NHS Digital

Annual Report and Accounts 2022-23

For the period ended
31 January 2023

HC1530

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For the period 1 April 2022 to 31 January 2023

Health and Social Care Information Centre (HSCIC) Annual Report and Accounts 2022-23

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Performance report

Introduction from Accounting Officer

This report covers NHS Digital's performance from April 2022 to January 2023, prior to merging with NHS England on 1 February 2023. This merger was part of the wider integration of NHS Digital and Health Education England into NHS England to create a single organisation that puts workforce, data, and digital technology at the heart of plans to transform the NHS.

As Chief Executive of NHS England, I took over as interim Accounting Officer for NHS Digital on 1 February 2023, following the merger.

The performance report in the following pages provides an overview of NHS Digital's delivery during its final 10 months. It highlights key achievements in enhancing patient care through digital products, facilitating secure data use for care and research purposes and delivering effective services and infrastructure to support local organisations and system suppliers in meeting the NHS's needs.

NHS Digital's accomplishments during this period are a testament to the dedication and expertise of its people in using technology and digital innovation to improve healthcare. This work will continue in the new NHS England and will be pivotal to the digital transformation of the NHS.

Amanda Pritchard NHS England Chief Executive and Accounting Officer

About NHS Digital

NHS Digital was the national digital, data and technology delivery partner for the NHS and social care system, providing expertise in the design, development and operation of complex IT and data systems. NHS Digital merged with NHS England on 1 February 2023.

The organisation collaborated with partners across the NHS, social care, the health tech sector, and life sciences research to support better health and patient outcomes, better experiences, and better value for money. NHS Digital's main activities involved:

- building the core IT and data infrastructure, platforms and live services on which the NHS and social care system relies, and running and maintaining that infrastructure to the highest standards of reliability and security
- designing and developing digital products that help NHS and care staff do their work and that put people in control of their health and care
- providing a centre of excellence in cyber security, offering deep technical expertise and national services that helped organisations across the NHS defend their systems from digital threat
- offering data services that support evidence-based decision-making across the NHS, transform care and support ground-breaking life sciences research. NHS Digital collected, connected and disseminated some of the world's most valuable health data sets and, as the primary provider of official statistics and analysis to the system, played an important role in improving the efficiency and quality of frontline services
- protecting people's private information, acting as the data custodian for England's health and care system and insisting on the highest standards of privacy, transparency and information governance across their services

In the period April 2022 to January 2023, NHS Digital's programmes, products, services and corporate functions were organised into eight directorates. There were five core delivery directorates: Product Delivery, Data Services, IT Operations, Platforms, and Cyber Operations.

The performance report on pages 9 to 16 is structured around the activities and achievements of each of these delivery directorates from April 2022 to January 2023, before NHS Digital merged with NHS England.

NHS Digital's delivery in the period 1 April 2022 – 31 January 2023

Product Delivery

- NHS Digital's national digital channels – the NHS website and NHS App, underpinned by NHS login – enabled 30 million people with high-level verification accounts to have access to a range of health and care websites, apps and services. During the 2022-23 reporting period, the NHS App continued to help patients across England access their health records and medical services, and the NHS website remained the UK's biggest health website.
- The Urgent and Emergency Care (UEC) product teams continued to support tens of millions of patient symptom assessments and searches for appropriate services to treat those symptoms this year. The range of UEC products includes support via 111 online, NHS Pathways, the UEC Directory of Services and NHS Service Finder.
- During the 2022-23 reporting period, the Live Breast Screening team delivered the Round Length Planning tool which helped bridge the gap between screening demand and capacity, digitised and standardised their planning process and reduced the manual burden on operational delivery. The tool enabled screening offices to manage the lasting impact of COVID-19 which saw breast screening services reduced due to either patients declining invitations or screening offices halting routine screening. Development of a new Cervical Screening Management System continued and is being planned for delivery in 2023-24.
- During the 2022-23 reporting period, key deliveries through the existing framework included enabling other healthcare professionals other than GPs, such as nurses, to digitally issue fit notes to patients following an assessment of their fitness for work (previously only GPs were able to do this); and a new lipid management search tool to help those in general practice to proactively identify patients who may benefit from treatment intervention or review. The GP IT Futures team launched the Tech Innovation Framework to enable new-to-market foundation Electronic Patient Record (EPR) solutions to be developed for general practice.
- The Child Protection - Information Sharing service helps health and social care staff share information securely to better protect society's most vulnerable children. In the 2022-23 reporting period, it was used by all local authorities with children's services and in more than 1,200 urgent and emergency health care settings. The service enables sharing of information on more than 200,000 children between health and social care, supporting their safeguarding.
- In the 2022-23 reporting period, there was a drive to modernise and expand the use of the Electronic Prescription Service (EPS), which allows prescribers to send prescriptions electronically to a dispenser of the patient's choice, such as a pharmacy. Work was completed to enable IT system suppliers to introduce EPS into secondary

care settings, for example outpatient prescriptions – the first hospital trust went live in March 2022.

- The Booking and Referral Standard went live in January 2023 in an initial pilot in parts of England. Supporting interoperable booking and referrals from NHS 111 online to emergency departments and paving the way for digital referrals of patients for acute episodes of care, it allows clinically suitable patients to have a booked arrival time at an appropriate emergency department. The emergency department will know who is attending as they will have the referral information sent to them before the patient arrives, reducing the burden of the patient in repeating their information. The service went live with the emergency department at Warrington Hospital, followed by Maidstone Hospital and Tunbridge Wells Hospital.
- In 2022, NHS Digital provided the technology that supported the successful spring and autumn COVID-19 booster vaccination campaigns. The National Booking Service enabled people to book appointments via the NHS website and helped staff at vaccination sites to manage and check in people for appointments.

Data Services

- NHS Digital managed more than 200 national data collections in the 2022-23 reporting period. During the year, the end-to-end delivery of changes to major datasets was significantly strengthened, including the Improving Access to Psychological Therapies (IAPT) data, which is transforming the treatment of adult anxiety disorder and depression in England. Successful pilots as part of the Acute Data Alignment Programme were completed to enable private providers to routinely share information with the NHS. This will provide a more comprehensive picture of healthcare in England, helping to improve care and patient safety.
- The Terminology and Classifications service maintains and develops standardised codes to identify who provides and commissions clinical services and where. In the 2022-23 reporting period, they focused on introducing codes and reference data to identify integrated care boards (ICBs) and sub ICB locations which were established as statutory organisations under the Health and Care Act 2022. The Clinical Terminology team supported the emerging Monkeypox outbreak with the timely release of new coding content for the NHS to record and track cases.
- In the 2022-23 reporting period, improvements were made to the Data Access Request Service (DARS). This included simplifying the application process and upgrades to the website, making it easier for customers to find the information they need. A number of new datasets were onboarded and made available to customers, including a new consolidated mental health product and new versions of IAPT and Maternity data. Products from the National Disease Registration Service were made available through DARS, enabling a smoother process for data applicants.

- In the 2022-23 reporting period, work progressed on transitioning from data sharing to data being accessed in controlled environments. Building on the COVID-19 Trusted Research Environment, the new national Secure Data Environment (SDE) service will provide approved users with access to essential, de-identified health data from national health settings to deliver quick answers to vital health related questions. A national SDE platform is now in beta, which is a first step on the journey to deliver a more robust, flexible and scalable end-to-end service. The SDE will become the default way to access the NHS health and social care data for research and analysis. Designed to support research in diseases and conditions affecting the population, it will help to support the development of new treatments and the analysis of how health and care is planned and delivered to continually improve it.
- NHS DigiTrials Feasibility Self-Service was launched into public beta in November 2022. The service supports clinical trials to establish whether there are enough suitable people in England to take part in a particular trial but does not identify individuals. This is helping researchers to develop treatments to improve health and care. The Communications Service went into public beta in November 2022, helping trials to keep participants updated about the progress and results of their trial. Following the success of the NHS-Galleri study in recruiting 140,000 people from across the UK, work has been undertaken on an additional 3 pilots of the recruitment service – including 5 million invitations sent as part of the Our Future Health programme, the world's largest longitudinal study.
- A wide range of national and official statistical publications were delivered in 2022. In December 2022, NHS Digital published the Health Survey for England which looks at changes in health and lifestyles, including differences by ethnic groups. Releases from the new National Obesity Audit were published, including dashboard functionality providing data on NHS-funded bariatric surgical procedures delivered in England, and, for the first time, appointments data at GP practice level were published. NHS Digital made significant improvements to the reliability, transparency and efficiency of statistics publications through implementation of Reproducible Analytical Pipelines (RAP). At the beginning of 2023, there were 7 RAP pipelines with code published publicly and a RAP Community of Practice to share expertise across the system, with a website that has become a point of reference for analysts.
- In the 2022-23 reporting period, there were more than 20 live dashboards across NHS Digital platforms – some of which are only available to authorised users. In November, GP appointments data was made available at ICB level alongside our existing primary care data quality improvement dashboards. This provides users with management information about activity in their area and the impact of seasonal pressures. Existing

dashboards, such as the GP COVID-19 vaccine dashboard, were developed during the year to enable practices to track uptake of the autumn boosters.

- The National Disease Registration Service collects data on patients with cancer, congenital anomalies and rare diseases. In October 2022, the service delivered the first ever national Lynch syndrome registry, created in partnership with Newcastle University and Bowel Cancer UK, to help inform surveillance, treatment and care of people with the condition. In the same month, the cancer registrations statistics for 2020 were published, which included cancer mortality by deprivation and diagnosis for the first time. The 2020 Congenital Anomaly Official Statistics Report was released in December, containing information on congenital anomalies in babies delivered in England.

IT Operations

- In the 2022-23 reporting period, Live Services continued to optimise service management functions and target efficiencies, moving from the reactive approach required by the COVID-19 pandemic to a focus on strengthening and improving services as well as the cross-cutting functions that support them. Services were onboarded to both the Customer Service Function, which provides a single point of contact for service users, and our IT Operations Centre, which provides pro-active monitoring and alerting for key services.
- Building on last year's introduction of the new ServiceNow IT service management toolset, the IT Operations directorate was able to improve efficiency and productivity, deliver increased staff satisfaction, and provide organisations across the NHS with a new, streamlined ServiceNow portal to improve their engagement with Live Services and access to IT support. ServiceNow delivered improvements to Cyber Operations colleagues and will soon be extended to provide the internal ICT service management toolset.
- In the 2022-23 reporting period, a new IT Operations and Service Management Community was launched in partnership with Kettering General Hospital NHS Foundation Trust to help share IT Operations related information, knowledge and experience across the NHS. This is part of a long-term strategic objective to facilitate increased IT operations expertise throughout the health and social care system.
- The NHSmail team created a Digital Heroes network of individuals across the NHS who are committed to promoting the use of cutting-edge digital tools across the NHSmail Collaboration Platform, such as virtual wards and consultations. They also help provide essential communications and support the successful adoption of digital services, helping build digital confidence among NHS colleagues.
- In the 2022-23 reporting period, the NHSmail team continued to support the adoption of the centralised Microsoft tool set to adapt and evolve organisations' digital footprints

and build enhanced collaboration after the challenges of COVID-19. Cultivating the adoption of these technology solutions has been crucial to improving patient care and efficient service delivery. The NHSmail Collaboration Platform has been instrumental in significantly improving and increasing communication and collaboration throughout the health and care system, supporting over 800,000 audio calls, 1.5 million Teams meetings and 9 million Teams chats per week throughout the year. The NHSmail and NHS Care Identity Service Sign In were combined, providing access to services supported by NHSmail for users with an NHS Care Identity (smartcard) account. This gave staff a more seamless experience, reducing the time required to sign in.

- The Cloud Centre of Excellence continued to help reduce cloud hosting costs, identify opportunities to reduce costs further through the adoption of architectural best practice, and improve cloud security through the enablement of cloud security products, policy as code, and new cloud 'guardrails'. A secure, efficient and scalable cloud hosting environment has been established for Tommy's App ready for its rollout to 26 sites throughout 2023. The app, shared between healthcare professionals and women, will support decision-making and help reduce the risk of complications in childbirth. NHS Digital also completed the most detailed survey of cloud adoption in the NHS and published new guides and tools to help the wider NHS adopt and run cloud services successfully.
- The Future Connectivity programme supported a series of wireless trials within NHS trusts to explore how wireless connectivity can improve health outcomes, such as University College London Hospitals' Find and Treat service. These trials have helped frontline staff deliver improved services using digital technology and have provided valuable insights into how investing in advanced wireless infrastructure in the NHS can improve user experience, underpin digital transformation and improve outcomes for patients. Future Connectivity has helped NHS organisations upgrade over 1,000 prohibitive copper broadband connections to faster and more reliable fibre connectivity; supported 12 NHS organisations with upgrades to gigabit-capable connectivity; established bandwidth demand profiles for nearly half of NHS premises; and has identified up to 2,000 sites eligible for funding under the Department for Digital, Culture, Media and Sport's Project Gigabit. During 2022, the programme also completed the move to a new Health and Social Care Network peering exchange, a vital central capability that enables NHS organisations to communicate seamlessly, safely and reliably.
- The Solution Assurance function ensures our health informatics solutions meet business, data, and technical requirements and standards. During the 2022-23 reporting period, the team enhanced its risk-based assurance model, supporting delivery and integration of more than 60 portfolios of work. Highlights included

improvement activities on COVID-19 vaccinations system performance and data assurance and on NHS Wayfinder (NHS App) Services.

Platforms

- The NHS Spine responds to service demands across all platforms, allowing secure information sharing in the health and care system. It supports the transfer of vital vaccine information, pathology results, referrals and prescriptions. Message Exchange for Social Care and Health (MESH) was the first major Spine service to be transformed within the Spine Futures programme, with the new service going live in December 2022. This work has delivered a new cloud native service which scales up and down to meet demand. The solution is easier to work on, legacy technologies have been removed from its architecture, and the lead time to deploy changes has been reduced.
- The Personal Demographics Service (PDS) is the primary national system for patient contact information and basic demographic details such as age, gender and mortality status. In the 2022-23 reporting period, the PDS team developed the Demographics Reverification programme that proactively prompts users to verify and update their contact details on PDS. This enabled more than 450,000 patients to update their missing or invalid PDS contact details.
- In the 2022-23 reporting period, the digital cohort system, developed by the Cohorting team at NHS Digital, continued to support clinical trials. The previous year's success in recruiting nearly 23,000 patients to the PANORAMIC study provided the clinical basis to offer COVID-19 therapeutics to a much wider population. This service was used to refresh winter flu and COVID-19 cohorts in 2022, and there are plans to widen the therapeutics approach to support a high priority programme to identify patients with hepatitis C. In 2023, there are also plans to continue to develop Comms Manager, a new service being built to provide national services with a simple way to send NHS app notifications, texts, emails and letters based on flexible rules.
- NHS Digital continued to build on the success of the online GP registration service using the digitised GMS1 form. This enables patients to register electronically with a GP. In the 2022-23 reporting period, more than 500 GP practices had enrolled for the new service and more than 100,000 registrations had been completed electronically.
- NHS login offers patients a single, trusted login account to access health and care websites, apps and services. Since the launch of the NHS App in 2018, more than 50 million people have now registered for an NHS login account – more than 7 million people used the service at least once in November 2022.
- The Spine Core Services team transitioned onboarding to the MESH API, which was migrated to the Digital Onboarding Service to streamline the assurance workflow for organisations integrating with the API. This addressed a major pain point and will help to reduce the cost and time for end users integrating with the MESH API.

- In the 2022-23 reporting year, NHS Digital expanded its API platform, the 'front door' for health and care APIs, primarily for the NHS in England. In 2022, a milestone of 25% of NHS Digital APIs on the platform was achieved through a combination of new services going live and API deprecation. The Electronic Prescription Service API for secondary care went live in September 2022 and is now available for full roll-out in secondary care.
- Following the establishment of a UK Fast Healthcare Interoperability Resources (FHIR) governance structure, the Interoperability Standards (IOPS) team have had significant success with the FHIR UK Core approach, enabling collaborative work across England, Scotland, Wales and Northern Ireland. Specifically, the first ever HL7 UK balloted artifacts have been developed in partnership with HL7 UK and was completed in January 2023, resolving over 500 comments. This has produced an accepted standard for the use of FHIR in the UK. The IOPS team also worked with a wide range of NHS programmes to deliver products and support, including Electronic Prescribing Service, Bookings and Referrals, Direct Care APIs, Interoperable Medicines, Diabetes, e-Referral Service, Genomics, Pharmacy, GP Practice Migration and FHIR specifications for the Ambulance Data Set.
- The Identity and Access Management team provide trusted digital identity verification, administration and management services for health and care staff. This is used to authorise and audit secure access to health and care data systems via smartcards and provides Advanced Electronic Signature capability to allow digital signing of electronic prescriptions. In the 2022-23 reporting period, the team developed a new Apply for Care ID service which provides self-service, online identity verification and registration for users. This means users can be issued smartcards and other such devices without needing to attend in person, which has significantly saved time.

Cyber Operations

- The Cyber Security Operations Centre (CSOC) continued to deliver threat-led security operations, improving the process that supports organisations managing the most critical vulnerabilities. During the 2022-23 reporting period, they issued 14 High Severity Alerts, an increase of 5 from the previous year. The CSOC also delivered centralised security monitoring of the threats to the health and social care sector, providing real-time visibility and prevention of cyber events. They actively engaged with the NHS and vendors, including providing specialist advice and incident management in response to the Advanced Ransomware attack. Through guidance, assessments and awareness programmes, the team helped ensure the NHS was prepared in the event of cyber events.
- The Cyber Delivery Unit actively engaged on security across the health and social care sector, including supporting a series of collaboration networks for health and care

organisations to discuss and work together on cyber best practice. Through the Keep IT Confidential programme, educational materials were developed that are now in use across NHS and adult social care settings. Further security guidance was also delivered following the heightened threat caused by the Russian-Ukraine conflict.

- In the 2022-23 reporting period, NHS Digital, a trusted advisor in information and data security, continued to build resilience at regional and provider level. Actively engaging with trusts and newly formed integrated care boards through a network of regional cyber leads, the team helped to develop their local teams and services through advice, guidance, and promotion of their key products and services.
- There was a restructure of NHS Digital's approach to cyber security in 2022 in preparation for the merger with NHS England. This was based on a 'Secure and Assure' approach, which included: a cyber governance, risk, and compliance function to manage and report on cyber risk, and facilitate better, more informed risk-based decisions; business information security officers who will be closely aligned to the directorates and be the on-the-ground security resource for all things cyber related; and a dedicated penetration-testing function, designed to ensure the ongoing cyber security of NHS Digital's systems. An ongoing continuous security improvement programme was introduced in 2022 to understand and manage the cyber security risks and issues facing our information and systems.
- The Cyber Operations directorate delivered continuous improvement across the cyber domain. This included ongoing investment in future cyber talent through cyber apprentices, graduates, and cross-training of existing staff, and the Cyber Security Innovation Factory which is helping to improve people, process and technology related problems across NHS Digital and the system.

2022-23 performance analysis

These accounts have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) and amendments to it issued by HM Treasury, as interpreted for the health sector in the DHSC Group Accounting Manual (GAM).

The accounting policies contained in the Financial Reporting Manual apply International Financial Reporting Standards (IFRS) as adopted and interpreted for the public sector context. The accounts comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity, all with related notes.

The accounts have been prepared on a going concern basis, even though NHS Digital ceased to exist as an organisation on 31 January 2023 following the merger into NHS England. As the functions from NHS Digital were expected to continue in NHS England, in accordance with the DHSC Group Accounting Manual the going concern basis for preparing the financial statements remains appropriate.

NHS Digital was a non-departmental public body, and the majority of its funding was grant-in-aid from the DHSC.

NHS Digital's outturn for the 10-month period 1 April 2022 to 31 January 2023 against the key financial controls was as follows:

NHS Digital's outturn	**10 months 2022-23 £000**	**12 months 2021-22 £000**
Grant-in-aid from the Department of Health and Social Care[1]	498,203	612,574
Invoiced income	31,754	44,863
Funding and income	**529,957**	**657,437**
Staff costs	(244,016)	(263,142)
Operating expenditure	(284,227)	(380,765)
Loss on disposal of non-current assets	(1,922)	(2,330)
Movement in provisions	(10)	(377)
Expenditure	**(530,175)**	**(646,614)**
(Overspend)/ Underspend	**(218)**	**10,823**

Table shows outturn against the non-ring fenced revenue expenditure limit. As such, the figures exclude depreciation, amortisation, impairments and absorption transfers of functions between group bodies.

1 The grant-in-aid is the revenue expenditure limit agreed with DSHC. The amount shown in the statement of changes to taxpayers' equity on page 104 is the cash drawn down in the year, which also includes that used for capital expenditure and working capital requirements.

Capital expenditure

Capital expenditure	10 months 2022-23 £000	12 months 2021-22 £000
Grant-in-aid from the Department of Health and Social Care[2]	110,690	177,237
Funding	**110,690**	**177,237**
Capital expenditure	(112,091)	(171,798)
Loss on disposal of non-current assets	1,922	2,330
Expenditure	**(110,169)**	**(169,468)**
Underspend	**521**	**7,769**

NHS Digital continued to operate both critical national live services and project-based delivery, such as the development of new or enhanced national systems or related to the ongoing response to the COVID-19 pandemic. Requirements, timescales and volumes of transactions can vary, and NHS Digital worked closely with the DHSC, NHS England and the UK Health Security Agency to ensure early identification of changing demands and enable the reallocation of funding within the Transformation Directorate of NHS England or more widely at the earliest opportunity.

NHS Digital had originally planned our funding and spend on a full 12-month basis. However, during the year, a decision was made to accelerate the merger of NHS Digital with NHS England leading to a 10-month financial year that ended on 31 January 2023. The rate of delivery in 2022-23 continued at a similar level to 2021-22 after prioritisation exercises reduced funding to support the wider system priorities. Our delivery is described in detail in the performance report on pages 9 to 16.

Performance against delivery objectives was regularly reviewed by our Board and measured against key performance indicators as noted on pages 24 to 30. During the year, changes in our delivery focus and the impact of the merger were closely monitored and indicators were updated to ensure an accurate reflection of our performance. Key risks to delivery were identified and managed accordingly in line with our approach to risk management.

IFRS 16

NHS Digital applied the new IFRS 16 Leases Accounting Standard for the first time in 2022. This standard had a material impact on the financial statements as it led to most leases being recognised on the Statement of Financial Position as a right- of-use asset and a lease liability. The lease costs changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability. NHS Digital adopted the modified retrospective transition approach and therefore comparative periods are not restated.

2 The grant-in-aid is the capital expenditure limit agreed with DHSC. The amount shown in the statement of changes to taxpayers' equity on page 104 is the cash drawn down in the year, which also includes that used for revenue expenditure and working capital requirements.

As the modified retrospective approach does not require restatement of comparative periods, the impact of IFRS 16 on NHS Digital's opening Statement of Financial Position was accounted for as an adjustment at the start of the current accounting period 1 April 2022. Details can be found in Note 20.

The impact of IFRS 16 in the year was to increase depreciation by £3.9 million, decrease rental expenditure by £4.2 million and increase finance costs (interest on leases) by £0.6 million. These changes have resulted in a decrease of net expenditure of £0.3 million in the period.

