



Annual Accounts

Statement of comprehensive net expenditure for the year ended 31 March 2020

	Note	Parent		Consolidated Group	
		2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Income from sale of goods and services	2	(1,945,492)	(1,916,960)	(2,058,318)	(1,993,191)
Other operating income	2	(3,813)	(3,636)	(93,478)	(111,019)
Total operating income		(1,949,305)	(1,920,596)	(2,151,796)	(2,104,210)
Staff costs	3	834,285	771,793	2,127,801	1,949,413
Purchase of goods and services	4	123,167,307	113,094,005	122,251,284	112,496,829
Depreciation and impairment charges	4	134,743	117,401	149,325	132,065
Provision expense	4	312,291	(28,953)	329,056	(3,024)
Other operating expenditure	4	431,800	277,547	541,817	394,160
Total operating expenditure		124,880,426	114,231,793	125,399,283	114,969,443
Net operating expenditure		122,931,121	112,311,197	123,247,487	112,865,233
Finance expense	11	(404)	533	(500)	644
Net expenditure for the year		122,930,717	112,311,730	123,246,987	112,865,877
Other (gains)/losses		-	-	331	33
Total net expenditure for the year		122,930,717	112,311,730	123,247,318	112,865,910
Other comprehensive net expenditure					
Items which will not be reclassified to net operating costs					
Actuarial (gain)/loss in pension schemes		-	-	(1,866)	871
Sub total		-	-	(1,866)	871
Comprehensive net expenditure for the year		122,930,717	112,311,730	123,245,452	112,866,781

The notes on pages 123 to 166 form part of this statement

Statement of financial position as at 31 March 2020

	Note	Parent		Consolidated Group	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
		£000	£000	£000	£000
Non-current assets					
Property, plant and equipment	6	454,625	393,207	486,460	433,679
Intangible assets	7	4,150	3,516	8,841	8,615
Trade and other receivables	8	-	-	747	538
Other financial assets	8	-	-	1,554	554
Total non-current assets		458,775	396,723	497,602	443,386
Current assets					
Inventories		46,168	37,027	64,710	48,932
Trade and other receivables	8	260,347	206,923	990,143	966,282
Cash and cash equivalents	9	151,683	188,941	171,238	205,488
Total current assets		458,198	432,891	1,226,091	1,220,702
Total assets		916,973	829,614	1,723,693	1,664,088
Current liabilities					
Trade and other payables	10	(4,435,806)	(4,527,004)	(10,808,461)	(10,598,850)
Provisions	12	(18,440)	(30,693)	(105,803)	(135,082)
Total current liabilities		(4,454,246)	(4,557,697)	(10,914,264)	(10,733,932)
Total assets less current liabilities		(3,537,273)	(3,728,083)	(9,190,571)	(9,069,844)
Non-current liabilities					
Trade and other payables	10	(26)	(26)	(2,185)	(4,535)
Provisions	12	(340,887)	(22,204)	(366,117)	(41,886)
Total non-current liabilities		(340,913)	(22,230)	(368,302)	(46,421)
Total assets less total liabilities		(3,878,186)	(3,750,313)	(9,558,873)	(9,116,265)
Financed by taxpayers' equity and other reserves					
General fund		(3,878,186)	(3,750,313)	(9,555,193)	(9,110,735)
Revaluation reserve		-	-	18	34
Other reserves		-	-	(3,698)	(5,564)
Total taxpayers' equity		(3,878,186)	(3,750,313)	(9,558,873)	(9,116,265)

The notes on pages 123 to 166 form part of this statement

The financial statements on pages 117 to 122 were approved by the Board on 15 January 2021 and signed on its behalf by:

Sir Simon Stevens
Accounting Officer

Statement of changes in taxpayers equity for the year ended 31 March 2020

Parent	General fund £000	Revaluation reserve £000	Other reserves £000	Total Taxpayers' equity £000
Changes in taxpayers' equity for 2019/20				
Balance at 01 April 2019	(3,750,313)	-	-	(3,750,313)
Restated balance at 01 April 2019	(3,750,313)	-	-	(3,750,313)
Changes in taxpayers' equity for 2019/20				
Total Net Expenditure for the year	(122,930,717)	-	-	(122,930,717)
Comprehensive net expenditure for the year	(122,930,717)	-	-	(122,930,717)
Grant in Aid	122,802,844	-	-	122,802,844
Balance at 31 March 2020	(3,878,186)	-	-	(3,878,186)

Parent	General fund £000	Revaluation reserve £000	Other reserves £000	Total Taxpayers' equity £000
Changes in taxpayers' equity for 2018/19				
Balance at 1 April 2018	(3,161,904)	-	-	(3,161,904)
Impact of applying IFRS 9 to Opening Balances	(1,983)	-	-	(1,983)
Impact of applying IFRS 15 to Opening Balances	-	-	-	-
Restated balance at 01 April 2018	(3,163,887)	-	-	(3,163,887)
Changes in taxpayers' equity for 2018/19				
Total Net Expenditure for the year	(112,311,730)	-	-	(112,311,730)
Comprehensive net expenditure for the year	(112,311,730)	-	-	(112,311,730)
Grant in Aid	111,725,304	-	-	111,725,304
Balance at 31 March 2019	(3,750,313)	-	-	(3,750,313)

Consolidated Group

	General fund £000	Revaluation reserve £000	Other reserves £000	Total Taxpayers' equity £000
Changes in taxpayers' equity for 2019/20				
Balance at 01 April 2019	(9,110,735)	34	(5,564)	(9,116,265)
Restated balance at 01 April 2019	(9,110,735)	34	(5,564)	(9,116,265)
Changes in taxpayers' equity for 2019/20				
Total Net Expenditure for the year	(123,247,318)	-	-	(123,247,318)
Movements in other reserves	-	-	1,866	1,866
Transfers between reserves	16	(16)	-	-
Comprehensive net expenditure for the year	(123,247,302)	(16)	1,866	(123,245,452)
Grant in Aid	122,802,844	-	-	122,802,844
Balance at 31 March 2020	(9,555,193)	18	(3,698)	(9,558,873)

Consolidated Group

	General fund £000	Revaluation reserve £000	Other reserves £000	Total Taxpayers' equity £000
Changes in taxpayers' equity for 2018/19				
Balance at 1 April 2018	(7,970,187)	37	(4,693)	(7,974,843)
Impact of applying IFRS 9 to Opening Balances	55	-	-	55
Impact of applying IFRS 15 to Opening Balances	-	-	-	-
Restated balance at 1 April 2018	(7,970,132)	37	(4,693)	(7,974,788)
Changes in taxpayers' equity for 2018/19				
Total Net Expenditure for the financial year	(112,865,910)	-	-	(112,865,910)
Movements in other reserves	-	-	(871)	(871)
Transfers between reserves	3	(3)	-	-
Comprehensive net expenditure for the year	(112,865,907)	(3)	(871)	(112,866,781)
Grant in Aid	111,725,304	-	-	111,725,304
Balance at 31 March 2019	(9,110,735)	34	(5,564)	(9,116,265)

Other reserves reflect pension assets/liabilities in respect of staff in non NHS defined benefit schemes in CCGs. Full details can be found in the CCG statutory accounts published on their websites.

