Accountability Report

Sir Simon Stevens
Accounting Officer
15 January 2021

The **Accountability Report** sets out how we meet key accountability requirements to Parliament.

It comprises three key sections:

The Corporate Governance Report sets out how we have governed the organisation during 2019/20, including membership and organisation of our governance structures and how they support achievement of our objectives. The report includes the Directors' Report, the Statement of Accounting Officer's Responsibilities and the Governance Statement and starts from page 37.

The Remuneration and Staff Report sets out our remuneration policies for non-executive directors and executive directors and how these policies have been implemented for the reporting period, including salary information and pension liabilities. It also provides further detail on remuneration and staff and starts from page 84.

The Parliamentary Accountability and Audit Report brings together key information to support accountability to Parliament, including a summary of fees and charges, contingent liabilities and the Certificate and Report of the Comptroller and Auditor General to the House of Commons. The report starts from page 108.

Corporate Governance Report

Directors' Report

The role of the Board

The Board is the senior decision making structure for NHS England. It has reserved key decisions and matters for its own decision, including strategic direction, overseeing delivery of the agreed strategy, the approach to risk, and establishing the culture and values of the organisation. They are set out in the Scheme of Delegation.

Key responsibilities to support its strategic leadership to the organisation include:

- Approving the business plan and monitoring performance against it.
- Holding the organisation to account for performance and the proper running of the organisation (including operating in accordance with legal and governance requirements).
- Determining which decisions it will make and which it will delegate to the Executive via the Scheme of Delegation.
- Ensuring high standards of corporate governance and personal conduct.
- Providing effective financial stewardship.
- Promoting effective dialogue between NHS England, NHS Improvement, government departments, other ALBs, partners, CCGs, providers of healthcare and communities served by the commissioning system.

The Board

NHS England's Board members bring a wide range of experience, skills and perspectives to the Board. They have strong leadership experience and together set the strategic direction of the organisation and ensure there is robust and open debate during Board deliberations.

The Board is comprised of the Chair, at least five non-executive directors and five executive directors. The number of executive directors on the Board must not exceed the number of non-executive directors. During the year one non-voting associate non-executive director has also attended the Board and two non-voting executive directors regularly attend Board meetings.

To support the model of joint working with NHS Improvement, involving shared national directors and functions and integrated regional teams, a new Board governance framework has been introduced. This new framework enables the two Boards to have full oversight of both organisations, whilst also fulfilling their separate duties, and together they support and challenge the delivery of ICSs and the NHS Long Term Plan. This framework was temporarily changed in April 2020 to manage the COVID-19 incident, with the introduction of the time limited Board committee, the National Incident Response Board, further information on which can be found on page 26.

Board members

Directors who served on NHS England's Board during the year and their attendance at Board meetings are listed in the table on page 39 and biographical details may be viewed on the website[17].

Wendy Becker stepped down from the Board at the end of June 2019 and Michelle Mitchell's term ended in February 2020. During the year, the Secretary of State for Health and Social Care approved the transfer of Lord Darzi's non-executive directorship from NHS Improvement to NHS England.

Julian Kelly took on the role as the joint Chief Financial Officer of NHS England and NHS Improvement from 1 April 2019. Matthew Swindells stepped down as Deputy Chief Executive Officer on 31 July 2019 and Amanda Pritchard joined the organisations on the same day as the joint Chief Operating Officer, as well as the Chief Executive of NHS Improvement.

The cross-associate directorship arrangements with NHS Improvement came to an end in early March 2020. As Richard Douglas CB was stepping down from NHS Improvement's Board and given that NHS England's and NHS Improvement's boards meet in common it was agreed that this role was no longer required.

17 https://www.england.nhs.uk/about/board/members/

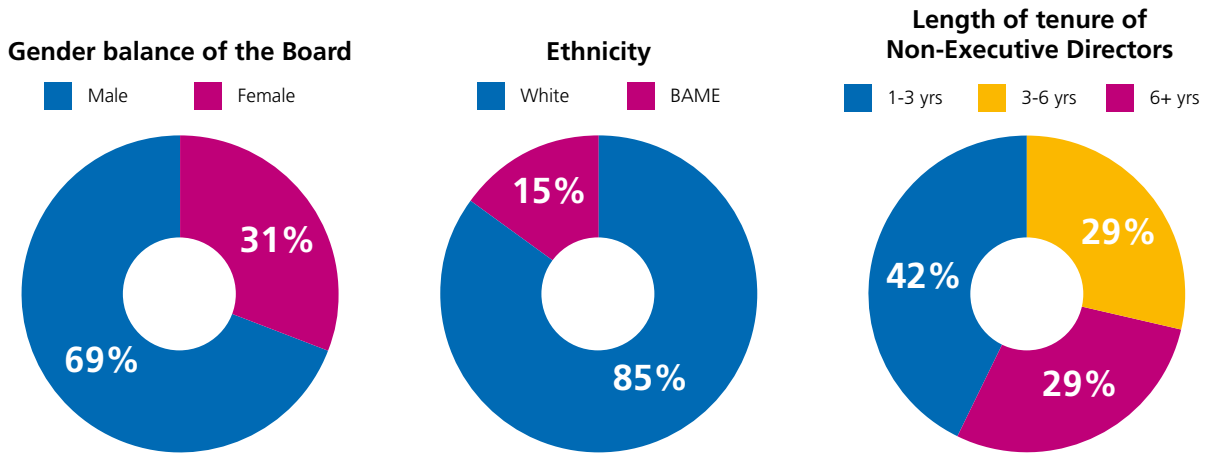
Board members (continued)

Member	Role	Term ends/notes	Number of eligible Board meetings attended
Lord David Prior	Chair	31 October 2022	4(5)
David Roberts CBE	Vice-Chair & Senior Independent Director	20 June 2021	5(5)
Prof. the Lord Ara Darzi of Denham[18]	Non-Executive Director	31 July 2021	n/a
Noel Gordon	Non-Executive Director	30 June 2021	4(4)
Prof. Sir Munir Pirmohamed	Non-Executive Director	31 December 2021	4(5)
Joanne Shaw	Non-Executive Director	30 September 2020	5(5)
Sir Simon Stevens	Chief Executive		5(5)
Amanda Pritchard[19]	Chief Operating Officer	Joined on 31 July 2019	4(5)[26]
Julian Kelly[20]	Chief Financial Officer	Joined on 1 April 2019	4(5)[26]
Ruth May	Chief Nursing Officer		4(5)
Prof. Stephen Powis	National Medical Director		5(5)
Ian Dodge	National Director: Strategy & Innovation (non-voting)		4(5)[26]
Dr. Emily Lawson[21]	National Director: Transformation & Corporate Operations (non-voting)		3(5)
Former members			
Wendy Becker[22]	Non-Executive Director	Left on 30 June 2019	1(1)
Richard Douglas CB[23]	Associate (non-voting) Non-Executive Director	Left on 4 March 2020	4(4)
Matthew Swindells[24]	Deputy Chief Executive	Left on 31 July 2019	1(1)
Michelle Mitchell[25]	Non-Executive Director	Left on 28 February 2020	4(5)

18 Professor the Lord Ara Darzi of Denham's directorship was transferred to NHS England from NHS Improvement on 1 April 2020.
19 Amanda Pritchard joined the Board on 31 July 2019.
20 Julian Kelly joined the Board on 1 April 2019.
21 Dr. Emily Lawson took up her new role as the Chief Commercial Officer on 1 April 2020.
22 Wendy Becker stepped down from the Board on 30 June 2019.
23 Michelle Mitchell's Non-Executive Directorship term came to an end on 28 February 2020.
24 Richard Douglas CB' Associate (non-voting) Non-Executive Directorship came to an end on 4 March 2020.
25 Matthew Swindells stepped down from the Board on 31 July 2019.
26 Due to ongoing work on the organisation's response to COVID-19 a number of Executive Directors sent their apologies for the March 2020 Board meetings as their sole focus was COVID-19 response work.

Board diversity

The charts below show composition of the Board members by gender, diversity and tenure as of the date of this report.



Appointments

The Chair and non-executive directors are appointed by the Secretary for State for Health and Social Care and executive directors are appointed by the Board, subject to the Secretary of State for Health and Social Care's consent.

On 1 April 2020, Professor Lord Ara Darzi of Denham's non-executive directorship was transferred to NHS England from NHS Improvement and the appointment will continue until 31 July 2021 when his second term with NHS Improvement would have ended. The rationale behind the transfer is to ensure better balance of the number of non-executive directors on the two boards and provide continuity.

Julian Kelly took on the role as the joint Chief Financial Officer from 1 April 2019 and Amanda Pritchard joined the organisations on 31 July 2019 as the joint Chief Operating Officer. She is also the Chief Executive of NHS Improvement.

The governance structure

Although the organisations operate as one, under the current statutory framework NHS England and NHS Improvement cannot legally have one joint board or joint board committees. Each organisation retains its given statutory functions and NHS England cannot delegate its functions to NHS Improvement, and vice versa. The joint NHS England and NHS Improvement board governance framework in place throughout the year reflects this. It has been designed to enable the Boards together to have full oversight of the organisations whilst retaining their own board and board committees. The Boards and the board committees therefore operate and meet in common. This allows the organisations to meet together, have joint discussions whilst having separate membership and take their own decisions. There are established procedures in place for dealing with any situations in which a director may find they have a direct or indirect functional, operational or personal interest that conflicts with that of either organisation. Further detail on the Separation of Functions and Conflicts of Interest policy can be found on page 55.

Each Board has been supported in its assurance and oversight of the organisation by eight Board committees, of which all but one have been operating as a committee-in-common. The Board committee structure seeks to align the organisation's long-term strategic approach and is underpinned by a clear division of responsibilities and accountabilities. The committees are all board committees but for reporting purposes three committees, Digital, People and Quality and Innovation, had a dotted reporting line into the Delivery, Quality and Performance Committee, the committee which in 2019/20 was responsible for the oversight of the delivery of the NHS Long Term Plan.

An overview of the Board and Executive Committee framework is shown on the next page and individual Board Committee reports can be found on pages 46 to 55. A report detailing the business considered by the Board Committees is provided to each Board meeting and the terms of references for each Committee are on the website.

New NHS England Board governance framework and committees in 2019/20

The new Board and Committees framework formally commenced from 1 April 2019.

NHS England Board

NHS England only Board Committee	Committees operating as a committee-in-common with NHS Improvement			
Statutory Committee	**Audit and Risk Assurance Committee**	**Delivery, Quality and Performance Committee**	**Strategic HR and Remuneration Committee**	**Strategy Committee**
		Main responsibilities		
Make decisions on the exercise of statutory powers in respect of CCGs under section 14 of the NHS Act 2006. Agree and approve individual CCG and commissioner allocations.	Provide an independent and objective view of internal control, governance and risk management, including overview of internal and external audit services, governance, risk management and financial reporting.	Review financial and operational performance of the NHS. Review delivery and impact of the NHS Long Term Plan. Oversee the implementation and delivery of the new NHS financial framework.	Approve the framework and policy for executives. Approve individual executive remuneration packages. Approve employee policies. Review employee engagement initiatives.	Advise and make recommendations on the strategy for the commissioning sector and other services commissioned by NHS England.

Digital Committee	People Committee	Quality Committee

These committees are Board committees but as they have been delegated oversight of specific areas of the NHS Long Term Plan they reported into the Delivery, Quality and Performance Committee as this committee had overall responsibility for the delivery of the NHS Long Term Plan.

Main responsibilities		
Ensure effective delivery of the digital commitment of the NHS Long Term Plan. Ensures alignment of technology initiatives and spend across the system to ensure they are focused on commitments of the NHS Long Term Plan.	Oversee the delivery of the overall people strategy for the NHS. Oversee the implementation of key provisions in the NHS People Plan. Delivery of primary care commitments in the NHS Long Term Plan, PCN contract and commitments in GP Forward View.	Determine whether the NHS is maintaining and improving the quality of patient care and health outcomes within the context of delivering the NHS Long Term Plan. Oversee implementation of innovation strategies.

Joint Finance Advisory Group (NHS Improvement and NHS England)	The group is advisory only and was formed to ensure that both organisations are working from a common understanding of the financial targets and financial performance of the entire health system.

NHS Executive Group

The NHS Executive Group includes corporate and regional directors of each of the directorates of the joint organisation. The Group is chaired by the NHS England CEO and advises on the development and implementation of national policies and programmes, NHS performance and performance of the joint organisation and any other matters that require executive level oversight. The NHS Executive Group is supported by a number of other management groups and processes.

Key Board roles and responsibilities

Lord David Prior, as the Chair, is responsible for the leadership and effectiveness of the Board. He ensures that new board members receive a tailored induction suited to each director's existing knowledge and experience and works with the chair of NHS Improvement and the Head of Governance (which is a joint role) to agree joint board training and development sessions.

Sir Simon Stevens, as the Chief Executive of NHS England, is responsible for providing strategic leadership and for the implementation of the agreed strategy and objectives. As the Chief Executive Simon is also the Accounting Officer responsible for ensuring that public funds are properly safeguarded and are used in line with NHS England's functions and responsibilities as set out in HM Treasury guidance Managing Public Money. David Roberts is the Vice-chair and the Senior Independent Director.

Their key areas of responsibility are:

Chair

Responsible for the leadership and effectiveness of the Board. This involves encouraging a culture of openness and debate to allow the Board to both challenge and support management. The Chair is also responsible for the Board governance, Board performance and stakeholder engagement.

Chief Executive

Responsible for the day-to-day leadership of the organisation and the delivery of the strategy. He is supported by his senior leadership team and together they are responsible for the implementation and execution of NHS England's and NHS Improvement's strategy.

Senior Independent Director

In addition to the role of non-executive board member, the senior independent director acts as confidante to the Chair and an intermediary for other Board members. The senior independent director also performs the annual evaluation of the Chair's performance.

Non-executive Directors
Support executive management, whilst providing constructive challenge and rigour and bring sound judgement and objectivity to the Board's decision-making process. Monitor the delivery of strategy within governance framework as set by the Board. Their independence is reviewed annually, and all make monthly declarations of interest. All non-executive directors are considered to be independent.

Executive Directors
Executive Directors support the Chief Executive in leading the organisations to deliver its strategic objectives.

Board activity and administration

The Board meets in common with NHS Improvement's Board and there were five scheduled Board meetings in common during the year. Each Board meeting is divided into a public and a private session. Members of the public can attend and observe the public sessions, which are also available to watch live, or after the event, on our website. The agenda, papers and minutes for the public sessions are published on the website. In addition, there were a number of Board calls where the non-executives were updated on the organisations' response to the COVID-19 pandemic.

All Board meetings are pre-scheduled on a rolling basis. The Board culture is one of openness and collaboration and the Chair ensures that all directors have an opportunity to contribute to debates. There are also regular meetings between the Chair and the non-executive directors and between the Chief Executive and the non-executive directors to allow discussions about the effectiveness of the Board and general matters and views to be shared.

Key items considered by NHS England and NHS Improvement boards during the year[27]

Strategy

- Approved the publication of the NHS Long Term Plan implementation framework.
- Approved the publication and implementation of the NHS's patient safety strategy.
- Endorsed a number of items in relation to primary care.
- Approval of the NHS recommendations to Government and Parliament for an NHS Integrated Care Bill.
- Approval of digital-first primary care consultation outcome.
- Endorsed the National Tariff proposals.
- Considered a five year framework for GP contract reform.
- Approved items no longer to be routinely prescribed in primary care.
- Approved the transfer of the Supply Chain Company Limited.

27 where applicable the individual boards have made the decisions.

Performance

- Reviewed regular financial and operational performance updates.
- Received regular updates on providers currently in special measures or at risk of entering special measures.
- Considered the NHS operational planning and contracting guidance for 2020/21.
- Updates on the organisations' response to COVID-19.

Leadership and people

- Considered key aspects of the People Plan.
- Received regular progress updates on the integration with NHS Improvement.
- Approval of measures to address pension issues.

Governance and risk

- Approved a new joint corporate risk register and risk appetite.
- Received regular EU exit updates.
- Approved terms of reference for the Board Committees.

Review of Board effectiveness and performance evaluation

Good governance provides that an evaluation of the performance of the board and its committees, together with the effectiveness of the chair and non-executive directors, should be carried out annually. During the year an informal review of the effectiveness of the Board and the Committees was carried out. This was then supported by a formal internal governance review carried out by the internal auditors, Deloitte in May 2020. The findings from both reviews and changes made to the governance structure was considered and agreed by the Boards in June 2020 and a summary will be provided in the next annual report.

Board Committees

Audit and Risk Assurance Committee

Role of the Committee

The Committee's primary role is to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting, systems of internal control and risk management processes. This includes an overview of the quality and integrity of NHS England's and NHS Improvement's financial reporting and the management of the internal and external audit services.

The Committee meets in common with NHS Improvement's Audit and Risk Assurance Committee.

Committee members

The Committee met five times and the following table details membership and the number of meetings attended by each member during the year:

Member	Number of eligible meetings attended during the year	Comment
Joanne Shaw (Chair)	5/5	
Gerry Murphy	5/5	Non-executive Chair of DHSC's Audit Committee
Prof. Sir Munir Pirmohamed	5/5	
Previous members		
Wendy Becker	0/2	To 28 June 2019
Michelle Mitchell	5/5	To 28 February 2020

Joanne Shaw is the Chair of the Committee and is a qualified accountant and has considerable experience in chairing audit committees in other organisations. As a committee there is a good balance of skills and knowledge covering accountancy and finance (both public and private), audit committee best practice and clinical services. The Board is therefore satisfied that the members possess the financial knowledge and commercial experience to carry out the Committee's duties.

Attendees

Additional attendees are invited to attend meetings to assist with committee business. For 2019/20 these included, among others, the Chief Executive, Chief Financial Officer, the Chief Operating Officer, the Deputy Chief Executive (until July 2019), the National Director: Transformation and Corporate Development, the Director of Governance and Legal Services, the Director of Financial Control as well as representatives from the external auditors the National Audit Office (NAO), the internal auditors Deloitte LLP and DHSC. The internal auditors meet regularly with the Committee without management present. The external auditors have also met with the Committee on one occasion during the year.

Principal activities during the year

As part of ensuring the integrity of the organisation's financial statements, systems of internal control and risk management processes, the Committee:

- Approved the internal audit plan and considered regular progress reports from the internal auditors.
- Approved the new joint Risk Management Framework, considered the Joint Corporate Risk Register and risk appetite for submission to the Boards and agreed a programme of risk deep-dives.
- Considered accounting matters, disclosures and judgements in relation to the financial statements, including the impact of IFRS16 - leases.
- Considered reports from the external auditors, the NAO, on their audit planning report, the achievement of value for money and findings of the audit of the financial statements of NHS England.
- Assessed the integrity of NHS England's financial reporting.
- Approved NHS England's 2018/19 annual report and accounts.
- Reviewed arrangements for counter fraud, including the approval of joint NHS England and NHS Improvement Tackling Fraud, Bribery and Corruption: Policy and Corporate Procedures.
- Reviewed the Economic Crime Strategy.
- Reviewed the framework for Third Party Assurance.
- Reviewed issues with the delivery of Primary Care Services (Capita).
- Considered adoption of standards for Portfolio and Project Management and assurance reports against them.

Internal audit

The internal auditor, Deloitte LLP, plays an important part in supporting the assurance role of the Committees.

At the start of each financial year the Committee approves an annual plan of internal audit activity, which is structured to align with key strategic priorities and key risks and is developed with input from management. At each meeting the Committee receives an independent assurance from the internal auditor and reviews the result of that work together with management's progress in strengthening and enhancing internal controls where areas for improvement have been identified. The Committee works closely with the Head of Internal Audit and their teams who have full access to the organisation.