On the Statement of Financial Position, NHS Digital hold right-of use assets of £58.8 million within non-current assets as at 31 January 2023. NHS Digital also hold lease liabilities of £68.8 million split between current and non-current assets.

Income analysis

In addition to grant-in-aid funding, NHS Digital received income for a range of activities and services including:

- the development of informatics-related systems
- the design and management of clinical audits
- the hosting, management, and development of IT systems for the NHS
- providing contact centre services
- extracting and disseminating data to customers, inside and outside the NHS
- providing clinical safety training

Income from these activities and services for the 10-month period to 31 January 2023 was £31.8 million, compared to £44.9 million generated for the full year in 2021-22. Invoiced income was supported by agreed work packages and was on a time and materials basis. All contract income for 2021-22 was supported by signed agreements and £956,181 of income was included in contract liabilities at 31 March 2022 and £705,889 of this has been recognised in 2022-23. The remaining balance related to future periods.

At the end of the ten-month period to 31 January 2023, £2.7 million of income had not been recognised, since signed agreements were not yet in place. £2.0 million of this income was subsequently received as grant-in-aid during February 2023 by NHS England. The remaining £0.7 million agreements were signed by 31 March 2023.

NHS Digital's major customers were NHS England and the DHSC.

Breakdown of income by customer type

Breakdown of income by customer type	10 months 2022-23 £m	12 months 2021-22 £m
NHS England	13.2	19.1
External	12.0	10.9
Other Department of Health and Social Care group bodies	3.5	0.4
Department of Health and Social Care	2.6	5.1
Other central government departments	0.4	1.8
NHS trusts	0.1	4.1
UK Health Security Agency (formerly Public Health England)	-	3.5
Total	**31.8**	**44.9**

Revenue expenditure

Revenue expenditure	10 months 2022-23 £m	12 months 2021-22 £m
Main categories of operating expenditure		
Work packages, legal and professional fees	143.9	190.5
Permanent staff	169.3	171.5
IT managed services, maintenance and support	120.6	167.5
Depreciation, amortisation, impairments and disposals	105.6	111.1
Temporary staff	74.7	91.7
Other	14.4	12.3
Premises and establishment	5.4	10.5
Total	**633.9**	**755.1**

Total permanent and temporary staff costs for the 10-month period to 31 January 2023 were £244.0 million, compared to £263.0 million for the full year in 2021-22. There was a significant increase on permanent staff costs due to a 15% increase on the average number of full-time equivalent employees and a slight decrease on temporary staff costs, due to a 3% decrease in the average number of full-time equivalent temporary staff. The increase of average number of employees was due to the transfer of Public Health England staff on 1 October 2022 which only impacted 2021-22 average employees for 6 months compared to 10 months in 2022-23, and other permanent staff recruitment was to meet business delivery requirements and reduce contingent labour spend.

Operating expenditure for the 10-month period to 31 January 2023 was £284.2 million, compared to £380.8 million for the full year in 2021-22. There was a slight decrease reflecting the decreased use of work packages to provide short-term specialist input and software

development skills on key projects, and decreased use of outsourced managed services to provide support and maintenance for existing services, capacity and functions.

Depreciation, amortisation, impairments and disposals for the 10-month period to 31 January 2023 was £105.6 million, compared to £111.1 million for the full year 2021-22. There was no significant movement, comparing the 10-month period to 2022-23 and 2021-22.

The following chart summarises the net revenue expenditure by delivery directorate with amounts in £million.

Net revenue expenditure by delivery directorate	10 months 2022-23 £m	12 months 2021-22 £m
Product Delivery	159.6	117.0
IT Operations	126.8	136.5
COVID-19 Delivery	118.1	233.1
Data Services	96.2	104.9
Platforms	35.5	36.6
Cyber Operations	34.6	40.6
Corporate	31.3	41.4
Total	**602.1**	**710.1**

More information relating to net revenue expenditure can be found in Note 2. The Corporate segment in the chart includes Corporate Services, Assurance and Risk Management, Strategy, Policy and Governance and Central net expenditure.

Capital expenditure

Capital expenditure	10 months 2022-23 £000	12 months 2021-22 £000
Internally and externally developed software	87,759	147,503
Development expenditure	21,217	13,499
IT hardware, including desktop and corporate infrastructure	1,887	6,221
Software licences, including desktop and corporate infrastructure licences	–	3,688
Refurbishments, fitting out new office space and furniture	656	887
Right-of-use assets	572	–
Net book value of disposals	(1,922)	(2,330)
Total	**110,169**	**169,468**

Developed software and development expenditure utilised a mix of supplier and internal resources, with the value of internal time capitalised amounting to £12.2 million for the 10-month period to 31 January 2023 (2021-22: £16.3 million).

There was a significant decrease on externally developed software costs, comparing the 10-month period 2022-23 to 2021-22, reflecting the reduced development activities of the National Coronavirus Testing System. This reduction was guided by the government's 'Living with Covid' plan announced in February 2022. The National Coronavirus Testing System

accounted for £12.6 million (2021-22: £70.0 million) of our capital expenditure during the year. NHS Digital developed other national systems in response to both the pandemic and ongoing healthcare needs.

NHS Digital applied indexation to non-current assets in existence at 1 April 2022, using a mix of Office for National Statistics indices, actual pay awarded and assessments of other supplier cost changes, to consider the inflation rates of staff, other resources and potential efficiency factors impact on assets. The indexation impact was a decrease in net book value of £7.9 million. The exception was software licences, where indexation has not been applied from 1 April 2019 onwards. From this date, software licences have been held at depreciated historical cost, on the basis that they were short-life assets and, as such, depreciated historical cost is considered a suitable proxy for current value in existing use.

Other non-current receivables included software licences where the subscription period was greater than a year. These were not revalued.

Current assets and liabilities

Contract receivable balances amounted to £13.1 million (31 March 2022: £9.7 million). The increase was due to a large volume of invoices raised (£12.6 million) during January 2023 after income agreements were signed before the end of the 10-month period. Contract receivable not yet invoiced balances amounted to £7.3 million (31 March 2022 £7.1 million) which represents work completed but not yet invoiced. This income was invoiced to customers during February and March 2023 by NHS England.

Prepayments under 1 year were £27.8 million (31 March 2022: £19.1 million), the difference being primarily due to software licence subscriptions.

NHS Digital complied with the Better Payments Practice Code (BPPC) by paying suppliers within 30 days of receipt of valid invoice. The percentage of non-NHS invoices paid within the target was 98.4% (31 March 2022: 99.1%). Creditor days outstanding at 31 January 2023 was 21.0 days (31 March 2022: 14.1 days).

Auditors

These accounts have been audited by the Comptroller and Auditor General, who has been appointed under statute and is responsible to Parliament. The audit fee for 2022-23 was £177,000 (2021-22: £166,500). The audit fee only included audit work. No additional payments were made.

The Accounting Officer has taken all steps to ensure they are aware of any relevant audit information and to ensure that NHS Digital's auditors were aware of that information. To the best of the Accounting Officer's knowledge, there were no relevant audit information of which the auditors were unaware.

The internal audit service during the financial year was provided by the Government Internal Audit Agency.

Sustainability

Information about NHS Digital's environmental impact and sustainability is included in Appendix A.

Managing performance

Effective performance management across NHS Digital provided a clear overview of delivery of the organisation's statutory obligations, commitments to stakeholders and targets. This facilitated the delivery of NHS Digital's strategic and operational goals while minimising risk for both NHS Digital and its stakeholders.

Financial and non-financial key performance indicators (KPIs) and other management information were used to continuously monitor performance. These indicators were integral to NHS Digital's routine business and supported the decision-making processes of the Board and Executive Management Team (EMT). Performance reporting was provided on a monthly basis to the EMT and 6 times in the period to the Board. Copies of the Performance Reports were published on the NHS Digital website[3] as part of the Board papers considered at the public sessions of the Board.

Each KPI was measured using red, amber and green (RAG) indicators, against agreed thresholds and targets, with detailed analysis undertaken where performance issues were identified. To ensure that KPIs were aligned with NHS Digital's objectives, they were categorised under 5 main priority areas for the organisation, namely:

- running NHS Digital well
- delivering products and platforms that meet user needs
- maximising the quality and utility of NHS data
- operating safe, reliable and cyber-secure live services
- making NHS Digital a fantastic place to work.

[3] NHS Digital website

2022-23 KPIs were categorised as follows:

Priority area category	KPI area	Description	Responsible director
Running NHS Digital well	Clinical governance	This is the overarching control against causing harm to patients, directly or indirectly, as a result of the clinical aspects of NHS Digital's products and services.	Chief Medical Officer
	Commercial	Reporting on performance relating to supplier contracts and value for money delivered for the organisation.	Chief Commercial Officer
	Financial performance	Covers the management of NHS Digital's finances and other significant funding streams, including the organisation's management accounts.	Chief Financial Officer
Operating safe, reliable and cyber-secure live services	Live Services IT service performance	Performance reporting on availability of IT services, number of incidents per day, Customer Service Function (CSF) and Live IT Services Continuity Management (ITSCM).	Associate Director, Live Services
	Data Security Centre and live service performance	Provides a composite view of internal and external information security incidents and related cyber issues.	Chief Information Security Officer
Delivering products and platforms that meet user needs	Platforms	Provides reporting on operation and performance of the core platforms that connect digital services across the health and care system, including integrated and interoperable platforms, leveraging open standards and application programming interfaces (APIs).	Executive Director - Platforms
	Product Delivery	Provides a consolidated view of the delivery status of our product and programme portfolio, focussing on the overall delivery confidence, including aggregated findings from gateway reviews.	Executive Director -Product Delivery
Maximising the quality and utility of NHS Digital data	Privacy Transparency Ethics and Legal (PTEL)	Reporting on compliance with statutory requirements relating to data and information governance.	Executive Director -Privacy, Transparency, Ethics and Legal
	Data Services	Reports on performance relating to timely publication of national and official statistics and clinical indicators; time required and/or taken to approve applications to enable rapid data sharing; and meeting target delivery dates for data releases.	Executive Director - Data Services
Making NHS Digital a fantastic place to work	Workforce	This covers performance on the organisation's capacity and capability based on the Target Staffing Model; efficiency of the recruitment processes; diversity representation and inclusion within the organisation; and compliance to the organisation's mandatory training.	Chief People Officer
	Mandatory training	Reporting on the completion rate of the organisation's mandatory training courses, Data Security Awareness (DSA), Health and Safety Awareness and Clinical Informatics Professional Group.	Chief People Officer

Rolling month-on-month performance tracker

Transformation programme delivery performance

Programme type	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
High-level overview of the Transformation programme delivery	Product Delivery	A	A	A	A	A	A	A	A	A	A
High-level overview of the Transformation programme delivery	Data Services	A	A	A/G	A/G	A	A	A/G	A/G	A	A/G
High-level overview of the Transformation programme delivery	Platforms	A	A	A/G	A/G	A	A/G	A/G	A	A/G	A/G
High-level overview of the Transformation programme delivery	IT Operations	A/G	A/G	A/G	A/G	A/G	A/G	A/G	A/G	A/G	A

NHS Digital was responsible for the delivery of 32 transformation programmes across 4 delivery directorates - Product Delivery, Data Services, Platforms and IT Operations.

Overall, delivery performance within Product Delivery remained stable, at an amber rating throughout the period April 2022 to January 2023, reflecting the complexity of the Digital Transformation portfolio. Overall delivery performance within Data Services, Platforms and IT Operations averaged a rating of 'amber/green' throughout the period April 2022 to January 2023, which means a number of the key programme outcomes were met.

Product Delivery

Programme type	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Transformation portfolio	Digital and Interoperable Medicines	A/G	A/G	A/G	A	A	A	A	A	A	A
Transformation portfolio	Digital Transformation of screening	R	R	R	R	R	R	R	R	R	R
Transformation portfolio	Direct Care APIs	A/R	A/R	A/R	A/R	A/R	A/R	A/R	A	A	A
Transformation portfolio	Eyecare Transformation	N/A	N/A	A	A	A	A/G	A/G	A/G	A/G	A
Transformation portfolio	GP Data for Planning and Research	A/R	A/R	A/R	A/R	A/R	R	R	R	N/A	N/A

Programme type	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Transformation portfolio	GP IT Futures	A	A	A	A	A	A	A	A	A	A
Transformation portfolio	PODAC	A/G	A/G	A/G	A/G	A/G	A/G	A/G	A/G	A/G	A/G
Transformation portfolio	Strategic Screening Platform	N/A	R	R	A	R	R	R	R	R	A
Other transformation programmes	Child Protection-Information Sharing	A	A	A/G	A/R	A/R	A	A	A	A	A
Other transformation programmes	GP2GP	G	A	A	A	A/R	A/R	A/G	G	G	G
Other transformation programmes	Primary Care Registration Management	R	R	R	R	R	R	R	R	R	R
COVID-19 portfolio	COVID-19 Status Certification	A	A	A/G	A/G	A/G	A	A	A	N/A	N/A
COVID-19 portfolio	COVID-19 Test	G	G	G	G	G	G	G	G	G	G
COVID-19 portfolio	COVID-19 Vaccination	A	A	A	A	A	A	A	A	A	A

The following programmes were reported with a rating of either ‘Red’ and ‘Amber/Red’, as they continued to present delivery challenges throughout 2022-23:

- GP Data for Planning and Research
- Strategic Screening Platform
- Direct Care APIs
- Digital Transformation of Screening
- Primary Care Registration Management

NHS Digital worked with NHS England and other partners to prioritise the transformation portfolio through 2022-23.

Data Services

KPI area	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Data Services	Publications	G	G	G	G	G	G	G	G	G	G
Data Services	Direct Data Access via DARS	G	R	A	G	G	G	R	A	R	R

Data Services performance reporting was based on 2 key focus areas - Publications and Direct Data Access. Overall, the Publications KPI was rated ‘green’, with the majority of the publications released on or before the pre-announced publication date.

The Direct Data Access via DARS KPI was rated ‘amber’ on average, with the average number of days an application remained in the assurance and approval stage of 37 days for the period April 2022 to January 2023.

IT service performance

KPI area	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
IT Service Performance	Availability Performance	G	G	G	G	G	G	G	G	G	G
IT Service Performance	HSSI Incident Rate	G	G	G	G	G	G	G	G	G	G
IT Service Performance	CSF Performance - Service Level Attainment	A	A	R	G	G	G	G	G	G	G

Overall, the availability performance KPI reported a ‘green’ rating throughout the period April 2022 to January 2023, indicating that the service availability target was achieved, with an average availability of 99.9% achieved across all reported services.

The High Severity Service Incident Rate KPI reported a ‘green’ rating throughout the period April 2022 to January 2023 due to focused service improvement plans that were put in place to reduce the incident rate.

Overall, a ‘green’ rating was reported for the Customer Service Function Performance - Service Level Attainment KPI, achieving the target in 7 months of the 10 months of reporting, with volumes and service level attainment remaining steady and consistent. The “amber” rating reported in April and May 2022 was due to the preparation to migrate from Cherwell to ServiceNow, which impacted service level attainment performance, with the average handling time for telephony increasing. The “red” rating in June 2022 was due to the implementation of ServiceNow, implemented on 20 May 2022.

Privacy, Transparency, Ethics and Legal (PTEL)

KPI area	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Privacy, Transparency, Ethics and Legal	FOI requests received, closed and compliance with statutory timetables	G	G	G	G	G	G	G	G	G	G
Privacy, Transparency, Ethics and Legal	DSARs received, closed and compliance with statutory timetables	G	G	G	G	G	G	G	G	G	G

The 2 KPIs - Freedom of Information (FOI) requests received, closed and compliance with statutory timetables, and Data Subject Access Requests (DSARs) received, closed and compliance with statutory timetables, had a ‘green’ rating reported month on month throughout the period April 2022 to January 2023, indicating that all statutory timelines were met.

Workforce

KPI area	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Workforce	Organisation Capacity and Capability	R	R	R	R	R	N/A	N/A	N/A	N/A	N/A
Workforce	Time to Offer	A	A	A	A	A	N/A	N/A	N/A	N/A	N/A
Workforce	Diversity and Inclusion (BAME)	A	A	A	A	A	N/A	N/A	N/A	N/A	N/A
Workforce	Diversity and Inclusion (Female)	G	G	G	G	G	N/A	N/A	N/A	N/A	N/A
Workforce	Diversity and Inclusion (Disability)	R	R	R	R	R	N/A	N/A	N/A	N/A	N/A
Workforce	Staff Turnover	N/A	N/A	N/A	N/A	N/A	N/A	G	G	G	G

In light of the merger with NHS England and a significant reduction in recruitment activity, the targets were removed from all workforce KPIs, with the exception of the new KPI, Staff Turnover, which replaced the Time to Offer KPI, in October 2022.

In the main, the Capacity and Capability KPI remained below the monthly target full time equivalent (FTE) from April to August 2022, reporting a ‘red’ rating.

An ’amber’ rating was reported for the Time to Offer KPI from April to August 2022, with the time to offer for external roles averaging 6.7 weeks and internal roles averaging 6.6 weeks

(target was 5 weeks). Time to offer was calculated from the start of advertising to the candidate verbal offer date.

The Diversity and Inclusion KPI had, on average, an 'amber' rating reported from April 2022 to January 2023.

Mandatory training

KPI area	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Mandatory Training	Data Security Awareness	A	R	A	A	A	G	A	G	G	G
Mandatory Training	Health and Safety Awareness	A	R	R	R	R	R	R	R	R	A
Mandatory Training	Fire Safety	N/A	N/A	N/A	N/A	R	R	R	R	R	A

The new NHS Digital Learning Hub system allowed mandatory training to be undertaken by all staff, including temporary staff and contactors.

DSA reported an overall 'amber' rating, with an average of 92% of all staff completing their annual DSA training.

An overall rating of 'Red' was reported for Health and Safety Awareness training for the period April 2022 to January 2023, with an average of 80% of all staff completing their annual Health and Safety Awareness training.

The Fire Safety training course was introduced in July 2022 and reporting started in August 2022. On average, a rating of 'red' was reported for the period August 2022 to January 2023, with an average of 76% of all staff completing their training.

Financial performance

KPI area	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Financial Performance	Revenue	A	A	A	A	A/R	A/R	A/R	N/A	A	A/G
Financial Performance	Capital	A	A	A	A	A/G	A/G	A/G	N/A	A/G	A

Overall, an 'amber' rating was reported for financial performance in the period April 2022 to January 2023. There was no financial performance reporting in November 2022.

The Revenue and Capital KPIs were both reported with an 'amber' rating from April to July 2022, and amber/red for Revenue and amber/green for Capital from August to October 2022. The amber/red for Revenue was due to forecast overspend and amber/green for Capital was due to some risks around the deliverability of existing plans and an ongoing review of assumptions for COVID-19 testing.

Clinical governance

KPI area	KPI	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23
Clinical governance	Risk and Issue Trend	G	A	A	A	A	A	A	G	A	A
Clinical governance	Clinical Risks Reviewed	G	G	G	G	G	G	G	G	G	G
Clinical governance	Preventing Future Deaths	G	G	A	G	G	G	G	R	G	G
Clinical governance	Clinical Information Professional Group	A	A	A	R	A	A	A	A	R	A

The Risk and Issue Trend KPI was rated ‘amber’, overall, with a ‘green’ rating reported for 2 months in the period April 2022 to January 2023. The rating was a composite score based on risks in "live services” (i.e., "Run" or "Maintain" as opposed to "Change" activities). It considered absolute numbers and levels of risk as well as the number of risks de-escalated, or closed, month-on-month. The majority of clinical risks were below the organisational clinical quality and safety risk appetite. However, high impact risks were emerging due to loss of key skills in urgent and emergency care, impacting delivery and leading to delays. There was, however, continued improvement in engagement of both clinical and non-clinical staff with clinical governance processes, including risk management.

The Clinical Risks Reviewed KPI was reported with an overall ‘green’ rating, indicating that at least 90% of all ‘red’ risks were reviewed at the Critical Risk Incident 7 Safety Panel (CRISP).

The Preventing Future Deaths KPI was also reported with an overall ‘green’ rating. NHS Digital’s clinical safety processes reasonably reduced the likelihood of harm or death to patients, with only two Regulation 28 requests naming NHS Digital received during the 10-month period, hence the ‘red’ rating reported in November 2022.

Amanda Pritchard

NHS England Chief Executive and Accounting Officer

13 July 2023

Accountability report

Corporate governance report

This section explains the external framework and internal systems of monitoring and control that helped NHS Digital define the objectives and ensure they were achieved.

NHS Digital's constitution was set out in Schedule 18 of the Health and Social Care Act 2012. An Accounting Officer Memorandum sent by the DHSC Principal Accounting Officer to the Chief Executive officer described the formal arrangements that underpinned the organisation's existence.

Governance

NHS Digital was led by a board and 4 board committees. All the committees were chaired by non-executive directors.

The Board was supported operationally by the EMT. The EMT was responsible for communicating and delivering the strategy agreed by the Board.

The Board

The Board supported the Interim Chief Executive Officer, who was the Accounting Officer during the reporting period until 31 January 2023, and was accountable to both the Secretary of State for Health and Social Care and to Parliament for the performance of the organisation. The Interim Chief Executive Officer was responsible for maintaining high standards of probity in the management of public funds. Collectively, the Board was responsible for ensuring that NHS Digital complied with all statutory and administrative requirements and for the appropriate use of public funds allocated to it. On 31 January 2023, the Interim Chief Executive Officer sent an Accounting Officer Assurance Letter to the NHS England Chief Executive Officer as recipient of NHS Digital's assets and liabilities. The letter confirmed his compliance with the requirements of his role as NHS Digital's Accounting Officer; and that NHS Digital, as an Executive Non-Departmental Public Body (ENDPB), had complied with its statutory obligations, and directions in full and with all additional directions and agreements with the DHSC, NHS England or other clients, as required to cover additional services. A further Assurance Statement was provided by the NHS Digital Chair, on behalf of the NHS Digital Board.

Details of the conduct of the Board, and the roles and responsibilities of its members, were set out in the Board Terms of Reference, which were derived from the Corporate Governance Manual. These include the standing orders, standing financial instructions and scheme of delegation. All these documents were reviewed and approved by the Board annually. The Corporate Governance Manual was available to the public on request.

The powers retained and exercised by the Board included:

- agreeing the vision, values, culture and strategy of NHS Digital within the policy and resources framework agreed with the DHSC
- agreeing appropriate governance and internal assurance controls, especially in relation to financial and performance risks
- approving business strategy, business plans, key financial and performance targets, and the annual accounts
- ensuring sound financial management and value for money
- supporting the EMT and holding it to account
- ensuring compliance with any duties imposed on public bodies by statute

A Register of Members' Interests, drawing together declarations of interest made by all Board members, was published with every set of Board papers, copies of which can be found on the archived web pages for NHS Digital's organisational information. For related-party transactions, please refer to Note 21 of the Accounts in this report.

The Chair and non-executive directors were appointed by the Secretary of State for Health and Social Care. The Chief Executive was appointed by the Board and other executive officers were appointed by the Chief Executive. Executive membership was agreed by the Board.