The notes on pages 123 to 166 form part of this statement

Statement of cash flows for the year ended 31 March 2020

	Note	Parent		Consolidated Group	
		2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Cash flows from operating activities					
Net expenditure for the financial year		(122,930,717)	(112,311,730)	(123,247,318)	(112,865,910)
Depreciation and amortisation	4	134,743	117,401	149,325	131,524
Impairments and reversals	4	-	-	-	541
Non-cash movements arising on application of new accounting standards		-	(1,983)	-	55
Other non cash adjustments ¹		-	-	(169)	(223)
(Gain)/Loss on disposal		-	-	331	32
Unwinding of discount	12	(404)	533	(538)	588
Change in discount rate	12	(165)	(461)	(279)	(275)
(Increase)/decrease in inventories		(9,141)	(8,925)	(15,778)	(12,021)
(Increase)/decrease in trade & other receivables	8	(53,424)	36,220	(24,070)	42,105
Increase/(decrease) in trade & other payables	10	(113,069)	680,851	187,735	1,205,728
Provisions utilised	12	(5,457)	(1,692)	(34,908)	(24,902)
Increase/(decrease) in provisions	12	312,456	(28,491)	330,677	(2,595)
Net cash outflow from operating activities		(122,665,178)	(111,518,277)	(122,654,992)	(111,525,353)
Cash flows from investing activities					
Payments for property, plant and equipment		(172,690)	(161,824)	(187,257)	(164,579)
Payments for intangible assets		(2,235)	(1,027)	(3,817)	(1,826)
Payments for other financial assets		-	-	(1,000)	-
Proceeds from disposal of assets: property, plant and equipment		1	-	1,904	140
Proceeds from disposal of assets: intangible assets		-	-	-	-
Net cash outflow from investing activities		(174,924)	(162,851)	(190,170)	(166,265)
Net cash outflow before financing activities		(122,840,102)	(111,681,128)	(122,845,162)	(111,691,618)
Cash flows from financing activities					
Grant in aid funding received		122,802,844	111,725,304	122,802,844	111,725,304
Capital element of payments in respect of finance leases		-	-	(91)	(88)
Net cash inflow from financing activities		122,802,844	111,725,304	122,802,753	111,725,216
Net increase/(decrease) in cash & cash equivalents		(37,258)	44,176	(42,409)	33,598
Cash & cash equivalents at the beginning of the financial year	9	188,941	144,765	196,694	163,096
Cash & cash equivalents at the end of the financial year	9	151,683	188,941	154,285	196,694

The notes on pages 123 to 166 form part of this statement
There is no separate disclosure under IAS 7 for cash and non cash movements for financing activities because the values are immaterial.

1 Other non cash adjustments comprise a non cash credit on pension of £169k (2018/19 £211k credit) and on lease charges of £0k (2018/19 £12k charge)

Notes to the financial statements

1. Statement of accounting policies

These financial statements have been prepared in a form directed by the Secretary of State under Schedule 1(A), paragraph 15(2) of the Health and Social Care Act 2012 and in accordance with the 2019/20 DHSC Group Accounting Manual (DHSC GAM) issued by the Department of Health & Social Care and comply with HM Treasury's Financial Reporting Manual 2019/20 (FReM). The accounting policies contained in the DHSC GAM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the DHSC GAM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NHS England for the purpose of giving a true and fair view has been selected. The particular policies adopted by NHS England are described below. They have been applied consistently in dealing with items considered material to the accounts.

The functional and presentational currency is pounds sterling and figures are expressed in pounds thousands unless expressly stated. Two sets of figures are presented - the first relating to NHS England itself (the Parent) and a second set of consolidated figures (Consolidated Group). The entities making up the Consolidated Group are declared in Note 20.

Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Net Expenditure in the period in which they arise.

1.1 Operating segments

Income and expenditure are analysed in the Operating Segments note (note 16) and reflect the management information used within NHS England. Information on assets less liabilities is not separately reported to the Chief Operating Decision Maker and therefore in accordance with IFRS 8 does not form part of the disclosure in note 16.

1.2 Accounting convention

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets, and certain financial assets and financial liabilities.

1.3 Basis of Consolidation

These accounts comprise the results of the NHS England statutory entity as well as the consolidated position of NHS England and its 191 related CCGs. Transactions between entities included in the consolidation are eliminated.

CSUs form part of NHS England and provide services to CCGs. The CSU results are included within the Parent accounts as they are not separate legal entities.

1.4 Comparative information

The comparative information provided in these financial statements is for the year ended 31 March 2019.

1.5 Going Concern

On 1 April 2019, a new joint leadership structure came into effect across NHS England, NHS TDA and Monitor. The underlying legal entities of NHS England, NHS TDA and Monitor remained in place. Should legislation be passed to formally merge the entities, the underlying activities of NHS England would continue.

NHS England's financial statements are produced on a going concern basis. NHS England is supply-financed and draws its funding from the DHSC. Parliament has demonstrated its commitment to fund the DHSC for the foreseeable future via the latest Spending Review and the passing of the Health and Social Care Act 2012. In the same way, the DHSC has demonstrated commitment to the funding of NHS England. It is therefore considered appropriate to adopt the going concern basis for the preparation of these financial statements.

1.6 Transfer of Functions

As public sector bodies within a Departmental Boundary are deemed to operate under common control, business reconfigurations are outside the scope of IFRS 3 Business Combinations. When functions transfer between two public sector bodies the FReM requires the application of "absorption accounting". Absorption accounting requires that entities account for their transactions in the period in which those transactions took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Net Comprehensive Expenditure, and is disclosed separately from operating costs.

1.7 Revenue Recognition

In the adoption of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows:

- As per paragraph 121 of the Standard NHS England will not disclose information regarding the performance obligations part of a contract that has an original expected duration of one year or less,
- NHS England is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires NHS England to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of funding for NHS England is grant-in-aid from the Department of Health & Social Care. NHS England is required to maintain expenditure within this allocation. The Department of Health & Social Care also approves a cash limit for the period. NHS England is required to draw down cash in accordance with this limit. Grant-in-aid is drawn down and credited to the general fund. Grant-in-aid is recognised in the financial period in which it is received.

Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

IFRS 15 is applicable to revenue in respect of dental and prescription charges in line with the adaptation in IFRS 15 which states that the definition of a contract includes revenue received under legislation and regulations. Revenue for these charges is recognised when the performance event occurs e.g. the issue of a prescription or payment for dental treatment.

Income received in respect of penalty charge notices issued in relation to non-payment of prescribing and dental charges is recognised on a cash receipts basis.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

Other operating revenue is recognised when the service is rendered and the stage completion of the transaction at the end of the reporting period can be measured reliably, and it is probable that the economic benefit associated with the transaction will flow to the group. Income is measured at fair value of the consideration receivable.

The value of the benefit received when NHS England accesses funds from the Government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.8 Employee Benefits

Recognition of short-term benefits - retirement benefit costs:

Past and present employees are covered by the provisions of the NHS Pensions Schemes. The schemes are unfunded, defined benefit schemes that cover NHS employers, general practitioners and other bodies allowed under the direction of the Secretary of State in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying assets and liabilities. Therefore, the schemes are accounted for as if they were a defined contribution scheme; the cost recognised in these accounts represents the contributions payable for the year. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

For early retirements other than those due to ill health, the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time the organisation commits itself to the retirement, regardless of the method of payment.

Salaries, wages and employment related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees. The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following year.

1.9 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

1.10 Value Added Tax

Most of the activities of the group are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.11 Property, Plant and Equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the group
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably; and either
- the item cost at least £5,000, or
- collectively, a number of items have a total cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they have broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Where an asset includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

Measurement of property, plant and equipment

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historical cost as a proxy for current value in existing use. This is in accordance with FReM requirements as these assets have short useful lives or low values or both.

Balances held in the Revaluation reserve relate to balances inherited as at 1 April 2013. In line with our accounting policy, no further revaluation gains have been recognised.

Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is charged to operating expenses.

1.12 Intangible non-current assets

Intangible non-current assets are non-monetary assets without physical substance that are capable of sale separately from the rest of the group's business or arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the group; where the cost of the asset can be measured reliably; and where the cost is at least £5,000 with each individual item costing more than £250.

Intangible non-current assets acquired separately are initially recognised at cost. Software that is integral to the operation of hardware is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware is capitalised as an intangible asset.

Following initial recognition, intangible assets are carried at depreciated historic cost as a proxy for current value in existing use.

1.13 Research and development

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred.

Internally generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it
- the ability to reliably measure the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

1.14 Depreciation, amortisation and impairments

Freehold land, assets under construction, investment properties, stockpiled goods and assets held for sale are neither depreciated nor amortised.

Otherwise, depreciation or amortisation, as appropriate, is charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, on a straight line basis over their estimated remaining useful lives. The estimated useful life of an asset is the period over which economic benefits or service potential is expected to be obtained from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis. Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life.

Depreciation/amortisation is charged as follows:

	Minimum Life (Years)	Maximum Life (Years)
Buildings excluding dwellings	5	20
Plant and machinery	5	10
Transport equipment	5	10
Information technology	2	10
Furniture and fittings	5	10
Computer software: purchased	2	5
Licences and trademarks	2	5
Development expenditure (internally generated)	2	5

A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset being impaired and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.15 Government grants

Government grant funded assets are capitalised at their fair value on receipt, with a matching credit to income. Deferred income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

1.16 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is satisfied once both of the following criteria are met:

- the asset is available for immediate sale in its present condition subject only to terms which are usual and customary for such sales; and
- the sale is highly probable.

Non-current assets held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Fair value is open market value including alternative uses.

