous Member of Council)	Fellow	174	-	-	-
Professor Sir Bruce Keogh - National Director	Royal College of General Practitioners	Honorary Fellow	832	-	8	-
Professor Sir Bruce Keogh - National Director	Faculty of Medical Management and Leadership	Honorary Member	382	-	-	-
Professor Sir Bruce Keogh - National Director	Cancer research UK	Company Member	222	368	-	77
Dame Barbara Hakin - National Director to 31 December 2015	Ernst and Young	Family member is an employee	2,315	-	1	-
Dame Barbara Hakin - National Director to 31 December 2015	NHS Trust Development Authority	Family member is an employee	151	-	-	-
Dame Barbara Hakin - National Director to 31 December 2015	Leeds Teaching Hospitals NHS Trust	Family member is an employee	461,656	-	597	40
Tim Kelsey - National Director to 31 December 2015	ZPB	Partner is a director, this is a health strategy company	-	-	37	-

Name and position in NHS England	Related party	Nature of relationship	Payments to related party £000	Receipts from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Professor Sir Malcolm Grant - Chair	University College London (UCL)	Non-executive, former President and Provost	560	-	-	-
Professor Sir Malcolm Grant - Chair	UCL Partners	Ex Board member	5,583	-	1,346	-
Professor Sir Malcolm Grant - Chair	Cancer Research UK	Family member is an employee	72	167	-	47
Professor Sir Malcolm Grant - Chair	University of York	Chancellor-elect	92	-	-	-
Lord Victor Adebowale - Non-Executive Director	Turning Point	Chief Executive Officer and Company Secretary,	2,192	-	-	-
Lord Victor Adebowale - Non-Executive Director	Tomahawk Ltd, subsidiary of Three Sixty Action Ltd, collaborative software and IT innovation – now operating as THP Innovate	Non-executive director	38	-	-	-
Professor Sir John Burn - Non-Executive Director	Newcastle University.	Professor of Clinical Genetics	80	-	-	-
Professor Sir John Burn - Non-Executive Director	Newcastle Hospitals NHS Foundation Trust	Honorary Consultant Clinical Geneticist	510,801	-	-	2,342
Professor Sir John Burn - Non-Executive Director	Health Education England	Genomics Advisory Board,	8,579	234,065	135	30,683
Margaret Casely-Hayford - Non-Executive Director	Metropolitan Police Corruption Investigation Oversight Panel	Member	7	-	-	1,083
Dame Moira Gibb - Non-Executive Director	Skills for Care	Chair	28	-	-	-
Ed Smith - Non-Executive Director	PwC	Retired Senior Partner	1,133	-	-	-
Ed Smith - Non-Executive Director	University of Birmingham	Pro Chancellor and Chair of Council,	448	-	59	-
Ed Smith - Non-Executive Director	Crown Commercial Services	Non-Executive Chairman	2	-	-	-
Professor Jane Cummings - National Director	Macmillan Cancer Support	Director and Trustee	-	141	10	178
Professor Sir Bruce Keogh - National Director	Royal College of Surgeons in England (previous Member of Council)	Fellow	141	-	-	-
Professor Sir Bruce Keogh - National Director	Royal College of General Practitioners	Honorary Fellow	457	-	-	-
Professor Sir Bruce Keogh - National Director	Faculty of Medical Management and Leadership	Honorary Member	117	-	-	-
Professor Sir Bruce Keogh - National Director	British Heart Foundation	Council	-	31	-	5
Professor Sir Bruce Keogh - National Director	Cancer Research UK	Company Member	72	167	-	47
Dame Barbara Hakin - National Director	Ernst and Young	Family member is an employee	3,327	-	-	-
Dame Barbara Hakin - National Director	NHS Trust Development Authority	Family member is an employee	5,014	195	-	94
Tim Kelsey - National Director	ZPB	Partner is a director, this is a health strategy company	15	-	24	-
Rosamond Roughton - National Director	Mike Farrar Consulting Limited	Partner is a director	2	-	-	-
Rosamond Roughton - National Director	York Health Economics	Partner is a non-executive director	63	-	-	-

The Department of Health, as the parent of NHS England, is regarded as a related party. During the year NHS England has had a significant number of material transactions with entities for which the Department is regarded as the parent Department.