Changes to the Board's membership during the reporting period can be found in the Remuneration Report on page 55.

On 31 January 2023, the Board included one executive director who was a woman and two executive directors who were men. 5 of our non-executive directors were men and 2 were women. Of these executive and non-executive directors 7 were white and 3 were of Black, Asian and Minority Ethnicity.

The terms of office for all non-executive directors for NHS Digital ended on 31 January 2023.

Board effectiveness

Towards the end of the reporting period, the Chair of NHS Digital undertook a review of Board effectiveness to provide assurance to the Chief Executive Officer of NHS England that the organisation had complied with statutory obligations, and directions in full and with all additional directions and agreements with the DHSC, or other clients, as required to cover additional services.

The Board of NHS Digital was effective in its role of supporting the Accounting Officer and Senior Management, providing advice, guidance and where appropriate challenge on all relevant matters.

In this regard the Board was supported by the Audit and Risk Committee, which provided oversight of the Accounting Officer's obligations under Chapter 3, Managing Public Money,

ensuring there was due consideration to the proper management, use and utilisation of public resources.

NHS Digital and its governance have been operated effectively and robust processes have been applied by the Interim Chief Executive Officer to the management of risk.

Board committees

The Board had established 4 committees with responsibility for providing an independent view to the Interim Chief Executive Officer and the Board on:

- audit and risk
- information assurance and cyber security
- people and transition
- investment assurance

Operational matters were managed by the Executive Management Team.

Standing items on the Board's agenda allowed the chairs of committees to report on their deliberations. The minutes of the Board's committees (other than those of the People and Transition Committee due to confidentiality) were circulated to board members after they were ratified.

The delegated responsibilities of each committee were as set out below.

Audit and Risk Assurance Committee

The committee provided an independent view to the Interim Chief Executive Officer and the Board of the organisation's internal controls, operational effectiveness, governance and risk management. This included an overview of internal and external audit services, risk management and counter-fraud activities.

The committee was authorised to investigate any activity within its terms of reference and to seek any information that it required from any employee. It was able to seek legal or independent professional advice and secure the attendance of external specialists.

The key areas of activity in 2022-23 included:

- continued review of the Risk Radar, review of transition risks and oversight of the merged Business As Usual / Transition Risk Radar.
- liaison by the ARC Chair with her equivalent in NHS England in preparation for the merger on 1 February 2023.
- review of the process to ensure compliance with and the handover of NHS Digital's Statutory Obligations to NHS England through the merger.
- several strategic risk 'deep dives' including processes to assure the safe and timely closure of NHS Digital and the organisation's response to the COVID-19 Public Inquiry.

- review of the Corporate Assurance Framework.
- receiving assurance about NHS Digital's processes for reporting and responding to whistleblowing and counter fraud. The committee were informed that proactive fraud awareness work had been scaled back in advance of the merger with NHS England.
- oversight of internal audit. The committee accepted that the organisation did not have the capacity to support a full program of reviews at the same time as preparing for the transition to NHS England. Therefore, the committee accepted that the annual head of internal audit opinion would be limited in scope.
- careful consideration of the valuation methodology and approach for NHS Digital's intangible assets. The committee applied an enhanced level of scrutiny to the valuation of the Test and Screening Assets.
- a report on the historic, current and future commercial arrangements for the components of technology to support Test and Trace for which NHS Digital was responsible.
- receipt of the annual assurance report on NHS Digital's clinical governance processes.
- regular review of NHS Digital's contracting arrangements where a single tender waiver was used.

Information Assurance and Cyber Security Committee (IACSC) – Chair: John Noble

In addition to the membership from within NHS Digital, the committee had representation from across government and beyond, including NHS England Transformation Directorate, Cabinet Office, the National Cyber Security Centre (NCSC), and the Centre for the Protection of the National Infrastructure (CPNI). It was responsible for ensuring that there was an effective cyber security and information assurance function that met recognised government standards and provided appropriate independent assurance to the Chief Executive and the Board.

The IACSC reviewed the cyber security work of the Data Security Centre (DSC), the IT Operations directorate, and the PTEL directorate and considered the implications of management responses to its work. It was authorised to investigate activities within its terms of reference, and all employees were directed to co-operate with its requests for information. It could seek legal or independent professional advice at NHS Digital's expense.

The main areas considered in 2022-23 included:

- assuring the additional information assurance, cyber, and insider security risks resulting from the transition process as NHS Digital became part of the new NHS England.
- regular updates from the DHSC with regards to the challenges in recruiting and retaining staff and the effectiveness of the work of the Cyber Security Operations Centre through the transition.

- considering the wider cyber security threat context on a global scale that the NHS operates within, based on regular advice and guidance from the NCSC.
- a ‘deep dive’ examination of the security of NHS Digital’s own systems and assurance of a programme of work designed to address security challenges on the national systems for which NHS Digital had responsibility.
- reviewing work to improve Cyber Security resilience.
- reviewing the decisions made by the DSC’s Specialist Security Services team and the impact of those decisions on security and technical debt.
- reviewing lessons learned from internal and external cyber incidents.
- reviewing the work of the Independent Group Advising on the Release of Data (IGARD).
- in the light of a compromise of a significant NHS supplier, understanding and measuring third-party risk, including looking at the cyber readiness of NHS Digital corporate systems provided by third parties.
- continuing to develop the remit of IACSC to better incorporate information governance assurance from the PTEL directorate and undertaking reviews of current data sharing arrangements.

In addition to the above work, IACSC agreed a detailed list of priority tasks for the new NHS England Cyber Security Committee.

People and Transition Committee (PTC) – Chair: Laura Wade-Gery

The People and Transition Committee’s role was to support the Board through undertaking assurance of a range of staff-related matters, including:

- making recommendations to the DHSC on the level of the remuneration packages of the Interim Chief Executive Officer and other executive directors within the provisions of the pay framework for executive and senior managers or successor arrangements.
- reviewing and assuring the annual performance objectives and targets of executive directors and pay arrangements for other senior managers.
- supporting and encouraging the EMT to develop NHS Digital’s culture to be more inclusive, and to assure a strong focus on staff wellbeing.
- ensuring that all matters relating to pay and conditions that required approval from the DHSC’s Remuneration Committee, or other external authority, were submitted for approval and that the decisions of those bodies were appropriately implemented.
- reviewing and assuring workforce and senior management restructuring proposals arising from annual productivity assessments, specific cost reduction plans or capability prioritisation proposals.

- reviewing and making recommendations on the size, composition and structure of the Board, including assessing and making recommendations to DHSC about the skills, knowledge and experience required from Board appointees.

As a consequence of the decision to merge NHS Digital with NHS England, the Committee needed to meet more frequently in order to consider proposals for the closure of NHS Digital and the transfer of its people, assets and business as usual activities into NHS England.

In addition to normal areas of business the following additional activities were undertaken by the Committee in 2022-23:

- consideration of the Health and Care Act 2022 in so far as it concerned NHS Digital
- regular review and assurance of merger transition proposals, transition governance and closure plans
- oversight of staff consultation on the proposed Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023
- monitoring staff retention and engagement activities, identifying key talent and key personnel to assure safe transition and continued service delivery

Investment Committee (IC) – Chair: Daniel Benton

The Committee assured delivery commitments made by NHS Digital in response to commissions and approved financial commitments whose value exceeded the delegated authority of the Interim Chief Executive Officer, to ensure that NHS Digital assumed an acceptable level of delivery risk. It consisted of at least 2 non-executive directors and the Chief Financial Officer and the Chief Commercial Officer. Other members of the Executive Management Team attended as required by the agenda.

Specifically, the Committee ensured that NHS Digital's delivery programmes demonstrated that they:

- provided solutions that met the requirements of the Delivery Oversight and Assurance Board (DOAB), its successor the Executive Transformation Group (ETG) and the senior responsible owner which did not exceed the required scope and provided value for money.
- had appropriate management and resourcing arrangements, including agreed commercial strategies and risk management.
- were technically robust and clinically safe.
- were affordable.
- had robust proposals for cyber and information security.
- had acceptable levels of compliance risk, particularly with respect to information governance and procurement.

The IC recently considered:

- how to continue to regularise commercial commitments that were put in place rapidly to enable the organisation to respond to the urgent needs of the pandemic, developing transition plans that balanced the need to manage operational risk and the need to move to more sustainable commercial arrangements.
- investment cases for programmes of work, including Spine Futures, Digital and Interoperable Medicines, Frontline Digitisation, Transforming Demographics Data, National Digital Channels, and Digital, Urgent and Emergency Care.

Following IC endorsement, business cases were submitted to the DOAB hosted by NHS England Transformation Directorate.

Executive Management Team (EMT)

The EMT was responsible for communicating and delivering the strategy agreed by the Board. It was chaired by the Chief Executive and met regularly. Action points and decisions were disseminated to all staff through the corporate intranet.

Members' attendance at the Board and its committees were as follows:

	Public Board	Board Development	ARC	IACSC	PTC	IC
Number of meetings	3	2	4	3	7	9
Executive directors						
Simon Bolton	2/3	2/2	4/4	–	7/7	6/6
Carl Vincent	2/2	1/1	1/1	–	–	4/4
Pete Thomas	1/1	1/1	3/3	–	–	5/4
Jonathan Benger	2/2	1/1	–	–	–	–
Shera Chok	2/1	1/1	–	–	–	–
Non-executive directors						
Laura Wade-Gery	3/3	2/2	1/1	–	7/7	–
Sudhesh Kumar	2/3	1/2	3/4	–	–	–
Daniel Benton	3/3	2/2	4/4	–	7/7	9/9
John Noble	3/3	2/2	3/4	3/3	6/7	–
Deborah Oakley	3/3	2/2	4/4	3/3	–	–
Balram Veliath	1/3	2/2	3/4	0	4/7	–
Patrick Eltridge	1/2	1/1	–	–	3/4	5/5
Ben Goldacre	3/3	1/2	–	–	–	–
Steven Woodford	1/3	1/2	–	3/3	–	8/9

- Due to the accelerated merger, the Board did not meet 4 times in public per the framework agreement (15.2). Equally, the Committees of the Board did not finish their meeting cycles.
- Carl Vincent left the organisation on 7 October 2022
- Patrick Eltridge left the organisation on 21 September 2022
- Ben Goldacre left the organisation on 11 December 2022
- Pete Thomas attended 1 IC meeting as deputy of CFO before becoming interim CFO
- Simon Bolton attended IC meetings as an attendee, not as a member
- Shera Chock joined the Board on 27 June 2022
- Jonathan Benger stepped down from the Board on 27 June 2022 to join NHS England on secondment as their interim Chief Clinical Information Officer
- Shera Chok attended 1 additional meeting as an observer of the meeting and also presented 1 item.
- Laura Wade-Gery attended 1 ARC meeting as an attendee, not as a member

Remuneration and staff report

The staff costs and the average number of whole-time equivalent persons has been subject to audit.

Permanent staff	10 months 2022-23 £000	12 months 2021-22 £000
Salaries and wages	133,767	138,036
Social security costs	15,731	15,375
Apprenticeship levy	654	678
Employer superannuation contributions – NHS Pension Scheme	25,248	26,100
Employer superannuation contributions - other	437	487
Staff seconded to other organisations	681	798
Capitalised employed staff costs	(7,255)	(10,125)
Total	**169,263**	**171,349**

Other staff	10 months 2022-23 £000	12 months 2021-22 £000
Temporary staff	16,100	23,177
Contractors	62,360	73,329
Staff seconded from other organisations	1,176	1,388
Capitalised other staff costs	(4,895)	(6,214)
Total	**74,741**	**91,680**

Total staff costs	10 months 2022-23 £000	12 months 2021-22 £000
Total staff costs	**244,004**	**263,029**
Termination benefits	12	114
Total staff costs including termination benefits	**244,016**	**263,143**

The average number of whole-time equivalent persons employed during the year was:	2022-23	2021-22
Permanent staff and secondees	3,051	2,661
Temporary staff and contractors	811	841
Total	**3,862**	**3,502**
The average number of whole-time equivalent persons employed during the years whose time was capitalised	158	182

Nothing was spent on staff benefits during the reporting period and there were no early retirements on the grounds of ill health. In 2021-22, there were 2 early retirements on the grounds of ill health; the accrued pension benefit for these people was £80,837.

Exit packages

Total staff termination packages were as follows and subject to audit.

Exit packages	10 months 2022-23 Number of compulsory redundancies	10 months 2022-23 Cost of compulsory redundancies £	12 months 2021-22 Number of compulsory redundancies	12 months 2021-22 Cost of compulsory redundancies
<£10,000	1	1,050	1	7,033
£10,000 - £25,000	1	10,549	2	40,148
£25,000 - £50,000	–	–	–	–
£50,000 - £100,000	–	–	–	–
£100,000 - £150,000	–	–	1	123,995
£150,000 - £200,000	–	–	1	183,739
>£200,000	–	–	–	–
Total number of exit packages	**2**	**11,599**	**5**	**354,915**

There were no voluntary or other redundancies.

All redundancies for 2022-23 reported above were concluded in the reporting period, and there were no accrued costs as at 31 January 2023.

Pension information

Most NHS Digital staff are covered by the NHS Pension Scheme (the 1995/2008 scheme and the 2015 scheme).

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions.[4] Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are 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, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that 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

[4] www.nhsbsa.nhs.uk/pensions

actuarial valuation, the Financial Reporting Manual (FReM) requires that “the period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) 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 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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.

b) 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% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

National Employment Savings Trust (NEST)

Employees who did not wish to join the NHS Pension Scheme could opt to join the NEST scheme. This is a stakeholder pension scheme based on defined contributions. The minimum combined contribution is currently 8% of qualifying earnings, of which the employer must pay 3%. Employees could choose to pay more into the fund. 18 NHS Digital employees were members of the NEST Scheme during 2022-23.

The Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and other Pension Scheme, known as ‘alpha’, are unfunded multi-employer defined benefit schemes.

NHS Digital is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016.

Details can be found in the resource accounts of the Cabinet Office.[5]

For 2022-23, employer's contributions of £427,688 were payable to the PCSPS for the 10-month period (2021-22: £487,372) at 1 of 4 rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions, usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a Partnership Pension Account, which is a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. No employees have opted for the Partnership Pension Account.

Off-payroll engagements

As part of the 'Review of Tax Arrangements of Public Sector Appointees', published by the Chief Secretary to the Treasury on 23 May 2012, NHS Digital were required to publish (via DHSC) information about the number of off-payroll engagements that were in place and where individual costs exceeded £245 per day.

For all off-payroll engagements as at 31 January 2023, more than £245 per day:	Number
Number of existing engagements as of 31 January 2023	394
Of which, the number that have existed:	
for less than 1 year at the time of reporting	123
for between 1 and 2 years at the time of reporting	160
for between 2 and 3 years at the time of reporting	72
for between 3 and 4 years at the time of reporting	25
for 4 or more years at the time of reporting	14

[5] www.civilservicepensionscheme.org.uk

Temporary off-payroll workers	Number
Number of temporary off-payroll workers engaged between 1 April 2022 and 31 January 2023	600
Of which:	
Number not subject to off-payroll legislations	564
Number subject to off-payroll legislation and determined as in-scope of IR35	27
Number subject to off-payroll legislation and determined as out of scope of IR35	9
The number of engagements reassessed for compliance or assurance purposes during the year	9
Of which: the number of engagements that saw a change to IR35 status following the review	9

Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 January 2023	Number
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.[6]	1
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.	19

NHS Digital needed to maintain in-house capacity, but it was recognised that with a significant element of the activity being project based and with peaks and troughs in requirements, making the best use of the temporary labour market was essential. Many of the programmes required specialist input on a temporary basis and it was therefore not always cost-effective to permanently recruit such skills.

Total off-payroll worker costs for the 10-month period to 31 January 2023 were £78.5 million, compared to £96.5 million for the full year to 2021-22. During COVID-19, NHS Digital brought in significant additional specialist resources to address the continued development and delivery of critical programmes, whilst still progressing with key projects as part of NHS Digital's digital transformation programme. During 2022-23, NHS Digital were fully committed to reduce such specialist resource costs. As a result, off-payroll worker whole-time equivalent reduced by 25% up to 31 January 2023 compared to 31 March 2022.

There were nine off-payroll engagements reassessed for compliance or assurance purposes during the year, which saw changes to their IR35 status following the review. These engagements were members of the IGARD who were determined as out of the scope of IR35. The advisory group met periodically to make general recommendations or observations to NHS Digital about processes, policies and procedures relating to data disseminations and produced IGARD's annual report. They scrutinised and advised on the appropriateness of requests for dissemination of confidential information as defined in Section 263 (2) of the Health and Social Care Act 2012.

[6] The senior official engaged off-payroll was the Chief Information Security Officer from 4 January 2022 to 27 April 2022 to provide EMT cover until the permanent Executive Director of Cyber Operations joined in April 2022.

Equality, diversity and inclusion

NHS Digital had 3 key strategic priorities for equality, diversity and inclusion which guided action plans and day-to-day interactions with the organisation's employees and had executive director-level accountability across the business.

These were to:

- deliver appropriate learning and development to ensure that all NHS Digital staff develop a good level of equality and diversity awareness
- work towards having no difference in the employment outcomes for NHS Digital staff or potential recruits because of protected characteristics
- develop best practice in workforce equality and diversity by creating internal and external networks and supporting positive action initiatives

NHS Digital worked to create a working environment which valued difference and fostered an inclusive workplace culture. The organisation worked to build a culture in which employees from all backgrounds could give their best, were treated fairly, were valued for their contributions, and could progress in their careers. Senior leaders regularly reviewed the people management policies to reflect changes and supported all colleagues to develop. Policies were inclusive for people with different protected equality characteristics, and there were regular consultations, including with the unions and the equality and diversity networks. The recruitment policies can be found here.[7]

In preparation for the merger with NHS England, NHS Digital worked closely with colleagues in NHS England to identify common inclusion challenges that formed the basis of the inclusion strategy for the new NHS England organisation.

The gender distribution in NHS Digital for each Agenda for Change (AfC) equivalent grade as at 31 January 2023 is provided below.

Role	AfC equivalent grades	2022-23 Male	2022-23 Female	2021-22 Male	2021-22 Female
Directors	n/a	8.0	3.8	6.0	3.0
Senior managers	9 – 8d	154.1	87.2	144.9	73.3
Managers	8c – 8a	999.4	706.1	1,000.5	656.3
Other staff	7 - 2	877.0	933.8	957.7	994.8
N/A	Net secondees	3.6	4.9	(0.4)	8.9
Total (full time equivalent)	**n/a**	**2,042.1**	**1,735.8**	**2,108.7**	**1,736.3**

It is recognised that gender is complex and that not everyone identifies as either male or female. However, the Electronic Staff Record does not yet facilitate the collation of gender identity data and so the organisation is currently unable to report on it.

[7] https://digital.nhs.uk/careers/recruitment-your-journey-to-a-career-with-us

There has been no significant change in the gender or grade split of NHS Digital's workforce during the reporting period. 54% of staff were male (2021-22: 55%). The figures in the table above include directly employed staff and contingent labour.

Fair Pay

The fair pay tables are subject to audit. For 2022-23, the reporting period was 10 months to 31 January 2023. The salaries were annualised for the full time and full year equivalents to undertake comparisons with prior year.

Percentage change in total salary and bonuses for the highest paid director and the staff average as at 31 January 2023:

Fair pay	2022-23 Total salary and allowances	2022-23 Bonus payments	2021-22 Total salary and allowances	2021-22 Bonus payments
Staff average	2.4%	3.4%	2.8%	-91.8%
Highest paid director	-14.4%	100%	-7.6%	0.0%

In 2021-22, there were no bonuses paid for COVID-19 related work, and the bonus for staff employed under TUPE terms and conditions reduced considerably as many had moved on to Agenda for Change terms and conditions or had left the organisation. In 2022-23, the staff average total salary and allowances increased in line with the Agenda for Change pay increase, along with the average related bonus payments, which was determined by senior managers' performance ratings.

In 2021-22, the highest paid director was a work package contractor, with his costs representing the day rate charged less non-recoverable VAT. During 2021-22, they worked fewer days than the previous year, which resulted in a fall in the equivalent annualised salary. In 2022-23, the highest paid director was an employee, which resulted in a fall in total salary and allowances and performance related bonus payment.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/ member in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisations' workforce. Total remuneration is further broken down to show the relationship between the highest paid director's salary component of their total remuneration against the 25th percentile, median and 75th percentile of the salary components of the organisations' workforce.

Remuneration of the highest paid director	Lower quartile	Median	Upper quartile
2022-23	5.7 : 1	4.3 : 1	3.1 : 1
2021-22	7.4 : 1	5.1 : 1	3.7 : 1

The table shows the relationship between the remuneration of the highest paid director, and the lower, median and upper quartiles of the organisation's workforce.

The banded remuneration of the highest paid director in 2022-23 was £207,500 (2021-22: £242,500). This was 4.3 times (2021-22: 5.1) the median remuneration of the workforce, which was £48,526 (2021-22: £47,439).

Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits as at 31 January 2023:

Salary and benefits	2022-23 Lower quartile £	2021-22 Lower quartile £	2022-23 Median £	2021-22 Median £	2022-23 Upper quartile £	2021-22 Upper quartile £
Salary	35,572	32,306	48,526	47,126	65,262	63,862
Total pay and benefits	36,361	32,821	48,526	47,439	67,064	65,977

In 2022-23,1 employee (2021-22: 1) received remuneration in excess of the highest paid director. Remuneration for the workforce ranged from £15,000-£20,000 (2021-22: £15,000-£20,000) to £260,000-£265,000 (2021-22: £245,000-£250,000). Total remuneration includes salary and non-consolidated performance-related pay; there were no benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Gender Pay Gap

The gender pay gap for the reporting period to January 2023 was:

Mean gender pay (hourly rate)	2023	2022
Women	£29.82	£29.06
Men	£35.43	£35.98
Gap between the mean salaries of women and men	15.8%	19.2%

Median gender pay (hourly rate)	2023	2022
Women	£28.38	£26.44
Men	£32.51	£32.40
Gap between the median salaries of women and men	12.7%	18.4%

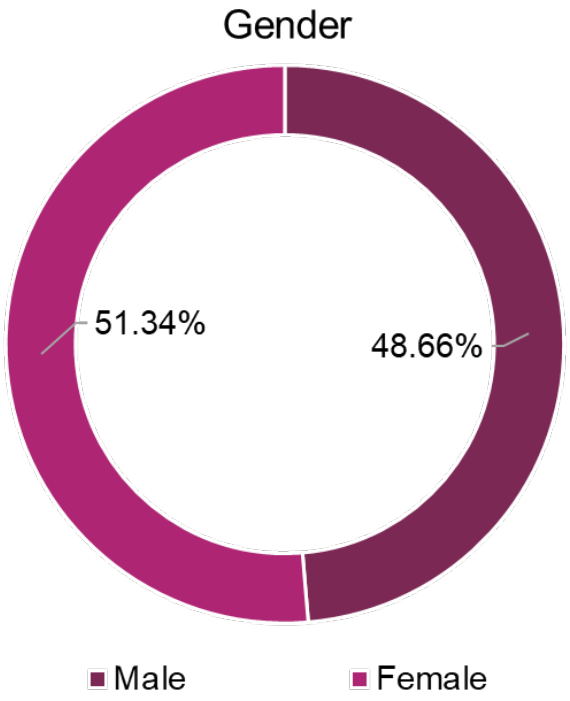
The data in the table above included staff employed directly by NHS Digital on its payroll, as well as temporary staff and contractors. The organisation continued to have a gender pay gap, slightly below the public sector median of 14.9% (based on Office for National Statistics

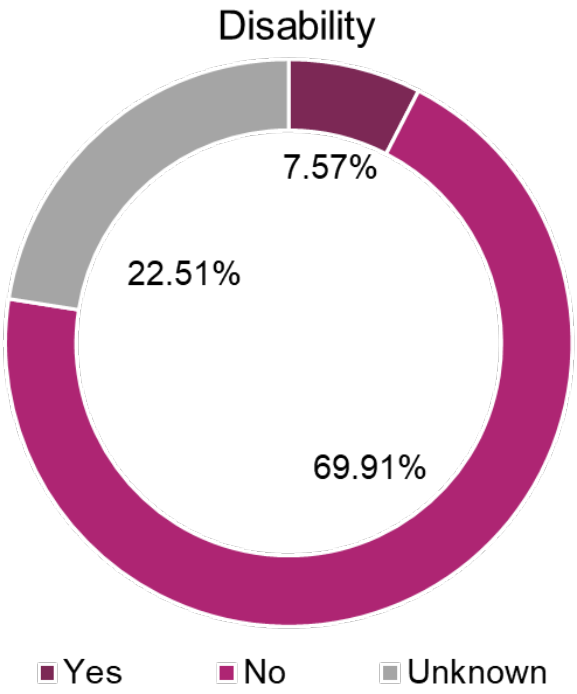
provisional data for October 2022). The main factor which contributed to the pay gap was men occupying more senior pay bands than women.