Financial reporting

As part of ensuring the integrity of the organisation's financial statements the Committee received regular updates on accounting matters, disclosures and judgements and reviewed management's approach to managing any issues and risks. They also received regular progress updates from the external auditors, the NAO, on the audit of the financial statements.

Digital Committee

Role of the Committee

The Committee's role is to provide advice and, where appropriate, make recommendations on strategic implications of technology within the context of the NHS Long Term Plan, and to ensure effective delivery of digital commitments and alignment of technology initiatives and spend across the system to focus on those commitments in the NHS Long Term Plan. The Committee is also responsible for providing assurance on the operating model and governance of digital implementation within the remit of NHS England, NHS Improvement, NHS Digital and other Arms Length Bodies (ALBs).

The Committee meets in common with NHS Improvement's Digital Committee.

Committee members

The Committee met four times and the following table details membership and the number of meetings attended by each member during the year:

Member	Number of eligible meetings attended during the year	Comment
Noel Gordon (Chair)	4/4	
Simon Eccles	3/4	Chief Clinical Information Officer
Matthew Gould CMG MBE	3/4	National Director Digital Transformation and Chief Executive NHSX
Hugh McCaughey	3/4	National Director of Improvement
Previous members		
Will Smart	1/1	Chief Information Officer. Left the organisations in September 2019

Attendees

Additional attendees are invited to attend meetings to assist with committee business. For 2019/20 these included, among others, the Chief Executive of NHS Digital and non-executive directors of NHS Digital.

Principal activities during the year

Considerable time was spent during the year to consider the model for digital transformation, the digital transformation programme portfolio and an update on a number of associated transformation programmes. Other reports to the Committee included:

- Digital advice to STPs/ICSs for NHS Long Term Plan development.
- Accelerating Implementation of the Local Health and Care Records Programme.
- Theory of change regarding adoption of new technologies.
- Proposals for patient empowerment.
- Strategic screening platform and short term solutions.
- Screening Programme in NHSX.
- Digital Aspirant Programme.

NHSX

NHSX is responsible for providing digital and technology input into the NHS Long Term Plan implementation plan, the People Plan, and 2020/21 financial prioritisation. The Committee received regular updates from the National Director Digital Transformation (also the Chief Executive of NHSX) including updates on NHSX's portfolio prioritisation process.

Delivery, Quality and Performance Committee

Role of the Committee

The Committee's role was to oversee operational, quality and financial planning and performance of the commissioning sector, including specialised and other services directly commissioned by NHS England, oversee the delivery of The NHS Long Term Plan, the General Practice Forward View and the new financial frameworks and policies within the commissioning system. It scrutinises the performance of NHS England and considers high value investments and revenue expenditure.

The Committee meets in common with NHS Improvement's Delivery, Quality and Performance Committee.

Committee members

The Committee met five times and the following table details membership and the number of meetings attended by each member during the year:

Member	Number of eligible meetings attended during the year	Comment
Lord David Prior (Chair)	4/5	
David Robert	5/5	
Joanne Shaw	5/5	
Sir Simon Stevens	4/5	
Amanda Pritchard	3/3	Member from 1 August 2019
Julian Kelly	5/5	
Ruth May	5/5	
Prof. Stephen Powis	5/5	
Dr Emily Lawson	5/5	
Ian Dodge	5/5	
Pauline Philip	5/5	National Director of Emergency and Elective Care
Previous members		
Matthew Swindells	2/2	

Principal activities during the year

In supporting the financial position across the wider NHS, the Committee has together with NHS Improvement's Delivery, Quality and Performance Committee considered the following core reports during the year:

- Operational, quality and financial performance of NHS providers and the commissioning sector.
- Operational planning reports for the winter period.
- NHS trusts receiving intensive support.
- The implementation of the NHS Long Term Plan.
- The 2018/19 annual performance assessment of each Clinical Commissioning Group.
- National operational plan for specialised services in 2019/20 and 2020/21.
- The approach to establishing ICSs.
- Deep dive into EU Exit readiness.
- The joint NHS England and NHS Improvement 2019/20 business plan.
- Updates on NHS England's and NHS Improvement's joint working programme including the new operating model.

Strategic Human Resources and Remuneration Committee

Role of the Committee

The remuneration of executive and senior managers (ESMs) is governed by the DHSC's Executive and Senior Manager Pay Framework for ALBs (DHSC's pay framework). Working together with NHS Improvement's Strategic HR, Nominations and Remuneration Committee, the Committee's role is to ensure the two organisations have a single formal, robust and transparent remuneration policy that is in line with DSHC's pay framework. The Committee considers and approves remuneration, benefits and terms of service for senior executives covered by DHSC's pay framework before submission to DHSC for approval. The Committee's role also involves employee remuneration and engagement matters.

The Committee is also responsible for people and organisational development policies, ways of working designed to ensure the workforce of NHS England is appropriately engaged and motivated, including staff engagement. The Committee also reviews the organisation's gender pay gap and ensures that NHS England develops policies and actions to reduce the gender pay gap, reviewing progress to increase BAME representation at senior levels within the organisation and initiatives relating to diversity and inclusion.

The Committee delegates certain functions to the Executive HR Group and receives regular reports from this group on cases considered and approved.

Committee members

The Committee met four times and the following table details membership and the number of meetings attended by each member during the year:

Member	Number of eligible meetings attended during the year
David Roberts (Chair)	2/4
Noel Gordon	2/3
Lord David Prior	4/4
Previous member	
Wendy Becker	2/2

Committee attendees

Additional attendees are invited to attend meetings to assist with committee business. For 2019/20 these included the CEO, National Director: Transformation and Corporate Development and Director of Human Resources and Organisation Development.

Principal activities during the year

Reports considered by the Committee included:

- Proposals for a joint NHS England and NHS Improvement ESM pay framework.
- Approved the total individual remuneration for senior executives and other senior employees whose proposed salary was in excess of £150,000.
- The proposed ESM structure for NHSX and the People Directorate.
- Approved, in line with DHSC recommendation, annual salary increases for ESMs.
- Received regular progress updates on the Joint Working Programme.
- Approved, as part of the Joint Working Programme, redundancy payments.
- Approved the joint NHS England and NHS Improvement Strategic inclusion and diversity policy.
- Approved the publication of the gender pay gap report.
- Reviewed progress made against the Workforce Race Equality Standards.

Other

The Committee also had an informal session with the NHS England and NHS Improvement People Committees and NHS Improvement's Strategic Human Resources, Nominations and Remuneration on the new joint NHS England and NHS Improvement operating model and culture.

Statutory Committee

Role of the Committee

The role of the Committee is to exercise certain statutory powers in respect of CCGs under various sections of the 2006 NHS Act. As part of these duties the Committee approves individual CCG and commissioner allocations and the establishment and mergers of CCGs.

Committee members

The Committee met once and considered a number of items by correspondence. The following table details membership and attendance by each member during the year:

Member	Number of eligible meetings attended during the year
Michelle Mitchell (Chair)	1/1
Lord David Prior	1/1
Noel Gordon	1/1
Prof. Sir Munir Pirmohamed	1/1
SIr Simon Stevens	1/1
Julian Kelly	1/1
Prof. Stephen Powis	1/1
Ruth May	1/1
Ian Dodge	1/1
Dr. Emily Lawson	1/1
Previous members	
Matthew Swindells	1/1

Principal activities during the year

During the year the Committee considered a number of recommendations made by the regions, including:

- Approval of the statutory annual performance assessment of each CCG for 2019/20, including changes that will be made to CCGs following the assessment.
- Applications for a number of CCGs to merge.
- Recommendations to apply directions to a number of existing CCGs.
- Approved new clinical priorities for inclusion in routine commissioning.

People Committee

Role of the Committee

Meeting together with NHS Improvement's People Committee, the Committee's role was to work collaboratively with national partners to oversee and challenge the delivery of the overall people strategy for NHS England commissioned services to NHS staff.

Committee members

The Committee met four times and the following table details membership and the number of meetings attended by each member during the year:

Member	Number of eligible meetings attended during the year	Comment
Michell Mitchell (Chair)	4/4	
Prerana Issar	4/4	Chief People Officer
Dr. Emily Lawson	4/4	
Ruth May	4/4	
Prof. Stephen Powis	3/4	

Committee attendees

Additional attendees are invited to attend meetings to assist with committee business. For 2019/20 these included the Chair of NHS Improvement and representatives from the Senior Appointments and Resourcing Function and the Leadership Academy.

Principal activities during the year

In its work to oversee and challenge the delivery of the overall people strategy for NHS England commissioned services and NHS staff, the Committee's key considerations included:

- Progress in delivering the 2019/20 actions from the Interim People Plan.
- Updates on the development of the full People Plan.
- Updates from the Leadership Academy.
- The main findings and recommendations arising from the Lord Holmes review[28] into opening up public appointments to disabled people and regular progress updates on actions being taken by NHS England and NHS Improvement in response to the findings.

28 https://www.gov.uk/government/publications/the-lord-holmes-review

Quality and Innovation Committee

Role of the Committee

This Committee's primary role is to provide strategic oversight of NHS quality issues and performance, including assurance of reporting and escalation mechanisms between regional and corporate directors, and establishing a quality improvement culture across NHS England and NHS Improvement.

Committee members

The Committee met four times and the following table details membership and the number of meetings attended by each member during the year:

Member	Number of eligible meetings attended during the year
Prof. Sir Munir Pirmohamed (Chair)	4/4
Michelle Mitchell	1/3
Prof. Stephen Powis	4/4
Ruth May	4/4
Previous member	3/4
Joanne Shaw	1/1

Committee attendees

Additional attendees are invited to attend meetings to assist with committee business. For 2019/20 these included National Director of Patient Safety, Head of Quality Strategy and the Director of Clinical Policy, Quality and Operations.

Quality of patient care

A large part of the Committee's remit is to monitor and determine whether the NHS is maintaining and improving the quality of patient care and health outcomes with the context of delivering the NHS Long Term Plan. In doing this the Committee has considered:

- Proposals for strategic oversight of NHS quality issues and performance, including assurance of reporting and escalation mechanisms between regional and corporate directorates.
- Quality metrics and reporting.
- Governance arrangements for the implementation of the NHS Patient Safety Strategy.
- The role of learning disabilities nurses in delivering the NHS Long Term Plan.

Other items considered included:

- Regular updates from the Executive Quality Group.
- Updates on the Learning Disability Mortality Review Programme.
- Updates on Freedom to Speak Up issues and cases.
- Patient stories.

More information on the Quality and Innovation Committee can be found in our governance statement on page 68.

Strategy Committee

It was decided that rather than having a formal committee, seminar style sessions were held with external presenters and attendees to consider key future development areas and/or topics that would assist in moving the strategic agenda for the NHS forward. Two such sessions were held. The first considered health and care data and the second session covered integrated care policy.

Board disclosures

Functions in the joint working arrangements – separation and conflict of interest

NHS England and NHS Improvement's joint working arrangements involve the exercise of statutory functions of the organisation's constituent bodies in an aligned way under a single operating model. Directorates and teams within the new structure may be performing both NHS England and NHS Improvement functions. NHS England, Monitor and NHS TDA however remain separate bodies with distinct statutory roles and responsibilities. In some cases, the functions and decision-making of those bodies must remain independent and separate, to ensure compliance with the bodies' respective statutory functions and/or to avoid inherent conflicts of interest that would arise if the functions were exercised by the same part of the organisation ('functional conflicts'). In addition, even where a standing separation of functions is not required, the exercise of different functions by the same directorate or team may give rise to an actual or potential conflict in an individual case ('operational conflicts').

NHS England and NHS Improvement must ensure the effective discharge of their respective statutory functions in accordance with public law principles and be able to identify and manage the risk of conflict (real or perceived) appropriately and transparently. To manage this the organisations have a Separation of Functions and Conflicts of Interest policy which provides guidance for staff on managing functional and operational conflicts. This policy is not concerned with the declaration and management of personal interests held by individuals. Such conflicts continue to be dealt with in accordance with the Standards of Business Conduct policy which applies to the NHS as a whole.

Register of Board members interests

Personal interests held by Board and Committee members are managed according to NHS England's Standing Orders, NHS Improvement's Rules of Procedure and the joint standards of Business Conduct policy. The organisation also maintains a register of members' interests to ensure that potential conflicts of interests can be identified and addressed before Board and Committee discussions. Board members and executives are also required at the start of each Board and Committee meeting to declare any personal interest they might have in any business on the agenda and abstain from relevant Board or Committee discussion as required. Where potential conflicts arise, they are recorded in the Board and Committee minutes along with any appropriate action to address them. Any interests declared are then recorded on the register and signed off by the Board and executives on a regular basis. A copy of the register of interest is available on the website[29].

Details of related party transactions, where NHS England has transacted with other organisations during the year to which a Board or an executive is connected, are set out in Note 17 on page 162.

Directors' third-party indemnity provisions

NHS England has appropriate directors' and officers' liability insurance in place for legal action against, among others, its executive and non-executive directors. NHS England did not indemnify any director during 2019/20.

Human Rights

NHS England and NHS Improvement support the Government's objectives to eradicate modern slavery and human trafficking. A joint NHS England and NHS Improvement Slavery and Human Trafficking Statement[30] for the financial year ending 31 March 2020 was published in May 2020. Our strategy on tackling fraud, bribery and corruption can be found on the website[31].

Disclosure of personal data-related incidents

NHS England and NHS Improvement follow the NHS Digital Data Security and Protection (DSP) incident reporting process guidance in the reporting of incidents. This is in line with data protection legislation following the introduction of the General Data Protection Regulation (GDPR) in May 2018.

The 'Guide to the Notification of Data Security and Protection Incidents' was released in September 2018. This sets out the reporting requirements for NHS organisations where a potential or actual incident may lead to a personal data breach defined under the Data Protection Act 2018 and GDPR. The new scoring criteria references the circumstances where notification to the Information Commissioner's Office (ICO) may not be necessary and has resulted in a reduction in the number of incidents classified as notifiable.

29 https://www.england.nhs.uk/publication/board-of-directors-register-of-interests/
30 https://www.england.nhs.uk/safeguarding/slavery-human-trafficking-statement/
31 https://www.england.nhs.uk/publication/tackling-fraud-bribery-and-corruption-economic-crime-strategy-2018-2021/

As at 31 March 2020, a total of one notifiable incident had occurred relating to the loss of personal data. Incidents are logged and a full investigation is undertaken.

Unless otherwise stated in the tables below, remedial actions were implemented for all incidents and the ICO kept informed as appropriate.

Summary of incident	Organisation	Date of incident	Nature of incident	Number of individuals affected	How patients were informed	Lessons Learned
Two letters were sent to an incorrect recipient. The letters contained information regarding a GP investigation (IG Ref – IGI/13669)	NHSE	05.06.2019	Disclosed in error	2	In writing	IG training reviewed and reinforced for awareness and ongoing protection of data. The incident has been discussed internally within the Medical Directorate and is now a standing item for discussion at the weekly team meeting. The team has been reminded that email and postal addresses need checking carefully before correspondence is sent.

Disclosure of information to auditors

Each director of the Board at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which NHS England's external auditor is unaware; and
- the Director has taken all steps that he or she ought to have taken as a Director to make the Director aware of any relevant audit information and to establish that NHS England's auditor is aware of that information.

Directors' responsibility statement

The annual report and accounts have been reviewed in detail by NHS England's Audit and Risk Assurance Committee and Board. At each point it has been confirmed that the annual report and accounts, taken as a whole, are considered to be fair, balanced and understandable. They provide the information necessary for NHS England's stakeholders to assess the business model, performance and strategy.

Events after year-end

On 1 April 2020, the NHS England and NHS Improvement Boards established a time limited board committee, the COVID-19 National Incident Response Board, to provide oversight of the NHS England and NHS Improvement response to COVID-19 pandemic.

Statement of Accounting Officer's responsibilities

Under the National Health Service Act 2006 (as amended), the Secretary of State for Health and Social Care (with the consent of HM Treasury) has directed NHS England to prepare, for each financial year, a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NHS England and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (HM Treasury, December 2019)[32] and in particular to:

- observe the Accounts Direction issued by the DHSC, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The National Health Service Act 2006 (as amended) schedule A1 paragraph 15(4) states that the Chief Executive shall be the Accounting Officer of the National Health Service Commissioning Board (known as NHS England). The responsibilities of the Accounting Officer, including responsibilities for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NHS England's assets, are set out in Managing Public Money (HM Treasury, July 2013, as amended March 2018)[33].

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Comptroller and Auditor General is aware of that information. So far as I am aware, there is no relevant audit information of which the Comptroller and Auditor General is unaware.

32 https://www.gov.uk/government/publications/government-financial-reporting-manual-2019-to-2020
33 https://www.gov.uk/government/publications/managing-public-money

Governance statement

This governance statement covers NHS England, its system leadership role of the NHS, directly commissioned health services and oversight and assurance of the commissioning system.

As Accounting Officer, I have responsibility for the system of internal controls supporting and enabling the achievement of NHS England's aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible in accordance with Managing Public Money and as set out in my Accounting Officer appointment letter. This includes assurance of a number of organisations which are part of the wider commissioning system, including those organisations hosted by NHS England. My responsibilities in relation to the assurance of CCGs are set out from page 70 of this report.

The Government's Accountability Framework 2019/20

The Government's 2019/20 Accountability Framework with NHS England and NHS Improvement incorporates the statutory annual mandate to NHS England and annual remit for NHS Improvement. The framework sets out the expectations for NHS England and NHS Improvement to deliver the first year of the NHS Long Term Plan and address the immediate needs associated with EU exit.

The 2019/20 Accountability Framework is aligned with the long-term vision and direction for the health service and sets out a single set of objectives for NHS England and NHS Improvement. This reflects our shared responsibility for leading the NHS in implementing the NHS Long Term Plan.

Board arrangements

Information on our Board and its Committees is set out from page 33.

Governance arrangements and effectiveness

Governance framework

The governance manual brings together all key strands of governance and assurance; including Standing Orders, Standing Financial Instructions (SFI), Scheme of Delegation, Standards of Business Conduct Policy, Joint Risk Management Framework and three lines of defence model. During 2019/20 work has been undertaken to harmonise the governance processes across NHS England and NHS Improvement wherever possible. Separate operating frameworks exist for each CSU.

Assessment against the Corporate Governance in Central Government Departments: Code of Good Practice 2017 Compliance Checklist

As part of implementing best practice, an assessment is undertaken each year against the Corporate Governance in central Government departments: Code of good practice 2017 (HM Treasury).

NHS England is compliant against the provisions of the code, with the following exceptions[34]:

Ref	Code provision	Exception
3.6	Non-executive Board members form a Nominations and Governance Committee	NHS England does not have a Nominations Committee, as appointments of the executive and non-executive members are managed as required by the National Health Service Act 2006 (as amended). Governance issues are delegated to the ARAC.
4.3 **4.4** **4.5**	Terms of reference for the Nominations Committee.	There is no Nominations Committee (see above). The specific code provisions are handled by the Strategic HR and Remuneration Committee.
4.7	Through the Board Secretariat, the Department provides the necessary resources for developing the knowledge and capabilities of Board members, including access to its operations and staff.	This responsibility is shared between the Chair, Chief Executive's Office and Board Secretary.
4.11	The Board Secretary's responsibilities include: Arranging induction and professional development of Board Members.	This responsibility is shared between the Chair, Chief Executive's office and Board Secretary.
5.5	The Head of Internal Audit is periodically invited to attend Board meetings, where key issues are discussed relating to governance, risk management, or control issues across the department and its ALBs.	The Head of Internal Audit routinely attends meetings of the ARAC.