The profit or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the statement of comprehensive net expenditure. On disposal, the balance for the asset in the revaluation reserve is transferred to retained earnings.

Property, plant and equipment that is to be scrapped or demolished does not qualify for recognition as held for sale. Instead, it is retained as an operational asset and its economic life is adjusted. The asset is de-recognised when it is scrapped or demolished.

1.17 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Property, plant and equipment held under finance leases are initially recognised at the inception of the lease at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive net expenditure.

Operating lease payments are recognised as an expense on a straight line basis over the lease term. Lease incentives are recognised initially as a liability and subsequently as a reduction of rentals on a straight line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

Where a lease is for land and buildings, the land and building components are separated and individually assessed as to whether they are operating or finance leases.

1.18 Inventories

Inventories are valued at the lower of cost and net realisable value, and are utilised using the First in First Out method of inventory controls.

1.19 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of cash management. Cash, bank and overdraft balances are recorded at current values.

1.20 Provisions

Provisions are recognised when there exists a present legal or constructive obligation as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Provisions are subject to three separate discount rates according to the expected timing of cashflows:

- A nominal short term rate of 0.51 percent (2018/19: 0.76 percent in real terms) is applied to inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.55 percent (2018/19: 1.14 percent in real terms) is applied to inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.
- A nominal long-term rate of 1.99 percent (2018/19: 1.99 percent in real terms) is applied to inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.

1.21 Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which NHS England and CCGs pay an annual contribution to NHS Resolution, which in turn settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability rests with the group.

1.22 Non-clinical risk pooling

The NHS England group participates in the Property Expenses Scheme and the Liabilities to Third Parties scheme. Both are risk pooling schemes under which NHS England and CCGs pay an annual contribution to NHS Resolution and, in return, receive assistance with the cost of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims, are charged to operating expenses when they become due.

1.23 Contingent liabilities and contingent assets

A contingent liability is:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation.
- A present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the organisation. A contingent asset is disclosed where an inflow of economic benefits is probable.

Where the time value of money is material, contingent liabilities that are required to be disclosed under IAS37 are stated at discounted amounts.

1.24 Financial assets

Financial assets are recognised on the statement of financial position when the group becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are de-recognised when the contractual rights have expired or the asset has been transferred and the group has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

As available for sale financial assets, the group's investments are measured at fair value. With the exception of impairment losses, changes in value are taken to the revaluation reserve. Accumulated gains or losses are recycled to the consolidated statement of net comprehensive expenditure on de-recognition.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

1.24.1 Financial assets at amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.24.2 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows, and selling financial assets and where the cash flows are solely payments of principal and interest.

1.24.3 Financial assets at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

1.24.4 Impairment

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets, NHS England recognises a loss allowance representing expected credit losses on the financial instrument.

NHS England adopts the simplified approach to impairment, in accordance with IFRS 9, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2), and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. NHS England therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and NHS England does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.25 Financial liabilities

Financial liabilities are recognised in the statement of financial position when the group becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged; that is, the liability has been paid or has expired. Financial liabilities are initially recognised at fair value.

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.26 Accounting standards that have been issued but have not yet been adopted

The FReM does not require the following Standards and Interpretations to be applied in 2019/20. These Standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2020/21, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

IFRS 16 Leases – The standard is effective from 1 April 2022 as adapted and interpreted by the FReM.

IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2021, but not yet adopted by the FReM: early adoption is not therefore permitted.

IFRS 16 Leases

IFRS 16 – Leases replaces IAS 17 - Leases, IFRIC 4 Determining whether an arrangement contains a lease and, SIC 27 - Evaluating the substance of transactions involving the legal form of a lease and introduces a single, on-statement of financial position lease accounting model for lessees.

Currently, the NHS England parent and the CCGs (the group) recognises operating lease expenses on a straight-line basis over the term of the lease, and recognises assets and liabilities only to the extent that there is a timing difference between actual lease payments and the expense recognised. Under IFRS 16 it will recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments for any operating leases it assesses fall under IFRS 16. There are recognition exemptions for short-term leases and leases of low-value items.

In addition, the group will no longer charge provisions for operating leases that it assesses to be onerous to the Statement of Comprehensive Net Expenditure. Instead, the group will include the payments due under the lease with any appropriate assessment for impairments in the right of use asset.

The group has assessed that there is no significant impact on its current finance leases due to the immaterial value on the statement of financial position and no significant impact on the limited transactions it undertakes as a lessor because IFRS 16 has not substantially changed the accounting arrangements for lessors.

IFRS 16 is effective for periods beginning on or after 1 January 2019 but under the requirements of the FReM NHS England group will not adopt it until 1 April 2022. NHS England has estimated the impact of initial application as described below. The actual impact may change however because:

- a) The value and nature of the leases that the group holds at the time of implementation may change,
- b) Processes and controls to identify and account for right of use assets under IFRS 16 are continuing to be developed.

Impact

Note 5 contains details of operating lease expenditure at 31 March 2020. An assessment of the nature of leases within other indicates that these comprise mainly low value office items that would fall under the short term lease or low value lease exemptions in IFRS 16 and therefore, this expense will continue to be treated as straight line operating expenditure.

The most significant impact will be that the group will need to recognise right of use assets and lease liabilities for any buildings currently treated as operating leases that meet the recognition criteria in IFRS 16. At 31 March 2020 the future minimum lease payments amounted to £226 million and this means that the nature of this expense will be assessed and change from being an operating lease expense to depreciation and interest expense.

Transition

The NHS England parent and the CCGs will recognise the cumulative effect of adopting the standard at the date of initial application as an adjustment to the opening retained earnings with no restatement of comparative balances.

IFRS 16 does not require entities to reassess whether a contract is, or contains, a lease at the date of initial application. HMT have interpreted this to mandate this practical expedient and therefore the group will apply IFRS 16 to contracts identified as a lease under IAS 17 or IFRIC 4 at 1 April 2021. However during the 2019/20 financial year the NHS England core department, CSUs and CCGs have reviewed material contracts to ensure they have been correctly treated under IAS 17. This has resulted in a fall in the number of transactions treated as an operating lease under IAS 17, but there has been no prior year adjustment under IAS 8 on the grounds that the change is not material.

The group will utilise three further practical expedients under the transition approach adopted:

- a) The election to not make an adjustment for leases for which the underlying asset is of low value,
- b) The election to not make an adjustment to leases where the lease terms ends within 12 months of the date of application,
- c) The election to use hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

Other accounting standards issued but not yet adopted

Full assessments of the impact of the remaining standards issued but not yet adopted will be completed by NHS England in due course following any relevant guidance issued in the Government Financial Reporting Manual.

2. Operating income

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	Total £000	Total £000	Total £000	Total £000
Income from sale of goods and services (contracts)				
Education, training and research	1,367	483	13,753	13,624
Non-patient care services to other bodies ²	400,313	384,599	291,944	274,915
Prescription fees and charges ³	607,397	583,809	614,126	591,960
Dental fees and charges ³	848,251	856,384	848,292	856,384
Other Contract income	87,754	91,093	280,829	248,727
Recoveries in respect of employee benefits	410	592	9,374	7,581
Total Income from sale of goods and services	1,945,492	1,916,960	2,058,318	1,993,191
Other operating income				
Rental revenue from operating leases	-	-	176	232
Charitable and other contributions to revenue expenditure: non-NHS	344	237	1,711	2,839
Non cash apprenticeship training grants revenue	173	90	544	349
Other non contract revenue	3,296	3,309	91,047	107,599
Total other operating income	3,813	3,636	93,478	111,019
Total operating income	1,949,305	1,920,596	2,151,796	2,104,210

2. Parent non-patient care services to other bodies revenue figures are greater than those of the consolidated group due to the elimination of intra-group trading.

3. In line with the adaptation in the HMT Financial Reporting Manual prescription fees and charges and dental fees and charges are treated as revenue arising from a contract and accounted for under IFRS15.

2.1 Disaggregation of revenue

We disaggregate our revenue from contracts with customers by the nature of the revenue. This is shown in note 2. Note 2.1 provides the disaggregation in line with our operating segments reported in note 16.

