

Paper: CB.29.03.2018/04

## NHS ENGLAND – PRIVATE BOARD PAPER

<p><b>Title:</b> NHS England Annual Report and Accounts 2017/18</p>
<p><b>Rationale for paper being discussed in the Private meeting:</b> The report is at draft stage and intended for future publication therefore would not be appropriate for the public meeting at this time.</p>
<p><b>Lead Director:</b> Paul Baumann, Chief Financial Officer</p>
<p><b>Purpose of Paper:</b> The purpose of the paper is to:</p> <ul style="list-style-type: none"><li>• Present to the Board the latest timetable for the annual report and accounts for information.</li><li>• 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.</li></ul>
<p><b>The Board invited to:</b></p> <ul style="list-style-type: none"><li>• Give feedback on the emerging content and structure of the draft annual report as presented in <b>Appendix A</b>.</li><li>• Note next steps as presented in <b>Appendix B</b>.</li></ul>

# NHS England Annual Report and Accounts 2017/18

## 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 2017/18. In particular, members are asked to note the required statement of disclosure to auditors in the Director's Report. The draft Month 9 report is appended for members 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 and Social Care's (DHSC) 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**. Key points to be aware:
  - ARAC received a copy of the Month 9 draft report at its meeting on 27 February 2018.
  - The performance report will focus on the five programmes drawn from the Five Year Forward View next steps document, in line with the performance reports submitted to the Board during 2017/18.
  - 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).
  - The Month 9 draft is currently 32% shorter than last year's final report. Whilst there are still some sections to be drafted, we are on track to deliver the 25% reduction in overall content as agreed.
  - A typesetter has been appointed and discussions are ongoing to agree the style and layout of the report.
4. Guidance and templates to support preparation of CCG annual reports and accounts were published in December 2017, supported by a series of roadshows held over November 2017 and February 2018. To support preparation of the Month 9 Governance Statement, CCGs were required to submit a return on 19 January to declare any control issues as they are currently known. A thematic analysis of these returns has been undertaken which indicates that the control issues relate mainly to financial and operational performance.

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 2017.
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 balanced account of 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 Directors' 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 that:
  - 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.
8. The Board Secretary will contact individual Board members in advance of presentation of the final draft to seek their agreement for this statement to be included.

### **Next steps or timeline**

9. The high-level timetable and next steps are set out in **Appendix B**. The draft Month 12 Annual Report will next be presented to the Board for review at their meeting on 24 May.

### **Recommendations**

10. 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**.

**NHS England Annual Report 2017/18**  
**Month 9 Draft**

Please see separate attachment. A copy has also been placed in the Reading Room.

**High-level Timetable**

<b>NHS England Activity</b>	<b>Required By</b>
<b>MARCH</b>	
<i>Board:</i> Present Month 9 draft Annual Report to the Board for review, further to ARAC's review and request to consider Statement of Disclosure for Auditors.	<b>29 March</b>
<b>APRIL</b>	
Deadline for submission of National Director approved year-end content.	<b>30 April</b>
<b>MAY</b>	
<i>SRO:</i> Receive draft of Month 12 Annual Report for review.	<b>7 May</b>
<i>Corporate Executive:</i> Receive draft of Month 12 Annual Report for review by correspondence	<b>7 May</b>
<i>Audit and Risk Assurance Committee:</i> Review draft Annual Report and Accounts and progress against timetable (Report to be shared with DH & NAO at this stage).	<b>17 May</b>
<i>Board</i> to review draft annual report and accounts and agree insertion of Board member statements. Delegate sign off of final report to ARAC.	<b>24 May</b>
<b>JUNE</b>	
Chair / Chief Exec to receive final draft for approval.	<b>4 June</b>
Chair / Chief Exec to provide final comments.	<b>11 June</b>
Final draft Annual Report issued to Non-Executive Directors (NEDs) for comment.	<b>13 June</b>
NEDs to provide final comments.	<b>18 June</b>
<b>JULY</b>	
<i>Audit and Risk Assurance Committee:</i> Review and approve Annual Report and Accounts and make recommendation to Accounting Officer; Accounting Officer to sign.	<b>3 July</b>
Annual Report and Accounts submitted to National Audit Office (NAO) for certification.	<b>3 July</b>
<i>Board:</i> Receive final Annual Report and Accounts.	<b>4 July</b>
Comptroller and Auditor General to certify Annual Report and Accounts.	<b>9 July (Provisional)</b>
DH laying date / Written Ministerial Statement.	<b>11 July (Provisional)</b>