NHS England and NHS Improvement's joint operating model

In 2019/20 NHS England and NHS Improvement moved to a single leadership model under the Chief Executive Officer of NHS England and a single Chief Operating Officer (COO), who is also the Chief Executive Officer and Accounting Officer of NHS Improvement.

The NHS England CEO holds responsibility for the overall leadership of the NHS in England. The COO's responsibilities include the operational delivery of the NHS in England and the NHS Long Term Plan.

As set out on page 37 new national director roles have been established, either reporting to the NHS England CEO or COO. Seven regional teams have been established to carry out the functions of both NHS England and NHS Improvement in each of their localities; this supports the local systems to provide more joined up and sustainable care for patients. With responsibility for the quality, financial and operational performance of all NHS organisations in their region, they support teams to improve services for patients, as well as supporting local transformation by developing further the identity of STPs and ICSs.

By working in a more integrated way at all levels of our health and care services ('system by default'), we will deliver better outcomes for patients, better value for taxpayers and better job satisfaction for our staff.

34 It should be noted that the following provisions in the code are not applicable to NHS England: Sections 1, 2.3, 2.11, 3.3a, 3.3b,3.3c, 3.6e, 3.7, 3.8, 3.9, 3.14, 3.19, 4.9, 4.12, 4.13, 4.14, 5.7, 5.8 and 6.

Harris Review

The Harris review recommended greater assurance at board and departmental level that all statutory functions in the health and social care landscape are being exercised appropriately. As part of the new operating model, a detailed register of these core statutory duties and powers has been updated. This provides clarity about the legislative requirements associated with each function, including any restrictions of delegation of those functions. Responsibility for each duty and power has been clearly allocated to a national director (or equivalent) and the register is regularly reviewed by the Director of Governance and Legal.

Corporate assurance

The Corporate Assurance Framework, set out below, provides for continuous and reliable assurance on organisational stewardship and the management of significant risks to organisational success and the delivery of improved, cost effective, public services.

NHS England has continued to use the three lines of defence model. This provides the mechanism for employees to manage risk and control as well as provide assurance over the delivery of services.

Assurance activity	What is it?	What Value does it give?
Organisational Change framework	Guidelines for assessing and implementing major changes across NHS England.	The framework provides a consistent approach to thinking about the impact of organisational change, including people, infrastructure, financial and legal issues.
Risk Management framework	Our approach to managing risk, including tools and methodologies for identifying, assessing, documenting and reporting risk	The framework enables a consistent approach to be taken across the organisation, allowing identification of cross-directorate risks and challenges. It provides a mechanism for managers to identify risks with a route of escalation to those accountable.
SFIs, Scheme of Delegation and Standing Orders	These documents protect both the organisation's interests and protect officers from possible accusation that they have acted less than properly	Together, these documents ensure that our financial transactions, accountabilities and responsibilities are carried out in accordance with the law and Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness.
Programme Management framework	The policies, tools, methodology and resources that provide an approach to managing, controlling and assuring the delivery of projects and programmes in the organisational portfolio	Provides staff with a framework to manage, control and deliver projects and programmes. Provides the organisation with consistency of reporting and monitoring, confidence of delivery of outcomes to enable decision making and better resource control.
3rd Party Assurance framework	Guidelines for the assurance required for managing 3rd party contracts	Ensures directorates responsible for major contracts assign a Contract manager and put arrangements in place to monitor supplier performance. Obtains assurance over the services provided.
Corporate Policy framework	The methodology and approach for creating, maintaining and amending policies	Provides an approach to help ensure policy documents are not developed in isolation, so they are balanced against the priorities of the organisation.

We work with the support of both our internal and external auditors to strengthen and embed our assurance framework. Each directorate and region have designated leads with responsibility for ensuring that risk management, implementation of internal audit actions and other key assurance activities are carried out and approved by the relevant senior director, including appropriate regular reporting and exception escalation processes. The leads link with the governance, audit and risk teams to provide increased focus, accountability and improved communication at operating level across the organisation.

During 2019/20, the corporate compliance team has worked with teams across the organisation to embed controls and underpin processes including:

- Introducing a harmonised Standards of Business Conduct Policy across NHS England and NHS Improvement to ensure that staff were working to consistent requirements.
- Targeted interventions with teams to ensure the timely completion of priority 1 actions arising from internal audit reviews.

Management Assurance

Throughout 2019/20, the Board has been provided with regular updates on the implementation of the priorities and programmes that were committed to in the NHS Long Term Plan. Matters relating to individual programmes were also considered within the formal committees of the Board, including the Delivery, Quality and Performance Committee.

In addition, the Audit and Risk Assurance Committee considers the outcomes of internal audit reviews of programmes and the Executive Risk Management Group (ERMG) reviews our corporate risks which can include causes, consequences, controls and actions relating to individual programmes.

Underpinning the above corporate governance arrangements, individual programme boards and oversight groups meet frequently, with the attendance of representatives from national and regional teams, each with responsibility for delivery of their programme, for example Urgent & Emergency Care, Primary Care etc. The Audit and Risk Assurance Committee receives reports on their adherence to good programme governance standards.

During 2019/20 we considered the data arising from the pilot of the Management Assurance Framework; a system designed to reduce reliance on our third line of defence and strengthen our second line through enabling management to perform evidence-based evaluation of the effectiveness of our key controls in a number of priority areas. We have used that data along with feedback from users to plan a relaunch of the framework in 2020/21.

Assuring the quality of data and reporting

The Board has agreed the information it requires in order to carry out its duties. This performance information is subject to scrutiny by both management and the Delivery, Quality and Performance Committee. The Board is confident that the data presented in the performance reports has been through appropriate review and scrutiny, and that it continues to evolve to meet changing organisational needs.

Risk governance

NHS England's and NHS Improvement's Boards are responsible for ensuring delivery of the strategies and goals outlined in the joint 2019/20 business plan.

Detailed plans are drawn up for each area with input from staff and risks against their achievement are reported to the Boards. The internal audit team consider the risks to NHS England and NHS Improvement and this directs the internal audit priorities reflected in the annual internal audit plan.

NHS England's Audit and Risk Assurance Committee is responsible for reviewing the establishment and maintenance of an effective system of governance, risk management and internal control covering all of NHS England's activities. The Committee considers risks faced by the joint organisation on a bi-annual basis and reports conclusions directly to the Boards. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives.

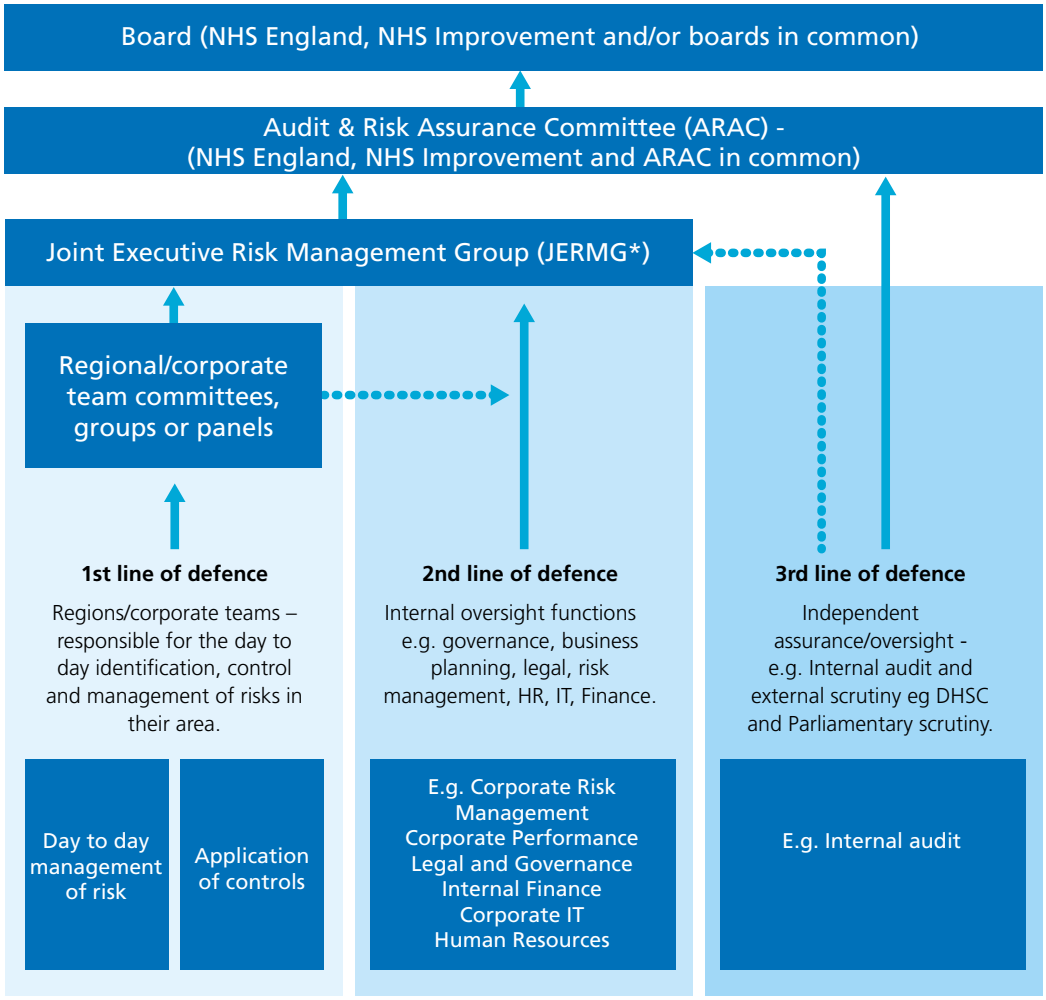
The internal audit team provides regular reports to the Audit and Risk Assurance Committee based on its work programme. The Boards discuss the most significant risks and actions identified to mitigate their likelihood and impact. Each year, the Audit and Risk Assurance Committee evaluates the effectiveness of the risk management framework and approves the annual internal audit plan for the following year.

The position of Chief Risk Officer/Senior Responsible Officer (SRO) for risk for NHS England and NHS Improvement has been delivered by the National Director of Transformation and Corporate Development for 2019/20 to further ensure senior sponsorship for risk at executive level. From April 2020 this role has passed to the Chief Financial Officer.

The executive team owns the corporate risks and nominates a responsible officer for each one. The approach is supported by the joint NHS England and NHS Improvement risk management framework which underpins the monitoring and management of risk. The joint executive risk management group (JERMG) has met quarterly over the year and is responsible for providing assurance to the Committee about how risks across the joint organisation are being managed. The JERMG reviews all risks escalated to it and considers which risks should be managed through the Joint Corporate Risk Register (JCRR) and associated processes. JERMG also oversees implementation of NHS England's and NHS Improvement's new joint risk management framework. The NHS Executive also periodically reviews the JCRR and when appropriate undertakes deeper dives. From April 2020, the JERMG is subsumed into the NHS Executive, where there is a regular standing item to discuss the JCRR. The National Incident Response Board also considers the strategic risks in responding to the COVID-19 incident and these are fed into the JCRR where relevant and reported to the NHS Executive.

Our executives are responsible for managing risk at a directorate/regional level (i.e. at the project delivery and day-to-day operational level). Each directorate therefore also holds its own risk register and reviews its risks on a regular basis.

The joint risk management framework mirrors the three lines of defence of our overarching assurance framework:



* From April 2020, the JERMG is subsumed into the NHS Executive

Risk and Control Framework

In 2019/20 NHS England and NHS Improvement developed a joint risk management framework to ensure that all employees follow a single process for identifying and managing risks that may threaten delivery of services and achievement of objectives. This new framework is aligned with the overarching principles of HM Treasury's Orange Book and is informed by DHSC's risk management policy, ISO 31000 Risk Management Principles and Guidelines and the UK Corporate Governance Code.

In implementing the framework, our corporate risk function and directorate risk leads have continued to share good practice, provide information on new and existing risks, and co-ordinate and support the embedding of an appropriate risk management culture. Improvements in the quality of directorate risk registers and the JCRR, migrated onto an electronic platform throughout 2019/20, have continued. We aim to continually improve our risk management maturity and risk culture year-on-year.

Principal Risks

In 2019/20 the NHS Executive undertook a full review of the three organisations' existing risk exposure and potential future risks, developing a JCRR. The JCRR considers a full cross section of risks to the organisations in their combined aims including strategic risks, reputational risks, financial risks, operational risks and risks to the achievement of the organisations' shared objectives, as well as external threats.

Outside of the COVID-19 incident and for the most part of 2019/20, the principal risks facing NHS England and NHS Improvement included:

Risk description	Key mitigation(s) in place included
EU Exit: There is a risk that EU Exit may result in disruption of day to day operations of the health and care system because the UK's future relationship with the EU is not adequately resolved before the end of the Implementation Period	• Single NHS England and NHS Improvement EU Exit function • National guidance for the NHS • National and local EPRR and business continuity plans
NHS Workforce Capacity: Workforce interventions do not address the full gap between workforce demand and supply	• NHS People Plan • National People Board • Primary Care Oversight Group • General Practice Forward View
Urgent and Emergency Care: Demand for urgent and emergency care exceeds the capacity available to meet it, undermining providers' ability to meet performance targets	• National oversight process • Capacity planning reviews • Same Day Emergency Care (SDEC) Accelerator programme • Frequent monitoring of demand and drivers • Winter planning
Demand for Elective Care: Demand exceeds the capacity available to meet it, undermining providers' ability to meet performance and access targets	• National and regional monitoring • RightCare programme comprehensively implemented to reduce unwarranted variation
Primary Care and System Transformation: Failure to achieve the ambitions for all integrated care systems in the NHS Long Term Plan and the five key service changes; boost hospital care, redesign and reduce pressure on emergency hospital services, more personalised care, digitally enabled primary and outpatient care, and a focus on population health	• NHS England and NHS Improvement System Transformation Board • Primary Care Long Term Plan, GP contract, and General Practice Forward View commitments monitored through the Primary Care Strategic Oversight Group • Establishment and development of PCNs

Risk Appetite

In 2019/20 NHS England and NHS Improvement developed a joint approach to risk appetite, which we have defined as 'the amount of risk that we are willing to seek or accept in the pursuit of long-term objectives.'

The risk appetite is grounded in the NHS Constitution. The NHS Constitution sets out rights to which patients, public and staff are entitled, and pledges which the NHS is committed to achieve, together with responsibilities which the public, patients and staff owe to one another to ensure the NHS operates fairly and effectively.

NHS England and NHS Improvement believe no risk exists in isolation from others and that risk management is about finding the right balance between risks and opportunities to act in the best interests of patients and tax payers. Our approach to risk appetite involves risk trade-off conversations and a consideration of the counterfactual - giving us a flexible framework within which we can try new things, make agile decisions and find a balance between boldness and caution, risk and reward, cost and benefit. It also aims to provide a balance between an approach which is excessively bureaucratic and burdensome and one which lacks rigour.

When balancing risks, we will tolerate some more than others. For example, we will seek to minimise avoidable risks to patient safety in the delivery of quality care. In the case of innovation or proof of concept we are prepared to take managed 'moderate to high risk' on the proviso that the following has been undertaken:

- An assessment of what and where the current risks are.
- That the potential future impact has been understood and agreed.
- Rapid cycle monitoring is in place to enable swift corrective action should things go wrong.
- Consideration of the system's ability to respond i.e., different regions face different circumstances and some areas are very challenged.
- Trade-off between risks is understood / assessment of unintended impacts on other risks undertaken (i.e., whether it will lead to an increase or reduction in other categories of risk).
- Cost–benefit analysis and stated preference is undertaken.
- Reliability and validity of data used to make the assessment has been considered.
- Counterfactual risks have been considered to ensure management apply any learning before taking the risk.
- We can demonstrate significant and measurable potential benefits (i.e., enhanced efficiency and/or value-for-money delivery).

Categories of risk, alongside stated tolerances, are summarised in the table below:

Category of Risk	Tolerance
Patient Safety and Quality of Care	Very Low
Performance (operational and financial)	Moderate
Innovation	Moderate to High
Finance	Low
Compliance and Regulatory risk	Moderate
Reputation	Low to Moderate
Operational risk	Moderate

COVID-19

NHS England's and NHS Improvement's risk management approach has adapted to support management of the NHS response to the level 4 incident, COVID-19.

The Corporate Risk Team supported development and management of the COVID-19 Strategic Risk Register overseen by the National Incident Response Board. These risks are now recorded within the JCRR.

Freedom to Speak Up

Listening to NHS staff who speak up helps improve staff experience and patient care. NHS staff raised concerns with us, at a similar level to previous years: 74 compared to 70 in 2018/19.

The primary reasons for contacting us were discontent with their local employer's response and/or concern they may suffer detriment by raising their issues directly with their local employer.

Whistleblowing in primary care

In November 2019 NHS England and NHS Improvement launched our whistleblower support scheme to help whistleblowers return to work in primary and secondary care. This follows Sir Robert Francis's recommendation in 'Freedom to speak up – a review of whistleblowing in the NHS' to help whistleblowers find alternative employment in the NHS and set out what this should include. We have received 12 applications under this new scheme, who will benefit from coaching and have access to training and work placements or shadowing where appropriate. This scheme provides a useful opportunity to further understand the difficulties that whistleblowers face and how, through the People Plan, we can use the learning from the scheme to better support workers who speak up.

NHS England's role as a Prescribed Person

We are required to produce an annual report of the 'protected disclosures' of information made to us by workers, that meet the criteria (or 'qualify') as protected disclosures. More information about the criteria and our duties as a prescribed body are published online[35].

NHS England is committed to assigning any concerns raised for further investigation and supporting individuals that have suffered financial or professional detriment as a result of whistleblowing.

This includes signposting whistleblowers to the correct organisation responsible for dealing with their concerns.

Qualifying disclosures received by NHS England during 2019/20 and action taken

Between 1 April 2019 and 31 March 2020 74 whistleblowing disclosures were made to us relating to primary care organisations. We take the cases we receive very seriously and took enforcement action in 57 (77%) of them.

The table below[36] summarises how we dealt with the disclosures:

Investigation	Communicated with an individual	Referred to alternative body	Incorporated into regular oversight	Ongoing
21	18	19	11	6

As the result of investigations, we have agreed changes with primary care providers that are designed to improve services delivered to patients. We took no action in 17 (23%) cases because the individual speaking up to us did not provide enough information, the matter was outside our remit, the issues raised were not current, or we did not have consent to act.

35 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/604935/whistle-blowingprescribed-persons-guidance.pdf

36 Multiple actions may have been taken in some cases. For example, we may have engaged with an individual and referred to an alternative body

Clinical assurance

Assuring the quality of services

The Boards of NHS England and of NHS Improvement have both established Quality and Innovation Committees to meet in common to support the discharge of each Board's respective duties and powers and their combined responsibilities for quality. The Quality and Innovation Committee's duties can be described across four broad functions:

The escalation of quality issues and sharing of learning

The Committee facilitates the sharing of data and intelligence about quality risks and issues and the sharing of learning and best practice at national level. The Quality and Innovation Committee has been supported in doing this by regional routine reporting which is filtered up through a new group – the Executive Quality Group co-chaired by the National Medical Director and Chief Nursing Officer bringing together the Regional Medical Directors, Regional Chief Nurses and senior national colleagues. This builds on the arrangements that have been in place for several years in NHS England and NHS Improvement prior to the joint working arrangements.

The Executive Quality Group (EQG) receives routine quarterly reports from the Regional Teams. It takes actions to address any risks and issues raised in these reports by coordinating national and regional action and will escalate to the Quality and Innovation Committee if required.