Parent 2019/20	CCG Total £000	Direct commissioning Total £000	NHS England Total £000	Other Total £000	I/co eliminations Total £000	Total £000
Income from sale of goods and services (contracts)						
Education, training and research	-	600	535	232	-	1,367
Non-patient care services to other bodies	-	6,154	3,108	478,714	(87,663)	400,313
Prescription fees and charges	-	607,397	-	-	-	607,397
Dental fees and charges	-	848,251	-	-	-	848,251
Other contract income	-	14,812	31,181	25,943	15,818	87,754
Recoveries in respect of employee benefits	-	-	410	-	-	410
Total Income from sale of goods and services	-	1,477,214	35,234	504,889	(71,845)	1,945,492

Parent 2018/19	CCG Total £000	Direct commissioning Total £000	NHS England Total £000	Other Total £000	I/co eliminations Total £000	Total £000
Income from sale of goods and services (contracts)						
Education, training and research	-	-	163	321	-	484
Non-patient care services to other bodies	-	4,087	3,628	458,148	(81,263)	384,600
Prescription fees and charges	-	583,809	-	-	-	583,809
Dental fees and charges	-	856,384	-	-	-	856,384
Other contract income	-	18,527	49,600	23,716	(752)	91,091
Recoveries in respect of employee benefits	-	-	592	-	-	592
Total Income from sale of goods and services	-	1,462,807	53,983	482,185	(82,015)	1,916,960

**Consolidated
Group
2019/20**

	CCG Total £000	Direct commissioning Total £000	NHS England Total £000	Other Total £000	I/co eliminations Total £000	Total £000
Income from sale of goods and services (contracts)						
Education, training and research	12,293	600	535	231	94	13,753
Non-patient care services to other bodies	469,958	6,154	3,108	478,714	(665,990)	291,944
Prescription fees and charges	6,728	607,398	-	-	-	614,126
Dental fees and charges	41	848,251	-	-	-	848,292
Other contract income	195,921	14,811	31,181	25,943	12,973	280,829
Recoveries in respect of employee benefits	14,540	-	410	-	(5,576)	9,374
Total income from sale of goods and services	699,481	1,477,214	35,234	504,888	(658,499)	2,058,318

**Consolidated
Group
2018/19**

	CCG Total £000	Direct commissioning Total £000	NHS England Total £000	Other Total £000	I/co eliminations Total £000	Total £000
Income from sale of goods and services (contracts)						
Education, training and research	13,558	-	163	321	(418)	13,624
Non-patient care services to other bodies	466,341	4,087	3,628	458,148	(657,288)	274,916
Prescription fees and charges	8,151	583,809	-	-	-	591,960
Dental fees and charges	-	856,384	-	-	-	856,384
Other contract income	176,721	18,527	49,600	23,716	(19,839)	248,725
Recoveries in respect of employee benefits	11,679	-	592	-	(4,689)	7,582
Total income from sale of goods and services	676,450	1,462,807	53,983	482,185	(682,234)	1,993,191

3. Employee benefits

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	Total £000	Total £000	Total £000	Total £000
Employee benefits				
Salaries and wages	643,338	631,554	1,663,003	1,604,203
Social security costs	64,770	60,820	162,625	151,744
Employer contributions to NHS Pension scheme	104,979	70,201	268,671	175,868
Other pension costs	-	-	195	60
Apprenticeship Levy	2,786	2,485	5,174	4,387
Termination benefits	18,753	6,733	28,697	13,202
Gross employee benefits expenditure	834,626	771,793	2,128,365	1,949,464
Less: Employee costs capitalised	(341)	-	(564)	(51)
Gross employee benefits excluding capitalised costs	834,285	771,793	2,127,801	1,949,413
Less recoveries in respect of employee benefits	(410)	(592)	(9,373)	(7,581)
Net employee benefits	833,875	771,201	2,118,428	1,941,832

Staff numbers can be found in the Accountability report on page 92.

3.2 Pension costs

As described in Note 1.8 past and present employees are covered by the provisions of the NHS Pensions Scheme. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

3.2.1 Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on a valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

3.2.2 Scheme provisions

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

- The Scheme is a “final salary” scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.
- With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as “pension commutation”.
- Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011/12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).
- Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year’s pensionable pay for death in service, and five times their annual pension for death after retirement is payable.
- For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.
- Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC’s run by the Scheme’s approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

3.2.3 Local Government Pension Scheme

Within the group there are CCGs who account for defined benefit pension scheme assets and liabilities primarily in respect of local government super annuation schemes. These schemes are immaterial to the group financial statements and therefore have not been disclosed separately. Full disclosures are available in the underlying CCGs published accounts.

3.2.4 Principal Civil Service Pension Scheme

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS). These schemes are unfunded, defined benefit schemes covering civil servants. The schemes are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to NHS England of participating in a scheme is taken as equal to the contributions payable to the scheme for the accounting period.

For defined contribution schemes, such as Civil Service partnership pensions, NHS England recognises the contributions payable for the year.

NHS England recognises the full cost of benefits paid under the Civil Service Compensation Scheme, including the early payment of pensions.

4. Operating expenses

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	Total £000	Total £000	Total £000	Total £000
Purchase of goods and services – cash				
Services from other CCGs and NHS England	12,773	26,171	-	-
Services from foundation trusts	15,150,671	12,197,211	51,643,165	46,028,030
Services from other NHS trusts	6,819,703	5,694,154	27,375,924	25,128,222
Provider Sustainability Fund ⁴	2,595,848	2,450,000	2,595,848	2,450,000
Services from Other WGA bodies ⁵	16,361	9,949	70,734	57,612
Purchase of healthcare from non-NHS bodies	1,431,572	1,319,697	14,413,662	13,734,227
Purchase of social care	50	(30)	705,362	647,354
General dental services and personal dental services	3,089,173	2,919,876	3,089,173	2,919,876
Prescribing costs	20,339	19,449	8,540,631	8,236,936
Pharmaceutical services	1,950,496	1,924,082	1,961,271	1,935,054
General ophthalmic services	534,875	543,097	547,797	553,598
GP primary care services ⁶	891,670	1,075,268	9,153,611	8,526,114
Supplies and services – clinical	9,694	143,937	71,976	210,021
Supplies and services – general	358,220	379,961	931,637	897,109
Consultancy services	2,464	8,699	45,790	64,143
Establishment	172,907	176,861	409,991	388,180
Transport	11,960	12,112	68,461	63,144
Premises	72,879	81,903	389,468	430,893
Audit fees ⁷	300	300	10,312	10,301
Other non statutory audit expenditure	-	-	2,848	3,034
Other professional fees	46,864	35,225	108,313	98,945
Legal fees	7,155	7,844	19,406	21,429
Education and training	58,183	57,974	95,360	92,258
Funding to group bodies ⁸	89,912,977	84,010,175	-	-
Total purchase of goods and services - cash	123,167,134	113,093,915	122,250,740	112,496,480
Other operating expenditure – cash				
Chair and Non Executive Members	128	139	48,104	50,768
Grants to other bodies	78,155	60,466	100,949	82,108
Clinical negligence	-	-	240	219
Research and development (excluding staff costs)	910	1,297	15,107	15,235
Other expenditure	18,848	13,156	37,526	35,506
Other operating expenditure - cash	98,041	75,058	201,926	183,836
Total operating expenses - cash	123,265,175	113,168,973	122,452,666	112,680,316
Depreciation and impairment charges – non cash items				
Depreciation	133,335	115,098	145,988	127,106
Amortisation	1,408	2,303	3,337	4,418
Impairments and reversals of property, plant and equipment	-	-	-	541
Total depreciation and impairment charges	134,743	117,401	149,325	132,065
Provision expense – non cash items				
Change in discount rate	(165)	(461)	(279)	(275)
Provisions	312,456	(28,492)	329,335	(2,749)
Total provision expense	312,291	(28,953)	329,056	(3,024)
Purchase of goods and services - non cash				
Non cash apprenticeship training grants	173	90	544	349
Total purchase of goods and services - non cash	173	90	544	349
Other operating expenditure – non cash items				
Expected credit loss on receivables	192	2,650	913	7,660
Inventories consumed	333,567	199,839	338,978	202,664
Total other operating expenditure	333,759	202,489	339,891	210,324
Total operating expenses - non cash	780,966	291,027	818,816	339,714
Total operating expenses	124,046,141	113,460,000	123,271,482	113,020,030

Parent expenditure figures may be greater than those of the consolidated group due to the elimination of intra-group trading.