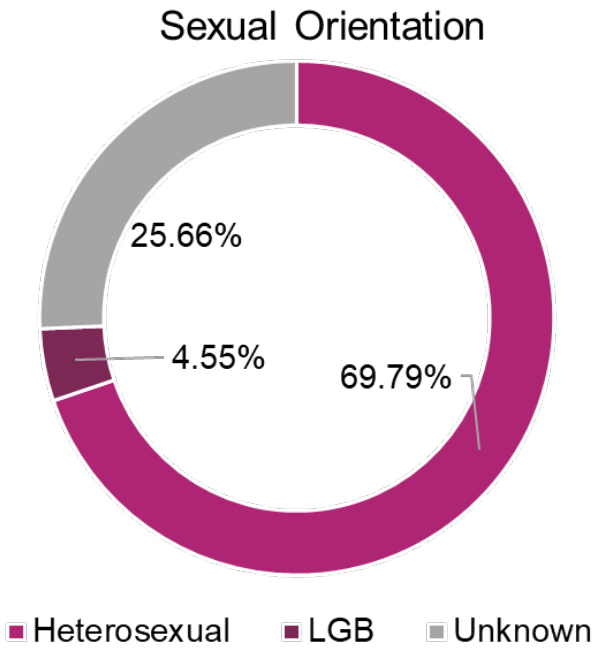
Workforce data

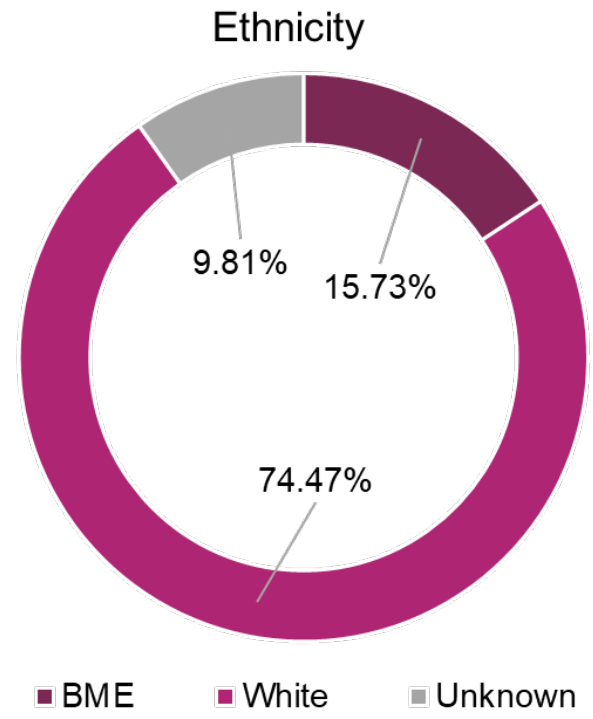
NHS Digital's diversity and inclusion data, including how NHS Digital fulfilled its Public Sector Equality Duty and information relating to the breakdown and composition of the workforce, and the staff networks during the reporting period can be found online.[8] The data collected showed the key characteristics of the directly employed staff within NHS Digital and included a breakdown of biological sex, disability, sexual orientation and ethnicity. Data relating to gender identity was not collected.

[8] https://digital.nhs.uk/about-nhs-digital/corporate-information-and-documents/annual-inclusion-reports


Gender
51.34%
48.66%
Male
Female


Disability
7.57%
22.51%
69.91%
Yes
No
Unknown


Sexual Orientation
25.66%
4.55%
69.79%
Heterosexual
LGB
Unknown


Ethnicity
9.81%
15.73%
74.47%
BME
White
Unknown

Staff networks

Staff networks were important to NHS Digital. NHS Digital listened to and learned from them, and continued to improve on equality, diversity and inclusion. As NHS Digital worked towards the merger with NHS England, the networks joined together to align and welcome the merging organisations networks and their members. The networks led a range of initiatives during the year:

The LGBTQ+ and Allies Network organised the Pride in the Workplace Panel where members of the LGBTQ+ community and executives from the merging organisations discussed their experiences. Other initiatives included: collaboration with the Family and Carers Network to capture coming out stories; contributing to NHS 111 online user research; engaging with NHS login to produce LGBTQ+ sensitivity materials; and coordinating presentations and hosting speaker-led events.

The Ability Network provided advice and information sessions to help break down barriers, to shape recruitment, to support individual members with their specific needs and to increase representation on key forums and activities.

Championing racial and ethnic equality, the Embrace Network launched the Exchange Mentoring Scheme, partnered with senior leadership to deliver an external recruitment campaign to attract diverse talent and partnered with HR to address the lack of ethnic mental health and wellbeing coaching support. In addition, the Embrace Network marked East Asia, Gypsy, Roma and Traveller heritage, Black History and South Asian Heritage months with a variety of events.

The Women's Network focussed on supporting members with their personal and professional growth, health and wellbeing, and promoting equality and inclusion across the community. Initiatives included the formation of a steering group to ensure events and resources were based on member priorities, hosting interactive and coaching sessions, relaunching the network's mentoring scheme and developing sub-groups, such as the Baby Loss Awareness workstream, the Menopause Network, the Endometriosis Network and the Childless in the Workplace Group.

Initiatives led by the Family and Carers Network included Lunch and Learn sessions on job sharing and flexible working and, with Carers UK, on supporting carers in the workplace. Support for individuals included regular drop-in discussion sessions. A survey of network members (and potential members) was undertaken to understand and focus priorities and needs.

Trade Union facility time

NHS Digital worked in partnership with trades union representatives on all matters affecting employees to ensure an effective and successful organisation. Regular Joint Negotiation and Consultation Committee meetings were held to allow discussion, consultation and negotiation on employment-related matters.

During their employment with NHS Digital, staff members were permitted time to engage in appropriate trades union activities. Details during the reporting period were as follows:

Relevant union officials	**Number**
Number of employees who were relevant union officials during the relevant period	22
Whole time equivalent (WTE) employee number	3,051

Percentage of time spent on facility time:	**Number of employees**
0%	–
1% - 50%	22
51% - 99%	–
100%	–

Percentage of pay bill spent on facility time	**Cost**
Total cost of facility time	£143,192
Total pay bill (excluding termination costs)	£176,518,000
Percentage of the total pay bill spent on facility time	0.08%
Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	6.71%

Consultancy

The total spend on consultancy during the 10-month period for 2022-23, as defined by HM Treasury guidance, was £642,690 (2021-22: £311,427). The increase was due to Product Delivery directorate business consultancy spend on new programmes.

Staff turnover

NHS Digital's staff turnover rate for 2022-23 was measured monthly and ended at 10.88% at the end of January 2023 (2021-22: 10.29%), peaking at 11.59% in August 2022, with the lowest point being the start of the reporting period. The organisation worked during the period towards the merger with NHS England. There was significant management focus on regular and open communication with staff, maintaining morale and ensuring staff retention during the transition period.

Sickness absence

During 2022, 15,324 (2021: 10,980) working days were lost due to sickness absence. This represented 5.1 (2021: 4.3) working days per employee. These figures are based on calendar years, not financial years, and were centrally produced from the Electronic Staff Record. Average sickness absence for 2022 was 1.41% (2021: 1.90%)

Sickness absence data can be found on the website at: https://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates.

Community and social responsibility

NHS Digital had a special leave policy that allowed staff to take paid leave for public duties (for example, magistrate, school governor and reserve forces roles). The organisation also developed work experience and placement programmes for schools, colleges and universities near its offices.

NHS Digital supported the government's objective of eradicating modern slavery and human trafficking[9], and a statement was published on the website.

Health, safety and wellbeing

The focus throughout 2022-23 was to develop and introduce a toolkit enabling colleagues and managers to proactively engage with the health and safety management system. Primarily the aim was to provide a proactive approach to managing health and safety by developing knowledge, providing clear guidance on process and responsibilities, and ensuring a platform for positive, confidential conversations to take place.

The toolkit – Building Safer Teams, encompassed the following key elements: learning; communication; risk identification; planning; review. They are described below.

Learning

A full suite of bespoke e-learning was created to compliment the hybrid working guidance. All modules were within the Learning Management System (LMS) portal and provide signposted links to any further relevant guidance provided by the organisation or external bodies.

Communication

The Building Safer Teams campaign was developed to support managers, teams and colleagues. The campaign was the gateway for colleagues to access health and safety information and for both individuals and managers to integrate health and safety processes into all aspects of work activities.

Step guidance was provided, taking colleagues through their health and safety journey. Beginning with training and knowledge building and culminating in individual and team health and safety conversations. Staff were advised to hold conversations within the regular 1-2-1

[9] https://digital.nhs.uk/about-nhs-digital/corporate-information-anddocuments/nhs-digital-slavery-and-human-trafficking-statement

check in space in the Performance Hub. For wider conversations with teams, the Team Charter toolkit was recommended. Both these platforms provided the ability to capture relevant information, agree actions and monitor progress, fulfilling the plan-do-check-act philosophy of the Health and Safety Guidance (HSG) 65 Management system.

Collaborative work was undertaken with HR, Wellbeing and Smarter Working to integrate this approach across and within other key aspects of business delivery. The tool for this was the Team Charters. This project was put on hold due to the merger with NHS England and the closure of NHS Digital.

A quarterly newsletter template for managers was developed to assist with communication, knowledge, risk awareness and actively managing health and safety. This included training KPI's, safety tips, what's new and what's on the horizon.

Risk identification

The latter part of the reporting period focused on reviewing, updating, improving. Directorate Risk Assessment reviews were underway to ensure they identified current and relevant risks and provided adequate controls, and/or an action plan developed to address any shortfalls. Actions were transferred to the audit/assurance tool for monitoring through to completion.

Planning and review

Review enabled identification of key issues that could be addressed via merger of systems as the organisation transitioned to the new NHS England.

Salaries and pensions of senior management

The remuneration and pension disclosures relating to board members and the core EMT in post during 2022-23 and 2021-22 are detailed in the tables below and are subject to audit. The figures provided consist of basic pay, performance pay and pension benefits. There were no benefits in kind. They do not include employer pension contributions or the cash equivalent transfer value of pensions. [10]

Board directors

Board directors 10 months 2022-23	Salary (bands of £5,000)	Performance pay (bands of £5,000)	Pension benefits (bands of £2,500)	Total (bands of £5,000)	Full-year equivalents (bands of £5,000)
Simon Bolton (from 10 May 2021 to 31 Jan 2023) Interim Chief Executive Officer	180-185	10-15	42.5-45	235-240	205-210
[11]**Carl Vincent** (to 7 Oct 2022) Chief Financial Officer	75-80	0-5	47.5-50	125-130	140-145
[12]**Pete Thomas** (from 10 Oct 2022) Interim Chief Financial Officer	40-45	–	27.5-30	70-75	125-130
[13]**Jonathan Benger** (to 27 Jun 2022) Chief Medical Officer	20-25	–	2.5-5	25-30	160-165
[14]**Shera Chok** (from 27 Jun 2022 to 31 Jan 2023) Acting Chief Medical Officer	70 - 75	0-5	5-7.5	80 - 85	140-145
Sarah Wilkinson (to 18 June 2021) Chief Executive Officer	–	–	–	–	–
Pete Rose (to 1 August 2021) Deputy Chief Executive Officer	–	–	–	–	–

[10] All benefits in year from participating in pension schemes but excluding employee contributions. These were the aggregate amounts, calculated using the method set out in Section 229 of the Finance Act 2004 (i) and using the indices directed by the Department of Health.

[11] Carl Vincent resigned on 7 October 2022

[12] Pete Thomas replaced Carl Vincent as Interim Chief Financial Officer.

[13] Jonathan Benger was seconded from University Hospitals Bristol and Weston NHS Foundation Trust. The costs related to charges net of employer national insurance and pension charges. He resigned on 27 June 2022.

[14] Shera Chok replaced Jonathan Benger as Acting Chief Medical Officer. Shera Chok resigned on 31 January 2023.

Board directors 12 months 2021-22	Salary (bands of £5,000)	Performance pay (bands) of £5,000)	Pension benefits (bands of £2,500)	Total (bands of £5,000)	Full-year equivalents (bands of £5,000)
Simon Bolton (from 10 May 2021 to 31 Jan 2023) Interim Chief Executive Officer	175-180	–	40-42.5	215-220	195-200
Carl Vincent (to 7 Oct 2022) Chief Financial Officer	140-145	–	35-37.5	175-180	140-145
Pete Thomas (from 10 Oct 2022) Interim Chief Financial Officer	–	–	–	–	–
Jonathan Benger (to 27 Jun 2022) Chief Medical Officer	95-100	–	67.5-70	160-165	160-165
Shera Chok (from 27 Jun 2022 to 31 Jan 2023) Acting Chief Medical Officer	–	–	–	–	–
Sarah Wilkinson (to 18 June 2021) Chief Executive Officer	45-50	–	12.5 - 15	60-65	190-195
[15]**Pete Rose** (to 1 August 2021) Deputy Chief Executive Officer	60-65	–	–	60-65	170-175

[15] Pete Rose died on 1 August 2021. Any accrued pension benefit was paid as a lump sum to his estate after his death.

Senior managers

Senior managers 10 months 2022-23	Salary (bands of £5,000)	Performance pay (bands of £5,000)	Pension benefits (bands of £2,500)	Total (bands of £5,000)	Full-year equivalents (bands of £5,000)
Nic Fox Chief Commercial Officer	110-115	5-10	22.5-25	145-150	140-145
Jackie Gray Executive Director, Privacy, Transparency, Ethics and Legal	125-130	5-10	32.5-35	170-175	155-160
[16]James Hawkins (to 26 Aug 2022) Director of Assurance and Risk Management	55 - 60	–	37.5-40	90-95	130-135
[17]Richard Clay (from 5 Sep 2022) Director of Assurance and Risk Management	40 - 45	–	12.5-15	55-60	105-110
Julie Pinder Chief People Officer	105-110	5-10	27.5-30	140-145	130-135
[18]Fran Woodard (from 1 Jun 21 to 4 Sep 2022) Executive Director, Data Services	70 - 75	–	40-42.5	110-115	145-150
John Quinn (from 1 Feb 2022) Executive Director, Operations and Enterprise Services	125-130	–	27.5-30	150-155	150-155
Matt Bacon (from 26 Aug 2021) Director of Communications	90-95	0-5	22.5-25	115-120	105-110
Leila Shepherd (from 26 Aug 2021 to 10 Jun 2022) Director of Strategy	25-30	–	45-47.5	70-75	115-120
[19]Mark Logsdon (from 4 Jan 2022 to 27 Apr 2022) Chief Information Security Officer	15-20	–	–	15-20	190-195
[20]Stephen Koch Interim Executive Director of Platforms	135-140	–	–	135-140	165-170
Helen Clifton (from 3 May 2022) Exec Director of Product Delivery	100-105	–	22.5-25	120-125	150-155
Mike Fell (from 4 April 2022) Director of National Cyber Security	120-125	–	27.5-30	150-155	150-155
James Austin (From 10 November 2022) Executive Director of Data, Insights and Statistics	30 - 35	0-5	–	30-35	120-125

[16] James Hawkins was the Interim Executive Director, Product Development until 2 May 2022, then became Director of Assurance and Risk Management on 3 May 2022. He resigned on 26 August 2022.

[17] Richard Clay replaced James Hawkins as Director of Assurance and Risk Management on 5 September 2022.

[18] Fran Woodward retired on 4 September 2022.

[19] Mark Logsdon was a contractor and his salary was calculated based on the day rate he received from the recruitment agency less non-recoverable VAT. The full-year equivalent is restated in 2021-22. He left the Executive Management Team on 27 April 2022 but continued to work at NHS Digital.

[20] Stephen Koch chose not to be covered by the pension arrangements during the reporting period.

[21]Dave Turner (From 10 February 2022) Chief Technology Officer	–	–	–	–	–
Ben Davison (to 31 August 2021) Executive Director Product Development	–	–	–	–	–
Jem Rashbass (to 30 June 2021) Executive Director Data Services	–	–	–	–	–
Mark Reynolds (to 21 January 2022) Chief Technology Officer	–	–	–	–	–
Neil Bennett (to 16 January 2022) CISO	–	–	–	–	–

Senior managers **12 months 2021-22**	**Salary (bands of £5,000)**	**Performance pay (bands of £5,000)**	**Pension benefits (bands of £2,500)**	**Total (bands of £5,000)**	**Full-year equivalents (bands of £5,000)**
Nic Fox Chief Commercial Officer	130-135	5-10	35-37.5	175-180	130-135
Jackie Gray Executive Director, Privacy, Transparency, Ethics and Legal	155-160	0-5	35-37.5	195-200	155-160
James Hawkins (to 26 Aug 2022) Director of Assurance and Risk Management	130-135	5-10	37.5-40	175-180	130-135
Richard Clay (from 5 Sep 2022) Director of Assurance and Risk Management	–	–	–	–	–
Julie Pinder Chief People Officer	125-130	0-5	27.5-30	155-160	125-130
Fran Woodard (from 1 Jun 21 to 4 Sep 2022) Executive Director, Data Services	130-135	0-5	117.5-120	250-255	145-150
John Quinn (from 1 Feb 2022) Executive Director, Operations and Enterprise Services	20-25	–	5-7.5	25-30	145-150
Matt Bacon (from 26 Aug 2021) Director of Communications	60-65	0-5	15-17.5	80-85	105-110
Leila Shepherd (from 26 Aug 2021 to 10 Jun 2022) Director of Strategy	75-80	5-10	2.5-5	85-90	130-135

[21] David Turner was seconded from NHS England at no cost to NHS Digital.

Senior managers 12 months 2021-22	Salary (bands of £5,000)	Performance pay (bands of £5,000)	Pension benefits (bands of £2,500)	Total (bands of £5,000)	Full-year equivalents (bands of £5,000)
Mark Logsdon (from 4 Jan 2022 to 27 Apr 2022) Chief Information Security Officer	40-45	–	–	40-45	190-195
Stephen Koch Interim Executive Director of Platforms	210-215	–	–	210-215	210-215
Helen Clifton (from 3 May 2022) Exec Director of Product Delivery	–	–	–	–	–
Mike Fell (from 4 April 2022) Director of National Cyber Security	–	–	–	–	–
James Austin (From 10 November 2022) Executive Director of Data, Insights and Statistics	–	–	–	–	–
Dave Turner (From 10 February 2022) Chief Technology Officer	–	–	–	–	–
[22]Ben Davison (to 31 August 2021) Executive Director Product Development	95-100	–	–	95-100	240-245
Jem Rashbass (to 30 June 2021) Executive Director Data Services	60-65	–	–	60-65	180-185
[23]Mark Reynolds (to 21 January 2022) Chief Technology Officer	175-180	–	–	175-180	200-205
Neil Bennett (to 16 January 2022) CISO	40-45	0 - 5	17.5-20	60-65	110-115

[22] Ben Davison was a work package contractor with his costs representing the day rate charged less non-recoverable VAT. He was paid for the number of actual days worked and did not receive any payments in respect of pension contributions or annual leave. He left the Executive Management Team on 31 August 2021.

[23] Mark Reynolds was a contractor and his salary was calculated based on the day rate he received from the recruitment agency less non-recoverable VAT. He resigned on 21 January 2022.

Non-executive director remuneration

Non-executive director remuneration 10 months 2022-23	Date	Salary (bands of £5,000)	Total emoluments (bands of £5,000)	Full year equivalent salary (bands of £5,000)
Laura Wade-Gery Chair	31-Jan-23	50-55	50-55	60-65
Daniel Benton Non-executive director	31-Jan-23	5-10	5-10	5-10
Sudhesh Kumar Non-executive director	31-Jan-23	5-10	5-10	5-10
John Noble Non-executive director	31-Jan-23	10-15	10-15	10-15
Deborah Oakley Non-executive director	31-Jan-23	10-15	10-15	10-15
Balram Veliath Non-executive director	31-Jan-23	5-10	5-10	5-10
Steven Woodford Non-executive director	31-Jan-23	5-10	5-10	5-10
Ben Goldacre Non-executive director	11-Dec-22	5-10	5-10	5-10
Patrick Eltridge Non-executive director	21-Sep-22	0-5	0-5	5-10
Marko Balabanovic Non-executive director	31-Dec-21	–	–	–
Soroya Dhillon Non-executive director	31-Dec-21	–	–	–

12 months 2021-22

Non-executive director remuneration 12 months 2021-22	Date	Salary (bands of £5,000)	Total emoluments (bands of £5,000)	Full year equivalent salary (bands of £5,000)
Laura Wade-Gery Chair	31-Jan-23	60-65	60-65	60-65
Daniel Benton Non-executive director	31-Jan-23	5-10	5-10	5-10
Sudhesh Kumar Non-executive director	31-Jan-23	5-10	5-10	5-10
John Noble Non-executive director	31-Jan-23	10-15	10-15	10-15
Deborah Oakley Non-executive director	31-Jan-23	10-15	10-15	10-15
Balram Veliath Non-executive director	31-Jan-23	5-10	5-10	5-10
Steven Woodford Non-executive director	31-Jan-23	5-10	5-10	5-10
Ben Goldacre Non-executive director	11-Dec-22	5-10	5-10	5-10
Patrick Eltridge Non-executive director	21-Sep-22	5-10	5-10	5-10
Marko Balabanovic Non-executive director	31-Dec-21-	5-10	5-10	5-10
Soroya Dhillon Non-executive director	31-Dec-21	5-10	5-10	5-10

No performance pay, benefits in kind or pension-related benefits were paid.