Working in conjunction with the Executive Quality Group the Quality and Innovation Committee:

- Oversees the identification and deployment of appropriate resources to tackle escalated quality risks and issues, and supports quality improvement activities at national level.
- Escalates quality risks and issues to the Delivery, Quality and Performance Committee if required.
- Refers national cross-system quality risks and issues to the National Quality Board[37].

Assurance of quality functions and duties

The Quality and Innovation Committee seeks assurance from executives that robust mechanisms are in place to manage quality functions, including that quality risks and issues are managed at regional to national levels. It also receives reports and updates on relevant NHS England and NHS Improvement quality functions, programmes and initiatives. This includes statutory functions such as arrangements for safeguarding and controlled drugs; clinical effectiveness functions such as the commissioning of national clinical audits; patient safety functions and implementation of the patient safety strategy; and patient experience functions including complaints and surveys.

37 The National Quality Board brings together the clinical leadership for quality for NHS England, NHS Improvement, CQC, PHE, NICE, HEE, NHSD, DHSC and Healthwatch

National measures for quality

A manageable number of quality indicators are selected to show national trends over time and provide a balance across the domains of quality (effective, safe and positive experience) and across care settings.

The Quality and Innovation Committee indicator set uses high-level indicators aligned to the NHS Long Term Plan. When any of these selected indicators shows significant deterioration or moderation in the rate of improvement, the Quality and Innovation Committee discusses potential causes and directs a bespoke analysis.

Thematic reviews

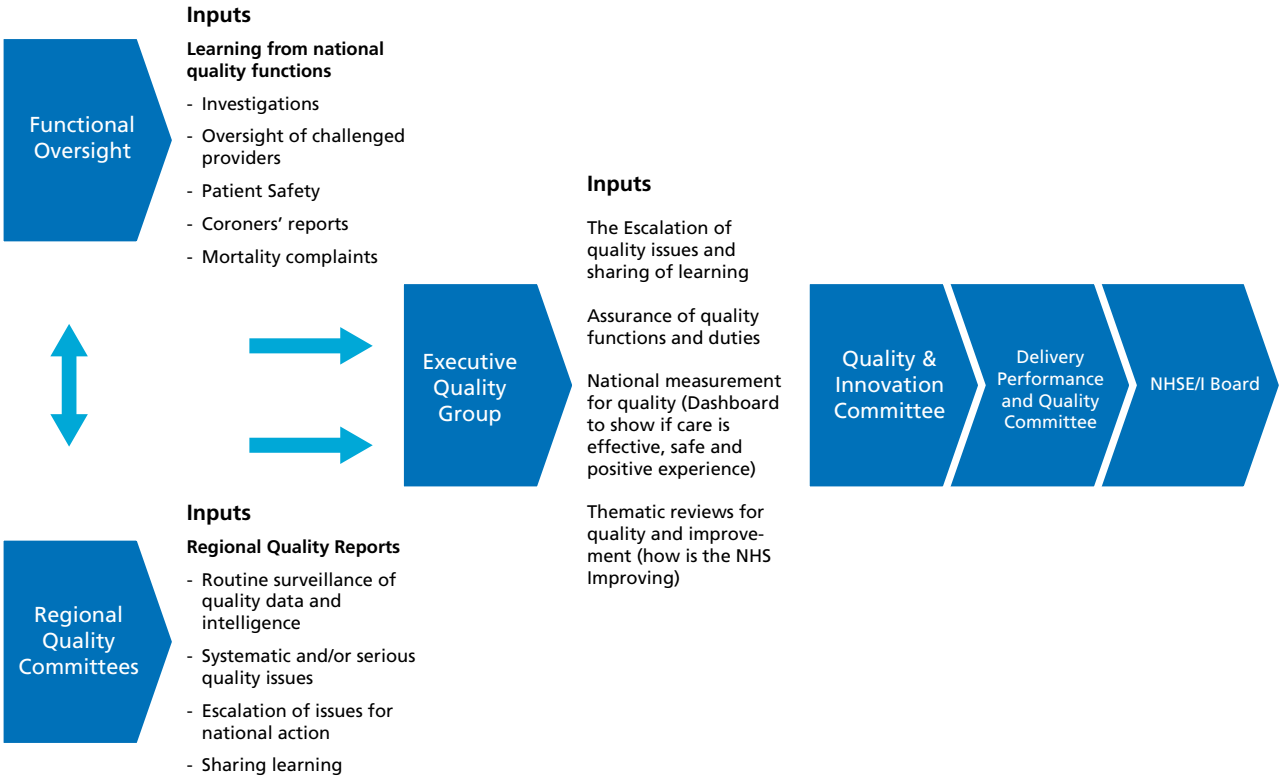
Based on the above inputs and intelligence from members, the Committee also conducts thematic reviews and deep dives. This analysis is used to determine what strategic actions are needed to initiate/accelerate improvement. The Board also looks at national improvement programmes, their models for improvement and how they are ensuring those improvements result in better outcomes for patients.

Since its establishment the Quality and Innovation Committee has also focussed on the following areas:

- Lessons and actions from the Gosport Independent Review Panel report.
- Quality of inpatient mental health services for children and young people.
- Implementation of the Patient Safety Strategy for the Learning Disability nursing profession and its importance in providing high quality care to people with learning disabilities and autistic people.
- Revised Quality and Innovation Committee data dashboard.

During the COVID-19 pandemic, NHS England and NHS Improvement have adapted their quality and safety functions in a proportionate manner that supports the focus on the response to COVID-19 while at the same time ensures the oversight of quality is maintained. It is the responsibility of Regional Medical Directors and Chief Nurses to escalate issues to the EQG, whilst also observing regional EPRR escalation processes. The EQG is meeting virtually and continues to take regional reports.

NHS England and NHS Improvement Quality Governance and Oversight



Assurance of the commissioning system

Specialised commissioning and health and justice

Specialised services support people with a range of rare and complex conditions. They often involve innovative treatments provided to patients with rare cancers, genetic disorders or complex medical conditions or surgical needs.

NHS England also commissions healthcare for 110 adult prisons, plus immigration removal centres, secure training colleges, youth offending institutions and secure children's homes in England (the 'residential estate'). This includes primary care, dentistry, public health, optometry, podiatry and a range of other services, and over a third of the total budget is spent on mental health and substance misuse services.

During 2019/20, the Specialised Commissioning and Health and Justice Strategy and Policy Group (SCHJSPG) set the strategic direction for specialised commissioning. Assurance was provided via reporting from the Specialised Commissioning and Health and Justice Delivery Group (SCHJDG) over quality, performance and value for money. The SSHJSPG also assured decisions made by the SCHJDG, which had operational oversight of the £18.1 billion specialised commissioning budget. The Clinical Priorities Advisory Group (CPAG) made formal recommendations on the commissioning position of treatments and interventions for adoption, or otherwise endorsed CPAG recommendations for prioritisation and in year service developments.

Co-commissioning of primary medical services

Primary care co-commissioning has continued to progress with the majority (96%) of CCGs in 2019/20 having delegated commissioning arrangements for primary medical services. Delegated commissioning provides CCGs with full responsibility for the commissioning of general practice services and is therefore critical to our vision of integrated care by ensuring local health and care leaders take collective responsibility for system performance and the transformation of care, including general practice services.

NHS England retains responsibility for commissioning dental, optometry and community pharmacy services. A key aspect of NHS England and NHS Improvement's joint working programme in 2019/20 was to ensure that NHS England's regional teams who deliver this work are organised in alignment with local systems, to better support the planning and delivery of these services in a joined-up way.

Where NHS England delegates its functions to CCGs, it obtains assurances that these functions are being discharged effectively. A four-year framework is in place for the internal audit of CCGs' delegated primary medical care commissioning arrangements, providing information to CCGs on the running of this function and where it can be improved, which in turn provides aggregate information to support assurance and facilitate support for improvement where needed. With ratings reported to 31 October 2019, just two CCGs have reported "limited" assurances as part of this work and have been supported in their improvement recommendations.

STPs and ICSs

In 2019/20, NHS England and NHS Improvement set out the operational, leadership and governance arrangements that should be in place in every system by 2021.

Over the last year STPs and ICSs have continued to strengthen and develop their governance arrangements. To support this, the minimum requirements for the establishment of ICSs have been agreed and published as part of the 2020/21 planning guidance and NHS Long Term Plan Implementation Framework.

We have engaged with health and care systems and membership bodies to discuss the principles that underpin ICSs. The aim of this work is to provide further clarification and guidance to the health system on the operating arrangements of ICSs in future, to support all STPs to become ICSs by April 2021.

A new ICS accountability and performance framework is being developed to consolidate current accountability arrangements and provide a consistent and comparable set of performance measures. It will include an 'integration index' which will measure the progress being made on integration. ICSs will agree system-wide objectives and be accountable for their performance against these objectives.

Commissioning Support Units (CSUs)

The five NHS CSUs operate across the whole country, providing essential support to a number of organisations ranging from CCGs to local authorities and non-NHS bodies.

In year, the CSUs have developed their support arrangements to provide additional capacity to ICSs and STPs. With a workforce of 7,000 people, CSUs deliver a range of support services that have been independently assessed to ensure that the NHS receives the benefits of scale. CSUs have helped support the national and local response to the COVID-19 pandemic.

Being reliant on income for services delivered, CSUs must be responsive to the needs of their local health system as well as delivering against national priorities. These include managing waiting times, ICT services, data analytics, cyber security and service redesign. In line with the NHS Long Term Plan, CSUs are increasingly working together in a collaborative manner.

The Managing Director within each CSU is accountable for ensuring their CSU adheres to appropriate governance processes and NHS England receives a monthly signed statement of assurance from each CSU. In 2019/20, CSUs once again met all financial targets, meaning they will have achieved a balanced budget position every year since they were established in 2013. They have worked closely with NHS England to evaluate their services and develop a future strategy in the context of the evolving STP/ICS landscape.

Clinical Commissioning Groups (CCGs)

On 1 April 2019, six CCGs merged reducing the number to 191 (from 195 in 2018/19), each of which is an independent statutory membership organisation with an appointed accountable officer. CCGs are clinically led and responsible for commissioning high quality healthcare services for their local communities. NHS England is accountable for assuring the commissioning system and has a statutory duty to assess the performance of each CCG every year to determine how well it has discharged its functions.

NHS England allocates a large proportion of the funding it receives from the DHSC to CCGs and supports them to commission services on behalf of their patients. In turn, CCGs are required to demonstrate probity and good governance in managing their finances and performance. Together, CCGs are responsible for approximately 60% of the NHS budget.

Our assurance and oversight functions seek to ensure that CCGs are delivering the best outcomes for their patients and have a high standard of financial management, are administering resources prudently and economically, and safeguarding financial propriety and regularity. Increasingly, account has been taken of CCGs' performance within their system and of system-level performance. Parliament has provided for specified but limited rights of intervention by NHS England into CCG functions, such as the power to issue directions to CCGs under certain circumstances. On 1 April 2020 the number of CCGs further reduced to 135.

NHS Oversight Framework for 2019/20

In 2019/20 NHS England and NHS Improvement merged their regional teams and together developed the NHS Oversight Framework for 2019/20[38]. This replaced the separate provider Single Oversight Framework and the CCG Improvement and Assessment Framework.

No material changes were made to the mechanics of CCG (or provider) oversight. The information used, triggers of concern and the approach to assessing their support needs remained the same.

The published framework sets out a new way of working, including:

- NHS England and NHS Improvement teams speaking with a single voice, setting consistent expectations of systems and their constituent organisations.
- Greater emphasis on system performance, alongside the contribution of individual healthcare providers and commissioners to system goals.
- Oversight teams working with and through system leaders, wherever possible, to tackle problems.
- Matching accountability for results with improvement support, as appropriate.
- Greater autonomy for systems with evidenced capability for collective working and track record of successful delivery of NHS priorities.

Legislation requires an annual assessment of performance to be carried out at an individual CCG level. NHS England has the option of using its statutory powers, conferred by section 14Z21 of the National Health Service Act (as amended), to support CCG improvement where a CCG is failing or at risk of failing to discharge its functions. Details of CCG directions can be found on the NHS England website[39].

52 CCGs were reported by their auditors to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 due to forecasting that expenditure would exceed income during the financial year. Additionally, 1 CCG has been reported by their auditors to the Secretary of State under section 24 of the Local Audit and Accountability Act 2014 due to their year-end financial position.

CCG annual reports

CCGs published their individual annual reports via their websites. A list of CCGs and links to their websites can be found on the NHS England website.

A review of the CCG governance statements found that the majority of control issues raised by CCG internal auditors related to delivery of performance targets in secondary care, referral to treatment times and achievement of financial balance. This matches issues highlighted by those CCGs in their earlier "exception" reports.

By year end, a number of CCGs raised issues relating to capacity and workforce due to CCG mergers, as well as issues (actual and potential) relating to the EU Exit & COVID-19 pressures. These included workforce numbers, obtaining medicines and planning uncertainty.

38 https://www.england.nhs.uk/publication/nhs-oversight-framework-for-2019-20/
39 https://www.england.nhs.uk/commissioning/regulation/ccg-assess/directions

Other assurance

Cyber and data security

The NHSX cyber security team provides the strategic direction for cyber security in the health and social care sectors. In November 2019, the Securing Cyber Resilience Update[40] was published, highlighting significant progress made in key areas. This included supporting NHS organisations to migrate to the Windows 10 Operating System, which is more secure and more efficient to use. The deployment of Microsoft Defender Advanced Threat Protection (ATP) now covers most Windows devices in the NHS, with the ability to detect and prevent cyber threats.

NHSX and NHS Digital have worked with the National Cyber Security Centre (NCSC) to incorporate the requirements of recognised external cyber security standards including Cyber Essentials into the Data Security and Protection Toolkit (DSPT) to form a single data and cyber security standard for the NHS. The DSPT helps organisations understand their data and cyber security risks and measures their compliance with mandatory cyber standards for their type of NHS or social care organisation.

The Network and Information Systems (NIS) Regulations have been used to increase compliance in the NHS with mandated standards such as responses to high severity cyber alerts.

NHSX allocated £23.62 million capital funding to address critical infrastructure weaknesses in NHS organisations. Using evidence gathered through NHS Digital's on-site assessments and other data available to help assess organisations' security risks, our regional teams worked with local organisations to identify priorities for available capital investment, ensuring they were consistent with local plans for digital transformation.

Working in partnership with NHS Digital, the Cyber Associates Network has been established and developed into the leading network for health and care cyber security professionals. Engagement events held in November 2019 were attended by more than 300 members of the network, providing key opportunities for networking, collaborating and knowledge sharing.

NHSX has worked with NCSC and NHS Digital to define the cyber security standards needed for the Local Health and Care Record (LHCR) localities. Security assessments and attack tree workshops have been carried out across a number of LHCR regions. A bespoke LHCR cyber security framework has also been published which provides further support and guidance to local cyber security leads.

In response to COVID-19, NHSX put in place additional measures to prevent a cyber attack or major IT outage and to make sure that, if such an event did happen, NHSX and its delivery partners could help local organisations get back up and running as quickly as possible.

40 https://www.gov.uk/government/publications/securing-cyber-resilience-in-health-and-care-progress-update-2019

Information Governance (IG)

Work continues to develop a joint IG operating model across NHS England and NHS Improvement to ensure both organisations remain compliant in relation to data protection, records management and information security activities. The IG teams now operate as a single service and workstreams have been realigned to support specific areas: Data Governance, Corporate Records and Information Management, IG Delivery and IG Assurance and Planning, supporting national and regional teams.

We have developed a Joint Controller and Information Sharing Framework Agreement to govern the processing of personal data by the NHS England and NHS Improvement joint enterprise. We have also developed a similar agreement between the NHSX partners (NHS England, NHS Improvement and DHSC). These set out the agreed responsibilities of the organisations, establishing effective procedures to ensure that the partners in these joint working initiatives comply with data protection legislation.

A new Information Governance Assurance team has been established to undertake pro-active compliance reviews with our teams and suppliers regarding processing of personal data lawfully under GDPR and the Data Protection Act 2018.

The Corporate Records and Information Management team have been working with local records and information management coordinators to ensure we work in a compliant manner. The team continues to support all relevant statutory and public inquiries including the Infected Blood Inquiry, the Gosport Inquiry and the Independent Inquiry into Child Sexual Abuse.

NHS England and NHS Improvement have aligned key datasets and are continuing to review data sharing agreements with NHS Digital with a view to reducing duplication of data flows to increase efficiency and reduce cost.

Business critical models

NHS England and NHS Improvement recognise the importance of quality assurance across the full range of its analytical work and have developed a joint approach that is consistent with the recommendations in Sir Nicholas Macpherson's review of quality assurance of Government analytical models (2013).

NHS England and NHS Improvement analysts are expected to ensure consistent performance and quality assurance across their analytical work. For business critical models, where an error would have a significant patient care or other impact, NHS England and NHS Improvement have been developing a common framework to operating a register of business critical models and auditing of the quality assurance strategy associated with them.

The diversion of analytical resources to the COVID-19 response has meant that the development of this framework, the associated register and the review of the quality assurance included in the register is in process. Provisionally, business critical models operated by NHS England and NHS improvement include:

- CCG revenue allocations models.
- CCG revenue allocations – exceptional registration change adjustment.
- Cardiovascular disease (CVD) respiratory NHS Long Term Plan commitments modelling.
- Financial trajectories model.
- GP referral analysis.
- Long Term Financial model.
- Low Priority Prescribing (LPP) indicator.
- National diabetes prevention programme budget model.
- People analysis.
- Pharmacy services fee setting to pharmacy integration fund pilot services.
- Pricing calculation model.
- Pricing impact assessment model.
- PCNs – investment and impact fund.
- Referral to treatment time ready reckoner.
- Unavoidable costs (incurred by small acute providers).

Service auditor reporting and third party assurances

NHS England relies on a number of third party providers (such as NHS SBS, NHS BSA, NHS Digital and Capita) to provide a range of transactional processing services ranging from finance to data processing. Our requirements for the assurance provided by these organisations are reviewed every year. Appropriate formal assurances are obtained to supplement routine customer/supplier performance oversight arrangements.

During the year service auditor reports have been specifically commissioned to provide assurance over the operation of our control environment and we are working, where appropriate, with our suppliers to implement ISAE 3402 or similar standards to make sure that the relevant internal controls and control procedures operated by our service organisations have operated effectively. Service providers are requested to address any control weaknesses identified during the ISAE 3402 reporting process within an appropriate timescale.

The service auditor reports commissioned for 2019/20 have been reviewed and where necessary action plans are being agreed to address any control issues identified. In some cases the service auditor was unable to gain audit evidence to some service provider records due to lockdown restrictions towards the end of 2019/20. In these circumstances the service auditor has issued a qualified opinion for the period for which they have been unable to test. There are also a limited number of other issues which service auditors have referred to in their opinion and these

are being addressed by services providers as a matter of priority. The issues identified are not considered to have a significant impact on the overall NHS England control environment.

We have moved to a 12 month service auditor report for Capita, based on the improving control environment.

Internal audit

The internal audit service plays a significant role in the independent review of the effectiveness of management controls, risk management, compliance and governance by:

- auditing the application of risk management and the internal control framework;
- reviewing key systems and processes;
- providing advice to management on internal control implications of proposed and emerging changes;
- being available to guide managers and staff on improvements in internal controls; and
- focusing audit activity on key business risks.

Our internal audit service, provided by Deloitte LLP, operates in accordance with Public Sector Audit Standards and to an annual internal audit plan approved by the Audit and Risk Assurance Committee.

The internal audit service submits regular reports on the effectiveness of our systems of internal control and management of key business risks, together with recommendations for improvement by management (including an agreed timetable for action). The status of audit recommendations is reported to each meeting of the Audit and Risk Assurance Committee. Due to the focus on COVID-19, the Committee agreed that nine audits would not occur, with remaining audit days used to support the COVID-19 incident response.