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- 4 In 2019/20 and 2018/19 NHS England has allocated expenditure through the Provider Sustainability Fund (formally Sustainability and Transformation Fund) for provider support, in line with the NHS England mandate.
 - 5 Services from other WGA bodies comprises expenditure with the Department of Health and Social Care(DHSC), DHSC Arm's Length Bodies and NHS Blood and Transplant.
 - 6 The reductions in GP primary care expenditure in 2019/20 in the NHS England parent account, compared to 2018/19 are due to the ongoing switch in budget from NHS England to those CCGs who have taken delegated commissioning responsibilities. This also results in an increase in Group Funding to those CCGs who have assumed delegated commissioning responsibilities.
 - 7 In both financial years NHS England purchased no Non Audit services from NAO. Details of CCG non audit expenditure can be found in the underlying individual CCG accounts.
 - 8 Funding to group bodies is shown opposite and represents cash funding drawn down by the CCGs. These balances are eliminated on consolidation.

5. Operating leases as lessee

5.1 Payments recognised as an expense

Parent	2019/20			2018/19		
	Buildings £000	Other £000	Total £000	Buildings £000	Other £000	Total £000
Payments recognised as an expense						
Minimum lease payments	43,390	1,352	44,742	68,076	1,261	69,337
Total	43,390	1,352	44,742	68,076	1,261	69,337
Consolidated Group	2019/20			2018/19		
	Buildings £000	Other £000	Total £000	Buildings £000	Other £000	Total £000
Payments recognised as an expense						
Minimum lease payments	173,003	2,570	175,573	345,259	2,841	348,100
Contingent rents	-	2,356	2,356	-	1,533	1,533
Total	173,003	4,926	177,929	345,259	4,374	349,633

5.2 Future minimum lease payments

Parent

	2019/20			2018/19		
	Buildings £000	Other £000	Total £000	Buildings £000	Other £000	Total £000
Payable:						
No later than one year	37,792	523	38,315	37,340	930	38,270
Between one and five years	61,285	211	61,496	56,394	234	56,628
After five years	7,161	-	7,161	3,414	-	3,414
Total	106,238	734	106,972	97,148	1,164	98,312

Consolidated Group

	2019/20			2018/19		
	Buildings £000	Other £000	Total £000	Buildings £000	Other £000	Total £000
Payable:						
No later than one year	60,296	1,075	61,371	79,819	1,613	81,432
Between one and five years	119,605	1,117	120,722	138,658	856	139,514
After five years	43,604	12	43,616	35,838	-	35,838
Total	223,505	2,204	225,709	254,315	2,469	256,784

6. Property, plant and equipment

Parent 2019/20	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2019	221	-	1,030	629	679,831	8,853	690,564
Additions purchased	-	-	-	13	194,439	109	194,561
Reclassifications	-	-	-	(19)	212	-	193
Disposals	-	-	(105)	(32)	(69,994)	(1,142)	(71,273)
Cost or valuation at 31 March 2020	221	-	925	591	804,488	7,820	814,045
Depreciation 1 April 2019	82	-	487	63	292,560	4,165	297,357
Disposals	-	-	(105)	(32)	(69,993)	(1,142)	(71,272)
Charged during the year	44	-	185	196	131,228	1,682	133,335
At 31 March 2020	126	-	567	227	353,795	4,705	359,420
Carrying Value at 31 March 2020	95	-	358	364	450,693	3,115	454,625
Asset financing:							
Owned	95	-	358	364	450,693	3,115	454,625
Total at 31 March 2020	95	-	358	364	450,693	3,115	454,625

**Parent
2018/19**

	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2018	404	-	1,062	211	551,866	7,510	561,053
Additions purchased	-	-	-	418	155,610	1,655	157,683
Reclassifications	(183)	-	(32)	-	280	-	65
Disposals	-	-	-	-	(27,925)	(312)	(28,237)
Cost or valuation at 31 March 2019	221	-	1,030	629	679,831	8,853	690,564
Depreciation 1 April 2018	38	-	289	23	206,963	3,183	210,496
Reclassifications	-	-	-	-	-	-	-
Disposals	-	-	-	-	(27,925)	(312)	(28,237)
Charged during the year	44	-	198	40	113,522	1,294	115,098
At 31 March 2019	82	-	487	63	292,560	4,165	297,357
Carrying Value at 31 March 2019	139	-	543	566	387,271	4,688	393,207
Asset financing:							
Owned	139	-	543	566	387,271	4,688	393,207
Total at 31 March 2019	139	-	543	566	387,271	4,688	393,207

6. Property, plant and equipment

Consolidated Group 2019/20	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2019	2,219	530	17,127	742	751,611	19,965	792,194
Addition of assets under construction and payments on account	-	(78)	-	-	-	-	(78)
Additions purchased	693	-	5	13	199,324	793	200,828
Reclassifications	(250)	-	-	(19)	212	250	193
Disposals	-	(25)	(6,363)	(42)	(72,092)	(1,634)	(80,156)
Cost or valuation at 31 March 2020	2,662	427	10,769	694	879,055	19,374	912,981
Depreciation 1 April 2019	592	-	10,741	176	336,052	10,954	358,515
Reclassifications	(100)	-	6	-	(135)	169	(60)
Disposals	-	-	(4,526)	(42)	(71,720)	(1,634)	(77,922)
Charged during the year	152	-	1,349	196	141,332	2,959	145,988
At 31 March 2020	644	-	7,570	330	405,529	12,448	426,521
Carrying Value at 31 March 2020	2,018	427	3,199	364	473,526	6,926	486,460
Asset financing:							
Owned	2,018	427	2,518	364	473,526	6,926	485,779
Held on finance lease	-	-	681	-	-	-	681
Total at 31 March 2020	2,018	427	3,199	364	473,526	6,926	486,460

**Consolidated Group
2018/19**

	Buildings excluding dwellings £000	Assets under construction and payments on account £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or valuation at 1 April 2018	2,567	312	17,223	327	613,141	17,156	650,726
Addition of assets under construction and payments on account	-	65	-	-	-	-	65
Additions purchased	14	-	35	418	167,581	2,964	171,012
Reclassifications	(362)	293	(32)	-	(9)	157	47
Disposals	-	(140)	(99)	(3)	(28,854)	(312)	(29,408)
Impairments charged	-	-	-	-	(248)	-	(248)
Cost or valuation at 31 March 2019	2,219	530	17,127	742	751,611	19,965	792,194
Depreciation 1 April 2018	394	-	8,951	139	242,425	8,446	260,355
Reclassifications	(11)	-	-	-	(26)	35	(2)
Disposals	-	-	(67)	(3)	(28,854)	(313)	(29,237)
Impairments charged	-	-	-	-	(44)	337	293
Charged during the year	209	-	1,857	40	122,551	2,449	127,106
At 31 March 2019	592	-	10,741	176	336,052	10,954	358,515
Carrying Value at 31 March 2019	1,627	530	6,386	566	415,559	9,011	433,679
Asset financing:							
Owned	1,627	530	5,620	566	415,559	9,011	432,913
Held on finance lease	-	-	766	-	-	-	766
Total at 31 March 2019	1,627	530	6,386	566	415,559	9,011	433,679

7. Intangible non-current assets

Parent 2019/20	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Cost or valuation at 1 April 2019	7,483	8	1,908	9,399
Additions purchased	1,672	-	563	2,235
Reclassifications	(193)	-	-	(193)
Disposals	(760)	(8)	(349)	(1,117)
At 31 March 2020	8,202	-	2,122	10,324
Amortisation 1 April 2019	5,197	8	678	5,883
Reclassifications	-	-	-	-
Disposals	(760)	(8)	(349)	(1,117)
Charged during the year	1,037	-	371	1,408
At 31 March 2020	5,474	-	700	6,174
Carrying Value at 31 March 2020	2,728	-	1,422	4,150
Asset financing:				
Owned	2,728	-	1,422	4,150
Total at 31 March 2020	2,728	-	1,422	4,150
Parent 2018/19	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Cost or valuation at 1 April 2018	15,466	8	1,973	17,447
Additions purchased	1,027	-	-	1,027
Reclassifications	-	-	(65)	(65)
Disposals	(9,010)	-	-	(9,010)
At 31 March 2019	7,483	8	1,908	9,399
Amortisation 1 April 2018	12,208	8	374	12,590
Reclassifications	-	-	-	-
Disposals	(9,010)	-	-	(9,010)
Charged during the year	1,999	-	304	2,303
At 31 March 2019	5,197	8	678	5,883
Carrying Value at 31 March 2019	2,286	-	1,230	3,516
Asset financing:				
Owned	2,286	-	1,230	3,516
Total at 31 March 2019	2,286	-	1,230	3,516