The emoluments of the Chair and the non-executive directors do not include employer national insurance contributions. The total included in Note 5 of the accounts does include such contributions.

All non-executive directors ended their terms of office on or before 31 January 2023. There was no compensation paid for loss of office earlier that their expected term.

Remuneration policy

The pay of the executive board directors is set by the People and Transition Committee based on the recommendations of the Senior Salaries Review Board and is reviewed annually. NHS Digital operates the NHS Executive and Senior Manager (ESM) pay framework with the approval, where necessary, of the DHSC Remuneration Committee. The ESM pay framework includes a job evaluation scheme, administered by the NHS Business Services Authority, and provision for a maximum 5% bonus for the top performers within the ESM group. For 2022-23 the agreed pay award was an increase of 3% and a 0.5% discretionary award to address pay anomalies.

The standard remuneration arrangements for NHS Digital are those provided under the national NHS AfC terms and conditions of employment. This includes a job-evaluation scheme that has been tested and demonstrated to be equality-proofed.

Executive directors were normally employed on permanent employment contracts with a 6-month notice period and work for NHS Digital full-time. However, Leila Shepherd and Shera Chok were part-time, and Professor Jonathan Benger was seconded from University Hospitals NHS Bristol and Weston NHS Foundation Trust on a part-time basis. If contracts are terminated for reasons other than misconduct, they come under the terms of the NHS compensation schemes.

Pension benefits

Pension benefits were provided through the NHS Pension Scheme. The real increase in pension, pension lump sum and cash equivalent transfer value (CETV) for the reporting period have been calculated following the 'Disclosure of Senior Managers' Remuneration (Greenbury) 2023' guidance.

Pension benefits	Accrued benefits: Real increase in pension (bands of £2,500)	Accrued benefits: Real increase in pension lump sum (bands of £2,500)	Accrued benefits: Total accrued pension at 31 March 2023 (bands of £5,000)	Accrued benefits: Lump sum related to accrued pension at 31 March 2023 (bands of £5,000)	CETV at 31 March 2023 (£000) -see footnotes	CETV at 31 March 2022 (£000)	Real increase in CETV (£000)
[24]Simon Bolton	2.5-5	–	5-10	–	93	45	22
[24]Carl Vincent	2.5-5	–	20-25	–	309	253	38
[25]Jonathan Benger	0-2.5	0-2.5	80-85	170-175	1,685	1,412	29
[26]Shera Chok	0-2.5	0-2.5	20-25	45-50	461	411	11
[27]Pete Thomas	0-2.5	–	20-25	–	263	175	11
[28]Nic Fox	0-2.5	–	40-45	65-70	617	560	17
[27]Jackie Gray	2.5-5	–	10-15	–	155	111	16
[29]James Hawkins	0-2.5	–	35-40	45-50	611	552	35
[27]Julie Pinder	0-2.5	–	10-15	–	138	100	14
[29]Fran Woodard	2.5-5	–	65-70	150-155	1,435	1,327	57
[27]John Quinn	0-2.5	–	0-5	–	43	6	13
[27]Matt Bacon	0-2.5	–	5-10	–	108	73	15
[24]Leila Shepherd	2.5-5	–	5-10	–	61	34	22
[30]Mark Logsdon	–	–	–	–	–	–	–

[24] No lump sum is disclosed as there is no set minimum lump sum within the 2008 or 2015 sections of the NHS Pension Scheme. For Senior Managers who left the NHS Pension Scheme before or on 31 January 2023, their total accrued pension, lump sum related to accrued pension and CETV valuation were at their leaving date.

[25] Jonathan Benger's accrued pension and lump sum related accrued pension at 31 March 2022 have been restated by NHS Pension due to a data error. For Senior Managers still in the NHS Pension Scheme on 31 January 2023, NHS Pension can only provide their total accrued pension, lump sum related to accrued pension and CETV valuation as at 31 March 2023.

[26] For Senior Managers who left the NHS Pension Scheme before or on 31 January 2023, their total accrued pension, lump sum related to accrued pension and CETV valuation were at their leaving date.

[27] No lump sum is disclosed as there is no set minimum lump sum within the 2008 or 2015 sections of the NHS Pensions Scheme. For Senior Managers still in the NHS Pension Scheme on 31 January 2023, NHS Pension can only provide their total accrued pension, lump sum related to accrued pension and CETV valuation as at 31 March 2023.

[28] Taking account of inflation, the CETV funded by the employer has decreased in real terms. For Senior Managers still in the NHS Pension Scheme on 31 January 2023, NHS Pension can only provide their total accrued pension, lump sum related to accrued pension and CETV valuation as at 31 March 2023.

[29] Taking account of inflation, the CETV funded by the employer has decreased in real terms. For Senior Managers who left the NHS Pension Scheme before or on 31 January 2023, their total accrued pension, lump sum related to accrued pension and CETV valuation were at their leaving date.

[30] Mark Logsdon was a contractor and not covered by the pension scheme.

Pension benefits	Accrued benefits: Real increase in pension (bands of £2,500)	Accrued benefits: Real increase in pension lump sum (bands of £2,500)	Accrued benefits: Total accrued pension at 31 March 2023 (bands of £5,000)	Accrued benefits: Lump sum related to accrued pension at 31 March 2023 (bands of £5,000)	CETV at 31 March 2023 (£000) -see footnotes	CETV at 31 March 2022 (£000)	Real increase in CETV (£000)
[31]Stephen Koch	–	–	–	–	–	–	–
[27]Helen Clifton	0-2.5	–	0-5	–	45	–	20
[27]Mike Fell	0-2.5	–	0-5	–	26	–	4
[32]Richard Clay	0-2.5	0-2.5	25-30	35-40	437	369	11
[32]James Austin	0-2.5	–	5-10	15-20	133	105	–

A CETV is the actuarially assessed capitalised 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 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 pension scheme.

CETV figures are calculated using the guidance on discount rate for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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 figure and other pension details include the value of any pension benefit in another scheme or arrangement that the individual transferred to the NHS Pension scheme. They also include any additional pension benefit accrued to the member as a result of them 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.

[31] Stephen Koch chose not to be covered by the pension arrangements during the reporting period.

[32] For Senior Managers still in the NHS Pension Scheme on 31 January 2023, NHS Pension can only provide their total accrued pension, lump sum related to accrued pension and CETV valuation as at 31 March 2023.

The real increase in CETV reflects the increase effectively funded by the employer. It excludes the increase in accrued pension due to inflation and contributions made by the employee (including the value of any benefits transferred from another pension scheme or arrangements) and uses common market valuation factors for the start and end of the period.

Annual governance statement

NHS Digital was accountable directly to Parliament for the delivery of the statutory functions described within the Health and Social Care Act 2012 and the Care Act 2014 and other legislation. For more information about our responsibilities and areas of work, see our Performance report.

The Senior Departmental Sponsor for the DHSC was responsible for ensuring our procedures operated effectively, efficiently and in the interest of the public and the health sector.

Governance framework

Details of NHS Digital's constitution, operational accountability, the Board and its appointed committees are provided in the Corporate Governance Report on Page 32. Information about the conduct of the Board and the roles and responsibilities of members were set out in our Corporate Governance Manual, which incorporated the Standing Orders, Standing Financial Instructions, Scheme of Delegation, and Committee Terms of Reference. The Corporate Governance Manual was reviewed and updated annually. NHS Digital complied with the best practice described in the corporate governance code for central government departments issued by HM Treasury. Corporate policies were regularly reviewed and, where it was appropriate to do so, compliance and awareness levels were monitored.

Governance and assurance across the health and social care sector

All organisations in the Health and Social Care group have an interest in good Governance, including NHS Digital who worked to ensure that governance was maintained to a high standard during the reporting period and as part of the handover into NHS England, particularly, as part of the system-wide oversight of national informatics expenditure.

NHS Digital was the main informatics delivery organisation for the national informatics portfolio and contributed to, and was held operationally accountable for its delivery by, the NHS DOAB until July 2022 and subsequently the ETG.

NHS Digital's Chief Financial Officer was a member of the DOAB and the Director of Assurance and Risk Management attended regularly, along with other members of our EMT when required to discuss specific areas of delivery. ETG oversaw the delivery of the jointly owned (DHSC and NHS England) Technology Transformation Portfolio including the oversight of progress, funding, risks and interdependencies. Members of the ETG were appointed by the National Director of Transformation from across the Transformation Directorate, with input from the Joint Unit to represent the department, to best meet the needs of the Group's purpose.

In 2021-22, additional governance arrangements were put in place to oversee delivery as part of the government's response to the COVID-19 pandemic, both within NHS Digital and

across the wider system. These arrangements continued in 2022-23 to manage the ongoing uncertainty and changing requirements, as well as the need to mobilise and co-ordinate delivery at pace.

Merger with NHS England

On 22 November 2021, the Secretary of State for Health and Social Care set out their intention to merge Health Education England with NHS England and accepted the recommendations from the independent Laura Wade-Gery review, including its recommendation to merge NHS Digital and NHSX with NHS England by 31 March 2023. It was announced in October 2022 that the NHS Digital merger plans would be accelerated so as to be completed by January 2023, in order to align digital and data with service delivery and transformation more quickly.

The successful merger of NHS Digital into the new NHS England was complex and required rigorous planning and management across NHS Digital and NHS England teams.

An NHS Digital led project was established to manage the transition, implement project controls and manage risk, in order to:

- do what was required legally, covering requirements of the transfer scheme and transfer of staff.
- do what was required operationally to ensure all systems, services, staff continued to operate following the merger.
- do what was required to support our people so that they were clear as to what was happening, why and when.

Alongside existing NHS Digital governance arrangements, new governance was established including:

- a Transition Oversight Group, with full EMT membership, meeting weekly to cover closure and organisational design. Regular updates on closure were also reported to the Executive Management Team, People and Transition Committee, Audit and Risk Committee and NHS Digital Board.
- weekly NHS Digital closure workstream check-in enabling each NHS Digital Closure workstream lead to update progress towards closure.

Regular updates were provided to the NHS England led Day 1 Readiness (D1R) Group and the new NHS England Programme Board. Internally updates were provided to the NHS Digital Board, and 2 Board sub-committees - the People and Transition Committee and the Audit and Risk Committee - who provided ongoing oversight, direction and feedback on the merger activities.

A risk log was maintained throughout the project and key risks were escalated as needed to the Transition Oversight Group and the D1R Programme Board. There were a number of other key risks raised during this time, which included ineffective cross organisation decision making, insufficient resources to complete closure activities in addition to business as usual, and a lack of time to fully understand impacts on individuals regarding changes to corporate policies, financial approval processes, IT systems and other key business processes. These risks were mitigated or accepted during the period of transition and updates were provided regularly to the Audit and Risk Committee (ARC).

Service levels were maintained throughout this period despite many staff working across multiple activities and increasing staff retention issues. Governance has been adhered to across the organisation throughout this period with no issues reported by any boards, committees or KPI reports.

Risk and assurance framework

NHS Digital maintained and made improvements to the corporate risk management framework and methodology during 2022-23 to improve risk data quality and risk management behaviours. Key actions undertaken during the year were:

- reviewing the risk management policy
- maintaining a focus on the significant operational risks and issues faced by NHS Digital
- evaluating the overall level of risk relative to the risk appetite and tracking it
- reviewing the risk environment throughout the reporting period with an increasing focus during the latter part of the period on the risks related to the transition to NHS England and closure of NHS Digital
- maintaining the risk-management training for staff across NHS Digital and supporting materials
- continuing to develop new, and maintain existing, directorate level and other operational risk dashboards to help risk owners improve the quality, reliability and accessibility of risk information
- reviewing the NHS England risk framework to commence planning for the risk management approach post- the transition to NHS England

Risks and assurance items were reported regularly and escalated through the internal governance structure. The significant operational risks and issues, and details of mitigation plans, were reviewed monthly by the EMT, reported to the ARC as well as to the NHS Digital Board at each meeting.

As the reporting period progressed, NHS Digital increased the tracking of the risks associated with the closure of NHS Digital and the transition to NHS England. In September 2022, NHS Digital developed a new visualisation of the risks which showed both the key

delivery / operational risks and the main risks associated with the transition to NHS England and closure of NHS Digital. This formed the basis of the risk reporting to the ARC and NHS Digital Board and allowed the ARC and Board to gain assurance that the organisation tracked both the risks associated with the delivery of its objectives and the risks associated with the merger and closure of NHS Digital.

As part of the COVID-19 ongoing response, NHS Digital accepted that the overall risk position increased during the pandemic as a result of the operational necessities of the crisis. The organisation continued to track the risks that were felt to be outside of the risk appetite during the reporting period and the risk position associated with COVID-19 activities improved, as it saw a reduction in the level of risk being carried which was judged to be back within the acceptable level of risk appetite.

During 2022-23, NHS Digital maintained the directorate assurance frameworks and put in place a 6-monthly review process with all directorates. Actions to raise levels of assurance were captured and monitored with progress reports shared with the EMT and the ARC throughout the period.

Throughout 2022-2023, NHS Digital maintained the Corporate Assurance Framework (CAF). The document mapped the assurance in place for NHS Digital's highest scoring, long-term risks. All risks on the CAF were assessed to have high levels of overall assurance and therefore sufficient assurance was in place.

The assurance work allowed NHS Digital to strengthen the view of key controls and existing sources of assurance on key processes, programmes and risks. The directorate assurance frameworks and the CAF were updated and refreshed at least every 6 months.

Performance management

NHS Digital's performance management framework was linked closely to risk management. It included periodic reporting at differing levels of granularity in performance packs to the Board, the EMT and other internal business units. Similar information was made available to the DOAB until July 2022 and to the ETG from July 2022.

Performance reporting was provided on a monthly basis to the EMT and every 2 months to the Board. The reporting covered:

- financial and non-financial information, key risks and issues, and an assessment of delivery against strategic commitments
- business plan delivery at corporate level
- other work, such as delivery of specific programmes and organisational development and transformation

The performance framework and individual performance indicators were kept under regular review to ensure they remained meaningful and effective to support open and transparent governance. With the exception of a limited number of confidential indicators, all elements of the performance framework were reported to public meetings of the Board and most of the information is available on the archived web pages for NHS Digital's organisational information.

Internal audit and other third-party assurance

NHS Digital's internal audit service was provided by the Government Internal Audit Agency (GIAA). Acting independently, it focused audit activity on key risk areas informed by interviews with the EMT and its knowledge and experience of NHS Digital. The internal audit service operated in accordance with the Public Sector Internal Audit Standards. With the agreement of the ARC and the Accounting Officer the internal audit plan for the year was curtailed following the announcement of the accelerated timeline for the merger with NHS England. It was accepted that there was insufficient capacity within the organisation to support internal audit reviews concurrent with merger preparations. As a result, the Head of Internal Audit was unable to provide a comprehensive annual internal audit opinion for the period ended 31 January 2023 and the annual opinion is limited in scope.

Throughout the period internal audit reports were submitted to the ARC on the effectiveness of the systems of internal control and the management of key business risks, with recommendations for improvement.

During 2022-23, NHS Digital's internal audit plan was reviewed and updated on a quarter-by-quarter basis. There were originally 14 internal audits planned. The accelerated merger process meant that 8 of these were cancelled.

1 internal audit produced a 'substantial' assurance rating, 2 produced a 'moderate' assurance rating, and 3 produced a 'limited' rating. The 'limited' audits are outlined below:

Merger/transition team governance

Objective:

This review assessed the adequacy of the NHS Digital governance in place to plan and facilitate the merger, with focus on elements within NHS Digital control. The review took place at the start of the financial period.

Areas for improvement:

- the review acknowledged the action taken by the project to stand up the governance framework required to support the merger/transition activity and the drive to work whilst recognising dependencies in the wider Creating the New NHS England programme were outside of the project's control.

- the lack of clarity over transition approach (e.g. lift and shift vs integration) had a significant impact on the risk profile of the findings, posing serious risk to the achievement of a successful transition within the shortening timescales.
- in the absence of clarity, while the findings showed that NHS Digital had progressed key governance aspects as far as practicable, a limited opinion was given based on the position at the time of the audit.

Recommendation:

There was 1 High recommendation. The recommendation was Closed Not Implemented on 5 December 2022 because, due to the merger, the recommendation was no longer valid. GIAA accepted the closure.

Insider threat

Objective:

The objective of this review was to assess the measures in place to mitigate insider threat and to provide assurance as to the effectiveness of those arrangements.

Areas for improvement:

- a process to identify high risk roles should be established.
- arrangements should be strengthened to ensure security vetting is undertaken at an appropriate level, commensurate with the type of role the individual will be performing and the systems/data access to which they will require/have access.
- evidence should be retained to support pre-employment checks.
- management checks should be undertaken to ensure that staff moving roles are given access rights commensurate with their new role and that consideration is given as to whether they require enhanced vetting.
- the Insider Threat working group Terms of Reference should be finalised, and the group operationalised.
- progress with the Insider Risk Strategy and Implementation plan (June 2021) should be expedited.
- Key Risk Indicators should be prepared and monitored to manage the risk of insider threat.
- an action plan should be prepared to ensure that the recommendations from the Personnel Security Assessment Report prepared by Deloitte (December 2020) are implemented without further delay.
- policies and procedures relating to vetting and access should be reviewed and updated on a timely basis.
- procedure for vetting and access controls for key high-risk Information Assets should be documented to prevent excessive privilege being used improperly to manipulate and delete data with malicious intent.

- an Information Asset-level review should be undertaken to assess vulnerability to insider threat and mitigations should be employed to manage these risks.

Recommendations:

There were 9 recommendations (4 High, 4 Medium and 1 Low). 1 action (Low) was closed and implemented by GIAA pre- merger. The remaining 8 actions were passed to NHS England's internal auditor.

Offboarding:

Objective:

The objective for the audit was to assess the adequacy of offboarding processes to mitigate the risk of losses when staff leave the organisation and to provide assurance that NHS Digital has effective processes and robust controls in place.

Areas for improvement:

- the action to begin processing a leaver was not always timely resulting in the overpayments of salary requiring recovery action.
- NHS Digital failed to appropriately remove all IT system access for all leavers on a timely basis with leaver activities showing as in-progress and requiring further action to confirm removal of system access to secure NHS Digital information.
- there were issues with the management of asset returns, and the recovery of identification badges and building access passes for all leavers could not be confirmed.

Recommendations:

There were 7 recommendations (2 High, 4 Medium and 1 Low). One action (Medium) remains open with NHS England's internal auditors. All other actions have been closed.

2022-23 Annual Audit Opinion

The Head of Internal Audit was unable to provide a comprehensive annual internal audit opinion for the period ended 31 January 2023. The rationale for the opinion being limited in scope was:

- the accelerated timetable for the merger meant that less than half of the planned audits for the year were completed.
- staff attrition and role changes meant that it was difficult to establish current roles and responsibilities during audits, and there were instances where NHS Digital staff involved in an audit left the organisation part way through the audit which impacted on timely delivery.
- a deterioration in responsiveness to audits resulted in delays to agreement of Terms of Reference, draft reports and obtaining of evidence in a timely manner.
- a lack of clarity over the way in which the transition would take place or what the future structure would look like meant that recommendations were generally short term in nature.

In addition to NHS Digital's internal audit service, NHS Digital received other third-party assurances, including:

- the ISAE 3000 assurance report undertaken by independent auditors on NHS England's description of its control system for extraction and processing of General Practitioner Data Services in England.

The report for the period 1 April 2022 to 31 March 2023 gave a qualified assurance report due to instances where controls related to approval of new user access to Data Processing Services (DPS) and removal of leavers from GP Data Collector (GPDC), DPS and PDS did not operate effectively. Mitigation controls were in place, such as bi-weekly reviews of requests older than 5 days and quarterly access reviews. Also, due to instances where controls relating to segregation of duties between the development and the production environments of the GPDC application did not operate effectively, the risk was mitigated through quarterly access reviews which included confirmation from relevant sponsors and team managers that access was required and appropriate.

- ISAE 3402 assurance reports from Shared Business Services (SBS). These are undertaken by independent auditors and covered NHS Digital's outsourced finance and payroll services for the period 1 April 2022 to 31 March 2023. The report for Finance and Accounting Services was unqualified.

The report for Employment Services was qualified in two areas. Firstly, from a sample of 45 calls inspected, there were three instances where the caller's identity was not confirmed and in one of these instances personal identifiable data was shared. SBS gave assurances that

they have improved their call handling system to allow client employees to complete their security questions while waiting for their call to be answered. They have continually trained their teams on call answering requirements when a caller's identity has not been verified. Secondly, from a sample of 60 clients and months, in one instance there was no evidence that the overpayment report had been reviewed. SBS gave assurances that in addition to the review of the overpayment report, at the point of the recoveries being set up, these were checked in the Employment Service Record (ESR) to ensure the start date, end date and periodic amounts reconciled to the overpayments data base. Neither of the exceptions impacted directly on NHS Digital's payments to staff or on the financial statements.

External audit

NHS Digital worked closely with the National Audit Office, which attended and contributed to all the ARC meetings. The external audit work sits outside of the organisation's governance arrangements but informed the governance and risk processes as well as the organisation's financial and other controls. The work of external audit was monitored by the ARC through regular progress reports. A draft audit plan for the audit of the 2022-23 Annual Report and Accounts to be produced after the closure of NHS Digital was discussed by the NHS Digital ARC at its final meeting. During 2022-23, NHS Digital engaged early with the National Audit Office on key issues, including the merger of NHS Digital with NHS England.

Preventing fraud, bribery and corruption

Public bodies and the NHS continue to be major targets for fraud. As technical security controls were strengthened, threat actors have continued to increasingly target staff and exploit business logic through social engineering and/or fraudulent means.

In 2022-23, there continued to be a rise in NHS branded scams, phishing messages and malicious emails to steal user credentials and attempt account takeover. NHS Digital worked closely with the DSC and public sector partners, such as the NHS Counter Fraud Authority and the National Cyber Security Centre, to identify and remediate attempts through proactive monitoring and sharing intelligence. The organisation also worked with key stakeholders in the health group to collaboratively mitigate wider cyber-enabled fraud risks for NHS Digital and the health and care system.

In order to mitigate the risk of fraud, bribery and corruption to the organisation, NHS Digital aligned to best practice, government standards, and emerging threats. In 2022, NHS Digital were independently assessed and rated as meeting all standards in the government functional standard for counter fraud (GovS13). The organisation also ensured the following control measures were in place:

- a counter fraud, bribery and corruption strategy aligned to the government functional standard for counter fraud to continuously improve the approach in identifying and preventing the risk of fraud
- a counter fraud, bribery and corruption policy that was required to be read and accepted by all staff. The policy and management statement on fraud, bribery and corruption are available on NHS Digital's website[33]
- a fraud risk framework, aligned to government professional standard for counter fraud risk management, and working with internal and external stakeholders to mitigate risks and implement robust controls
- a quarterly working group, chaired by the Finance Director, with both internal and external stakeholders
- proactive exercises using data analytics to detect and prevent fraud, including participation in national exercises, such as the biennial National Fraud Initiative
- working in conjunction with NHS England, an internal counter fraud team to investigate allegations of fraud and to always seek the appropriate disciplinary, regulatory, civil and criminal sanctions against fraudsters and, where possible, recover any losses
- collaborative working with external stakeholders including the DHSC Anti-Fraud Unit, the NHS Counter Fraud Authority, and the Cabinet Office to share intelligence, insight and best practice

Whistleblowing

NHS Digital continued to work with Protect, the UK's leading whistleblowing charity, to enhance our ability to support staff through improved guidance, policy and via the provision of appropriate training. As part of our 2021-22 'Safe To Challenge' initiative an independent and confidential reporting platform was implemented which increased the range of channels available to staff to raise issues and concerns. Information generated by the new platform was presented to the Audit and Risk Committee throughout 2022-23. As at the end of January 2023, 52 concerns had been raised through the new platform. Of these 52 concerns, six were determined to meet the criteria for formal whistleblowing cases. All six were investigated and subsequently concluded to the satisfaction of the member of staff who had raised the concern.