In 2020/21 NHS England and NHS Improvement will move to an internal audit service provided by a single supplier.

The Head of Internal Audit Opinion for 2019/20 is set out from page 81.

External Audit

During the year, the Audit and Risk Assurance Committee has worked constructively with the NAO Director responsible for health and his team. The work of external audit sits outside our governance arrangements but independently informs our consideration of control, compliance, governance and risk. The work of external audit is monitored by the Audit and Risk Assurance Committee through regular progress reports. These include summaries of the value for money work that is either directly relevant to our work or may provide useful insights to the Committee.

Control issues

During 2019/20 we have worked to build controls into management processes previously identified as requiring improvement:

Improving control processes for off-payroll workers

It is important that we have strong processes for the onboarding and recording of off-payroll workers to ensure we meet key requirements such as IR35 compliance and manage workforce resource efficiently and effectively.

During 2019/20 we have further embedded our enhanced control processes for off-payroll workers, which were introduced in April 2017. These processes are based on using the Electronic Staff Record (ESR) as a single means of managing workforce information. For clinical off payroll worker groups a dedicated project has been established to review engagement models in this area and reconfirm employment status. This work continues into 2020/21.

Managing third party contracts

We have continued to roll out our refreshed and enhanced approach to contract management which is based on Government Commercial Operating Standard methodologies. As at March 2020 we managed £1bn of spend covering 228 contracts through this approach.

Our risk-based approach, built on Government Commercial Operating Standards, assigns a named contract owner and manager to all our contracts to ensure clear responsibility and accountability. We categorise our contracts to ensure that the appropriate resource and expertise is assigned. This allows us to proactively manage risk and use commercial expertise where necessary.

Our approach is supported by training and development of staff with 86 staff across the organisation, including 38 business contract managers, receiving Government Commercial Function Contract Manager accreditation during 2019/20. Our revised processes, the ongoing rollout of this across the organisation and the provision of innovative commercial training, means that there is now greater assurance of our processes for managing third party contracts. Further work is planned for 2020/21 to further enhance these processes.

Primary Care Support England (PCSE) cervical screening

The national Cervical Screening Programme produces and sends around nine million invitation, reminder and result letters to women each year. Until 31 July 2019, these letters were sent as part of the PCSE contract with Capita Business Services Ltd.

On 23 July 2019, Capita informed NHS England that, as part of an IT audit, they had identified emails and scanned post that may not have been actioned or may have been delayed in being actioned. Investigation of this incident confirmed that 6,215 items related to the cervical screening service had not been processed between 2017 and 2019 due to IT system errors. NHS England declared this a serious incident and set up a clinically-led multi-agency panel to assess any risk of harm to the women affected. In line with the recommendation of PHE, all women potentially affected had their screening history audited to establish if they had experienced any delay in the management of their care. The conclusion of the panel was that there was no evidence that this incident had led to any patient harm because the 'fail-safes in the cervical screening system

operated as expected'. In line with good practice, a further audit will take place to ensure that any women who experienced a delay in attending a screening have not been adversely impacted.

From the 1 August 2019 the cervical screening administration service was transferred out of PCSE and has since been provided by the NHS North of England Commissioning Support Unit (NECS). 87 staff were transferred under TUPE from Capita to NECS. NECS has started a programme to review the services and identify priority areas for improvement, such as the incident management process. This improvement work will continue through 2020/21 and is being overseen by new governance arrangements.

PCSE performance management

The PCSE contract with Capita came into effect on the 1 September 2015 and initially runs until 2022. As was confirmed by the NAO and the Public Accounts Committee in 2018, NHS England's contracting out of the primary care support services contract has saved taxpayers tens of millions of pounds per annum. In the first four years of the contract, administrative savings of £116 million have been realised.

In the early years of the contract there were service issues, as disparate local services were consolidated into a national standard service. However, over the last year there has been a significant improvement in the performance of the services and the risk profile of this contract has reduced.

A key area of focus has been to address the historical issues with the pension records of GPs. The project to assure the quality of data held by Capita is on track to be complete in 2020/21, and this will be supported by the launch of the new GP Pensions system offering GPs greater access to up-to-date information on their pension contributions.

The programme to replace legacy IT systems used by the service has made progress over the last 12 months and is on track to be complete in 2020/21. In 2019/20 new and improved systems were introduced for paying opticians, managing pharmacy changes and administering the National Performers List. These new systems have addressed some long-standing weaknesses in process, such as having a single place to track applications and changes to our National Performers List.

Assurance framework for business critical models

Although the formal assessment of the quality assurance of analytical models has not been completed for this year's report, this should not be taken to indicate that quality assurance has not happened.

For instance, prior to the decision to adopt fixed provider payments during the COVID-19 response, work to set national tariffs was well advanced. This work included correcting a previously incorrect inclusion of a currency, relating to mental health services for Alzheimer's patients, that should have been subject to local price setting. For 2020/21 this currency has correctly been excluded from the proposed tariff, but a balancing adjustment to the total tariff quantum was omitted, meaning all national prices in the consultation tariff are 0.2% too high.

This would have meant a small but significant impact on the distribution of net resources between providers and commissioners. Checks to reconcile price setting with other budgetary analysis identified the issue and so identified an appropriate correction before the tariff was finalised for the then expected implementation.

NHS England and NHS Improvement will complete this work during 2020/21 and further embed a shared culture of quality assurance across all our analytical work.

NHSX governance arrangements

As part of the 'Being Excellent' programme initiated in October 2019 several workstreams were established following the completion of the formative stage in December. One of the workstreams was the 'Governance and Assurance workstream'. The Programme is set to deliver in three phases, the first of which was January-March 2020. The purpose of phase one was primarily to identify gaps and opportunities, develop systems and processes to support NHSX responsibilities, recommending and implementing delegations and enablers, as well as the professional capability required to deliver its plans. Due to the focus on responding to the COVID-19 pandemic, phase two is ongoing.

Review of economy, efficiency and effective use of resources

Allocations

NHS England has responsibility for allocating the NHS funding agreed with the DHSC as part of our Mandate. We are required to operate a transparent allocation process to ensure equal access for equal need. The NHS Act 2006 (as amended) also requires NHS England to have regard to reducing inequalities in access to and outcomes from healthcare.

In January 2019, the NHS England Board approved allocations for the five years from 2019/20 to 2023/24, deploying the long-term revenue funding settlement made available by the Government to support the implementation of the NHS Long Term Plan. Significant improvements were also made to the formulae through which resources are distributed to CCGs in 2019/20, on the basis of recommendations from the independent Advisory Committee on Resource Allocation.

These allocations remain the basis of our plans for 2020/21, updated for changes to tariff inflation and tariff adjustments.

Financial performance monitoring

In 2019/20 the financial position across the commissioning system has been reported monthly using the Integrated Single Financial Environment (ISFE) reporting system.

This has enabled a detailed monthly review by NHS England regional and national finance leadership teams, and the Chief Financial Officer. Regular updates on the overall financial position have been presented to the Delivery, Quality and Performance Committee and the NHS England public Board.

Individual CCG and direct commissioning financial performance is monitored against key performance indicators, with a focus on the underlying financial position of organisations and the presentation of any risks and mitigations, in addition to the reported forecast and year-to-date position. At critical points in the year the national team undertakes 'deep dives' with regional finance teams where organisational financial performance is analysed in greater detail.

Quarterly financial performance information for the commissioning sector at an organisational level is published on NHS England's website.

In 2019/20 NHS England and NHS Improvement have aligned financial performance monitoring across commissioner and provider sectors. At all levels the two organisations have been jointly assessing the combined financial and operational position across local systems and the NHS as a whole, resulting in joint reporting and review at Board level.

Central programme costs

One-year allocations were agreed for 2019/20 for our central programme resources and service development funding. Most of this resource has been made available for direct investment to deliver on the priorities and objectives outlined in the NHS Long Term Plan, in collaboration with STPs and ICSs, and focusing on priorities such as Urgent and Emergency Care, Primary Care, Cancer and Mental Health. The remaining available funding covers a variety of other operational commitments and charges for depreciation.

Cabinet Office efficiency controls

As part of the Government's control of expenditure, we are subject to specified expenditure controls. These controls cover a range of expenditure categories and require proposed expenditure to be approved to secure best value for money and ensure efficiency is being maximised. For expenditure above certain thresholds in specified categories (e.g., professional services and consultancy), approval is also sought from DHSC and for some cases this also requires approval from the Cabinet Office and/or HM Treasury.

In anticipation of the impact of COVID-19, additional commercial guidance was issued internally in alignment with Cabinet Office guidance to ensure control and best value for money could be secured in a timely way.

Counter fraud

NHS England and NHS Improvement investigate allegations of fraud related to our functions, where these are not undertaken by the NHS Counter Fraud Authority (NHSCFA), in addition to ensuring that appropriate anti-fraud arrangements are in place.

The directly employed NHS England Counter Fraud Team was established in 2018. The team assumed responsibility for NHS Improvement on 1 April 2019. To reflect these arrangements the Tackling Fraud, Bribery and Corruption Policy and Economic Crime Strategy was reviewed, updated and approved by the Audit and Risk Assurance Committee.

The Committee receives regular updates regarding the counter fraud function, proactive counter fraud work and the outcome of reactive investigations, as well as an Annual Counter Fraud Report. The Director of Financial Control has day-to-day operational responsibility for the NHS England and NHS Improvement counter fraud function, and the Chief Financial Officer provides executive support and direction.

The NHS Counter Fraud Authority (NHSCFA) undertakes an annual high-level estimate of the potential scale of fraud affecting the whole of the NHS. Its Strategic Intelligence Assessment for 2018/19 was recently published and reduced the estimated value of fraud relevant to the NHS as a whole from £1.27 billion to £1.21 billion which NHSCFA itself together with its partners have responsibility for tackling.

A number of initiatives continue to tackle the fraud risk in primary care, including the Prescription Exemption Checking Service, the Dental Benefit Eligibility Checking Service and other contractor focussed services managed by NHSBSA on behalf of NHS England. These schemes are designed to have a significant deterrent impact, resulting in net recoveries and behavioural change benefits of £36 million in 2019/20.

Ministerial Directions

NHS England received two ministerial directions in the course of 2019/20, in relation to clinicians pensions and the Mandate for 2019/20.

Pensions

In Autumn 2019 NHS England was asked by the Secretary of State to consider ways to alleviate the workforce capacity issues arising from some clinicians not wanting to maintain or increase their sessions and pensionable earnings due to the impact of the Annual Allowance Tax Charge. NHS England proposed an arrangement to incentivise clinicians to provide additional sessions by compensating them for utilising the 'Scheme Pays' facility in their NHS Pensions. In these circumstances, clinicians would elect that their 'pension pot' would pay their additional tax charges and NHS England would stand behind their employers' promise to compensate them for any shortfall arising from that upon retirement.

Accounting Officers are required to perform their duties in line with particular requirements set out in Managing Public Money (MPM). Given the risk that the proposed approach could be considered tax planning or tax avoidance, DHSC and HMT advised that a written ministerial direction was obtained before proceeding with the announcement. This was sought on 18 November 2019, and confirmed by way of a direction from the Secretary of State to the Chief Executives of NHS England and NHS Improvement in their capacity as additional Accounting Officers on 22 November. Advice was also obtained from HMRC and the Comptroller and Auditor General was informed.

Mandate 2019/20

NHS England and NHS Improvement undertook a variety of emergency actions to respond to the unfolding pandemic during the last quarter of 2019/20, ramping up in particular during March 2020. Acknowledging this, the Secretary of State wrote to NHS England on 29 March to recognise the extraordinary circumstances and to confirm that availability of funding would not be a barrier or cause delay to the actions that needed to be taken. NHS England was directed to continue with its response to the pandemic even where this meant spending would be in excess of formal delegated limits.

Head of Internal Audit opinion

My Head of Internal Audit has informed me that based on the internal audit work undertaken during 2019/20 and in the context of the overall environment for NHS England for 2019/20, the framework for governance and risk management has been substantially adequate and effective in 2019/20, whilst recognising the maturing nature of the governance framework and that future enhancements will be required due to the evolving nature of the joint organisation. I am also informed that the framework for internal control has been appropriately implemented in the organisation through 2019/20, except for two areas highlighted as needing strengthening, which NHS England is aware of:

- Clinical off-payroll workers.
- Business critical models.

In my internal auditors' view, taking into account the outstanding internal audit actions that have been addressed during the year, the status of the harmonised risk management processes and the response adopted for COVID-19 risk management, the design of the joint risk management framework at the year-end provides the foundation of a framework to take the organisation forward.

Their opinion is based on the underlying internal audit programme of work, designed to address the specific assurance requirements of the NHS England Board and focussed on areas of risk identified by management. The planned internal audit programme, including revisions to the programme during the year, has been reviewed and approved by the Audit and Risk Assurance Committee (ARAC). Results of internal audit work, including action taken by management to address issues included in internal audit reports, have been regularly reported to management and ARAC.

The opinion notes that NHS England took rapid steps in early 2020 to support the health care system. This resulted in changes to the internal control framework to enable the response. The changes took place after the internal audit work for 2019/20 had been completed and were not therefore subject to internal audit. Therefore, there is a need to confirm in 2020/21 that the changes that have been made to the internal control framework continue to support the organisation in an efficient and effective manner.

Overall summary

Over the year we have continued to build on our approach to governance, risk and internal controls and it is pleasing to see we have fewer areas of internal control weakness to address this year than in preceding years. We remain committed to delivering improvements in the areas highlighted in the audit opinion and work is already underway with our internal auditors to consider changes we made to our internal controls during our COVID-19 response.

Remuneration and Staff Report

Staff report

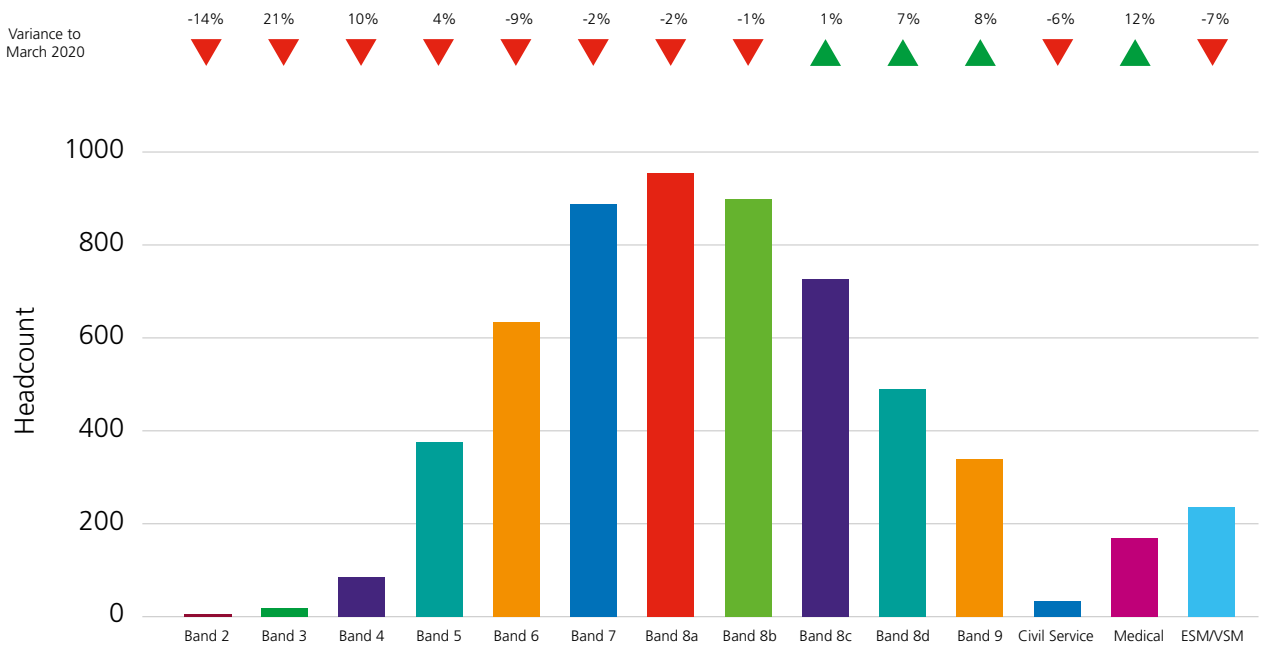
Our people

On 31 March 2020, NHS England directly employed 6,398[41] staff. Of these, 5,800 people were permanently employed on recurrent, open-ended contracts of employment, based around the country within our directorates and regions, and 598 people were employed on payroll on fixed term contracts of employment. A further 853 individuals were engaged in an off-payroll capacity which includes agency staff and secondees. Over half of directly employed staff (3,375) worked locally in our seven regions.

Detail on staff numbers and costs for NHS England and the Consolidated Group, including CSUs, are presented from page 91.

All staff by grade

The table below shows that, as at 31 March 2020, the headcount of permanent and fixed term staff in NHS England has reduced by 2% since 2018/19.



41 CSU staff are employed via the NHS BSA and therefore not included in this analysis. The analysis of CSU staff is presented from page x

Employment policies

We have a range of employment policies to support all staff which have been consulted on with trade unions and have been regularly reviewed to ensure they are in line with legislative changes. To support the alignment of NHS England and NHS TDA and Monitor, joint policies have and are being drafted to apply across the three employers. This is with the intention of ensuring consistency in the way in which individuals are managed and rewarded. Most staff are employed on NHS terms and conditions, whilst some Monitor staff are employed under their legally contractual terms.

Partnership working

We work in partnership with our recognised trade unions on a range of employment related and other issues, including organisational change. A National Joint Working Partnership Forum was established in 2018 with staff-side representation from all of our recognised trade unions and management representation from our three employers.

Trade Union (TU) facility time

Facility time is paid time off for representatives to carry out TU-related activities. The information below relates to TU facility time within NHS England.

a) TU representative: the total number of employees who were TU representatives during the relevant period:

Number of employees who were relevant union officials during the relevant period	FTE employee number
40	39.33

b) Percentage of time spent on facility time (duties and activities):

Percentage of time	Number of employees
0%	20
1-50%	20
51%-99%	n/a
100%	n/a

c) Percentage of pay bill spent on facility time:

Figures	Figures
Cost of facility time	£74,743
Total pay bill	£410.7 million
Percentage of the total pay bill spent on facility time	0.02%

d) Paid TU activities:

Figures	Figures
Time spent on paid TU activities as a percentage of total paid facility time hours	9.6%

Equal opportunities, diversity and inclusion

A joint NHS England and NHS Improvement Diversity and Inclusion strategy, From Ambition to Action, has been developed which sets out how the organisation will work towards improving the working lives of our diverse workforce. This mirrors the NHS People Plan's ambition for the NHS to become the best employer and complies with the Workforce Race Equality Standard Model Employer guidance.

The four areas of the strategy include leadership and culture change, accountability and assurance, positive action and specialist support. Several interventions to support delivery of the strategy have been piloted and evaluated and are now being rolled out across the joint organisation.

For example, we are breaking down hierarchies through reverse mentoring programmes where people in less senior pay bands are matched with more senior managers. We have also focused on improving our recruitment practice through inclusive recruitment guidance, supported by bespoke training which has been delivered to over 1,400 staff. We carry out equality impact assessments on our policies and processes and have implemented a new reasonable adjustment process that includes a workplace adjustment passport.

Joint working

We ensured that diversity and inclusion were embedded into decision making throughout all phases of joint working. This included carrying out equality impact assessments during the change programme, involving senior equality and diversity representatives in senior recruitment activity and bringing together and ensuring more collaboration on all staff networks and our diversity steering group.