**Consolidated Group
2019/20**

	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Cost or valuation at 1 April 2019	17,799	8	3,544	21,351
Additions purchased	3,255	-	562	3,817
Reclassifications	(193)	-	-	(193)
Disposals	(1,199)	(8)	(349)	(1,556)
At 31 March 2020	19,662	-	3,757	23,419
Amortisation 1 April 2019	11,305	8	1,423	12,736
Reclassifications	60	-	-	60
Disposals	(1,198)	(8)	(349)	(1,555)
Charged during the year	2,737	-	600	3,337
At 31 March 2020	12,904	-	1,674	14,578
Carrying Value at 31 March 2020	6,758	-	2,083	8,841
Asset financing:				
Owned	6,758	-	2,083	8,841
Total at 31 March 2020	6,758	-	2,083	8,841

**Consolidated Group
2018/19**

	Computer software: purchased £000	Licences and trademarks £000	Development expenditure (internally generated) £000	Total £000
Cost or valuation at 1 April 2018	25,179	8	3,609	28,796
Additions purchased	1,826	-	-	1,826
Reclassifications	18	-	(65)	(47)
Disposals	(9,224)	-	-	(9,224)
Upward revaluation gains	-	-	-	-
Impairments charged	-	-	-	-
At 31 March 2019	17,799	8	3,544	21,351
Amortisation 1 April 2018	16,647	8	885	17,540
Reclassifications	2	-	-	2
Disposals	(9,224)	-	-	(9,224)
Charged during the year	3,880	-	538	4,418
At 31 March 2019	11,305	8	1,423	12,736
Carrying Value at 31 March 2019	6,494	-	2,121	8,615
Asset financing:				
Owned	6,494	-	2,121	8,615
Total at 31 March 2019	6,494	-	2,121	8,615

8. Trade and other receivables

	Parent				Consolidated Group			
	Current 2019/20 £000	Non- current 2019/20 £000	Current 2018/19 £000	Non- current 2018/19 £000	Current 2019/20 £000	Non- current 2019/20 £000	Current 2018/19 £000	Non- current 2018/19 £000
NHS receivables: Revenue	51,410	-	48,684	-	90,593	-	100,583	-
NHS prepayments	2,614	-	10,805	-	215,704	-	217,589	-
NHS accrued income	24,446	-	17,477	-	94,844	-	120,132	-
NHS Non Contract	-	-	-	-	7,175	-	3,415	-
NHS Contract Assets	-	-	-	-	500	-	485	-
Non-NHS and Other WGA receivables: Revenue	36,956	-	34,813	-	218,646	326	251,116	326
Non-NHS and Other WGA prepayments	95,581	-	64,311	-	200,217	419	144,897	209
Non-NHS and Other WGA accrued income	39,623	-	23,638	-	127,198	-	98,634	-
Non-NHS and Other WGA Non Contract	-	-	-	-	8,590	-	8,085	-
Non-NHS Contract Assets	-	-	-	-	264	-	201	-
Expected credit loss allowance-receivables	(3,546)	-	(3,391)	-	(18,333)	-	(20,289)	-
VAT	11,663	-	8,962	-	24,584	-	24,113	-
Other receivables and accruals	1,600	-	1,624	-	20,161	2	17,321	3
Total	260,347	-	206,923	-	990,143	747	966,282	538
Other financial assets	-	-	-	-	-	1,554	-	554
Total current and non current	260,347	206,923			992,444	967,374		

9. Cash and cash equivalents

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Balance at 1 April 2019	188,941	144,765	196,694	163,096
Net change in year	(37,258)	44,176	(42,409)	33,598
Balance at 31 March 2020	151,683	188,941	154,285	196,694
Made up of:				
Cash with the Government Banking Service	129,609	96,978	148,903	113,253
Cash with Commercial banks	-	-	-	-
Hosted cash/cash in hand	21,354	89,810	21,615	90,082
Current investments	720	2,153	720	2,153
Cash and cash equivalents as in statement of financial position	151,683	188,941	171,238	205,488
Bank overdraft: Government Banking Service	-	-	(16,953)	(8,794)
Total bank overdrafts	-	-	(16,953)	(8,794)
Balance at 31 March 2020	151,683	188,941	154,285	196,694

For details of bank overdraft see note 10.

Included within hosted cash/cash in hand above is £21.3m (2018/19 £89.8m) held on behalf of NHS England by the NHS Business Services Authority.

Current investments within cash and cash equivalents include cash held in solicitor commercial escrow accounts that is not available for use by the group.

10. Trade and other payables

	Parent				Consolidated Group			
	Current 2019/20 £000	Non- current 2019/20 £000	Current 2018/19 £000	Non- current 2018/19 £000	Current 2019/20 £000	Non- current 2019/20 £000	Current 2018/19 £000	Non- current 2018/19 £000
NHS payables: revenue	517,950	-	528,945	-	1,131,879	-	1,227,807	-
NHS payables: capital	24,488	-	15,368	-	43	-	767	-
NHS accruals	2,043,581	-	2,288,229	-	2,675,373	-	2,957,898	-
NHS deferred income	906	-	375	-	367	-	205	-
NHS contract liabilities	-	-	124	-	842	-	6,574	-
Non-NHS and other WGA payables: revenue	178,956	-	150,252	-	996,204	-	1,071,135	-
Non-NHS and other WGA payables: capital	56,611	-	43,860	-	61,151	-	47,608	-
Non-NHS and other WGA accruals	1,170,778	-	1,144,291	-	4,763,940	-	4,382,565	-
Non-NHS and other WGA deferred income	3,247	-	983	-	25,247	546	15,666	762
Non-NHS contract liabilities	-	-	2,125	-	-	-	2,125	-
Social security costs	9,936	-	7,693	-	24,891	-	21,912	-
VAT	-	-	-	-	51	-	375	-
Tax	21,236	-	20,190	-	34,523	-	33,796	-
Payments received on account	15	-	108	-	359	-	722	-
Other payables and accruals	408,102	26	324,461	26	1,076,517	813	820,780	2,850
Total	4,435,806	26	4,527,004	26	10,791,387	1,359	10,589,935	3,612
Other financial liabilities								
Bank overdraft - Government Banking Service	-	-	-	-	16,953	-	8,794	-
Finance lease liabilities	-	-	-	-	121	737	121	828
Other financial liabilities - other	-	-	-	-	-	89	-	95
Total	-	-	-	-	17,074	826	8,915	923
Total trade & other payables (current)	4,435,806		4,527,004		10,808,461		10,598,850	
Total trade & other payables (non- current)		26		26		2,185		4,535
Total trade & other payables (current and non-current)		4,435,832		4,527,030		10,810,646		10,603,385

11 Finance costs

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Interest				
Interest on obligations under finance leases	-	-	34	36
Interest on late payment of commercial debt	-	-	-	12
Other interest expense	-	-	3	4
Total interest	-	-	37	52
Other finance costs	-	-	1	4
Provisions: unwinding of discount	(404)	533	(538)	588
Total finance costs	(404)	533	(500)	644

12 Provisions

Parent	Current	Non-current	Current	Non-current
	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
Restructuring	576	-	576	-
Redundancy	-	-	-	-
Legal claims	65	149	978	945
Continuing care	13,480	63,000	21,853	-
Pensions Reimbursement	-	258,000	-	-
Other	4,319	19,738	7,286	21,259
Total	18,440	340,887	30,693	22,204
Total current and non-current	359,327		52,897	

	Restructuring	Redundancy	Legal	Continuing	Pensions	Other	Total
	£000	£000	claims	care	Reimbursement	£000	£000
	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2019	576	-	1,923	21,853	-	28,545	52,897
Arising during the year	-	-	149	70,775	258,000	3,077	332,001
Utilised during the year	-	-	(1,400)	(3,478)	-	(579)	(5,457)
Reversed unused	-	-	(416)	(12,589)	-	(6,540)	(19,545)
Unwinding of discount	-	-	(42)	(101)	-	(261)	(404)
Change in discount rate	-	-	-	20	-	(185)	(165)
Balance at 31 March 2020	576	-	214	76,480	258,000	24,057	359,327

Expected timing of cash flows:

Within one year	576	-	65	13,480	-	4,319	18,440
Between one and five years	-	-	149	63,000	-	16,675	79,824
After five years	-	-	-	-	258,000	3,063	261,063
Balance at 31 March 2020	576	-	214	76,480	258,000	24,057	359,327

