

NHS ENGLAND – PRIVATE BOARD PAPER

<p>Title: Approval of the Annual Report 2016/17</p>
<p>Lead Director: Karen Wheeler, National Director: Transformation and Corporate Operations</p>
<p>Purpose of Paper:</p> <ul style="list-style-type: none">• To update the Board on the amended position for approving the annual report and accounts for the financial year 2016/17.
<p>The Board is invited to:</p> <ul style="list-style-type: none">• Approve the amended plan attached, following the 11 May meeting of ARAC, for the Board to review the final draft Annual Report and Accounts 2016/17, for final comment by correspondence in the week between Tuesday 20 June and Monday 26 June; and• Resolve the delegate authority for agreement of the final Annual Report and Accounts 2016/17 to the ARAC meeting on 3 July 2017, and any subsequent minor amendments, post-NAO review, to the Chief Executive, Chair and ARAC Chair.

NHS England Annual Report 2016/17

PURPOSE

1. To inform the Board of the amended timetable for production of NHS England's Annual Report and Accounts for 2016/17.
2. In line with requirements of the Health and Social Care Act 2012, NHS England and all Clinical Commissioning Groups (CCGs) must produce an annual report and accounts, including a governance statement. Each year, the Department of Health's (DH) Manual for Accounts sets out the core structure and content of the annual report as mandated by HM Treasury (HMT). In addition, NHS England's Annual Report must contain an assessment of:
 - the extent to which it met any objectives or requirements specified in the Government's mandate to NHS England for that year
 - the extent to which it gave effect to the proposals for that year in its business plan
 - how effectively it discharged its duties to: improve the quality of services; reduce inequalities and ensure public involvement and consultation.
3. This paper updates the Board on progress to approve the draft annual report in June, and delegate authority for approval of the final Annual Report and Accounts 2016/17 to the ARAC meeting on 3 July 2017, and any subsequent minor amendments post-NAO review to the Chief Executive, Chair and Chair of the Audit and Risk Assurance Committee.

ANALYSIS SINCE UPDATE

4. The report follows a revised presentation – adhering to the three-part structure mandated by HMT and learning from public sector best practice – and incorporates comments in the review of the Month 9 draft in March. A review has also been undertaken by the NHS England legal team to ensure the report supports the provision of assessments required under the Health and Social Care Act 2012 (as per Para. 2). We have been advised to strengthen the wording in some areas; we are working with the subject matter leads to address this. Key sections of the report are outlined below, with drafting notes highlighted throughout the document to aid the Board's review. Since the report was first drafted the Five Year Forward View Next Steps has been published. Work is underway with the communication leads to better reflect the structure to enable a read across.

Performance Report (and associated appendices)

5. This section reports progress against key performance measures and incorporates the legal requirement to present an assessment of the extent to which NHS England met any objectives or requirements specified in its business plan and in the Government's mandate to NHS England for that year.

Accountability Report (and associated appendices)

6. This section includes the:
 - Director's Report
 - Remuneration and Staff Report
 - Statement of Accounting Officer's Responsibilities
 - Governance Statement
 - Parliamentary accountability and audit report
7. The NAO have advised that an extended audit report will be required this year, in line

with the annual assessment of NHS England's compliance with the Corporate Governance Code. A similar approach was taken for NHS Improvement in 2015/16.

- Matters significant to the audit (including risks identified that had the greatest effect on overall audit strategy)
- Application of materiality

Annual accounts

8. Note that the annual accounts are presented to the Board for separate review and will be incorporated into the report at a later date.

CCG annual reports

9. Roadshows to prepare for year-end were held over February following the publication of guidance and templates to support preparation of CCG annual reports and accounts in December 2016. To support consolidation, NHS England's regional teams submitted their interim certification of CCG draft annual reports on 28 April. A thematic analysis of these returns and draft CCG Heads of Internal Audit Opinion is currently underway. Key findings will be shared via regional colleagues in advance of the final submission of CCG annual reports on 31 May.

NEXT STEPS OR TIMELINE

10. The amended high-level timetable and next steps are set out in **Appendix A**.

RECOMMENDATIONS

11. The Board is invited to:

- Approve the amended plan attached, following the 11 May meeting of ARAC, for the Board to review the final draft Annual Report and Accounts 2016/17, for final comment by correspondence during week commencing 19 June 2017; and
- Resolve to delegate authority for agreement of the final Annual Report and Accounts 2016/17 to the ARAC meeting on 3 July 2017, and any subsequent minor amendments, post-NAO review, to the Chief Executive, Chair and ARAC Chair.

Author: Steve Verdon

Date: May 2017

High-level plan from May 2017

Activity	Required by	
MAY		
Board Secretary to request agreement from individual Board Members as to inclusion of the required Statement of Disclosure to Auditors.	Tue 02 May	Complete
Month 12 draft to be submitted for ARAC review	Thu 04 May	Complete
NHS England to submit unaudited accounts to NAO	Wed 10 May	
ARAC to review draft annual report and accounts and progress against plan	Thu 11 May	
Copy of draft annual report to be shared with DH to inform consolidation (excluding annual accounts)		
NHS England to submit unaudited consolidation schedule to DH	Tue 16 May	
Current unapproved draft to DH Audit Committee (For information only)	Tue 30 May	
CCGs to submit: <ul style="list-style-type: none"> • Full audited and signed annual report, as approved in accordance with the CCG scheme of delegation and signed and dated by the Accountable Officer and appointed auditors, as one composite document. Regions to submit: <ul style="list-style-type: none"> • Final assurance checklist as certified by the local Director of Commissioning Operations (in accordance with process set by Regional Director). 	Wed 31 May	
CCG audited accounts to NHS England alongside full annual report Regional Directors / Directors of Commissioning Operations to submit certified final assurance template	Wed 31 May	
JUNE		
NHS England audited accounts submission to DH	Tue 6 Jun	
NHS England consolidation schedule submission to DH	Mon 12 Jun	

Activity	Required by	
NHS England to submit final consolidated accounts to NAO	Mon 12 Jun	
CCGs to publish Annual Report and Accounts in full on their public website. Published copies should have typed names only, not original signatures.	Fri 16 Jun	
Chair and Chief Executive to receive final draft for consideration.	Fri 16 Jun	
Chair and Chief Executive comments received	Mon 19 Jun	
Board to receive final draft Annual Report, to make final comments and to collectively approve the inclusion of a Board statement which confirms that the annual report and accounts are fair, balanced and understandable	Mon 19 Jun to Fri 23 Jun	
NEDs to receive final draft report	Tue 20 Jun	
NEDs to provide final comments	Mon 26 Jun	
Final consolidation account adjustments received from NAO.	Tue 27 Jun	
Final Annual Report and Accounts to be issued to ARAC	Wed 28 Jun	
JULY		
ARAC to review typeset annual report and accounts and make recommendation to accounting officer. Chief Executive to sign. Annual Report and Accounts are sent to NAO for certification.	Mon 3 Jul	
Comptroller and Auditor General to certify annual report and accounts (expected date)	Mon 10 Jul (EXPECTED)	
Proposed DH laying date / Written Ministerial Statement. Note NHS England ARA will be laid first. Latest possible laying date is 21 July 2017.	Thu 13 Jul	
Provide hard copies to DH and ALBs (HEE, NHS Improvement, CQC and		
Annual Report to be presented to Board for information.	Thu 27 Jul	
SEPTEMBER		
Annual Review, including presentation of Annual Report and Accounts, as part of NHS England Annual General Meeting. To be held at Expo.	Mon 11 Sept	

Activity	Required by	
CCGs to hold public meeting to present annual report to the public.	By 30 Sept	