Our Equality Standards

To support our Public Sector Equality Duty as a joint organisation, we participate in external monitoring standards which hold us accountable for improving workforce diversity and equality. These are the Workforce Race Equality Standard (WRES), the Stonewall Workplace Equality Index, and we will be participating in the newly-launched Workforce Disability Equality Standard.

Our organisational accreditations include Disability Confident Employer, which commits us to a wide range of actions to attract, recruit, retain and support staff who are disabled and differently-abled. We are also a Mindful Employer which reflects our pledge to end stigma around mental health.

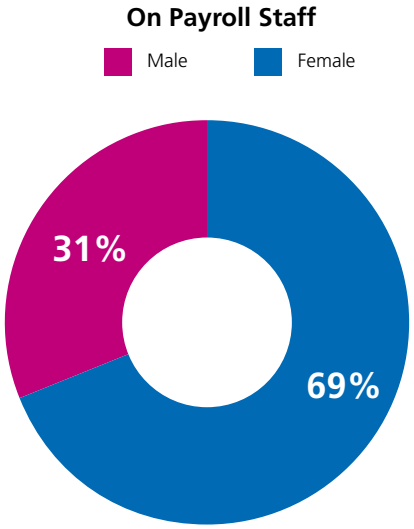
As a Stonewall Diversity Champion we draw on best practice to make our workplace safe and hospitable for colleagues of all gender identities and sexual orientations.

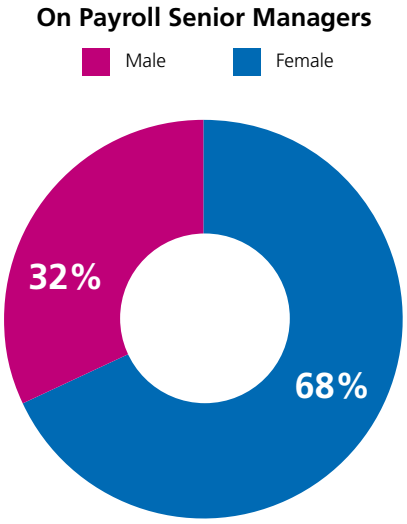
Staff networks

We support eight diversity staff networks across the joint organisation which provide peer support, influence policy development and create space where staff can speak up about areas that need to improve. Combined membership of staff networks amounts to over 2,800 staff across both organisations. We have also supported the development of new networks including a men's mental health group, and a menopause support group.

Gender of all staff and senior managers

The gender profile of the total 'on payroll' workforce is unchanged from 2018/19, and senior managers are now broadly in line with the overall profile, with 68% of our senior managers being female. The gender diversity of board members is set out on page 40.





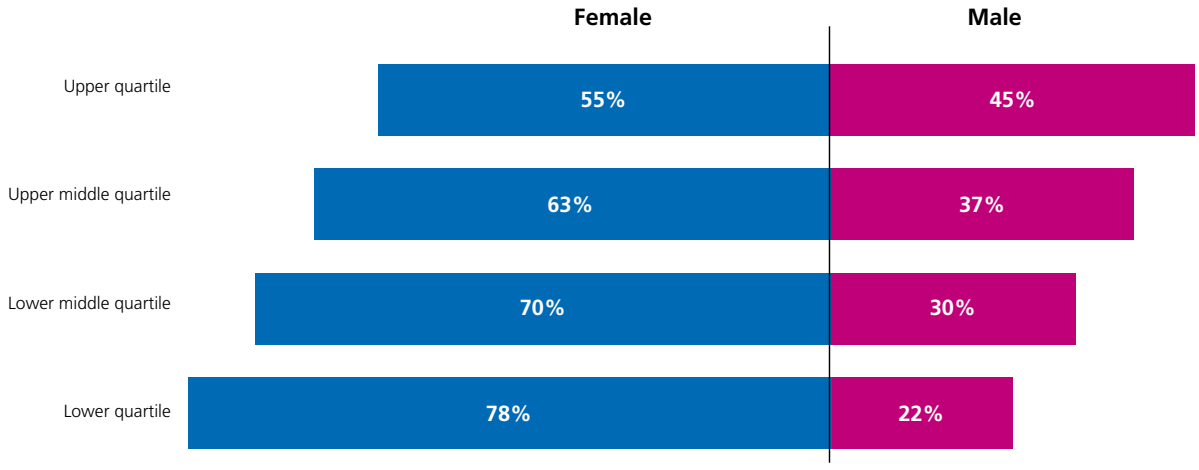
NHS England gender pay gap

Based on the Government's methodology, the median gender pay gap across NHS England is 14.7%, down from 22% the prior year.

Year	Median gender pay gap	Mean gender pay gap
2019	14.7%	18.3%
2018	22%	19.5%
2017	21.5%	21.2%

Pay quartiles by gender in NHS England and NHS Improvement on 31 March 2019

The proportion of males and females in each pay quartile in NHS England and NHS Improvement is detailed below. Women represent the majority of staff in the upper pay quartile.

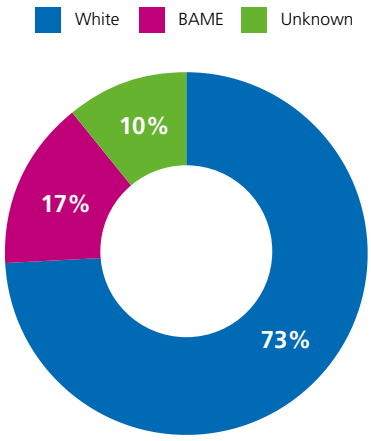


Working in partnership with our recognised trade unions and our Women's Network we continue to progress initiatives which aim to address gender equality in our workforce. Our Gender Pay Action Plan includes specific priorities around recruitment practice, reward and recognition, flexible working, developing talent pipelines and intersectionality.

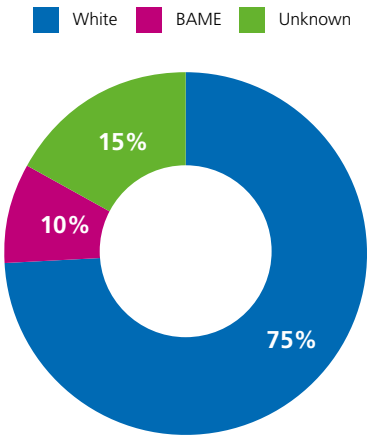
Ethnicity of all staff and senior managers

The proportion of people employed by NHS England that consider themselves to be from a black and minority ethnic (BAME) heritage has remained the same as 2018/19. 73% of all staff and 75% of senior managers report themselves to be white. For information on board diversity please see page 38. We continue to use the annual publication of the Workforce Race Equality Standard (WRES) data return as a driver for improvements in the working lives of BAME staff. NHS England and NHS Improvement are working to ensure that within five years at least 19% of all senior staff are from Black, Asian or minority ethnic backgrounds.

All staff by ethnicity



Senior managers by ethnicity

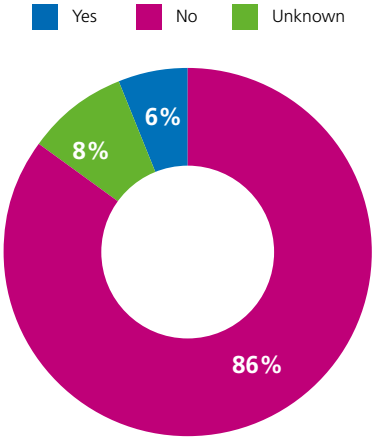


Declarations of disability or long term conditions

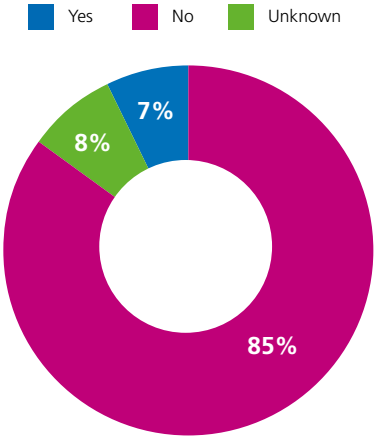
We have continued to work with our DAWN Network to support employees within the workplace, and strive to ensure that all decisions relating to employment practices are objective, free from bias and based solely upon work criteria and individual merit. These principles are reinforced within our joint Recruitment and Selection policy and our Equality, Diversity and Inclusion in the Workplace policy.

The percentage of staff that have declared a disability or long-term condition are given in the tables below.

Percentage of staff that declare a disability or long term condition in NHS England



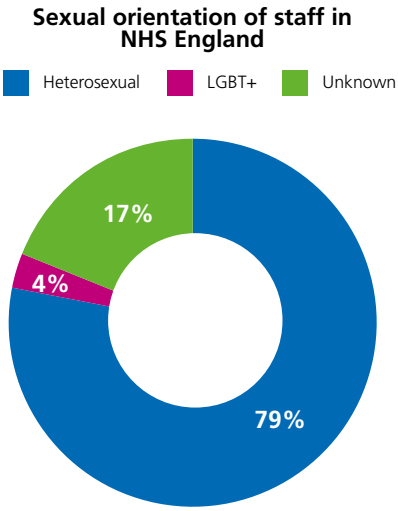
Percentage of senior managers that declare a disability or long term condition in NHS England

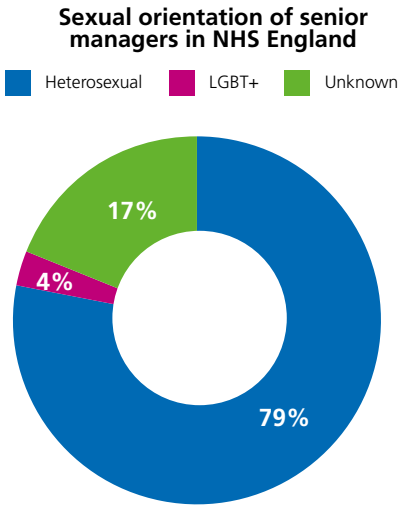


As a Disability Confident Employer, recognised by the Department for Work and Pensions (DWP), we continue to work towards fulfilling our commitments to employ more disabled staff, and support disabled staff to work, develop and progress.

Sexual orientation of staff and senior managers

The percentage of staff that disclose their identity as LGBT+ is given in the tables below.





In 2019/20 we submitted jointly to the Stonewall Workplace Equality Index for the first time, achieving a ranking of 113th out of 500 employers in LGBT equality. This position shows the positive impact of initiatives like our joint LGBT+ staff network's Trans and Bi Ally training.

Our culture and values

We have held culture sessions with our senior teams and introduced a series of Big Conversations to share work on culture change with colleagues.

Talent management and development

The joint organisation integrated its talent management and development and performance management processes into a single joint process from 1 April 2019 by introducing Quarterly Objectives Reviews and Career Development Conversations. These involve line managers and staff having a rolling cycle of conversations that include monthly, quarterly and annual check-ins that help informal relationship building, facilitate more formal objective reviews and a career development conversation. This process will be reviewed in 2020/21.

We have a range of initiatives that support our staff in their development and create opportunities for talented staff to progress their careers. These include our leadership and line management development programmes, stretch assignments, job shadowing, coaching and mentoring and 360° feedback.

We have a joint approach to apprenticeships and have continued to make progress towards meeting our public sector target with 16 completions and 46 apprentices currently in training, including 2 who are substantively employed by NHS Improvement. The apprenticeships are mainly focussed on higher level degree apprenticeships. NHS Improvement continues to support 13 trainees who are part of the NHS Graduate Trainee Scheme and explore options with other ALBs supporting the scheme in the future.

Workplace health, safety and wellbeing

We have continued to progress our Mental Health in the Workplace Strategy and have a range of services and resources in place to help support staff with their mental health. This includes a network of over 120 trained Mental Health First Aiders, access to the Work Mental Health Support Service, free access to various self-care apps and guidance and resources to help our managers.

We already had a good range of wellbeing support in place for our staff and this has been particularly important given the unprecedented impact of COVID-19 on our staff and their work. A range of resources are available for our staff including our free employee assistance programme, the support available from our occupational health provider, training and workshops on personal resilience, the NHS bereavement support service and various online resources. We have a well-established approach to identifying and managing interventions by carrying out stress and health risk assessments.

Staff engagement and feedback

In recognition of the importance of having dynamic and timely feedback throughout our change programme, we introduced a regular 'temperature check' to give staff an opportunity to shape how we implemented joint working.

As part of our move towards joint working we also conducted our first combined NHS England and NHS Improvement all-staff annual survey in January 2020.

Response to the COVID-19 Incident

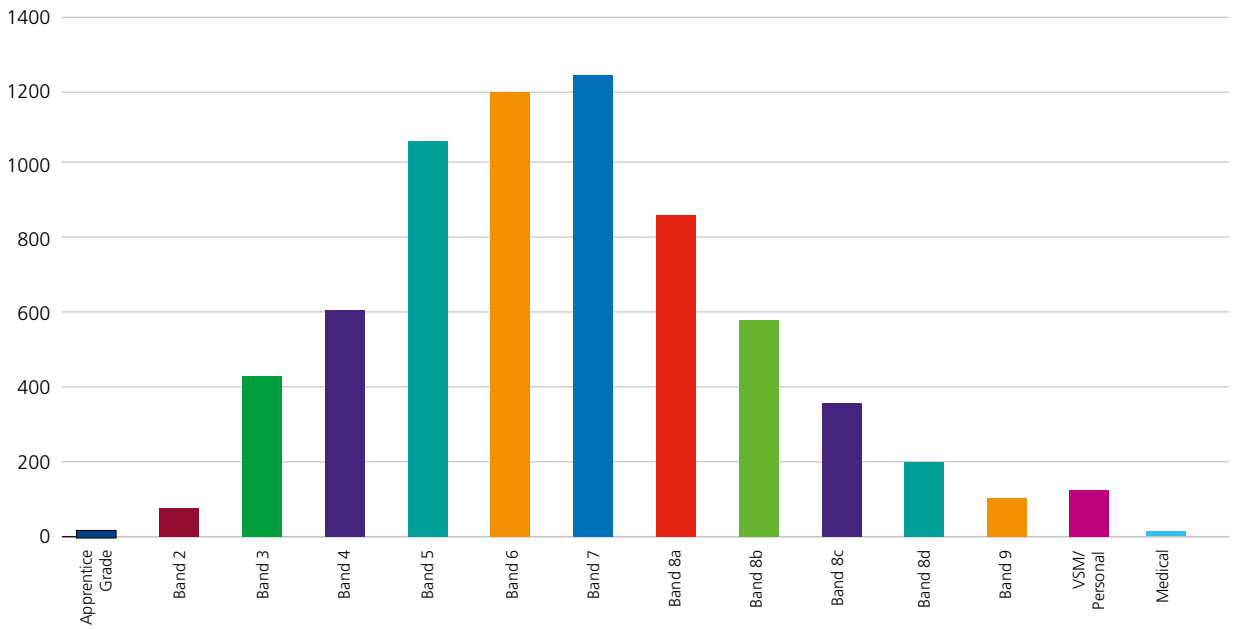
The COVID-19 incident at the end of 2019/20 had, and continues to have, a significant impact on our ways of working. However, we adapted in an agile way. The implementation of Microsoft Teams as our main audio and video conferencing tool was instrumental in enabling a quick move to offsite working. We quickly developed extensive online guidance to support our staff and provided weekly updates to wide ranging frequently asked questions relating to COVID-19 and new ways of working. We were also able to build on our existing wellbeing offer to support our colleagues during this challenging time and created an online absence tracker to help understand the impact of absence and self-isolation relating to COVID-19.

Although we still implemented our new structures as planned, we moved into a new operating mode and re-prioritised all activity around the COVID-19 incident, whilst maintaining other business critical services. A key focus of this was resourcing and included enabling a number of our staff to return to front line and operational roles, redeploying as many people as possible into COVID-19 related activity such as our EPRR unit and regional response teams and developing a fast-track approach to recruiting and contracting new staff into the organisation for COVID-19 related activity. A number of our staff that were due to leave at the end of 2019/20 deferred their leaving date to bolster our response to COVID-19.

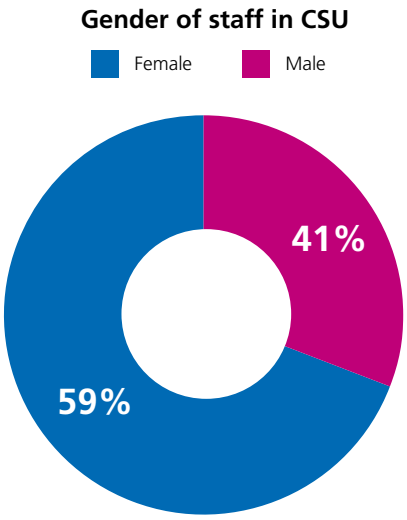
CSUs

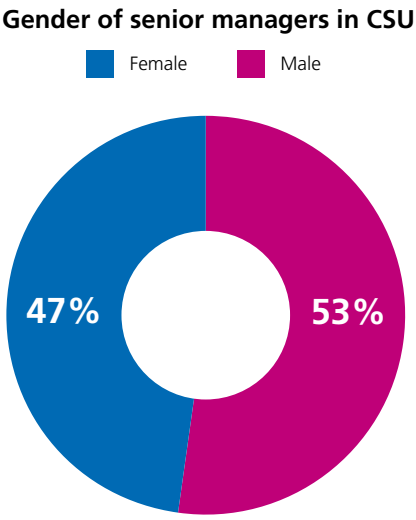
As at 31 March 2020, CSUs directly employ 6,542 people. Of these 6,273 people were permanently employed on recurrent, open-ended contracts of employment, based around the country within the five separate organisations. In addition, a further 269 people were employed on payroll on fixed term contracts of employment.

