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NHS ENGLAND – BOARD PAPER

Title:

NHS England Annual Report and Accounts 2016/17

Lead Director:

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Purpose of Paper:

The purpose of the paper is to:

- present the Board the latest timetable for the annual report and accounts for information.
- invite the Board to review the draft annual report, prepared as at Month 9, noting the required statement of disclosure to auditors in the Director's Report.

The Board invited to:

- Give feedback on the emerging content and structure of the draft annual report as presented in **Appendix A**.
- Note next steps as presented in **Appendix B**.

NHS England Annual Report and Accounts 2016/17

Purpose

1. To update the Board on the high-level timetable and next steps for production of NHS England's Annual Report and Accounts for 2016/17, and present the Month 9 draft of the Annual Report for review.

Background

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 an annual governance statement. Each year, the Department of Health's (DH) Group Accounting Manual 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.

Analysis since update

3. In line with recommendations of the National Audit Office (NAO), as complete a draft as possible of the Annual Report has been prepared as at Month 9 this year. The draft is presented as **Appendix A** following recent review by the Audit and Risk Assurance Committee (ARAC). Key points to be aware:
 - A revised presentation based on public sector best practice has been adopted this year to improve the reader experience and reduce repetition in the report, largely through the introduction of a new 'About Us' section and revisions to Performance Report, Director's Report and Governance Statement.
 - NHS England's Legal team will conduct a full review of the Annual Report following review of the Month 9 draft to support the provision of assessments required under the Health and Social Care Act 2012 (as outlined in Para 2).
 - A typesetter and copywriter have been appointed and a meeting to confirm the approach will be held in March 2017.
4. Guidance and templates to support preparation of CCG annual reports and accounts were published in December 2016, supported by a series of roadshows held over November 2016 and February 2017. To support preparation of the Month 9 Governance Statement, CCGs were required to submit a return on 20 January to declare any control issues as they are currently known. A thematic analysis of these returns has been undertaken.

5. A full month 9 account has been prepared, following the HMT Financial Reporting Manual and the DH Manual for Accounts. The account comprises the NHS England parent account (NHS England and Commissioning Support Units) and the NHS England group account (parent plus CCGs) for the period ending 31 December 2016.
6. The parent account and annual report is currently subject to a full interim audit by the NAO. Initial comments from the NAO on the Annual Report advise that the final draft must present a fair balance of, and be consistent with, the issues that the NHS is facing to allow certification. This will be addressed through ongoing drafting and review by the Corporate Executive Group, ARAC and the Board.
7. The Director's Report is required to contain a statement that each individual who is a member of the Board at the time the report is approved confirms:
 - So far as the member is aware, there is no relevant audit information of which NHS England's external auditor is unaware
 - The member has taken all the steps that they ought to have taken as a member in order to make him or herself aware of any relevant audit information and to establish that NHS England's external auditor is aware of that information.

The Board Secretary will contact individual Board members in advance of presentation of the final draft to seek their formal agreement for this statement to be included.

Next steps or timeline

8. The high-level timetable and next steps are set out in **Appendix B**. The Annual Report will next be presented to the Board for review at their meeting on 25 May 2017. At this meeting, the Board will be asked to:
 - confirm that the Annual Report and Accounts for 2016/17, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the performance, strategy and business model of NHS England.
 - formally delegate responsibility to ARAC to undertake the final detailed review of the Annual Report and Accounts 2016/17 and recommend them for signature by the Accounting Officer.

Recommendations

9. The Board is invited to:
 - Give feedback on the emerging content and structure of the draft annual report as presented in **Appendix A**.
 - Note next steps as presented in **Appendix B**.