Consolidated Group

	2019/20	2019/20	2018/19	2018/19
	£000	£000	£000	£000
Restructuring	1,200	-	1,395	-
Redundancy	4,421	30	1,696	-
Legal claims	1,513	149	3,525	945
Continuing care	48,227	71,857	64,730	8,603
Pensions Reimbursement	-	258,000	-	-
Other	50,442	36,081	63,736	32,338
Total	105,803	366,117	135,082	41,886
Total current and non-current	471,920		176,968	

	Restructuring £000	Redundancy £000	Legal claims £000	Continuing care £000	Pensions Reimbursement £000	Other £000	Total £000
Balance at 1 April 2019	1,395	1,696	4,470	73,333	-	96,074	176,968
Arising during the year	478	4,099	952	96,341	258,000	39,543	399,413
Utilised during the year	(538)	(1,083)	(2,280)	(15,170)	-	(15,837)	(34,908)
Reversed unused	(135)	(261)	(1,438)	(34,303)	-	(32,599)	(68,736)
Unwinding of discount	-	-	(42)	(26)	-	(470)	(538)
Change in discount rate	-	-	-	(91)	-	(188)	(279)
Balance at 31 March 2020	1,200	4,451	1,662	120,084	258,000	88,523	471,920
Expected timing of cash flows:							
Within one year	1,200	4,421	1,513	48,227	-	50,442	105,803
Between one and five years	-	30	149	71,857	-	31,943	103,979
After five years	-	-	-	-	258,000	4,138	262,138
Balance at 31 March 2020	1,200	4,451	1,662	120,084	258,000	86,523	471,920

NHS Continuing Healthcare is a package of health and social care arranged and funded solely by the NHS for a person aged 18 or over to meet physical or mental health needs which have arisen as a result of disability, accident or illness. Where an individual has both health and social care needs, but they have been assessed as having a 'primary health need' under the National Framework for NHS Continuing Healthcare and NHS-funded Nursing Care, the NHS has responsibility for providing for all of that individual's assessed needs, both the health and social care. The amount included in the table above as 'Continuing Care' represents the best estimate, at the year end date, of the liabilities of NHS England group relating to the obligation of the NHS to pay for cases of such care and hence its responsibility for reimbursing patients and their families for costs incurred.

The pensions reimbursement provision in 19/20 in the parent is £258m for the commitment to pay clinicians in the NHS Pension Scheme for the effect of the 2019/20 Scheme Pays deduction on their income from the NHS Pension Scheme in retirement, in line with the ministerial direction to DHSC and NHS England.

Other provisions in both the parent and the group is primarily provisions for pension disputes and dilapidations.

The NHS Resolution financial statements disclose a provision of £44,484,845 as at 31 March 2020 in respect of clinical negligence liabilities and employment liability scheme of NHS England (31 March 2019: £47,605,694).

13. Contingencies

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Contingent liabilities				
Employment tribunal	39	276	39	411
NHS Resolution employee liability claim	10	14	28	18
Continuing healthcare	-	-	12,302	14,581
Legal claims	7,994	8,966	7,994	8,966
Legacy Pension issues	10,000	-	10,000	-
Her Majesty's Revenue and Customs	-	-	8,543	1,794
West Wakefield Health and Wellbeing Ltd potential VAT liability	-	-	-	685
Other	-	-	4,115	1,150
Total value of contingent liabilities	18,043	9,256	43,021	27,605
	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Contingent assets				
Legal cases	1,079	4,424	1,079	4,424
Employee pension issues	135	-	135	-
Potential rate rebates	-	-	-	532
Total value of contingent assets	1,214	4,424	1,214	4,956

Contingent liabilities are those for which provisions have not been recorded as there is a possible obligation depending on uncertain future events, or a present obligation where payment is not probable or the amount cannot be measured reliably. Contingent assets are those where a possible asset arises from a past event and whose existence will be confirmed only by the occurrence or non occurrence of an uncertain future event not wholly within the control of the entity. These are disclosed only when the inflow of economic benefit is probable.

14. Commitments

14.1 Capital commitments

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
Property, plant and equipment	32,366	16,351	32,366	16,455
Total	32,366	16,351	32,366	16,455

14.2 Other financial commitments

NHS England has entered into non-cancellable contracts (which are not leases, private finance initiative contracts or other service concession arrangements) which expire as follows:

	Parent		Consolidated Group	
	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000
In not more than one year	251,889	190,150	370,689	266,785
In more than one year but not more than five years	339,917	528,346	477,432	616,174
In more than five years	-	-	72,393	74,819
Total	591,806	718,496	920,514	957,778

In the parent account the most significant contracts relate to:

- a) contract with Capita for the delivery of administration services for Primary Care
- b) PET Scanner contract with Alliance Medical
- c) Care UK contract for Prison Healthcare

Excluding the largest parent financial commitments already disclosed, the most significant other group commitments relate to:

- a) An indemnity given by NHS Trafford CCG to NHS Property Services in relation to the Altrincham Hub

15. Financial instruments

15.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

Because NHS England is financed through parliamentary funding, it is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. NHS England has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the CCG in undertaking its activities.

Treasury management operations are carried out by the finance department, within parameters defined formally within the NHS England standing financial instructions and policies agreed by the CCG Governing Bodies. Treasury activity is subject to review by the NHS England internal auditors.

15.1.1 Currency risk

NHS England is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based.

NHS England has no overseas operations. NHS England therefore has low exposure to currency rate fluctuations.

15.1.2 Interest rate risk

NHS England does not have any borrowings that are subject to interest rate risk.

15.1.3 Credit risk

Because the majority of NHS England revenue comes from parliamentary funding, NHS England has low exposure to credit risk. The maximum exposure as at the end of the financial year is in receivables from customers, as disclosed in the trade and other receivables note.

15.1.4 Liquidity risk

NHS England is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament.

NHS England draws down cash to cover expenditure, as the need arises. NHS England is not, therefore, exposed to significant liquidity risks.

15.1.5 Financial instruments

As the cash requirements of NHS England are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with NHS England's expected purchase and usage requirements and NHS England is therefore exposed to little credit, liquidity or market risk.

16. Operating segments

Consolidated Group 2019/20	CCGs £000	Direct commissioning £000	NHS England £000	Other £000	Intra-group eliminations £000	NHS England group total £000
Income	(843,991)	(1,477,466)	(35,571)	(508,112)	713,344	(2,151,796)
Gross expenditure	91,073,569	26,970,886	6,919,943	1,148,060	(713,344)	125,399,114
Total net expenditure	90,229,578	25,493,420	6,884,372	639,948	-	123,247,318
Revenue resource expenditure						
Revenue departmental expenditure						122,890,421
Annually managed expenditure						294,699
Technical expenditure						62,198
Net operating expenditure for the financial year						123,247,318
Reconciliation back to SoCNE						
Total net expenditure for the year						123,247,318
Net (gain)/loss on revaluation of intangibles						-
Movements in other reserves						-
Retained Net Operating Costs for the Financial Year						123,247,318
Consolidated Group 2018/19						
Consolidated Group 2018/19	CCGs £000	Direct commissioning £000	NHS England £000	Other £000	Intra-group eliminations £000	NHS England group total £000
Income	(851,031)	(1,462,807)	(54,286)	(485,519)	749,434	(2,104,209)
Gross expenditure	85,415,387	25,984,756	3,826,387	493,023	(749,434)	114,970,119
Total net expenditure	84,564,356	24,521,949	3,772,101	7,504	-	112,865,910
Revenue resource expenditure						
Revenue departmental expenditure						112,836,816
Annually managed expenditure						(19,405)
Technical expenditure						48,499
Total net expenditure						112,865,910
Reconciliation back to SoCNE						
Total net expenditure for the year						112,865,910
Net (gain)/loss on revaluation of intangibles						-
Actuarial (gain)/loss in pension schemes						871
Comprehensive net expenditure for the year						112,866,781

The reportable segments disclosed within this note reflect the current structure of NHS England with the activities of each reportable segment reflecting the remit of the organisation. These operating segments are regularly reported to the NHS England Board of Directors for financial management and decision making purposes.

The activities of each segment are defined as follows:-

Clinical Commissioning Groups - clinically led groups that are responsible for commissioning healthcare services as defined in the Health and Social Care Act 2012.

Direct Commissioning - the services commissioned by NHS England (via Local Offices and Specialised Commissioning Hubs) as defined in the Health and Social Care Act 2012.

NHS England - the central administration of the organisation and centrally managed programmes.

Other - includes commissioning support units, national reserves, technical accounting items and legacy balances.