Freedom to Speak Up

NHS Digital introduced the Freedom to Speak Up (FTSU) Guardian role to help make speaking up business as usual as part of the 'Safe to Challenge' initiative. The Guardian role was one of independence, impartiality, and objectivity contributing to the Freedom to Speak Up network to comply with National Guardian's Office guidance and providing peer-to-peer support and learning. They were a safe place for colleagues to seek

[33] https://digital.nhs.uk/about-nhs-digital/corporate-information-and-documents/anti-fraud-bribery-and-corruption

guidance and support when they feel unable to do so, in other ways through an independent, secure, and confidential platform. The Guardians met with the Executive and Non-Executive Sponsors regularly and reported to the Board once during the year.

Data and cyber security

Cyber security supported the safe care and built public trust in the cyber security resilience of the NHS by mitigating risk to patients and organisations by providing trusted operational capability, ensuring that the health and social care system was resilient to cyber-attacks, protecting individuals and technological advances in care. Managing a portfolio of national cyber security services across the lifecycle of 'Protect', 'Detect', 'Respond' and 'Recover', NHS Digital ensured patients and clinical safety were at the centre of its work.

During the reporting period, the Cyber Security Operation Centre delivered threat-led security operation, managing the most critical vulnerabilities, and provided a centralised security monitoring of the threats to the Health and Social Care sector by providing real-time visibility and prevention of cyber threats. The guidance, assessments and awareness programmes helped ensure the NHS was prepared in the event of cyber threats.

The organisation restructured the approach to cyber security within NHS Digital in preparation for the merger based on a "secure, assure" approach, which included improvements to cyber governance and a continuous cyber-improvement programme for Health and Social Care with investment in future cyber talent, cross training and innovation to help improve people, processes and technology across all areas.

As a result, health and care organisations were better protected, including through effective use of threat intelligence, continuous scanning and monitoring of the NHS estate in England, and additional cyber support across the health sector.

Data governance

A wide-ranging legal, regulatory and compliance framework governs the receipt, processing and dissemination of data and information and production of statistics. NHS Digital was responsible for ensuring that health and social care data and information was collected, stored and disseminated appropriately.

The organisation continued to improve controls and protocols for secondary uses of NHS data through the DARS in consultation with the IGARD. For General Practice Extraction Service (GPES) data requests for pandemic planning and research, NHS Digital ensured an additional layer of clinical scrutiny by representatives of the British Medical Association and the Royal College of General Practitioners through the Profession Advisory Group.

During 2021-22 NHS Digital successfully transferred the National Disease Registration Service (NDRS) from Public Health England to DARS.

Before any data was shared, NHS Digital ensured that:

- a legal basis for accessing the data existed
- the user had an appropriate level of security to safeguard the data
- the user passed the robust assessment process
- dissemination was covered by a signed data-sharing agreement and a data-sharing framework contract

Particularly sensitive releases followed a full governance and approval process, and independent advice was sought from IGARD.

NHS Digital published details of all data sharing agreements through the Data Uses Register.[34] This showed which organisations accessed data, the purposes for which they were permitted to use it, and the expected benefits.

To ensure that organisations met the terms of their data sharing agreement and framework contract, NHS Digital undertook a programme of data sharing audits. From 1 April 2022 to 31 January 2023, NHS Digital conducted 18 audits of organisations and recorded observations about their processes, procedures and nonconformities with NHS Digital requirements. The nonconformities were subsequently followed up with a post-audit review to ensure they had been addressed. The outcome of the audits and post-audit reviews were published on NHS Digital's website.[35]

Privacy, transparency, ethics and legal

The PTEL sub-directorate was comprised of the legacy NHS Digital Data Protection Office team, the Information Governance (IG) Operational Delivery team, the Information Law team, the Audit Services team, the Commercial Legal team, the COVID-19 Public Inquiry Response team and the Strategy, Policy and Governance Directorate Support Team.

Personal data breaches and audits

The Data Protection Officer (DPO) and their team provided oversight of NHS Digital's compliance with data protection law, advised on data protection matters and personal data breaches, and had a central role in setting the overall strategy for data protection compliance.

There were 37 personal data breaches (PDBs) as defined in the UK General Data Protection Regulation (UK GDPR), reported to the NHS Digital DPO between 1 April and 2022 to 31 January 2023 (the Reporting Period). Two of which were reported to the Information Commissioner's Office (ICO).

[34] https://digital.nhs.uk/services/data-access-request-service-dars/data-uses-register
[35] https://digital.nhs.uk/services/data-access-request-service-dars/data-sharing-audits

Information Governance Audit and Assurance

Public trust in NHS Digital's sharing of data is supported by the IG Audit Services function. The team carried out 17 full audits and 15 post-audit reviews of organisations receiving data. NHS Digital continued to operate transparently, and published audit reports of organisations receiving data on its website. Appropriate action was taken on the audit findings on behalf of the legacy NHS Digital Senior Information Risk Officer (SIRO), and actions are reflected in the post-audit reviews as well as revised applications for data.

The DPO commissioned the legacy NHS Digital Audit Service Team to conduct data protection audits to assist the DPO in fulfilling its statutory role of monitoring NHS Digital's compliance with UK GDPR, the Data Protection Act 2018, and its own data protection policies. During the 2022-23 reporting period, NHS Digital have completed eight DPO audits prior to the merger with NHS England. Where improvements were needed, they were captured as audit actions, with progress and completion monitored and reported on through corporate risk and assurance processes.

The IG Audit Services team successfully achieved their ISO 9001 re-certification during the reporting period and carried out:

- 8 audits commissioned on behalf of the Data Protection Officer, as referenced above.
- 15 records management assurance reviews to help internal programmes and services prepare for the COVID- 19 Inquiry
- 4 internal pre-surveillance audits for ISO 9001 (preparation for external re-certification).

NHS Digital's Data Security and Protection Toolkit (DSPT) 2021-22 assessment was successfully submitted by the 30 June 2022 deadline, achieving all 88 mandatory and 49 non-mandatory requirements. The GIAA and the Audit Services teams assessed NHS Digital's submission against a mandatory assessment framework and tested the approach used to ensure a robust self-assessment was undertaken. The outcome of that GIAA audit was a 'substantial' (green) rating, finding the framework of governance, risk management and control adequate and effective.

Information Governance Operational Delivery and privacy by design

The IG Operational Delivery team provided IG advice across NHS Digital, including privacy by design advice and supported on the design, development and operation of NHS Digital national data and IT products, services and programmes, strategic records management advice and secretariat support for the IGARD.[36] The internal IG helpline service received over 2900 internal IG enquiries during the reporting period. Key programmes of work supported by the IG Operational Delivery Team included NHS App, COVID-19 Pass,

[36] https://digital.nhs.uk/about-nhs-digital/corporate-information-and-documents/independent-group-advising-on-the-release-of-data

Vaccination Programme, Testing, COVID-19 Therapeutics, GP Data for Planning and Research, GP IT Futures and DigiTrials. It also supported the development and approval of eleven new Directions and five statutory requests for data collections.

Freedom of information (FOI) requests

1,005 FOI requests were received in 2022-23 (between 1 April 2022 and 31 January 2023) – a ~40% reduction compared to the same period in the previous financial year. This significant decrease in volume was due, in the main, to a sustained reduction in the number of requests received for information held on the 1939 register from commercial genealogists. NHS Digital's revised approach to handling those requests was also upheld by the ICO in a decision notice published following an appeal to the ICO by a requester.

The average annual rate of compliance with the statutory timescales for responding to FOI requests was 98.8%. 18 internal reviews were carried out during the reporting period, and three complaints were made to the ICO. Of these three cases, two cases were resolved in favour of NHS Digital and one case was resolved by the ICO without issuing a Decision Notice.

Data subject access requests under UK GDPR

598 DSARs for access to personal data under UK GDPR were received. 99.5% of DSARs were responded to within the statutory timescales for compliance. two internal reviews were carried out during the year and no complaints were made to the ICO.

COVID-19 Public Inquiry preparations and response

NHS Digital established a dedicated COVID-19 Public Inquiry Response team to support NHS Digital's responses to requests for information and evidence from the COVID-19 Public Inquiry. The team was responsible for ensuring NHS Digital prepared appropriately to support the Inquiry, including having mechanisms in place to retain and identify relevant records and manage and respond to requests from the Inquiry to support its work.

Merger with NHS England

The government used powers in the Health and Care Act 2022 [37]to make regulations to transfer the statutory functions of NHS Digital to NHS England from 1st February 2023. A legal transfer scheme was also put in place to transfer the staff contracts and assets and liabilities to NHS England. The Information Law and Commercial Legal Teams worked closely with NHS England Legal Team and Government Legal Department to support the legal work associated with the transfer and the safe legal close down of NHS Digital.

The PTEL team worked closely with the Data Services directorate and the NHS England Transformation Directorate on the run up to the merger on the safeguards required to ensure that NHS England continues the work of NHS Digital as a safe haven for patient data

[37] Health and Care Act 2022

following the merger. This included feeding into the development of the draft Statutory Guidance on NHS England's protection of patient data [38]published in January 2023 and supporting the development of the NHS England De-Identified Data Analytics and Publication Directions 2023.[39]

Third party cyber incident

NHS Digital established a joint Data and IG Cell with NHS England that reported into the Emergency Preparedness, Resilience and Response (EPRR) Incident Management Team (IMT) to provide IG support in relation to the Advanced Cyber Incident.[40] The Data and IG cell worked with supplier and IG colleagues in the Devolved Nations to respond to the IG aspects of the incident and produce IG guidance to support impacted controllers.

Business continuity

The scope of NHS Digital's Business Continuity Management Programme covered Business Continuity and related subject areas, such as Organisational Resilience, Crisis Management and EPRR.

NHS Digital maintained a Business Continuity Management System aligned to the requirements of BS EN ISO 22301 ('Security and resilience - Business continuity management systems - Requirements') and related standards. The business continuity management system included:

- a corporate incident management framework and supporting processes;
- operational level business continuity plans, covering all NHS Digital activities;
- a range of IT service continuity and disaster recovery plans for IT services managed in-house, or by external suppliers;
- assurance that critical suppliers and other delivery partners had suitable business continuity arrangements in place to protect delivery of services to NHS Digital and its customers.

On 22 and 23 June 2022 NHS Digital's business continuity management team facilitated an Executive 'Gold' Level business continuity exercise. The exercise generated significant assurance of NHS Digital's capability to respond to a major incident.

Clinical governance

NHS Digital's team of clinical informaticians played a central role in ensuring that the organisation's data, services, and programmes remained clinically safe, and that the

[38] https://www.gov.uk/government/publications/draft-guidance-on-nhs-englands-protection-of-patient-data/draft-guidance-on-nhs-englands-protection-of-patient-data

[39] https://digital.nhs.uk/about-nhs-digital/corporate-information-and-documents/directions-and-data-provision-notices/secretary-of-state-directions/nhs-england-de-identified-data-analytics-and-publication-directions-2023

[40] https://www.oneadvanced.com/cyber-incident/#block451442

associated clinical risks were managed appropriately. During the 2022-23 reporting period, the ARC received and assured a report on the Clinical Governance process and activities.

Working closely with colleagues from across NHS Digital and the wider health and social care sector, the team contributed to the development and delivery of a wide range of products and services that underpin the day-to-day work of the health and care system that were central to the health and care of patients and citizens.

A key aspect of this was that the clinical governance framework which provided clear oversight and accountability alongside a system of learning, professional development and continuous quality improvement in our programmes and services. The Clinical Governance team continued to review and refine this framework, building on the positive feedback from the Government Internal Audit Agency assessment.

Chief Executive's review of effectiveness

As Accounting Officer from 1 February 2023, I have responsibility for the system of internal controls supporting and enabling the achievement of NHS Digital's aims and objectives, while 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. In particular, I am responsible for ensuring that expenditure does not exceed the annual budget allocated. I have undertaken this responsibility by seeking a range of assurances.

For the period covered by this report, I have been primarily informed by NHS Digital's Accounting Officer handover letter issued to me on 31 January 2023. This included details about the following work that he and the Board had undertaken:

- their attendance at NHS Digital's ARC, its minutes, papers and annual report to the Board
- the work of the National Audit Office
- the work of internal audit, which completed an agreed, comprehensive range of assessments. The head of internal audit gave 'limited scope' ratings to the overall arrangements for assurance and to the controls reviewed
- monitoring regularly reviewed audit actions
- the assurance framework, which outlined key processes, risks and programmes and the controls and assurance mechanisms administered by the organisation. This was mapped to the 3-line model and was used to drive management action
- clear performance management arrangements for executive directors and senior managers
- the system of internal control provided by the Board, Information Assurance and Cyber Security Committee and ARC

I am accordingly aware of any significant issues that have been raised.

Significant challenges

The period covered by this report was dominated by working towards the merger of NHS Digital with NHS England and Health Education England. The scale and volume of delivery and the amount of change required to support the health and social care sector during this period was unprecedented. On 22 November 2021, it was announced that NHS Digital would merge with NHS England, a conclusion of the Wade-Gery review. NHS Digital's organisation and staff were impacted, and our suppliers also faced serious challenges. In February 2022, the Prime Minister announced to Parliament the "Living with COVID-19" strategy, which has led to its own set of challenges. NHS Digital met these challenges, and I am confident that NHS Digital maintained good standards of governance, assurance and control.

Significant challenges NHS Digital dealt with in the year included:

1. Merger with NHS England

The NHS Digital D1R and Closure project was established to meet the corporate objectives to:

- safely and effectively transition to the New NHS England
- safely and effectively close NHS Digital

In summer 2022, an internal audit of the NHS Digital merger/transition governance was undertaken. This highlighted opportunities to strengthen the merger programme governance structures established by NHS England.

In October 2022, following the government's announcement that the merger of NHS Digital with NHS England was to be accelerated, NHS Digital aligned its transitional and closure governance arrangements to the updated D1R programme for the New NHS England. This was underpinned by establishing leadership in this area and standing up a dedicated PMO function. Both operational and programme governance was then put in place.

Leads for each workstream; HR, Finance, Governance and Legal, Commercial, Governance and Assurance, Estates, ICT, Comms (including Digital), IG and Engagement, were identified and worked as a collective to draw up a comprehensive plan. All individuals took on transition and closure work in parallel to their existing roles and responsibilities. Additional resource was only secured for some key areas, in particular the finance team to enable key closure work to be undertaken.

It was recognised that the project and overall programme was operating within a large and complex business environment, with multiple senior stakeholders and across organisational boundaries.

There were a number of key risks raised during this time, which included:

- insufficient resource to complete closure activities in addition to business as usual which was mitigated by bringing in additional resources and prioritising existing work.
- a lack of timely agreement on policy alignment and construction of a new scheme of financial delegation which was agreed and enacted during January 2023.
- potential delays to the parliamentary process to legally close and transition which completed during January 2023 but contingency plans were in place.

Internal governance was effective and the project benefitted from frequent advice, guidance and direction from the Transition Oversight Group, NHS Digital Board, the People and Transition Committee and the ARC.

To minimise disruption, NHS Digital transferred systems and processes as they existed pre-closure, only making changes where it was necessary such as changes to legal basis, changes to SFIs and changes to operational governance.

On 1 February 2023, all teams moved to the directorates they were mapped to as part of the organisation design work for the new NHS England, and the leaders of existing directorates at executive level changed line management to align to the newly mapped directorates in an interim leadership model. Work continues with the implementation of the future organisational design work for the new NHS England post-merger. These arrangements are planned to be in place until the new NHS England structures are in place which will be on a phased basis between June and December 2023.

Throughout the exercise, a significant comms plan was enacted to engage and inform NHS Digital staff. This has included monthly all staff briefings; weekly newsletter updates; and an induction and welcome pack detailing the operational changes to NHS Digital's business processes from 1 February on merging with NHS England.

2. Turnover in senior leadership

Following the announcement of the merger of NHS Digital with NHS England, there was a significant increase in the number of senior leaders/ members of the EMT choosing to leave the organisation, whether through retirement, taking up opportunities elsewhere in the NHS or leaving the NHS for the private sector. The loss of experienced and knowledgeable senior leaders started in 2021-22 and continued into 2022-23. The impact of these challenges were compounded by the inability to recruit senior leaders on a permanent basis onto the payroll due to the impending merger and its associated recruitment freeze on a "by exception" basis.

Where it was possible, skills gaps were addressed internally by inviting expressions of interest for a temporary promotion, thus retaining skills and knowledge, also allowing internal opportunities. Where internal skills could not be found within NHS Digital, NHS England loaned staff at no costs to NHS Digital to provide their wisdom and experience, while also addressing key merger challenges and succession planning.

3.COVID-19 Public Inquiry

Following the announcement of the COVID-19 Public Inquiry in May 2021, NHS Digital took steps to prepare through the establishment of a COVID-19 Public Inquiry Response team. The team was responsible for ensuring NHS Digital prepared appropriately, identified and retained relevant records, and managed and responded to requests from the inquiry for information and evidence to support its work. NHS Digital received its first Rule 9 request from the Public Inquiry in November 2022, providing a first phase of response in January 2023 ahead of the merger with NHS England, with follow up areas to complete by the end of March 2023. The team had also merged with the wider NHS England Inquiry team while

ensuring clear delineation of historic NHS Digital activity, records and evidence. The alignment of detailed processes and approach will continue for a few months post-merger.

4. Managing the financial position

During the 2022-23 reporting period, NHS Digital continued to work closely with finance colleagues at the DHSC, NHS England and the UK Health Security Agency (UK HSA) to ensure that it's expenditure was managed within the agreed funding envelope including the impact of the funding reductions to contribute to the 'Living with COVID' policy, NHS Pay Deal as well as managing the increased number of verifications for NHS Login and the higher usage of the NHS App due to COVID-19 Pass.

Throughout the year costs were reviewed at individual product/service level and regular reviews undertaken to ensure NHS Digital could maximise the delivery of the Technology Transformation Portfolio.

Development of the Testing System continued throughout 2022-23 to adapt the system to the changing requirements, but there was a significant reduction in capital expenditure compared to the previous 2 years. This reflected the reduced demands of COVID-19 testing for the UK population, UK Immigration and Borders control. The previous single asset of Testing System was componentised by value streams and services during 2022-23. A detailed roadmap for the system was developed in conjunction with UKHSA and maintained regularly. This set out the future plans for each of the components of the system, in particular whether they were continuing to be developed, or were in steady-state live run, or were flagged for future mothballing or decommissioning. This provided a clear picture on a monthly basis of the future requirements and use of the system.

NHS Digital continued to receive a high number of referrals and intelligence relating to mandate fraud and phishing. In addition, this year, the two parts were combined where mandate fraud attempts were made using stolen or spoofed credentials. While no successful cases have been detected at NHS Digital, NHS Digital worked with Cyber Operations to identify and prevent attempts at other NHS organisations. NHS Digital also worked with NHS Counter Fraud Authority to develop intelligence and remediation guidance.

5. Russian-Ukraine conflict

In line with government policy and the Cabinet Office Procurement Note 01/22, NHS Digital identified a means of assessing Russian ownership of organisations, using credit reference organisations, and proposed this to the DHSC as a centrally led solution. This allowed NHS Digital to review all of its contracts and confirm that it had no direct contracts with Russian (or Belarusian) suppliers. NHS Digital did not have an obligation to monitor sub-contractors of prime suppliers providing goods or services and were not aware of any such instances which required actions to be taken.

Given NHS Digital's nature as a technology solutions organisation, it verified that specific Russian-linked cloud software solution providers were not promoted as strategic products.

NHS Digital reviewed our financial risks profile to determine the impact of the Russian-Ukraine conflict. While there was no immediate impact on its financial position, there was an impact on the UK and world economy, with the conflict being only one factor impacting the economic environment. NHS Digital tracked our prices, including labour costs, and closely monitored the impact of inflation on the cost of delivery.

The NCSC assessed NHS Digital were in a heightened period of cyber threat but with no specific new threats to the UK. The situation did not change the likely impact of a successful cyber-attack against NHS Digital, nor the improvements which had been recommended. It did highlight the need to accelerate implementation of foundational cyber controls. Much of NCSC advice for organisations to handle periods of heightened cyber threat aligned with existing NHS Digital cyber improvement priorities. NHS Digital:

assessed its position against the suggested actions, including checking patching, testing incident response and reviewing back-ups;

- used the High Severity Alert process to initiate and govern the wider system response to the NCSC advice; and
- continued to assess internal NHS Digital Cyber Risk, captured in a paper to the NHS Digital Board on 8 June 2022

Significant control issues

There was one significant control issue during the reporting period.

NHS Digital was heavily dependent on contingent labour and contractors for product, services and delivery to be able to scale the size of the organisation up or down dependent upon work to be delivered to clients.

During summer 2022 there was a large backlog of Professional Services Business Cases (PSBC) contracts which required ministerial approval. The backlog resulted in some contingent labour and consultancy working at risk in advance of receiving ministerial approval for their respective PSBCs. This was necessary to mitigate risks to critical delivery and the accelerated timeline for the NHS Digital closedown and merger with NHS England. All the PSBCs were in support of compliant procurements to source contingent labour and consultancy. All PSBCs were scrutinised by NHS Digital's Finance and Commercial Assurance Panel to ensure that requirements were clear and that rates were appropriate. At the time it was our expectation that once the process for approvals was agreed with DHSC colleagues, the cases would be approved retrospectively.

On 4 January 2023, the DHSC indicated that the Minister would not provide retrospective approval for the PSBC contracts. This meant any expenditure incurred without approval was regarded as irregular. This impacted 137 cases with an estimated ‘at risk’ total spend of £7.4 million to the end of January 2023.

Action was immediately taken to limit further irregular spend where possible and to seek prospective approval where support was required to continue beyond the end of January 2023. The Minister approved 133 prospective cases that were put forward on 13 January 2023. Notice was given to contingent labour where approval to continue beyond the end of January was not given. All spend from 1 February 2023 was properly authorised.

There have been no other control issues.

I accept the observations by both the internal auditors and the National Audit Office, and I believe them to be a fair and accurate view of the organisation.

Statement of Accounting Officer's responsibilities

Under The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023, NHS England is required to prepare NHS Digital's Statement of Accounts for the financial period ended 31 January 2023. The Accounts were prepared on an accruals basis and must give a true and fair view of the state of affairs and of the net resource outturn, application of resources, changes in taxpayers' equity and cashflows for the financial period.