For example: NHS Foundation Trusts; NHS Trusts; NHS Litigation Authority; and NHS Business Services Authority.

In addition, NHS England has had a number of material transactions with other government departments and other central and local government bodies.

The compensation paid to key management personnel can be found in the remuneration report from page 70.

21. Events after the end of the reporting period

There are no adjusting events after the reporting period which will have a material effect on the financial statements of NHS England.

The result of the referendum held on 23 June 2016 was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made.

From 1 April 2016 a further 51 CCGs commenced delegated co-commissioning arrangements, taking the total number operating under this initiative to 114. These arrangements were first introduced in 2014/15 as part of the Five Year Forward View, under which CCGs assume full responsibility for contractual GP performance management and the design and implementation of local incentive schemes. This will result in a switch in expenditure from NHS England to participating CCGs.

The date the financial statements were authorised for issue by the Accounting Officer is included at the foot of the statement of financial position.

22. Financial performance targets

The Government's mandate to NHS England for 2015/16 was published by the Secretary of State for Health under section 13A of the National Health Service Act 2006, and the associated Financial Directions as issued by DH, set out NHS England's total revenue resource limit and total capital resource limit for 2015/16 and certain additional expenditure controls to which NHS England must adhere. These stem from budgetary controls that HM Treasury applies to DH. Those limits were revised in December 2015 and NHS England's performance against those revised limits are set out in the tables below.

	2015/16					2014/15
	Revenue Departmental Expenditure Limit		Annually Managed Expenditure	Technical	Total	Total
	Non ringfenced £000	Ringfenced £000	£000	£000	£000	£000
Mandate Limit	101,379,000	166,000	300,000	360,000	102,205,000	99,159,000
Actual expenditure	100,282,873	89,579	(253,960)	72,942	100,191,434	97,586,014
Surplus	1,096,127	76,421	553,960	287,058	2,013,566	1,572,986
Revenue resource limit (excluding planned surplus c/f into 2016/17 of £497m and £467m in 14/15)	100,882,000	166,000	300,000	360,000	101,708,000	98,692,000
Surplus (excluding planned surplus c/f)	599,127	76,421	553,960	287,058	1,516,566	1,105,986

	2015/16	2014/15
	Capital resource limit	Capital resource limit
	£000	£000
Limit	300,000	270,000
Actual expenditure	176,142	189,212
Surplus	123,858	80,788

NHS England is required to spend no more than £1,862,000,000 of its Revenue Departmental Expenditure Limit (RDEL) mandate on matters relating to administration in the full year. The actual amount spent on RDEL administration matters to 31 March 2016 was £1,648,854 as set out below.

	2015/16	2014/15
Administration Limit:	£000	£000
Net administration costs before interest	1,652,709	1,837,530
Less:		
Administration expenditure covered by AME/Technical funding	(3,855)	(57,416)
Administration costs relating to RDEL	1,648,854	1,780,114
RDEL Administration expenditure limit	1,862,000	2,142,000
Underspend	213,146	361,886

The various limits of expenditure set out in the table above stem from the limits imposed by HM Treasury on DH. Departmental Expenditure Limits (DEL) are set in the Spending Review, and government departments may not exceed the limits they have been set. This control is passed down to NHS England by DH and NHS England may not therefore exceed its DEL.

Annually Managed Expenditure (AME), budgets are set by HM Treasury and may be reviewed with departments in the run-up to the Budget. Departments must manage AME closely and inform HM Treasury if they expect AME to rise above forecast. Any increase requires HM Treasury approval.

There are clear rules governing the classification of certain types of expenditure as AME or DEL.

23. Entities within the Consolidated Group

NHS England acts as the Parent of the group comprising 209 CCGs (2014/15: 211 CCGs) whose accounts are consolidated within these Financial Statements.

A full list of the CCGs can be found on the NHS England website at: www.england.nhs.uk/ccg-details/.

The parent entity of NHS England is DH.

The largest group of entities which group accounts are drawn up and of which NHS England is a member is DH. Copies of the accounts can be obtained from www.gov.uk/government/publications.