

**BOARD PAPER - NHS ENGLAND**

**Title:**

NHS England Draft Annual Report and Accounts 2015-16

**Lead Director:**

Karen Wheeler, National Director: Transformation and Corporate Operations

**Purpose of Paper:**

This purpose of this paper is to update the Board on progress to prepare NHS England's Annual Report and Accounts for 2015-16.

**The Board is invited to:**

The Board is asked to note progress and key dates.

**NHS England Draft Annual Report and Accounts 2015-16  
Board Meeting 31 March 2016 (Private)**

**Background**

1. In line with legislation, NHS England and all Clinical Commissioning Groups (CCGs) must produce an annual report and accounts, including an annual governance statement (AGS). NHS England's annual report and accounts will consolidate and reflect those of all 209 CCGs, before itself feeding into the Department of Health's annual report.
2. In 2014-15, the Board delegated responsibility for over-seeing the preparation of NHS England's Annual Report and Accounts to the Audit and Risk Assurance Committee (ARAC). This paper updates the Board on progress to date to prepare NHS England's annual report and accounts, in addition to regular updates submitted to ARAC.

**Summary of progress**

*Content and structure of the annual report*

3. An overview of the emerging structure for NHS England's annual report is given in **Annex A**. Note that in line with HM Treasury guidance, this follows a new three-part structure aimed to 'streamline and simplify' the annual reporting process. An experienced copywriter has been appointed. Drafting of a narrative that is consistent with the business plan is now underway, based on initial content commissioned from National Directors on current corporate priorities and topics covered in last year's report.
4. As complementary publications, NHS England's annual report will share a common visual identity with our business plan for 2016-17. A typesetter has been appointed and creative options for communicating the content of the annual report to the public and stakeholders following presentation at NHS England's AGM in September 2016 are currently being considered.

*Month 9 Feedback / Preparation for Year End*

5. In line with recommendations from the National Audit Office (NAO), NHS England has introduced new reporting requirements for 2015-16 which aim to improve end-to-end assurance processes and support early consideration and drafting of the annual report and associated AGS. A full Month 9 AGS was presented to ARAC on 26 February and received positive feedback. Comments are currently being incorporated in advance of ARAC receiving the full annual report and Month 12 AGS for review on 10 May.
6. Month 9 accounts have been prepared and have been undergoing an interim audit by the NAO, alongside the wider annual report preparations. The audit is progressing well and the NAO have recognised the significant improvement made this year. There is only one "issue" recorded on the issues log on the accounts review, summarised as follows:

The NAO recommended in their 2014-15 Audit Completion Report that a full M9 Annual Report was completed. In 2015-16, they received a full draft Governance Statement at M9 and a skeleton M9 Annual Report. This represents significant improvement from 2014-15; however, more work needs to be done to be able to provide a full Annual Report for M9 in future years and recommendations are:

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- Priority one recommendations – 4 points – all relating to the governance statement – these are significant and must be addressed for year end
- Priority two recommendations – 20 points – minor disclosure/consistency points. NAO state these are desirable to be fixed for year end
- Priority three recommendations – 49 points – minor points. NAO recommend that for presentation these are addressed for year end.

7. Preparatory work to compile the remuneration and staff report is also fully underway.
8. A series of workshops for CCGs, regions and other organisations with an involvement in preparing CCG annual reports and accounts were held across the country between November and March with a theme of 'Delivering Financial Excellence', supported by finance and governance teams. These were well attended and received positive feedback. Comprehensive guidance was provided in December and was updated to inform Month 12 preparations in early March.

### **Next steps**

9. A high-level timetable is given in **Annex B**. A full draft of the annual report will be presented to the Board for detailed review at their meeting on 26 May.

### **Recommendation**

10. We request that the Board notes progress and key dates as outlined.

**Author:** Karen Wheeler, National Director: Transformation and Corporate Operations  
**Date:** March 2016

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**ANNEX A: High-level Timetable (Annual Report and Accounts 2015-16)**

Actions highlighted in green are complete.