In preparing the Accounts, the Accounting Officer is required to:

- observe the requirements of The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023, including the relevant accounting and disclosure requirements and apply appropriate accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards have been followed and disclosed and explain any material departures in the accounts
- prepare the financial statements on a going concern basis. As the functions from NHS Digital were expected to continue in NHS England, in accordance with the DHSC Group Accounting Manual the going concern basis for preparing the financial statements remains appropriate.

The Accounting Officer for the DHSC has appointed the Chief Executive as the Accounting Officer who has responsibility for preparing the accounts for NHS Digital and transmitting them to the Comptroller and Auditor General. Specific responsibilities include the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding our assets, as set out in 'Managing Public Money' published by the HM Treasury. As Accounting Officer I am able to confirm that:

- as far as I am aware, there is no relevant audit information of which the auditors are unaware
- I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and established that the entity's auditors, the National Audit Office, are aware of that information
- the Annual Report and Accounts as a whole are fair, balanced and understandable
- I take personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable

Parliamentary accountability and audit report

The purpose of the Parliamentary Accountability and Audit Report is to summarise the key parliamentary accountability documents within the Annual Report and Accounts including the certificate of the Comptroller and Auditor General to the Houses of Parliament. All elements of this report are subject to audit.

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 have arisen. They are, therefore, subject to special control procedures.

During the 10-month period 2022-23, there were 271 (2021-22: 124) losses and special payments amounting to £29,415 (2021-22: £181,321). There were no individual losses over £300,000 requiring separate disclosure. No interest was paid under the Late Payments of Commercial Debts (Interest) Act 1998 (2021-22: nil).

Political and charitable donations

No political donations were made in the year. During the year, 295 Microsoft Surface pro devices and 102 laptops at the end of their normal useful life were donated to seven schools and five charities. The assets had a nil net book value.

Gifts

No gifts were made or received that meet the disclosure requirements. Staff are required to declare gifts in accordance with our Hospitality and Receipt of Gifts Policy.

Remote contingent liabilities

NHS Digital did not identify any significant remote contingent liabilities. These are liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability within the meaning of IAS 3.

Fees and charges

Fees and charges were for ‘data-related services’. This was the provision of health-related data to customer requirements, data linkage services and data extracts for research purposes. No charges were made for the actual data, only for the cost of providing the data to the customer in the format and to the specification required, including a fee for compliance with information governance requirements.

No charges were made for data supplied to the NHS or local authorities when the data was required to support the planning and commissioning of healthcare. A charge was made if the data was required for other purposes. The following table shows the income received, less the costs for the full service including the costs of providing data for the planning and commissioning of healthcare.

From 2021-22, NHS Digital commenced a review of the charging policy and approaches for data services. This was completed in the fourth quarter of 2022-23 and is subject to consultation and approvals, anticipated to conclude in the first quarter of 2023-24. Following the merger, NHS England will consult with the DHSC to establish approvals required in line with financial policy requirements.

The fees and charges note below was subject to audit:

Fees and charges	10 months 2022-23 £000	12 months 2021-22 £000
Income	2,669	2,857
Expenditure	(5,698)	(6,493)
(Deficit)/Surplus	(3,029)	(3,636)

Government functional standards

This section of the report is not subject to audit.

NHS Digital was fully compliant with the Counter Fraud functional standard. As a consequence of the decision to merge with NHS England, NHS Digital did not undertake work to comply with the other government functional standards.

Amanda Pritchard

NHS England Chief Executive and Accounting Officer

13 July 2023

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Health and Social Care Information Centre for the period ended 31 January 2023 under The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023.

The financial statements comprise the Health and Social Care Information Centre's:

• Statement of Financial Position as at 31 January 2023;

• Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the period then ended; and

• the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

▪ give a true and fair view of the state of the Health and Social Care Information Centre's affairs as at 31 January 2023 and its net operating expenditure for the period then ended; and

▪ have been properly prepared in accordance with The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023.

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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 2019. I am independent of the Health and Social Care Information Centre in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Health and Social Care Information Centre's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Health and Social Care Information Centres ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Health and Social Care Information Centre is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future. As stated on page 7, Health and Social Care Information Centre's functions transferred to NHS England on 1 February 2023 and will continue to be provided in the future.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements

themselves. 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 part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual.

In my opinion, based on the work undertaken in the course of the audit:

• the parts of the Accountability Report subject to audit have been properly prepared in accordance with the Department of Health and Social Care Group Accounting Manual; and

• the information given in the Performance and Accountability Report for the financial period for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Health and Social Care Information Centre and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report and Accountability Report.

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 by the Health and Social Care Information Centre or returns adequate for my audit have not been received from branches not visited by my staff; or

• I have not received all of the information and explanations I require for my audit; or

• the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or

• certain disclosures of remuneration specified by the Department of Health and Social Care Group Accounting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or

• the Governance Statement does not reflect compliance with HM Treasury's guidance

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

• maintaining proper accounting records;

• providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

• providing the C&AG with additional information and explanations needed for his audit;

• providing the C&AG with unrestricted access to persons within the Health and Social Care Information Centre from whom the auditor determines it necessary to obtain audit evidence;

• ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;

• ensuring that the financial statements give a true and fair view and are prepared in accordance with The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023;

• ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the Department of Health and Social Care Group Accounting Manual; and

• assessing the Health and Social Care Information Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Health and Social Care Information Centre will not continue to be provided in the future.

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 Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

• considered the nature of the sector, control environment and operational performance including the design of the Health and Social Care Information Centre's accounting policies and key performance indicators.

• inquired of management, the Health and Social Care Information Centre's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Health and Social Care Information Centre's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Health and Social Care Information Centre's controls relating to the Health and Social Care Information Centre's compliance with The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023 and Managing Public Money;

• inquired of management, the Health and Social Care Information Centre's head of internal audit and those charged with governance whether:

- they were aware of any instances of non-compliance with laws and regulations;
- they had knowledge of any actual, suspected, or alleged fraud;

• discussed with the engagement team and the relevant internal and external specialists, including valuation expertise regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Health and Social Care Information Centre for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under

ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Health and Social Care Information Centre's framework of authority and other legal and regulatory frameworks in which the Health and Social Care Information Centre operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Health and Social Care Information Centre. The key laws and regulations I considered in this context included The Health and Social Care Information Centre (Transfer of Functions, Abolition and Transitional Provisions) Regulations 2023, Managing Public Money, employment law and tax Legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

• I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

• I enquired of management, those charged with governance and in-house legal counsel concerning actual and potential litigation and claims;

• I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;

• in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
14 July 2023

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

2022-23 Accounts

Statement of comprehensive net expenditure for the period ended 31 January 2023

Expenditure	Note	10 months 2022-23 £000	12 months 2021-22 £000
Staff costs	3	244,004	263,029
Termination benefits	3	12	114
Operating expenditure	5	284,227	380,765
Depreciation and amortisation	5	88,588	68,415
Net impairments of non-current assets	5	15,134	40,349
Loss on disposal of non-current assets	5	1,922	2,330
Total expenditure		**633,887**	**755,002**
Less income	4	(31,754)	(44,863)
Net operating expenditure for the financial period		**602,133**	**710,139**
Net expenditure for the financial period		**602,133**	**710,139**

Other comprehensive net expenditure Items not reclassified subsequently to income and expenditure	Note	10 months 2022-23 £000	12 months 2021-22 £000
Net gain on revaluation of plant and equipment	6	(875)	(94)
Net gain on revaluation of right-of-use-assets	7	(6)	0
Net loss/ (gain) on revaluation of intangible assets	8	2,378	(1,263)
Net gain on non-current tangible assets transferred in under absorption accounting	6	–	(101)
Net loss/ (gain) on non-current intangible assets transferred out/ (in) under absorption accounting	8	6,408	(930)
Net gain on current assets and liabilities transferred in under absorption accounting		–	(79)
Comprehensive net expenditure for the period		**610,038**	**707,672**

All income and expenditure derived from continuing operations.

Notes 1 to 24 form part of these financial statements.

Statement of financial position at 31 January 2023

Non-current assets	Note	31 January 2023 £000	31 March 2022 £000
Plant and equipment	6	30,780	34,436
Right-of-use assets	7	58,844	–
Intangible assets	8	307,281	302,880
Other non-current receivables	9	4,693	4,672
Total non-current assets		**401,598**	**341,988**

Current assets	Note	31 January 2023 £000	31 March 2022 £000
Trade and other receivables	10	51,704	51,697
Cash and cash equivalents	11	5,704	19,430
Total current assets		**57,408**	**71,127**
Total assets		**459,006**	**413,115**

Current liabilities	Note	31 January 2023 £000	31 March 2022 £000
Trade and other payables	12	(74,777)	(100,239)
Provisions	13	(147)	(29)
Lease incentives	18	–	(658)
Lease obligations	19	(5,076)	–
Total current liabilities		**(80,000)**	**(100,926)**
Total assets less current liabilities		**379,006**	**312,189**

Non-current liabilities	Note	31 January 2023 £000	31 March 2022 £000
Provisions	13	(5,873)	(6,001)
Lease incentives	18	–	(10,761)
Lease obligations	19	(63,744)	–
Total assets less total liabilities		**309,389**	**295,427**

Taxpayers' equity and other reserves		31 January 2023 £000	31 March 2022 £000
General Reserve		306,933	290,257
Revaluation Reserve		2,456	5,170
Total taxpayers' equity and other reserves		**309,389**	**295,427**

Notes 1 to 24 form part of these financial statements.

Assets, liabilities, equity and reserves as stated above at 31 January 2023 were transferred to NHS England on 1 February 2023.

The financial statements on pages 98 to 141 were approved by the NHS England Board on 13 July 2023 and signed on its behalf by:

Amanda Pritchard

NHS England Chief Executive and Accounting Officer

13 July 2023

Statement of cash flows for the period ended 31 January 2023

Cash flows from operating activities	Note	10 months 2022-23 £000	12 months 2021-22 £000
Net operating expenditure for the financial period/ year		(602,133)	(710,139)

Adjustment for non-cash transactions	Note	10 months 2022-23 £000	12 months 2021-22 £000
Depreciation and amortisation	5	88,588	68,415
Finance charge on leases	5	566	–
(Reversal of impairments)/ impairments on plant and equipment	5	(73)	157
(Reversal of impairments) of right-of-use assets	5	(16)	–
Impairments of intangible assets	5	15,223	40,192
Loss on disposal of non-current assets	5	1,922	2,330
Provisions arising during the year	13	19	1,488
Provisions reversed unused	13	–	(1,256)
Lease incentive received	18	–	413
(Increase) / decrease in non-current receivables	9	(21)	1,672
(Increase) in trade and other receivables	10	(7)	(4,361)
(Decrease) in trade and other payables	12	(25,462)	(122)
Release of lease incentive	18	–	(669)
Adjustment for working capital movements arising from net absorption transfers in		–	79
Decrease in capital payables and accruals		6,341	7,111
Provisions utilised	13	(29)	(609)
Net cash outflow from operating activities		**(515,082)**	**(595,299)**

Cash flows from investing activities	Note	10 months 2022-23 £000	12 months 2021-22 £000
Purchase of plant and equipment	6	(2,680)	(16,912)
Purchase of intangible assets	8	(115,180)	(162,000)
Net cash outflow from investing activities		**(117,860)**	**(178,912)**

Cash flows from financing activities	Note	10 months 2022-23 £000	12 months 2021-22 £000
Grant-in-aid from the Department of Health and Social Care: cash drawn down in the year		624,000	771,000
Interest expense on leases	19	(566)	-
Repayment on lease liabilities	19	(4,218)	-
Net financing		**619,216**	**771,000**
Net decrease in cash in the period	11	**(13,726)**	**(3,211)**
Cash and cash equivalents at the beginning of the period	11	19,430	22,641
Cash and cash equivalents at the end of the period	11	5,704	19,430
Net decrease in cash in the period	11	**(13,726)**	**(3,211)**

Notes 1 to 24 form part of these financial statements.

Statement of changes in taxpayers' equity for the period ended 31 January 2023

Changes in taxpayers' equity	General Reserve £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2021	224,561	7,538	232,099
Net expenditure in the financial year	(710,139)	–	(710,139)
Gain on the revaluation of plant and equipment	–	94	94
Gain on the revaluation of intangible assets	–	1,263	1,263
Net gain on assets transferred in under absorption accounting	1,110	–	1,110
Movement between reserves	3,725	(3,725)	–
Total recognised income and expense	**(705,304)**	**(2,368)**	**(707,672)**
Grant-in-aid from the Department of Health and Social Care: Cash draw down during the year	771,000	–	771,000
Total grant-in-aid funding	**771,000**	**–**	**771,000**
Balance at 31 March 2022	**290,257**	**5,170**	**295,427**

Changes in taxpayers' equity	General Reserve £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2022	290,257	5,170	295,427
Net expenditure for the period to 31 January 2023	(602,133)	–	(602,133)
Gain on the revaluation of plant and equipment	–	875	875
Gain on the revaluation of right-of-use assets	–	6	6
Loss on the revaluation of intangible assets	–	(2,378)	(2,378)
Loss on assets transferred out under absorption accounting	(6,408)	–	(6,408)
Movement between reserves	1,217	(1,217)	–
Total recognised income and expense	**(607,324)**	**(2,714)**	**(610,038)**
Grant-in-aid from the Department of Health and Social Care: Cash draw down during the year	624,000	–	624,000
Total grant-in-aid funding	**624,000**	**–**	**624,000**
Balance at 31 January 2023	**306,933**	**2,456**	**309,389**

Notes 1 to 24 form part of these financial statements.

Notes to the accounts

Note 1

1.1 General information

The Health and Social Care Information Centre (NHS Digital) was an executive non-departmental government body established under the Health and Social Care Act 2012. NHS Digital ceased to exist as an organisation on 31 January 2023 following the merger with NHS England. Further information about NHS Digital's remit, structure and work can be found on page 8 and in the Performance report on pages 9 to 16. The address of NHS Digital's current principal place of business is provided on page 4. NHS Digital was accountable to the Secretary of State for Health and Social Care for discharging its functions, duties and powers effectively, efficiently and economically. The DHSC undertook this role on the Secretary of State's behalf on a day-to-day basis.

1.2 Basis of accounting

The financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM) and amendments to it issued by HM Treasury, as interpreted for the health sector in the DHSC Group Accounting Manual (GAM). The accounting policies contained in the FReM apply IFRS as adopted and interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances for the purpose of giving a true and fair view has been selected. The particular policies adopted by NHS Digital are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of non-current assets. This is in accordance with directions issued by the Secretary of State for Health and Social Care and approved by HM Treasury.

The presentational currency is pounds sterling and, unless otherwise stated, the accounts have been prepared to the nearest pounds thousands (£000).

The accounting period covered the 10-month period from 1 April 2022 to 31 January 2023. The amounts presented in the current period and the prior year are therefore not entirely comparable.

The following new accounting standard was adopted in the period:

IFRS 16 Leases

NHS Digital adopted IFRS 16 on 1 April 2022. Previously each lease contract was recognised either as a finance lease or an operating lease, with the appropriate accounting treatment dependent on the recognised category of lease.

On 1 April 2022, most lease contracts were recognised on the Statement of Financial Position as right-of-use assets and lease liabilities. For leases previously classified as operating leases, the lease cost changed from an on-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability.

For each operating lease transitioned under IFRS 16, a right-of-use asset has been recognised equal to the lease liability adjusted for lease incentives received. A lease liability was recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate.

The discount rate applied at the transition date was based on the HM Treasury incremental borrowing rate of 0.95%.

NHS Digital applied the practical expedient for short-term leases (less than 12 months), in which case, the lease was accounted for as a short-term lease and the lease payments associated with it were recognised as an expense.

Disclosures regarding right-of-use assets and lease liabilities and other disclosures can be found under the relevant balance sheet items and notes 7 and 19, respectively. For the IFRS 16 – Impact of the first-time application on the 2022-23 financial statements and reconciliation between commitments under operating leases as at 31 March 2022 and the lease liability recognised as at 1 April 2022, please see note 20.

Except for the above, the lease accounting policies are consistent with those of the previous financial year.

The FReM does not require the following standards and interpretations to be applied in 2022-23:

- IFRS 14 Regulatory Deferral Accounts
  This applies to first-time adopters of International Financial Reporting Standards after 1 January 2016, and is therefore not applicable to DHSC group bodies.
- IFRS 17 Insurance Contracts
  This is effective for accounting periods beginning on or after 1 January 2021 but has not yet been adopted by the 2022-23 FReM. The application of IFRS 17 would not have a material impact on the accounts for 2022-23 had it been applied in the year.

1.3 Leases

1.3a Leases – IFRS 16 adopted 1 April 2022

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. IFRS 16 Leases was adopted by NHS Digital on 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of

the Standard, applying IFRS 16 requirements retrospectively and recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the Standard have been employed. These were as follows:

- NHS Digital has applied the practical expedient offered in the Standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease and not to those that were identified as not containing a lease under previous leasing standards;
- On initial application, NHS Digital has measured the right-of-use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments and for lease incentives.
- No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the Standard.
- The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application has been employed per paragraph C10 (c) of IFRS 16. Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 were not employed for leases in existence at the initial date of application. Leases entered into on or after the 1 April 2022 were assessed under the requirements of IFRS 16.

There were further expedients or election that have been employed by NHS Digital in applying IFRS 16. These include:

- the measurement requirements under IFRS 16 were not applied to leases with a term of 12 months or less under paragraph 6 - 8 of IFRS 16.
- the measurement requirements under IFRS 16 were not applied to leases where the underlying asset was of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16.
- NHS Digital will not apply IFRS 16 to any new leases of intangible assets applying the treatment described in section 1.7 instead.

HM Treasury have adapted the public sector approach to IFRS 16 which impacts on the identification and measurement of leasing arrangements that will be accounted for under IFRS 16. NHS Digital was required to apply IFRS 16 to lease like arrangements entered into

with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16, NHS Digital had assessed that in all other respects these arrangements meet the definition of a lease under the Standard. NHS Digital was required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right-of-use asset.

For the lessor, leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases. NHS Digital was not a lessor in 2022-23.

NHS Digital as lessee

At the commencement date for the leasing arrangement a lessee shall recognise a right-of-use asset and corresponding lease liability. For the subsequent measurement of its right-of-use assets, a revaluation model, unless cost is considered to be an appropriate proxy for current value in existing use or fair value in line with the accounting policy for owned assets, was employed. Where consideration exchanged was identified as below market value, cost was not considered to be an appropriate proxy to value the right-of-use asset.

Right-of-use assets were depreciated on a straight-line basis from date of transition (1 April 2022) or the lease commencement date if later, to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease payments were apportioned between finance charges and repayment of the principal. Finance charges were recognised in the Statement of Comprehensive net expenditure.

Irrecoverable VAT was expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right-of-use asset.

The incremental borrowing rate of 0.95% was applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Lease payments were recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or where the lease contained a low value underlying asset.

1.3b Leases – Prior Year 2021-22

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

Amounts held under finance leases were 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 were apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were charged directly to the statement of comprehensive net expenditure.

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

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

1.4 Income

Income was recognised to the extent that it is probable that the economic benefits will flow to NHS Digital and the income can be reliably measured.

The main source of funding was a parliamentary grant from the Department for Health and Social Care, known as grant-in-aid, within an approved cash limit, which was credited to the general reserve. The grant-in-aid was recognised in the financial period in which it is received.

In line with IFRS 15, contract income was not recognised until a signed agreement is in place, or a purchase order was received from the customer.

Income was recognised in proportion to the fulfilment of the performance obligations set out in the agreement. Some performance obligations may be fulfilled by third parties under contract. Performance obligations were satisfied as data, reports and analyses were supplied, or by the passage of time as the service was delivered, or as time and material costs were incurred, or by the fulfilment of specific milestones. Where recognition was based on time and materials incurred or achievement of milestones, income was recognised as progress and/or costs incurred were agreed with the customer, either by correspondence or at project and programme boards.

The practical expedient in IFRS 15.121 has not been applied. All consideration for contracts was received in the form of cash. Warranties were not offered in relation to services provided, and hence refunds and returns did not apply. There were no assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

Non-contract income was recognised when it had been invoiced, or for non-invoiced income when payment was received, and related to smaller income streams.

All prices were based on full cost recovery.

Contract liabilities refer to income received or credited in the year for which the related costs had not yet been incurred.

1.5 Taxation

NHS Digital was not liable to pay corporation tax. Income was shown net of VAT, and expenditure was shown net of recoverable VAT. Irrecoverable VAT was charged to the most appropriate expenditure heading, or capitalised if it related to a non-current asset.

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 2 public sector bodies both the FReM and the GAM 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 Comprehensive Net Expenditure and is disclosed separately from operating costs.

On 1 October 2021, the National Disease Registration Service [41](NDRS) transferred from Public Health England to NHS Digital. 329 staff transferred to NHS Digital, together with net assets of £1,110k. Revenue expenditure for NDRS from the date of transfer to the end of the financial year was £9,278k, and capital expenditure was £358k.

On 1 April 2022, the National Coronavirus Testing System Organisation Led Testing component (OLT) transferred from NHS Digital to UK Health and Security Agency. Delivery of OLT was entirely supplier-led, and the supplier relationship also transferred, together with net assets of £6,408k.

1.7 Employee benefits

Salaries, wages and employment-related payments were recognised in the period in which the service was received from employees. The cost of leave earned but not taken by

[41] https://digital.nhs.uk/services/national-disease-registration-service

employees at the end of the period was recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.8 Non-current assets

a. Capitalisation

All assets falling into the following categories were capitalised:

a) Intangible assets include software development expenditure and the purchase of computer software licences, where they were capable of being used for more than one year and:

- individually had a cost equal to or greater than £5,000; or
- collectively had a cost of at least £5,000 and the assets were functionally interdependent, had broadly simultaneous purchase dates, were anticipated to have simultaneous disposal dates and were under single managerial control.

Development expenditure was transferred to other categories of non-current assets when the development was sufficiently complete to enable the asset as a whole to be fully deployed and effective for the management's intended purpose.

b) Tangible assets which were capable of being used for more than one year, and:

- individually had a cost equal to or greater than £5,000; or
- collectively had a cost of at least £5,000 and, the assets were functionally interdependent, had broadly simultaneous purchase dates, were anticipated to have simultaneous disposal dates and were under single managerial control; or
- formed part of the initial equipping and set up cost of a new asset irrespective of their individual cost.