Multiple transactions take place between reportable segments, all of which are eliminated upon consolidation as shown in the "Intra-group eliminations" column. Information on total assets and liabilities and net assets and liabilities is not separately reported to the Chief Operating Decision Maker and thus, in accordance with IFRS 8, does not form part of this disclosure.

17. Related party transactions

Related party transactions associated with the Parent are disclosed within this note. As disclosed in note 1.3 NHS England acts as the parent to 191 CCGs whose accounts are consolidated within these Financial Statements. These bodies are regarded as related parties with which the Parent has had various material transactions during the year; those transactions are disclosed in those entities' financial statements.

The Department of Health & Social Care, as the parent of NHS England, is regarded as a related party. During the year NHS England has had a significant number of material transactions with entities for which the Department is regarded as the parent Department.

For example:

- NHS Foundation Trusts.
- NHS Trusts.
- NHS Litigation Authority.
- NHS Business Services Authority.
- NHS Property Services.
- NHS Health Education England.
- NHS Shared Business Services (DH Equity Investment).
- NHS Trust Development Authority.
- Monitor.

In addition, NHS England has had a number of significant transactions with other government departments and their agencies including HMRC, Ministry of Justice and Her Majesty's Prison and Probation Service. No related party transactions were noted with key management personnel other than the compensation paid to them which can be found in the remuneration report from page 97.

18. Events after the end of the reporting period

There are no adjusting events after the reporting period which will have a material effect on the financial statements of NHS England.

From 1 April 2019 a further 10 CCGs will commence delegated commissioning arrangements, taking the total number operating under the initiative to 184.

The Accounts were authorised for issue by the Accounting Officer on the date of the Audit Certificate of the Comptroller & Auditor General.

19. Financial performance targets

The Mandate: A mandate from the Government to NHS England: April 2019 to March 2020 published by the Secretary of State under section 13A of the National Health Service Act 2006, and the associated Financial Directions as issued by the Department of Health & Social Care, set out NHS England's total revenue resource limit and total capital resource limit for 2019/20 and certain additional expenditure controls to which NHS England must adhere. These stem from budgetary controls that HM Treasury applies to DHSC. These limits were revised in March 2020 and NHS England's performance against those limits is set out in the table below:

	2019/20						2018/19
	Revenue departmental expenditure limit			Annually-managed expenditure	Technical	Total	Total
	Non-ringfenced £000	Ringfenced £000	Total RDEL £000	£000	£000	£000	£000
Mandate limit	123,376,909	166,000	123,542,909	325,000	200,000	124,067,909	114,086,948
Actual expenditure	122,741,096	149,325	122,890,421	294,699	62,198	123,247,318	112,865,910
Surplus	635,813	16,675	652,488	30,301	137,802	820,591	1,221,038
Remove COVID-19 expenditure	360,143	-	360,143	-	-	360,143	
Revised Surplus / (Deficit)	995,956	16,675	1,012,631	30,301	137,802	1,180,734	
		2019/20 Capital resource limit £000				2018/19 Capital resource limit £000	
Limit		260,000				254,000	
Actual expenditure		264,528				221,232	
Surplus		(4,528)				32,768	
Remove COVID-19 expenditure		9,790					
Revised Surplus / (Deficit)		5,262					

NHS England is required to spend no more than £1,874,000,000 of its Revenue Departmental Expenditure Limit mandate on matters relating to administration in the full year. The actual amount spent on RDEL administration matters to 31st March 2020 was £1,623,112,830 as set out below:

Administration limit:	2019/20	2018/19
	£000	£000
Net administration costs before interest	1,625,677	1,589,925
Less:		
Administration expenditure covered by AME/Technical funding	(2,564)	(2,077)
Administration costs relating to RDEL	1,623,113	1,587,848
RDEL Administration expenditure limit	1,874,000	1,820,561
Underspend	250,887	232,713

The various limits of expenditure set out in the table above stem from the limits imposed by HM Treasury on the DHSC. Departmental Expenditure Limits are set in the Spending Review, and government departments may not exceed the limits they have been set. This control is passed down to NHS England by the DHSC and NHS England may not therefore exceed its Departmental Expenditure Limit.

Annually Managed Expenditure budgets are set by HM Treasury and may be reviewed with departments in the run-up to the Budget. Departments must manage AME closely and inform HM Treasury if they expect AME to rise above forecast. Any increase requires Treasury approval. There are clear rules governing the classification of certain types of expenditure as Annually Managed Expenditure or Departmental Expenditure Limit.

20. Entities within the Consolidated Group

NHS England acts as the Parent of the group comprising 191 CCGs (2018/19: 195 CCGs) whose accounts are consolidated within these Financial Statements.

From the 1st of April 2020 this became 135 clinical commissioning groups with the merger of 74 CCGs creating 18 new CCGs as per the below:

Merging CCGs	New CCGs
NHS Bath and North East Somerset CCG NHS Swindon CCG NHS Wiltshire CCG	NHS Bath and North East Somerset, Swindon and Wiltshire CCG
NHS Airedale, Wharfedale and Craven CCG NHS Bradford City CCG NHS Bradford Districts CCG	NHS Bradford District and Craven CCG
NHS Eastern Cheshire CCG NHS South Cheshire CCG NHS Vale Royal CCG NHS West Cheshire CCG	NHS CHESHIRE CCG
NHS Durham Dales, Easington and Sedgfield CCG NHS North Durham CCG	NHS COUNTY DURHAM CCG
NHS Hastings and Rother CCG NHS High Weald Lewes Havens CCG NHS Eastbourne Hailsham and Seaford CCG	NHS EAST SUSSEX CCG
NHS Herefordshire CCG NHS Redditch and Bromsgrove CCG NHS South Worcestershire CCG NHS Wyre Forest CCG	NHS HEREFORDSHIRE AND WORCESTERSHIRE CCG
NHS Ashford CCG NHS Canterbury and Coastal CCG NHS Dartford, Gravesham and Swanley CCG NHS Medway CCG NHS South Kent Coast CCG NHS Swale CCG NHS Thanet CCG NHS West Kent CCG	NHS KENT AND MEDWAY CCG
NHS Lincolnshire East CCG NHS Lincolnshire West CCG NHS South Lincolnshire CCG NHS South West Lincolnshire CCG	NHS LINCOLNSHIRE CCG
NHS Great Yarmouth and Waveney CCG NHS North Norfolk CCG NHS West Norfolk NHS South Norfolk CCG NHS Norwich CCG	NHS NORFOLK & WAVENEY CCG
NHS Barnet CCG NHS Camden CCG NHS Enfield CCG NHS Haringey CCG NHS Islington CCG	NHS NORTH CENTRAL LONDON CCG

Merging CCGs	New CCGs
NHS Hambleton, Richmondshire and Whitby CCG NHS Scarborough and Ryedale CCG NHS Harrogate and Rural District CCG	NHS NORTH YORKSHIRE CCG
NHS Corby CCG NHS Nene CCG	NHS NORTHAMPTONSHIRE CCG
NHS Mansfield and Ashfield CCG NHS Newark and Sherwood CCG NHS Nottingham City CCG NHS Nottingham North and East CCG NHS Nottingham West CCG NHS Rushcliffe CCG	NHS NOTTINGHAM AND NOTTINGHAMSHIRE CCG
NHS Bexley CCG NHS Bromley CCG NHS Greenwich CCG NHS Lambeth CCG NHS Lewisham CCG NHS Southwark CCG	NHS SOUTH EAST LONDON CCG
NHS Croydon CCG NHS Kingston CCG NHS Richmond CCG NHS Merton CCG NHS Sutton CCG NHS Wandsworth CCG	NHS SOUTH WEST LONDON CCG
NHS Guildford and Waverley CCG NHS North West Surrey CCG NHS Surrey Downs CCG NHS East Surrey CCG	NHS SURREY HEARTLANDS CCG
NHS Darlington CCG NHS Hartlepool and Stockton-on-Tees CCG NHS South Tees CCG	NHS TEES VALLEY CCG
NHS Coastal West Sussex CCG NHS Crawley CCG NHS Horsham and Mid Sussex CCG	NHS WEST SUSSEX CCG

A full list of the CCGs can be found on the NHS England website.

The parent entity of NHS England is the Department of Health & Social Care.

The largest group of entities for which group accounts are drawn up and of which NHS England is a member is the Department of Health & Social Care Group.

Copies of the accounts can be obtained from www.gov.uk/Government/publications