<b>Activity</b>	<b>Required by</b>
Audit Committee – outline timetable presented.	28 September
Confirm regulatory requirements, content and structure of report.	End November (COMPLETE)
Agree outline integrated timetable (Finance / Communications / NAO / DH).	
Agree detailed style guide, working with typesetters and communications.	
Issue guidance to CCGs on annual report and accounts.	15 December
Circulate agreed timetable, report structure and high level plan to key stakeholders (e.g. EGM, NAO).	End December
Get early views from Chief Executive on performance report and underlying narrative. Commissions of preliminary narrative to commence.	Early January
To inform the Annual Governance Statement:	
- CCGs to notify NHS England of any known governance issues. Nil returns required.	21 January
- Commission exception reports from National Directors, hosted bodies & CSUs.	17 February
- CCGs to submit their draft Head of Internal Audit Opinion.	22 February
Update ARAC on detailed structure/content and latest timetable. ARAC will consider this alongside Month 9 accounts and governance statement.	26 February (ARAC)
Update guidance to be published on Month 12 submission to CCGs and regions (Annual Report)	11 March
Pensions data (Greenbury submission) due to be received from NHS Shared Business Services.	14 March
First draft of performance report to be received from copywriter	18 March
Update Board on detailed structure/content and latest timetable. <i>Note this has been moved from 25 February in order that Board can be updated on ARAC's consideration of Month 9 AGS.</i>	31 March
NHS England Business Plan Published.	31 March
CCGs to submit unaudited annual report and accounts, including annual governance statement.	22 April
Regional Directors of Commissioning Operations to submit certified assurance template ( <i>subject to agreement</i> )	27 April (TBC)
ARAC to review draft annual report and accounts (complete draft including Month 12 AGS).	10 May
Board to review draft annual report and accounts (complete draft including Month 12 AGS).	26 May
NHS England to submit draft accounts to NAO.	27 May
CCG audited accounts to NHS England alongside full annual report, and final regional assurance template.	
Final consolidation account sent to NAO.	23 June
Audit Committee to review typeset annual report and accounts and make recommendation to accounting officer. Chief Executive to sign.	29 June
Annual Report and Accounts to NAO for certification	30 June – 05 July
<i>DH to receive C&amp;AG approval</i>	<i>06 July</i>
Annual Report to be presented to Board for information.	28 July
Proposed DH laying date / Written Ministerial Statement. Note NHS England ARA will be laid first.	11 July 2016 (Provisional)
ARA published for public as part of NHS England Annual General Meeting.	28 September (TBC)

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**Annex B: Emerging structure of annual report**

**PART 1: PERFORMANCE REPORT (INCLUDING INTRODUCTION)**

<i>Column 1:</i> <b>What</b>	<i>Column 2:</i> <b>Content lead</b>	<i>Column 3:</i> <b>Expected length</b>
Title pages	Typesetters	3 pages
Contents	Typesetters	1 page
<i>NEW SECTION</i>		
A welcome by the Chair	Sir Malcolm Grant (Tom Easterling)	2-3 pages (including picture)
<i>NEW SECTION</i>		
Introduction by Chief Executive	Simon Stevens	2 pages (including picture)
<i>NEW SECTION</i>		
<b>Overview</b> - Statement from Chief Executive - Statement of purpose and activities of organisation - Key issues and risks - <i>Explanation of adoption of going concern where in doubt.</i>	Communications (Copywriter)	4 – 5 pages
<b>Performance summary</b> - How entity measures performance - How entity has performed over year - Performance on other matters	Communications (Copywriter)	20 pages
<i>NEW SECTION</i>		
Chief Finance Officer's Report	Paul Baumann	7 pages (including picture)
<i>NEW SECTION</i>		
Sustainability Report	Sustainable Development Unit	5 pages

**PART 2: ACCOUNTABILITY REPORT**

<i>Column 1:</i> <b>What</b>	<i>Column 2:</i> <b>Content lead</b>	<i>Column 3:</i> <b>Expected length</b>
<i>NEW SECTION (CORPORATE GOVERNANCE REPORT)</i>		
<b>Director's Report</b> <ul style="list-style-type: none"> <li>• Names of Chair, Chief Executive &amp; Directors</li> <li>• Composition of Board                             <ul style="list-style-type: none"> <li>• Non-Executive Directors</li> <li>• Executive Management Group</li> </ul> </li> <li>• Composition of Audit Committee</li> <li>• Register of interests</li> <li>• Information Governance incidents</li> <li>• Director's statement</li> </ul>	Karen Wheeler	5 pages (including headshots)
<i>NEW SECTION</i>		

MANAGEMENT IN CONFIDENCE

<i>Column 1:</i> <b>What</b>	<i>Column 2:</i> <b>Content lead</b>	<i>Column 3:</i> <b>Expected length</b>
<b>The statement of Accounting Officer's Responsibilities</b>	Chief Executive	2 – 3 pages (including title page)
<i>NEW SECTION</i>		
<b>Annual Governance Statement</b>	Karen Wheeler	30 pages
<i>NEW SECTION</i>		
<b>Remuneration and Staff Report</b>	Karen Wheeler	20 pages
<i>NEW SECTION</i>		
<b>Parliamentary accountability and audit report (including Certificate of the Comptroller and Auditor General)</b>	NHS England / National Audit Office	4-5 pages (including title page)

**PART 3: FINANCIAL STATEMENTS**

<i>Column 1:</i> <b>What</b>	<i>Column 2:</i> <b>Content lead</b>	<i>Column 3:</i> <b>Expected length</b>
<i>NEW SECTION</i>		
<b>Annual Accounts</b>	Paul Baumann	60 pages

**PART 4: Appendices**

<i>Column 1:</i> <b>What</b>	<i>Column 2:</i> <b>Content lead</b>	<i>Column 3:</i> <b>Expected length</b>
<i>NEW SECTION</i>		
<b>Mandate</b>	John Holden	11 pages
<b>Board Committee Structure</b>	Karen Wheeler	1 page
<b>Register of Board members</b>	Karen Wheeler	1 page
<b>Board membership of committees</b>	Karen Wheeler	1 page
<b>Board committee highlights</b>	Karen Wheeler	2-3 pages
<b>Register of interests</b>	Karen Wheeler	1 page
<b>Corporate Governance Code</b>	Karen Wheeler	2-3 pages
<b>Key risks</b>	Karen Wheeler	1 page