All CSU staff by pay band



All CSU staff by gender and CSU senior managers by gender





Employee benefits and staff numbers (subject to audit)

Detail on staff numbers and costs for NHS England and the Consolidated Group, including CSUs, are presented in the following tables:

Average number of people employed

Parent	2019/20				
	Permanently employed number	CSU employed number	Other number	CSU other number	Total number
Total	5,746	6,273	731	269	**13,019**
Of the above: Number of whole time equivalent people engaged on capital projects	-	-	4	-	4

Parent	2018/19				
	Permanently employed number	CSU employed number	Other number	CSU other number	Total number
Total	5,866	6,056	794	344	**13,060**
Of the above: Number of whole time equivalent people engaged on capital projects	-	-	-	-	-

Consolidated Group	2019/20				
	Permanently employed number	CSU employed number	Other number	CSU other number	Total number
Total	24,575	6,273	2,437	269	**33,554**
Of the above: Number of whole time equivalent people engaged on capital projects	3	-	4	-	7

Consolidated Group	2018/19				
	Permanently employed number	CSU employed number	Other number	CSU other number	Total number
Total	24,011	6,056	2,680	344	**33,091**
Of the above: Number of whole time equivalent people engaged on capital projects	-	-	1	-	1

Employee benefits

Parent

	2019/20				
	Permanent employees £000	**CSU employees £000**	**Other £000**	**CSU other £000**	**Total £000**
Employee benefits					
Salaries and wages	316,661	258,709	46,653	21,315	**643,338**
Social security costs	36,307	28,459	3	1	**64,770**
Employer contributions to NHS Pension scheme	57,759	47,212	6	2	**104,979**
Other pension costs	-	-	-	-	**-**
Apprenticeship Levy	1,582	1,204	-	-	**2,786**
Termination benefits	10,573	8,180	-	-	**18,753**
Gross employee benefits expenditure	422,882	343,764	46,662	21,318	**834,626**
Less: Employee costs capitalised	-	-	(341)	-	**(341)**
Net employee benefits excluding capitalised costs	**422,882**	**343,764**	**46,321**	**21,318**	**834,285**
Less recoveries in respect of employee benefits	(410)	-	-	-	**(410)**
Total net employee benefits	**422,472**	**343,764**	**46,321**	**21,318**	**833,875**

Parent

	2018/19				
	Permanent employees £000	**CSU employees £000**	**Other £000**	**CSU other £000**	**Total £000**
Employee benefits					
Salaries and wages	308,102	242,344	49,765	31,343	**631,554**
Social security costs	34,967	25,739	114	-	**60,820**
Employer contributions to NHS Pension scheme	39,358	30,828	14	1	**70,201**
Other pension costs	-	-	-	-	-
Apprenticeship Levy	1,537	948	-	-	**2,485**
Termination benefits	4,012	2,721	-	-	**6,733**
Gross employee benefits expenditure	**387,976**	**302,580**	**49,893**	**31,344**	**771,793**
Less: Employee costs capitalised	-	-	-	-	-
Net employee benefits excluding capitalised costs	**387,976**	**302,580**	**49,893**	**31,344**	**771,793**
Less recoveries in respect of employee benefits	(592)	-	-	-	**(592)**
Total net employee benefits	**387,384**	**302,580**	**49,893**	**31,344**	**771,201**

Employee benefits

Consolidated Group	2019/20				
	Permanent employees £000	CSU employees £000	Other £000	CSU other £000	Total £000
Employee benefits					
Salaries and wages	1,217,294	258,709	165,685	21,315	**1,663,003**
Social security costs	133,459	28,459	706	1	**162,625**
Employer contributions to NHS Pension scheme	220,789	47,212	668	2	**268,671**
Other pension costs	195	-	-	-	**195**
Apprenticeship Levy	3,970	1,204	-	-	**5,174**
Termination benefits	20,517	8,180	-	-	**28,697**
Gross employee benefits expenditure	**1,596,224**	**343,764**	**167,059**	**21,318**	**2,128,365**
Less: Employee costs capitalised	(223)	-	(341)	-	**(564)**
Net employee benefits excluding capitalised costs	**1,596,001**	**343,764**	**166,718**	**21,318**	**2,127,801**
Less recoveries in respect of employee benefits	(8,905)	-	(468)	-	**(9,373)**
Total net employee benefits	**1,587,096**	**343,764**	**166,250**	**21,318**	**2,118,428**

Consolidated Group	2018/19				
	Permanent employees £000	CSU employees £000	Other £000	CSU other £000	Total £000
Employee benefits					
Salaries and wages	1,142,091	242,344	188,425	31,343	**1,604,203**
Social security costs	125,319	25,739	686	-	**151,744**
Employer contributions to NHS Pension scheme	144,486	30,828	553	1	**175,868**
Other pension costs	60	-	-	-	**60**
Apprenticeship Levy	3,439	948	-	-	**4,387**
Termination benefits	10,481	2,721	-	-	**13,202**
Gross employee benefits expenditure	**1,425,876**	**302,580**	**189,664**	**31,344**	**1,949,464**
Less: Employee costs capitalised	-	-	(51)	-	**(51)**
Net employee benefits excluding capitalised costs	**1,425,876**	**302,580**	**189,613**	**31,344**	**1,949,413**
Less recoveries in respect of employee benefits	(7,151)	-	(430)	-	**(7,581)**
Total net employee benefits	**1,418,725**	**302,580**	**189,183**	**31,344**	**1,941,832**

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

Sickness absence

Sickness absence rates for 2019/20 are published on the NHS Digital website[42].

Exit packages, severance payments and off-payroll engagements

Expenditure on consultancy and contingent labour

Expenditure on consultancy is detailed in the Annual Accounts under Note 4: Operating Expenses. NHS England and CSUs procured consultancy services worth £2.5 million during the financial year, a decrease of £6.2 million since 2018/19 (2018/19: £8.7 million).

Across the group, there was a total spend of £46 million on consultancy services during the period, against £64 million the previous year.

Expenditure on contingent labour, including agency staff and secondees, is given in the Annual Accounts on page 92: Employee Benefits and Staff Numbers under the 'other' column.

Net expenditure for NHS England and CSUs in this area was £68 million in 2019/20, against £81 million in 2018/19. Across the group, there was a total spend of £188 million on contingent labour during the year, against £221 million the previous year.

Further detail on efficiency controls, and steps we have taken to improve procurement practices and compliance within NHS England during the year, can be found in our Governance Statement from page 59.

Off-payroll engagements

NHS England and NHS Improvement are committed to employing a capable, talented and diverse on-payroll workforce to support the delivery of its Business Plan. It is recognised that in some circumstances the use of off-payroll workers, working alongside our on-payroll workforce, represents the most effective use of NHS resources in the organisation's pursuit of specific business objectives. To reduce running costs, use of fixed term or non-permanent roles can help reduce our future redundancy liabilities and costs. Furthermore, for some of our time-limited programmes, it makes sense to use short term contracts.

The following tables identify off-payroll workers engaged by NHS England as at March 2020.

Table 1: Off-payroll engagements longer than six months

Off-payroll engagements as at 31 March 2020, covering those earning more than £245 per day and staying longer than six months are as follows:

	NHS England (number)	CSUs (number)	Total (number)
Number of existing engagements as of 31 March 2020	573	26	599
Of which, the number that have existed:			
for less than one year at the time of reporting	266	17	283
for between one and two years at the time of reporting	70	9	79
for between 2 and 3 years at the time of reporting	140	0	140
for between 3 and 4 years at the time of reporting	63	0	63
for 4 or more years at the time of reporting	34	0	34

42 https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

The majority of off-payroll workers that provide services to NHS England are clinical medical staff. All existing off-payroll engagements, outlined above, have been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, assurance has been sought.

Table 2: New off-payroll engagements

New off-payroll engagements or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last longer than six months are as follows:

	NHS England	CSUs	Total
Total number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	312	77	389
Of which:			
Number assessed as caught by IR35	30	71	101
Number assessed as NOT caught by IR35	282	6	288
Number engaged directly via Personal Service Company (PSC) contracted to department and are on departmental payroll	0	0	0
Number of engagements reassessed for consistency / assurance purposes during the year	0	0	0
Number of engagements that saw a change to IR35 status following the consistency review	2	0	2

Table 3: Off-payroll board member/senior official engagement

Off-payroll engagements of Board members and/or senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020 are shown in the table below:

	NHS England (number)	CSUs (number)	Total (number)
Number of off-payroll engagements of Board members, and/or senior officers with significant financial responsibility, during the financial year	0	0	0
Total number of individuals on payroll and off-payroll that have been deemed "Board members, and/or, senior officials with significant financial responsibility", during the financial year.	257	38	295

Further detail on commercial approvals, and steps we have taken to improve procurement practices and compliance within NHS England during the year, can be found in our Governance Statement from page 59.

Exit packages including severance payments (subject to audit)

NHS England operates robust internal controls in respect of such matters, and any proposed non-contractual severance payments would first have to be scrutinised and approved by the Executive HR Sub-Committee before being considered by DHSC and HM Treasury. Details of exit packages agreed over the year are detailed in the following tables. All contractual severance payments were subject to full external oversight by DHSC.

Exit packages agreed during the year: Compulsory redundancies

Parent	2019/20			2018/19		
	Compulsory redundancies number	Other agreed departures number	Total number	Compulsory redundancies number	Other agreed departures number	Total number
Less than £10,000	28	5	33	23	8	31
£10,001 to £25,000	67	1	68	20	-	20
£25,001 to £50,000	57	1	58	20	-	20
£50,001 to £100,000	75	1	76	26	-	26
£100,001 to £150,000	35	-	35	15	-	15
£150,001 to £200,000	26	-	26	17	-	17
Over £200,001	-	-	-	-	-	-
Total	**288**	**8**	**296**	**121**	**8**	**129**
Total cost (£000)	**17,397**	**114**	**17,511**	**7,640**	**37**	**7,677**

Consolidated Group	2019/20			2018/19		
	Compulsory redundancies number	Other agreed departures number	Total number	Compulsory redundancies number	Other agreed departures number	Total number
Less than £10,000	85	92	177	82	47	129
£10,001 to £25,000	112	41	153	67	33	100
£25,001 to £50,000	88	23	111	43	11	54
£50,001 to £100,000	97	20	117	52	13	65
£100,001 to £150,000	46	3	49	31	1	32
£150,001 to £200,000	44	4	48	29	1	30
Over £200,001	-	-	-	4	-	4
Total	**472**	**183**	**655**	**308**	**106**	**414**
Total cost (£000)	**25,242**	**4,205**	**29,447**	**16,246**	**2,327**	**18,573**

	2019/20	2018/19
	Departures where special payments have been made	Other agreed departures
	number	number
£10,001 to £25,000	1	-
Total	**1**	**-**
Total cost (£000)	**20**	**-**

Exit packages agreed during the year: Other agreed departures

	2019/20		2018/19	
	Other agreed departures		Other agreed departures	
Parent	**number**	**£000**	**number**	**£000**
Contractual payments in lieu of notice	8	114	8	37
Total	**8**	**114**	**8**	**37**

	2019/20		2018/19	
	Other agreed departures		Other agreed departures	
Consolidated Group	**number**	**£000**	**number**	**£000**
Voluntary redundancies including early retirement contractual costs	25	1,447	12	661
Mutually agreed resignations (MARS) contractual costs	41	1,022	19	584
Early retirements in the efficiency of the service contractual costs	1	21	1	10
Contractual payments in lieu of notice	116	1,715	72	1,055
Exit payments following Employment Tribunals or court orders	-	-	1	14
Non-contractual payments requiring HM Treasury approval	-	-	1	3
Total	**183**	**4,205**	**106**	**2,327**

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.

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.

Exit costs are accounted for in accordance with relevant accounting standards and are paid in accordance with NHS England's redundancy policy.

Where NHS England and CCGs have agreed early retirements the additional costs are met by NHS England or the CCG, 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.

Remuneration Report

Strategic HR and Remuneration Committee

Detail on the role and activity of the Strategic HR and Remuneration Committee is given in our Directors' Report on page 50.

Pay multiples (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid member of the Board in the financial year 2019/20 was £255,000 to £260,000 (2018/19: £220,000-£225,000). This was 5.88 times the median remuneration of the workforce, which was £43,772 (2018/19: £41,034: 5.42).

During 2019/20 the Chief Executive Officer, Sir Simon Stevens, voluntarily took a £20,000 per annum pay cut for the sixth year in a row.

In 2019/20, no employees received pro-rata remuneration in excess of the highest-paid member of the Board (2018/19: 1). Remuneration ranged from £7,883 to £260,000 (2018/19: £6,453 to £225,000).

Total remuneration includes salary, non-consolidated performance-related pay (PRP) and benefits in kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Policy on remuneration of senior managers

The framework for the remuneration of executive directors is set by the DHSC through the Executive Senior Manager (ESM) pay framework for ALBs.

It is the policy of NHS England and NHS Improvement to pay salaries that are appropriate to recruit senior managers with the necessary skills, capability and experience necessary for the effective running of a more than £124 billion organisation, whilst recognising the importance of demonstrating pay restraint at a time of considerable pressure on NHS finances. Recommending appropriate remuneration for executive directors is undertaken by NHS England's Strategic HR and Remuneration Committee and NHS Improvement's Nomination and Remuneration Committee, with board committee meetings held in common. Final decisions are made by the DHSC ALB Remuneration Committee and Ministers and HM Treasury, where appropriate.

Performance related pay

The performance related pay (PRP) arrangements for national (executive) directors are set out in the ESM pay framework for ALBs. They follow guidance prescribed by DHSC and are in line with HM Treasury requirements. As a local policy decision, NHS England and NHS Improvement do not currently allocate any funding for PRP non-consolidated bonus payments. In recognition of the current economic climate and the need to provide effective system leadership for the NHS, the decision was taken by the Strategic HR and Remuneration Committee and Nomination and Remuneration Committee not to allocate funds for PRP non-consolidated bonus payments for 2019/20. Secondees are subject to the terms and conditions of their employing organisation.

Policy on senior managers' contracts

Contracts of employment for senior managers are open-ended and recurrent, unless otherwise specified. Notice periods follow the provisions of the ESM contract of employment, as applied by NHS England and NHS Improvement, of six months contractual notice. Termination payments are only able to be authorised where these are contractual and, subject to the value involved, may still require further approval from the DHSC Governance and Assurance Committee. Any proposed non-contractual special severance payments requires formal approval from the DHSC Governance and Assurance Committee and HM Treasury.

Payments were made to six senior managers to compensate for loss of office during 2019/20 and details of these payments are included in the senior manager salary and pension entitlement table on page 101.

No payments have been made to past directors and no compensation has been paid on early retirement.

Senior managers' service contracts (not subject to audit)

Name and title	Date of appointment	Notice period	Provisions for compensation for early termination	Other details
Sir Simon Stevens Chief Executive Officer – NHS England	1 April 2014	6 months	Option to provide taxable pay in lieu of part or all of the notice period	
Matthew Swindells Deputy Chief Executive – NHS England	30 May 2016	6 months		Left NHS England on 31 July 2019
Amanda Pritchard Chief Operating Officer – Joint	31 July 2019	6 months		
Ian Dodge National Director for Strategy and Innovation – Joint	7 July 2014	6 months		
Dr. Emily Lawson National Director of Transformation and Corporate Development – Joint	1 November 2017	6 months		
Professor Stephen Powis National Medical Director – Joint	1 March 2018	6 months		
Julian Kelly Chief Financial Officer – Joint	1 April 2019	6 months		
Ruth May Chief Nursing Officer – Joint	7 January 2019	6 months		
Prerana Issar Chief People Officer – Joint	1 April 2019	6 months		
Matthew Gould CMG MBE National Director for Digital Transformation – Joint	3 June 2019	6 months		

From 1 April 2019, the senior managers indicated as 'Joint' in the above table were jointly appointed across NHS England and NHS Improvement (consisting of NHS TDA and Monitor). Full salary disclosures are included in all the entity Remuneration Reports, within the underlying accounts, and the costs are split equally between NHS England and NHS Improvement. Within NHS Improvement costs are split 2:1 NHS TDA:Monitor.

Remuneration (salary, benefits in kind and pensions) 2019/20 (subject to audit)

Name and Title	(a) Salary (bands of £5,000)	(b) Benefits in kind (taxable) to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	(d) Long term performance pay and bonuses (bands of £5,000)	(e) All pension-related benefits (to the nearest £1,000)	(f) TOTAL (a to e) (bands of £5,000)
	£000	£s	£000	£000	£000	£000
Sir Simon Stevens Chief Executive Officer[43]	195-200	0	0	0	26	220-225
Matthew Swindells Deputy Chief Executive[44]	85-90	0	0	0	0	85-90
Amanda Pritchard Chief Operating Officer[45]	170-175	0	0	0	39	210-215
Ian Dodge National Director for Strategy and Innovation	170-175	0	0	0	30	200-205
Dr. Emily Lawson National Director of Transformation and Corporate Development	205-210	0	0	0	0	205-210
Professor Stephen Powis National Medical Director	220-225	0	0	0	0	220-225
Julian Kelly Chief Financial Officer[46]	205-210	0	0	0	46	250-255
Ruth May Chief Nursing Officer	175-180	0	0	0	127	305-310
Prerana Issar Chief People Officer[47]	230-235	0	0	0	52	280-285
Matthew Gould CMG MBE National Director for Digital Transformation[48]	0	0	0	0	0	0

Note: Taxable expenses and benefits in kind are expressed to the nearest £100.

43 On joining NHS England on 1 April 2014, Sir Simon Stevens voluntarily reduced his pay by 10% from the substantive rate of pay for the post of Chief Executive, which would normally be within the range £215,000–£220,000. Mr Stevens has continued with this voluntary reduction in pay throughout 2019/20.

44 Matthew Swindells left NHS England on 31 July 2019. The full year equivalent salary is £205,000-£210,000. Mr Swindells was paid a redundancy payment in the salary range of £15,000 - £20,000 in July 2019 as compensation for loss of office. This is included in the salary band disclosed within the table.

45 Amanda Pritchard commenced in both posts on 31 July 2019 with her salary recharged to NHS England and NHS Improvement from Guy's and St Thomas' NHS Foundation Trust where she is also formally employed and retains a post. The full year equivalent salary is £255,000-£260,000

46 Julian Kelly formally commenced in the joint post on 1 April 2019.

47 Prerana Issar commenced in the joint post on 1 April 2019.

48 Matthew Gould CMG MBE commenced in post on 1 July 2019 with his salary costs met wholly by the DHSC, where he is also formally employed and retains a post. The full year equivalent salary is £120,000-£125,000.

Remuneration (salary, benefits in kind and pensions) 2018/19 (subject to audit)

Name and Title	(a) Salary[49] (bands of £5,000)	(b) Benefits in kind (taxable) to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	(d) Long term performance pay and bonuses (bands of £5,000)	(e) All pension-related benefits[50] (to the nearest £1,000)	(f) TOTAL (a to e) (bands of £5,000)
	£000	£s	£000	£000	£000	£000
Sir Simon Stevens Chief Executive Officer[51]	190-195	0	0	0	45	235-240
Matthew Swindells Deputy Chief Executive[52]	205-210	0	0	0	0	205-210
Paul Baumann CBE Chief Financial Officer[53]	130-135 (pro-rata)	0	0	0	0	130-135 (pro-rata)
Professor Jane Cummings CBE Chief Nursing Officer[54]	140-145 (pro-rata)	0	0	0	0	140-145 (pro-rata)
Ian Dodge National Director: Strategy[55]	165-170	0	0	0	39	205-210
Dr. Emily Lawson National Director: Transformation and Corporate Operations[56]	190-195	0	0	0	0	190-195
Professor Stephen Powis National Medical Director	220-225	0	0	0	0	220-225
Matthew Style Acting Chief Financial Officer[57]	55-60 (pro rata)	0	0	0	12 (pro rata)	70-75 (pro rata)
Ruth May Chief Nursing Officer[58]	40-45 (pro rata)	0	0	0	3 (pro rata)	40-45 (pro rata)

49 The salaries disclosed are inclusive of the 2018 ESM Pay Award. Although this was not implemented within the 2018/19 reporting period, approval was received before the date the accounts were authorised for issue under IAS 10 Events after the Reporting Period and have therefore been included for disclosure. This is excluding Professor Stephen Powis as he attracts Medical & Dental Terms and Conditions.

50 The 2018 ESM Pay Award has not been included in the calculation of all pension-related benefits. This is due to approval for payment of the Pay Award being received outside of the 2018/19 reporting period.

51 On joining NHS England on 1 April 2014, Sir Simon Stevens voluntarily reduced his pay by 10% from the substantive rate of pay for the post of Chief Executive, which would normally be within the range £210,000–£215,000. Sir Simon Stevens continued with this voluntary reduction in pay throughout 2018/19.

52 Matthew Swindells' took on the position title of Deputy Chief Executive from 01 September 2018.

53 Paul Baumann CBE left on 18 November 2018. The full year equivalent salary is £210,000-£215,000.

54 Professor Jane Cummings CBE continued to receive an additional responsibility allowance during 2018/19 for covering the London regional director role up until her retirement on 31 December 2018. The full year equivalent salary is £185,000-£190,000.

55 Ian Dodge took on the position title of National Director: Strategy and Innovation from 1 July 2017. This was not disclosed in the 2017/18 audited accounts, therefore is retrospectively being reported.

56 Dr. Emily Lawson continued to receive an additional responsibility allowance during 2018/19 that recognised extra duties in relation to the PCS service.

57 Matthew Style commenced in post on 19 November 2018. The full year equivalent salary is £160,000-£165,000. Mr Style chose to have Childcare Voucher deductions made from his salary via salary sacrifice. The full year equivalent salary remains at £160,000-£165,000 when taking into account the salary being sacrificed.

58 Ruth May was jointly appointed with NHS Improvement on 7 January 2019. The cost for the remuneration figures disclosed is wholly met by NHS Improvement. The full year equivalent salary is £175,000 to £180,000.

Pension benefits (subject to audit)

Name and Title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2019[59]	Real Increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2020	Employers contribution to partnership pension
	£000	£000	£000	£000	£000	£000	£000	£000
Sir Simon Stevens Chief Executive Officer[60]	0-2.5	0-2.5	40-45	60-65	658	28	716	0
Matthew Swindells Deputy Chief Executive[61]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Amanda Pritchard Chief Operating Officer[62]	2.5-5	(2.5)-0	70-75	130-135	945	24	1,040	0
Ian Dodge National Director for Strategy and Innovation[63]	0-2.5	N/A	15-20	N/A	176	14	211	0
Dr. Emily Lawson National Director of Transformation and Corporate Development[64]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Professor Stephen Powis National Medical Director[65]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Julian Kelly Chief Financial Officer	2.5-5	N/A	0-5	N/A	1	15	48	0
Ruth May Chief Nursing Officer[66]	5-7.5	17.5-20	70-75	215-220	1,317	146	1,508	0
Prerana Issar Chief People Officer	2.5-5	N/A	0-5	N/A	0	13	47	0
Matthew Gould CMG MBE National Director for Digital Transformation[67]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

59 As per previous submissions, the column Cash Equivalent Transfer Value at 31 March 2019 is the uninflated value whereas the real Increase in CETV is the employer funded increase.
60 Sir Simon Stevens chose to opt out of the NHS Pension Scheme on 1 October 2019.
61 Matthew Swindells chose not to be covered by the NHS Pension arrangements during the reporting year up until the end of his employment with NHS England.
62 Amanda Pritchard commenced in post on 31 July 2019, therefore the Pension Benefits disclosed are pro-rata for the period 31 July 2019 to 31 March 2020.
63 Ian Dodge chose to opt out of the NHS Pension Scheme on 1 December 2019.
64 Dr. Emily Lawson chose not to be covered by the NHS Pension arrangements during the reporting year.
65 Professor Stephen Powis chose not to be covered by the NHS Pension arrangements during the reporting year.
66 Ruth May chose to opt out of the NHS Pension Scheme on 1 May 2019 and opt back into the NHS Pension Scheme on 1 December 2019.
67 Matthew Gould CMG MBE commenced in post on 1 July 2019, with costs met wholly by the DHSC where he is also formally employed and retains a post.

Cash equivalent transfer values (CETV)

A CETV is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's (or other allowable beneficiary's) pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred in to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation or contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Policy on remuneration of non-executive directors

The remuneration of non-executive directors is set by DHSC upon appointment. All non-executive directors are paid the same amount, except the Chair, Vice-Chair and Chair of the Audit and Risk Assurance Committee, to reflect the equal time commitment expected from each non-executive director. The Chair, Vice-Chair and Chair of ARAC are entitled to higher amounts to reflect the increased time commitment associated with their respective roles.

Some non-executive directors, including the Vice-Chair, have opted to waive their contractual remuneration. Non-executive directors do not receive PRP or pensionable remuneration.

Non-executive director service contracts

Name and title	Date of appointment	Unexpired term at 31 March 2020	Notice period	Provisions for compensation for early termination	Other details
Lord David Prior Chair	31 October 2018	31 months	6 months	None	
David Roberts CBE Vice-Chair	1 July 2014, reappointed to a second term on 1 July 2018	15 months	None	None	Waived entitlement to remuneration
Noel Gordon Non-executive director	1 July 2014, reappointed to a second term on 1 July 2018	15 months	None	None	
Wendy Becker Non-executive director	1 March 2016	0 months	None	None	Waived entitlement to remuneration from September 2016. Left NHS England 27 June 2019
Michelle Mitchell OBE Non-executive director	1 March 2016	0 months	None	None	Left NHS England 29 February 2020
Joanne Shaw Non-executive director	1 October 2016	6 months	None	None	
Richard Douglas CB Associate Non-executive director	1 March 2018	0 months	None	None	Left NHS England 29 February 2020
Professor Sir Munir Pirmohamed Non-executive director	1 January 2019	21 months	None	None	

Non-executive director remuneration (including salary entitlements)

Salaries and allowances 2019/20 (subjected to audit)

Name of non-executive director	2019/20					
	A: Salary (bands of £5,000)	B: Benefits in kind (taxable) Rounded to nearest £100	C: Performance pay and bonuses (bands of £5,000)	D: Long term performance pay and bonuses (bands of £5,000)	E: All pension-related benefits[68] (bands of £2,500)	F: TOTAL (A to E) (bands of £5,000)
	£000	£s	£000	£000	£000	£000
Lord David Prior Chair[69]	60-65	0	0	0	N/A	60-65
David Roberts CBE Vice-Chair[70]	0	0	0	0	N/A	0
Wendy Becker[71]	0	0	0	0	N/A	0
Noel Gordon	5-10	0	0	0	N/A	5-10
Michelle Mitchell OBE[72]	5-10	0	0	0	N/A	5-10
Joanne Shaw	25-30	0	0	0	N/A	25-30
Richard Douglas CB[73] Associate non-voting	5-10	0	0	0	N/A	5-10
Professor Sir Munir Pirmohamed[74]	5-10	0	0	0	N/A	5-10

68 Non-executive directors do not receive pensionable remuneration, and therefore have no pension related benefits.

69 Lord David Prior incurred an underpayment of salary amounting to £169.35 during the 2018/19 financial year and this was paid in 2019/20. In 2018/19 pension deductions of £3,281.25 were taken in error from Lord David Prior; these pension deductions were refunded in full during 2019/20. These payments are not included in the total remuneration figures disclosed.

70 David Roberts CBE has waived his entitlement to non-executive director remuneration. David Roberts CBE is also an associate (non-voting) non-executive director at NHS Improvement up until 31 March 2020.

71 Wendy Becker waived her entitlement to non-executive director remuneration from the 1 September 2016. Wendy Becker left NHS England on 27 June 2019. The full year equivalent salary is £5,000 - £10,000.

72 Michelle Mitchell left NHS England on 29 February 2020. The full year equivalent salary is £5,000-£10,000.

73 Richard Douglas CB left NHS England on 29 February 2020. The full year equivalent salary is £5,000-£10,000. Richard Douglas CB is also non-executive director at NHS Improvement and this tenure continued until 31 March 2020.

74 Professor Sir Munir Pirmohamed incurred an underpayment of salary amounting to £3,284.60 during the 2018/19 financial year and this was paid in 2019/20.This payment is not included in the total remuneration figures disclosed.

Non-executive director remuneration (including salary entitlements)

Salaries and allowances 2018/19 (subjected to audit)

Name of non-executive director	2018/19					
	A: Salary (bands of £5,000)	B: Benefits in kind (taxable) Rounded to nearest £100	C: Performance pay and bonuses (bands of £5,000)	D: Long term performance pay and bonuses (bands of £5,000)	E: All pension-related benefits[75] (bands of £2,500)	F: TOTAL (A to E) (bands of £5,000)
	£000	£s	£000	£000	£000	£000
Professor Sir Malcolm Grant Chair[76]	35-40	0	0	0	N/A	35-40
Lord David Prior Chair[77]	25-30	0	0	0	N/A	25-30
David Roberts CBE Vice-Chair[78]	0	0	0	0	N/A	0
Lord Victor Adebowale CBE[79]	5-10	0	0	0	N/A	5-10
Wendy Becker[80]	0	0	0	0	N/A	0
Professor Sir John Burn[81]	0-5	0	0	0	N/A	0-5
Dame Moira Gibb[82]	5-10	0	0	0	N/A	5-10
Noel Gordon	5-10	0	0	0	N/A	5-10
Michelle Mitchell OBE	5-10	0	0	0	N/A	5-10
Joanne Shaw	25-30	0	0	0	N/A	25-30
Richard Douglas CB[83] Associate non-voting	5-10	0	0	0	N/A	5-10
Professor Sir Munir Pirmohamed[84]	0-5	0	0	0	N/A	0-5

75 Non-executive directors do not receive pensionable remuneration, and therefore have no pension related benefits.

76 Professor Sir Malcolm Grant's unpaid leave overpayment of £3,188 reported in 2017/18 was recovered in 2018/19. The overpayment recovery is not included in the total remuneration figures disclosed. Professor Sir Malcolm Grant left on 31 October 2018. The full year equivalent salary is £60,000-65,000.

77 Lord David Prior joined NHS England on 31 October 2018 as Chair, to replace Professor Sir Malcolm Grant, however was paid from the incorrect start date of 1 November 2018 leading to an underpayment of £169.35, which will be paid in 2019/20. In 2018/19 pension deductions of £3,281.25 were taken in error from Lord David Prior; these pension deductions will be refunded in full during the 2019/20 financial year. The underpayments are not included in the total remuneration figures disclosed. The full year equivalent salary is £60,000-£65,000.

78 David Roberts CBE has waived his entitlement to non-executive director remuneration. David Roberts CBE is also an associate (non-voting) non-executive director at NHS Improvement.

79 Lord Victor Adebowale CBE left on 31 December 2018. The full year equivalent salary is £5,000-£10,000.

80 Wendy Becker waived her entitlement to non-executive director remuneration from the 1 September 2016. In 2016/17 pension deductions were taken in error from Wendy Becker, initially these were planned to be refunded in 2017/18, the actual refund was processed in 2018/19. Wendy Becker also received an incorrect tax refund in 2018/19, this refund was recovered in year.

81 Professor Sir John Burn left on 30 June 2018. The full year equivalent salary is £5,000-£10,000.

82 Dame Moira Gibb left 31 December 2018. The full year equivalent salary is £5,000-£10,000.

83 Richard Douglas CB is a non-executive director at NHS Improvement.

84 Professor Sir Munir Pirmohamed joined on 1 January 2019. Due to an error with onboarding, Sir Munir Pirmohamed did not receive remuneration for the period 1 January 2019 to 31 May 2019 leading to an underpayment of £3,284.60, which will be paid in 2019/20. The underpayments are not included in the total remuneration figures disclosed. The full year equivalent salary is £5,000-£10,000.

Parliamentary accountability and audit report

All elements of this report are subject to audit.

Remote contingent liabilities

There were no remote contingent liabilities with the exception of those ordinarily disclosed under IAS37.

Notation of gifts over £300,000

NHS England made no political or charitable donations of gifts during the current financial year, or previous financial periods.

Regularity of expenditure: Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise and are therefore subject to special control procedures compared to the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Details of any losses and special payments relating to CCGs can be found within individual CCG annual reports which are published on CCG websites. A list of CCGs, along with links to their websites, can be found on the NHS England website[85].

Losses and special payments

The total number of NHS England losses cases, and their total value, was as follows:

Losses	Parent				Consolidated Group			
	Total number of cases	Total value of cases	Total number of cases	Total value of cases	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	2019/20	2019/20	2018/19	2018/19	2019/20	2019/20	2018/19	2018/19
	Number	£000	Number	£000	Number	£000	Number	£000
Administrative write-offs	-	-	-	-	101	869	50	885
Fruitless payments	729	438	54	161	754	450	79	325
Stores losses	1	-	-	-	14	8	2	1
Bookeeping losses	53	10	66	5	56	19	69	19
Cash losses	2	276	-	-	11	281	12	19
Claims abandoned	7,315	1,119	70,770	4,565	7,317	1,138	70,776	4,600
Total	**8,100**	**1,843**	**70,890**	**4,731**	**8,253**	**2,765**	**70,988**	**5,849**

85 www.england.nhs.uk/ccg-details

2019/20 Disclosure: Administrative write offs

Included within Administrative write offs in the group is a loss declared by NHS North East Essex CCG (671k). The CCG took a private provider to court and won. Invoices were raised to recover the £671k owed to the CCG by the provider but the provider went into administration and the debt was deemed irrecoverable and written off.

2019/20 Disclosure: Fruitless payments

Included within the parent costs are fruitless costs incurred by NHS England. A significant proportion of the reported costs, £245k, are a direct result of decisions made in response to COVID-19 to ensure the safety of employees and service users. An additional £153k was incurred as fruitless as part of the administration costs for cancelled events.

2019/20 Disclosure: Cash Losses

An investigation was commissioned by NHS England to review General Ophthalmic Service (GOS) claims submitted for payment. Following an initial review of payment profiles and claim patterns of all ophthalmic contractors across Cumbria, an optician was identified as being an outlier to the payments and claims patterns. An indicative audit was carried out and it was established that the optician was overpaid due to the administrative errors in submitted claim forms. The cost of £242k represents the sum overpaid.

2019/20 Disclosure: Claims Abandoned

In the Parent there are losses relating to easements offered in respect of penalty charge notices issued by NHS Business Services Authority on behalf of NHS England. The penalty charge notices are issued to individuals who obtained exemptions for prescription or dental charges which they were not eligible to claim. The number and value of easements issued in 2019/20 are considered to be "claims abandoned". However, given no individual easement exceeds £300,000 they are included solely within the total number and value of losses in the table.

In June 2018 NHS England's Dental Primary Care team (NHS England) identified inappropriate claims for the provision of Orthodontic services by a specific dental practice which resulted in an overpayment of £465k. An internal investigation was carried out and the outcome was that the claims submitted by the practice were inappropriate units of orthodontic activity and did not adhere to the General Dental Services (GDS) contract.

2018/19 Disclosure: Administrative Write Offs

Included within Administrative write offs in the group is a loss declared by NHS Devon CCG (280k) of write off of receivables and by NHS Swindon CCG (170k), a write off a risk stratification tool due to obsolesence.

2018/19 Disclosure: Fruitless payments

NHS Swindon CCG recognised a receivable of £150k as part of the solvent closure of SEQOL. Initial indications from the administration process were that the CCG would receive a refund once all liabilities had been settled and tax positions had been declared. SEQOL ceased to operate in September 2016 and as we are now at the end of 18/19 the likelihood of the CCG receiving a distribution is low and so NHS Swindon CCG are impairing the debt.

2018/19 Disclosure: Claims Abandoned

For the first time included within total losses are penalty charge notices issued by NHS Business Services Authority on behalf of NHS England to individuals who obtained exemptions for prescription or dental charges for which it was subsequently confirmed that they were not eligible. The National Health Service Act 2006 entitles the NHS to issue such notices. In some exceptional circumstances "easements" are offered to specific patients (e.g. for vulnerable individuals) such that the penalty charge notices are not pursued for payment. The number and value of easements issued in 2018/19 are considered to be "claims abandoned". However, given no individual easement exceeds £300,000 they are included solely within the total number and value of losses in the table.

Easements were also issued in prior years to 2018/19 following the introduction of penalty charge notices. In previous years they were not classified as "claims abandoned" in the Parliamentary accountability and audit report. The presentational change has arisen as a result of review of disclosure requirements in this area.

Special payments

The total number of NHS England special payments cases, and their total value, was as follows:

	Parent				Consolidated Group			
	Total number of cases 2019/20	Total value of cases 2019/20	Total number of cases 2018/19	Total value of cases 2018/19	Total number of cases 2019/20	Total value of cases 2019/20	Total number of cases 2018/19	Total value of cases 2018/19
	Number	£000	Number	£000	Number	£000	Number	£000
Compensation payments	2	12	1	1	19	151	7	192
Extra Contractual Payments	1	2	1,083	300	2	21	1,088	432
Ex Gratia Payments	2	4	1	1	15	54	23	99
Extra Statutory Extra Regulatory Payments	-	-	-	-	1	10	2	22
Special Severance Payments Treasury Approved	-	-	-	-	-	-	1	3
Total	**5**	**18**	**1,085**	**302**	**37**	**236**	**1,121**	**748**

Fees and charges

NHS England certifies that it has complied with the HM Treasury guidance on cost allocation and the setting of charges. The following provides details of income generation activities whose full cost exceeded £1 million or was otherwise material:

2019/20

	Note	Parent			Consolidated Group		
		Income £000	Full cost £000	Surplus (deficit) £000	Income £000	Full cost £000	Surplus (deficit) £000
Dental	2 & 4	848,251	(3,089,173)	(2,240,922)	848,292	(3,089,173)	(2,240,881)
Prescription	2 & 4	607,397	(1,970,835)	(1,363,438)	614,126	(10,501,902)	(9,887,776)
Total fees & charges		**1,455,648**	**(5,060,008)**	**(3,604,360)**	**1,462,418**	**(13,591,075)**	**(12,128,657)**

2018/19

	Note	Parent			Consolidated Group		
		Income £000	Full cost £000	Surplus (deficit) £000	Income £000	Full cost £000	Surplus (deficit) £000
Dental	2 & 4	856,384	(2,919,876)	(2,063,492)	856,384	(2,919,876)	(2,063,492)
Prescription	2 & 4	583,809	(1,943,531)	(1,359,722)	591,960	(10,171,990)	(9,580,030)
Total fees & charges		**1,440,193**	**(4,863,407)**	**(3,423,214)**	**1,448,344**	**(13,091,866)**	**(11,643,522)**

The fees and charges information in this note is provided in accordance with section 3.2.12 of the Government Financial Reporting Manual. It is provided for fees and charges purposes and not for IFRS 8 purposes. The financial objective of prescription and dental charges is to collect charges only from those patients that are eligible to pay.

Prescription charges[86] are a contribution to the cost of pharmaceutical services including the supply of drugs. In 2018/19, the NHS prescription charge for each medicine or appliance dispensed was £8.80, and in 2019/20 it was £9.00. However, around 90% of prescription items[87] are dispensed free each year where patients are exempt from charges. In addition, patients who were eligible to pay charges could purchase pre-payment certificates at £29.10 for three months or £104.00 for a year. A number of other charges were payable for wigs and fabric supports.

Those who are not eligible for exemption are required to pay NHS dental charges[88] which fall into three bands depending on the level and complexity of care provided. In 2018/19, the charge for Band 1 treatments was £21.60, for Band 2 was £59.10 and for Band 3 was £256.50. In 2019/20, the charge for Band 1 treatment was £22.70, for Band 2 was £62.10 and for Band 3 was £269.30.

86 https://www.gov.uk/government/speeches/nhs-prescription-charges-from-1-april-2018 and https://www.gov.uk/government/speeches/nhs-prescriptioncharges-from-april-2019
87 https://digital.nhs.uk/data-and-information/publications/statistical/prescriptions-dispensed-in-the-community/prescriptions-dispensed-in-the-communityengland---2007---2017
88 https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2019-03-11/HCWS1395

Certificate and Report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I certify that I have audited the financial statements of the NHS Commissioning Board for the year ended 31 March 2020 under the Health and Social Care Act 2012. The financial statements comprise: the Group and Parent Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of NHS Commissioning Board's affairs as at 31 March 2020 and of the group's and the parent's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care Act 2012 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the NHS Commissioning Board in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the NHS Commissioning Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the NHS Commissioning Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the NHS Commissioning Board's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care Act 2012.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the NHS Commissioning Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

- Conclude on the appropriateness of the NHS Commissioning Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NHS Commissioning Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause NHS Commissioning Board's to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the Performance Report and Accountability Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Health and Social Care Act 2012;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I refer to the explanatory report that I have included alongside my audit certificate on the 2019/20 financial statements of the Department of Health and Social Care. This report is relevant to the NHS England financial statements because it reports on the regularity considerations arising from the ministerial direction given by the Secretary of State for Health and Social Care on 22 November 2019.

Gareth Davies 26 January 2021

Comptroller and Auditor General

National Audit Office l 157-197 Buckingham Palace Road l Victoria, London, SW1W 9SP