Internally-generated assets were recognised if, and only if, all of the following had been demonstrated:

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

Expenditure on research activities and project management costs were recognised as an expense in the period in which they were incurred.

b. Carrying gross cost

Non-current assets were initially recognised at cost, including expenditure such as installation directly attributable to bringing them into working condition. Subsequently non-current assets were held at current value in existing use. Any increase in value is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase was credited to the statement of comprehensive net expenditure to the extent of the decrease previously expensed. A decrease in carrying amount arising on the restatement in value of the asset was charged as an expense to the extent that it exceeded the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Assets were assessed using appropriate indices provided by the Office for National Statistics or, in the case of internal software developments, by considering the inflation rates of staff and other resources and potential efficiency factors or, where the asset was material and non-standard circumstances apply, by an external professional valuation. All assets have been revalued in the year, except software licences. Indexation had previously been applied to software licences up to 31 March 2019. Indexation has not been applied to software licences from 1 April 2019 onwards. From this date software licences have been held at depreciated historical cost, on the basis that they are short-life assets and as such depreciated historical cost is considered a suitable proxy for current value in existing use. The carrying values of all assets were reviewed for impairment if events or changes in circumstances indicate the carrying value may not be appropriate.

c. Depreciation

Development expenditure was not depreciated until the asset was available for use. Otherwise, depreciation and amortisation were charged on a straight-line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives as follows:

1. Intangible software development assets were amortised, on a straight-line basis, over 5 years or the estimated life of the asset where this is known to be different. The asset lives were reviewed on an annual basis considering the degree of evolution of the asset and what plans, if any, were being made for its replacement.
2. Purchased computer software licences were amortised over the term of the licence.
3. Plant and equipment was depreciated on a straight-line basis over its expected useful life as follows:
    - fixtures and fittings 1 – 18 years
    - office equipment and information technology 1 - 10 years
4. Right-of-use assets were depreciated on a straight-line basis from date of transition (1 April 2022) or the lease commencement date if later, to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term

The estimated useful lives and residual values were reviewed annually.

d. Depreciated replacement cost

Assets which were held for their service potential and were in use were held at their current value in existing use. For non-specialised assets, this was interpreted as market value in existing use, defined in the Royal Institution of Chartered Surveyors (RICS) Red Book as Existing Use Value (EUV). For specialised assets, this was interpreted as depreciated replacement cost on a modern equivalent asset basis.

e. Impairment

A revaluation decrease that did not result from a loss of economic value or service potential was recognised as an impairment charged to the revaluation reserve to the extent that there was a balance on the reserve for the asset being impaired and, thereafter, to expenditure. Impairment losses that arose from a clear consumption of economic benefit were taken to expenditure. Where an impairment loss subsequently reversed, the carrying amount of the asset was 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 was credited to expenditure to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.9 Research and development

Expenditure incurred on pure and applied research was treated as an operating expense in the year in which it was incurred. Development expenditure was for the development of specific business systems. Expenditure which did not meet the criteria for capitalisation was treated as an operating expense in the year in which it was incurred. Development expenditure meeting the criteria for capitalisation was treated as an intangible asset under construction until such time the asset was brought into use.

1.10 Provisions

Provisions were recognised when a present obligation existed as a result of a past event, and it was probable that NHS Digital would be required to settle that obligation. Provisions were measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and were discounted to present value where the effect was material.

1.11 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, NHS Digital disclosed for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit was remote, but which have been reported to Parliament in accordance with the requirements of the GAM. Where the time value of money was material, contingent liabilities which were required to be disclosed under IAS 37 were stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that were not required to be disclosed by IAS 37 were stated at the amounts reported to Parliament.

1.12 Pensions

Past and present employees were covered by a number of pension schemes including the NHS Pension Scheme and the Principal Civil Service Pension Scheme. These schemes were unfunded, defined benefit schemes. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme's assets and liabilities. Therefore, the schemes were accounted for as if they were defined contribution schemes with the cost to the body participating in the scheme taken as equal to the contributions payable to the scheme for the accounting period.

Early retirements, other than those due to ill health, are not funded by the schemes. The full amount of the liability for the additional costs was charged to expenditure at the time the retirement agreement was committed, regardless of the method of payment.

1.13 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors were required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions were reviewed on an ongoing basis. Revisions to accounting estimates were recognised in the period in which the estimate was revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected both current and future periods.

The following were the critical judgements and estimations that the directors had made in the process of applying the accounting policies, and that had the most significant effect on the amounts recognised in financial statements:

Dilapidations provision

NHS Digital provided £5.4 million in respect of anticipated dilapidation costs of its leased accommodation across its estate where required. Management used either external property advisors or information provided by the DHSC property directorate to assess likely liabilities at the end of the leases.

Employment taxes

An estimate of £0.6 million for outstanding potential liabilities in respect of IR35 was included in the 2021-22 year end position, to cover the period from April 2017 to the end of March 2022. The accrual was reversed during 2022-23 as HMRC confirmed that NHS Digital had met the penalty conditions and as such, the penalties were cancelled.

IFRS 16 Leases

Significant judgements were applied when assessing the lease term. NHS Digital used the benefit of hindsight and other management information when considering options to extend and terminate leases.

The discount rate applied at the transition date was the HM Treasury incremental borrowing rate of 0.95%.

Developed systems

NHS Digital managed a suite of national infrastructure systems, as well as a number of large internal data collection systems and databases. Much of the development of such systems was undertaken in house and a detailed assessment was required to determine the level of capitalisation of such work, including the percentage used to determine the ratio of capital work for each individual. In addition, management undertook an annual review to identify any impairments or disposals required, and to confirm the likely asset life over which these systems should be amortised.

The National Coronavirus Testing System continued to be one of our most material assets. The asset was componentised by value streams and services during 2022-23. Although some development continued throughout 2022-23 to adapt the system to changing requirements, there was a marked reduction in capital expenditure compared to the previous two years. This reflected the reduced demands of COVID-19 testing for the UK population, UK Immigration and Borders control. The system continued to be effective and reliable under ongoing developments and maintenance by the programme delivery team led by NHS Digital and UK Health and Security Agency.

Accounting standards required NHS Digital to produce a valuation for the balance sheet based on the cost of replacing the asset as at the end of the reporting period, also known as Depreciated Replacement Cost. For both 2020-21 and 2021-22, NHS Digital commissioned an external professional valuation of the Test Asset, which involved preparing a bottom-up costing of the functionality of the system, as it stood at the end of each financial year, assuming an optimal environment and the benefit of hindsight. NHS Digital then calculated depreciation based on this replacement cost to derive the Depreciated Replacement Cost. During 2022-23, delivery moved to a more planned basis, enabling accounting decisions to be made on a consistent basis with other assets, supported by enhanced granular data. The asset was held as individual components, and the treatment of each component reflected its agreed planned asset life. Indexation was applied to the asset in line with the treatment of all other developed software assets, by considering the inflation rates and any potential efficiency factors. NHS Digital only capitalised enhancements and any current obsolescence identified resulted in relevant components being disposed of. The asset life was reviewed and amended when required based on the programme plan available at the end of the

reporting period and NHS Digital revalued the individual components based on the amended effective age of each component. The value at which the asset is held on the balance sheet was a suitable proxy for Depreciated Replacement Cost. As the result of the indexation and revaluation based on amended effective age, NHS Digital estimated that, as at 31 January 2023, the asset carrying value would have been £9.7 million lower than the value of the asset held on our balance sheet, and as required by accounting standards, NHS Digital have impaired the asset by this amount.

1.14 Business and geographical segments

NHS Digital adopted IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the business that were regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

1.15 Cash and cash equivalents

Cash was cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours.

Cash equivalents were investments that mature in 3 months or less from the date of acquisition and that were readily convertible to known amounts of cash with insignificant risk of change in value.

1.16 Financial instruments

NHS Digital operated largely in a non-trading environment and the majority of its income was from other government or NHS bodies. Consequently, NHS Digital was not exposed to the significant degree of financial risk that is faced by most other business entities.

NHS Digital had no borrowings and relied largely on grant-in-aid from the DHSC for its cash requirements. NHS Digital was therefore not exposed to interest rate or liquidity risks.

All cash balances were held within the Government Banking Service and all material assets and liabilities were denominated in sterling, so it was not exposed to material currency risks.

Financial assets were recognised on the statement of financial position when NHS Digital became party to the financial instrument contract or, in the case of trade receivables, when the goods or services had been delivered.

Financial assets were derecognised when the contractual rights expired, or the asset had been transferred. NHS Digital had no financial assets other than trade receivables. Trade receivables did not carry any interest and were stated at their nominal value less any provision for expected credit losses.

Financial liabilities were recognised on the statement of financial position when NHS Digital became party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services had been received.

Financial liabilities were derecognised when the liability had been discharged: that is, the liability had been paid or has expired. NHS Digital had no financial liabilities other than trade payables. Trade payables were not interest-bearing and were stated at their nominal value.

1.17 Going concern

The financial statements have been prepared on a going concern basis.

On 22 November 2021 the Secretary of State for Health and Social Care announced that NHS Digital would be merged with NHS England.[42] The functions carried out by NHS Digital transferred in their entirety to NHS England on 1 February 2023, and continue to be delivered, and therefore in accordance with the DHSC Group Accounting Manual the going concern basis for preparing the financial statements remained appropriate.

Note 2

Statement of operating costs by activity

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Executive. The NHS Digital Executive Management Team monitored the performance and resources of the organisation by directorate. The statement of financial position was reported internally as a single segment. Accordingly, no segmental analysis of assets and liabilities is reported.

The majority of income was derived from other bodies within the DHSC group, and more than 10% of total income was received from the following customers: NHS England (£13.1 million), and the DHSC (£2.6 million). The income derived from outside the UK was immaterial.

[42] https://www.gov.uk/government/news/major-reforms-to-nhs-workforce-planning-and-tech-agenda

For the period ended 31 January 2023

Costs by activity	Assurance and Risk Management £000	Corporate Services £000	Data Services £000	IT Operations £000	Platforms £000
Income	**–**	**(152)**	**(22,444)**	**(89)**	**(428)**
Staff costs	**2,749**	**13,820**	**62,909**	**39,178**	**10,892**
Professional fees	266	2,092	25,361	13,918	11,996
Information technology	82	817	7,287	60,314	4,080
Accommodation	–	4,903	16	14	(144)
Travel and subsistence	2	272	161	115	27
Marketing, training and events	2	1,628	4,333	14	4
Office services	5	1,346	65	334	23
Finance charge on leases	–	566	–	–	–
Other	–	273	3	90	–
Loss on disposal of non-current assets	–	1	453	165	72
Depreciation and amortisation	–	5,162	8,133	9,370	14,677
Reversal of impairment – plant and equipment	–	–	–	–	–
Impairment of intangible assets	–	–	–	–	–
Reversal of impairment of right-of-use assets	–	–	–	–	–
Reallocation of central costs	201	(22,135)	9,949	3,397	(5,711)
Non-staff costs	**558**	**(5,075)**	**55,761**	**87,731**	**25,024**
Net expenditure	**3,307**	**8,593**	**96,226**	**126,820**	**35,488**
Other comprehensive net expenditure Net loss on revaluation of non-current assets	–	–	–	–	–
Net expenditure after revaluation for the period	**3,307**	**8,593**	**96,226**	**126,820**	**35,488**

Costs by activity	Cyber Operations £000	Product Delivery £000	Strategy, Policy and Governance £000	COVID-19 Delivery £000	Central (not allocated to a segment) £000	Total £000
Income	**–**	**(7,684)**	**(958)**	**–**	**1**	**(31,754)**
Staff costs	**11,225**	**75,124**	**11,813**	**16,304**	**2**	**244,016**
Professional fees	7,183	39,317	1,049	46,656	(223)	**147,615**
Information technology	9,566	16,294	650	21,694	(153)	**120,631**
Accommodation	6	5	4	(1)	1	**4,804**
Travel and subsistence	59	229	64	21	1	**951**
Marketing, training, and events	348	253	128	467	(4)	**7,173**
Office services	36	71	97	–	–	**1,977**
Finance charge on leases	–	–	–	–	–	**566**
Other	51	7	1	–	85	**510**
Loss on disposal of non-current assets	162	3	–	1,067	(1)	**1,922**
Depreciation and amortisation	5,212	28,350	784	17,010	(110)	**88,588**
Reversal of impairment – plant and equipment	–	–	–	–	(73)	**(73)**
Impairment of intangible assets	–	–	–	9,786[43]	5,437	**15,233**
Reversal of impairment of right-of-use assets	–	–	–	–	(16)	**(16)**
Reallocation of central costs	720	7,602	851	5,126	–	**–**
Non-staff costs	**23,343**	**92,131**	**3,628**	**101,826**	**4,944**	**389,871**
Net expenditure	**34,568**	**159,571**	**14,483**	**118,130**	**4,947**	**602,133**
Other comprehensive net expenditure						
Net loss on revaluation of non-current assets	–	–	–	–	1,497	**1,497**
Net expenditure after revaluation for the period	**34,568**	**159,571**	**14,483**	**118,130**	**6,444**	**603,630**

[43]Impairment of the National Coronavirus Testing System is assigned to the COVID-19 Delivery operating segment. Further details in Note 1.13 Developed Systems (page 115).

Assurance and Risk Management
Provided independent assurance that strategic and delivery risks were being managed appropriately and in line with our approach to risk across live services, change programmes and corporate functions. Provided oversight to ensure compliance with standards and accurate and timely information, intelligence, analysis, and insight to enable robust decision-making.

Corporate Services
The centre of expertise and management for finance and estates, commercial and people functions. In addition, delivery of iterative change to reshape the way work was delivered, continuous capability development and internal operational tooling.

Data Services
As the data custodian for the health and care system, had primary responsibility for improving data quality and NHS Digital's ability to link data, transforming data architecture and platforms and providing independent and reliable statistics to guide policy and research. All work was guided by an absolute respect for data privacy and a commitment to empowering healthcare research and the UK life sciences sector.

IT Operations
Responsible for the reliable performance and secure operation of all of the live systems and services that NHS Digital operated for the health and care system.

Platforms
Provided the core infrastructure and platforms that connected digital service providers across the health and care system and delivered platforms to support NHS Digital's data services and product development.

Cyber Operations
Provided trusted operational capability, ensuring that the health and social care system was resilient to cyber attacks, protecting individuals and technological advances in care.

Product Delivery
Designed and delivered new applications and services commissioned by NHS England, NHS Improvement, UK Health Security Agency and other arm's-length bodies to help citizens, patients and clinicians across primary, secondary and social care. Worked with the external healthcare market and fosters digital knowledge and capabilities across the system.

Strategy, Policy and Governance
Defined NHS Digital's strategic direction based on the needs of our clients and evolving political, technical, government and market environments. Liaised with the DHSC, third parties and internal teams to ensure coherent and clear policies and governance. Provided clinical and information governance, guidance and oversight.

COVID-19 Delivery

Spend related to the delivery during the pandemic.

Central

The reallocation of central costs attributed central overheads to programme and services.

For the year ended 31 March 2022

Costs by activity	Assurance and Risk Management £000	Corporate Services £000	Data Services £000	IT Operations £000	Platforms £000
Income	**–**	**(209)**	**(24,870)**	**(676)**	**(299)**
Staff costs	**3,604**	**19,369**	**66,023**	**44,434**	**7,478**
Professional fees	939	7,111	33,059	13,472	30,111
Information technology	69	1,161	7,649	63,388	5,649
Accommodation	–	10,023	11	25	3
Travel and subsistence	2	435	32	50	4
Marketing, training, events and communications	20	2,235	549	14	56
Office services	1	1,333	266	303	20
Other	–	482	(2)	175	1
Loss on disposal of non-current assets	–	827	286	376	3
Depreciation and amortisation	–	1,541	10,481	10,703	285
Impairment –-plant and equipment	–	3	–	127	24
Impairment of intangible assets	–	–	–	–	–
Reallocation of central costs	290	(28,010)	11,430	4,137	(6,776)
Non-staff costs	**1,321**	**(2,859)**	**63,761**	**92,770**	**29,380**
Net expenditure	**4,925**	**16,301**	**104,914**	**136,528**	**36,559**

Costs by activity	Cyber Operations £000	Product Delivery £000	Strategy, Policy and Governance £000	COVID-19 Delivery £000	Central (not allocated to a segment) £000	Total £000
Income	**–**	**(14,655)**	**(818)**	**(1,150)**	**(2,186)**	**(44,863)**
Staff costs	**9,636**	**69,409**	**19,661**	**24,174**	**(645)**	**263,143**
Professional fees	11,847	25,033	2,230	73,045	(723)	196,124
Information technology	11,303	12,227	703	65,387	(17)	167,519
Accommodation	2	8	2	(1)	(40)	10,033
Travel and subsistence	18	84	26	9	1	661
Marketing, training, events and communications	344	74	138	67	(7)	3,490
Office services	75	69	163	14	2	2,246
Other	-	-	1	(2)	37	692
Loss on disposal of non-current assets	1	179	-	715	(57)	2,330
Depreciation and amortisation	6,585	14,973	569	23,385	(107)	68,415
Impairment – plant and equipment	2	-	-	-	1	157
Impairment of intangible assets	-	11	-	40,181	-	40,192
Reallocation of central costs	754	9,625	1,274	7,276	–	-
Non-staff costs	**30,931**	**62,283**	**5,106**	**210,076**	**(910)**	**491,859**
Net expenditure	**40,567**	**117,037**	**23,949**	**233,100**	**(3,741)**	**710,139**

Note 3

Staff costs

Staff costs Permanent staff	10 months 2022-23 £000	12 months 2021-22 £000
Salaries and wages	133,767	138,036
Social security costs	15,731	15,375
Apprenticeship levy	654	678
Employer superannuation contributions - NHSPS	25,248	26,100
Employer superannuation contributions - other	437	487
Staff seconded to other organisations	681	798
Capitalised employed staff costs	(7,255)	(10,125)
Sub-total	**169,263**	**171,349**
[44]Temporary staff	16,100	23,177
[45]Contractors	62,360	73,329
Staff seconded from other organisations	1,176	1,388
Capitalised other staff costs	(4,895)	(6,214)
Sub-total	**74,741**	**91,680**
Staff costs	**244,004**	**263,029**
Termination benefits	12	114
Total staff costs including termination benefits	**244,016**	**263,143**

There were no amounts spent on staff benefits during the year and there were no early retirements (2021-22: 2) on the grounds of ill health. The costs of ill health retirements were met by the NHS Pension Scheme.

For further detail of staff costs, please see the Remuneration and Staff Report on page 40.

[44] Temporary staff are lower grade workers who cover business-as-usual or service delivery activities.

[45] Contractors are individuals on middle to senior grades who provide expertise that is not available in-house and fulfil functional or senior positions on a short-term basis.

Note 4

Income

Income analysed by classification and activity is as follows:

Contract income	10 months 2022-23 £000	12 months 2021-22 £000
Programme and service delivery	27,145	36,920
Surveys and data collection	1,264	2,495
Grant income	–	1,302
Fees and charges	2,237	2,857
Total contract income	**30,646**	**43,574**

Non-contract income	10 months 2022-23 £000	12 months 2021-22 £000
Programme and service delivery	239	234
Non-trading income	730	866
Apprenticeship levy utilisation	139	189
Total non-contract income	**1,108**	**1,289**
Total income	**31,754**	**44,863**

Income from programme and service delivery covered programme, project and service management, system support, hosting, training and helpdesk services.

Income from surveys and data collection referred to undertaking health surveys and other data collection activities.

Grant income received in year related to the National Core Study aimed at accelerating research on COVID-19, a digital innovation hub focussing on supporting the improved planning and delivery of clinical trials in the UK, and the ECHILD project, which was studying how disruptions to services during the national lockdowns affected children's health and education. During 2022-23, NHS Digital did not receive any further grant income as COVID-19 specific research ceased and research activities returned to business as usual.

Fees and charges related to data services and are detailed on page 89.

£956,181 of income was included in contract liabilities at 31 March 2022 and £705,889 of this has been recognised in 2022-23. The remaining balance related to future periods.

Payment terms were 30 days, except for purchases made online via our e-Store, where payment was due at the time of ordering.

Contract income expected to be recognised in future periods related to contract performance obligations not yet completed at the reporting date:

2022-23	Contract income not yet invoiced £000	Contract income invoiced and deferred £000	Total £000
Not later than 1 year	799	1,970	2,769
Between 1 and 5 years	1,234	574	1,808
Later than 5 years	–	–	–
Total	**2,033**	**2,544**	**4,577**

2021-22	Contract income not yet invoiced £000	Contract income invoiced and deferred £000	Total £000
Not later than 1 year	725	766	1,491
Between 1 and 5 years	462	190	652
Later than 5 years	–	–	–
Total	**1,187**	**956**	**2,143**

Note 5

Non-staff expenditure

Expenditure	10 months 2022-23 £000	12 months 2021-22 £000
Work packages and professional fees	142,376	188,280
Data collection and surveys	3,354	5,157
Legal fees	1,558	2,230
Chair's and non-executive directors' emoluments	118	158
Marketing, training and events	2,199	2,598
Travel	951	661
Premises and establishment	5,424	10,516
IT maintenance and support	29,509	36,028
IT managed services	91,122	131,490
General office supplies and services	1,602	1,991
Communications	4,833	703
Insurance	54	150
External audit fees	177	167
Internal audit fees	153	290
Apprenticeship levy training	139	189

Expenditure	10 months 2022-23 £000	12 months 2021-22 £000
Reversal of expected credit loss on non-contract receivables	11	–
Finance charges on leases	566	–
Other	81	157
Operating expenditure	**284,227**	**380,765**
Depreciation of plant and equipment	4,761	4,927
Depreciation of right-of-use assets	4,987	–
Amortisation of intangible assets	78,840	63,488
(Reversal of impairment) / impairment of plant and equipment	(73)	157
(Reversal of impairment) of right-of-use assets	(16)	–
Impairments of intangible assets	15,223	40,192
Loss on disposal of non-current assets	1,922	2,330
Non-cash transactions	**105,644**	**111,094**
Total non-staff expenditure	**389,871**	**491,859**

Note 6

Non-current assets: plant and equipment

2022-23 Cost or valuation	Computer hardware £000	Fixtures and fittings £000	Total £000
At 1 April 2022	33,847	19,448	**53,295**
Additions	1,889	656	**2,545**
Reclassification	(1,353)	–	**(1,353)**
Disposals	(3,336)	(61)	**(3,397)**
Impairments and reversals to other operating expenditure	146	–	**146**
Revaluation and indexation to revaluation reserve	361	760	**1,121**
At 31 January 2023	**31,554**	**20,803**	**52,357**

Depreciation	Computer hardware £000	Fixtures and fittings £000	Total £000
At 1 April 2022	18,085	1,802	**19,887**
Provided during the period	3,619	1,142	**4,761**
Reclassification	(193)	0	**(193)**
Disposals	(3,136)	(61)	**(3,197)**
Impairments and reversals to other operating expenditure	73	–	**73**
Revaluation and indexation to revaluation reserve	180	66	**246**
At 31 January 2023	**18,628**	**2,949**	**21,577**
Net book value at 1 April 2022	**15,762**	**17,646**	**33,408**
Net book value at 31 January 2023	**12,926**	**17,854**	**30,780**

All plant and equipment assets were owned by NHS Digital.

The gross cost of plant and equipment that has been fully depreciated but was still in use at 31 January 2023 was £3,410,007.

Movement in the revaluation reserve plant and equipment

Revaluation reserve plant and equipment	2022-23 £000	2021-22 £000
Balance at 1 April	168	183
Net gain on revaluation of plant and equipment	875	94
Transfer to the general reserve	(112)	(109)
Balance at period end	**931**	**168**

2021-22 Cost or valuation	Assets under construction £000	Computer hardware £000	Fixtures and fittings £000	Total £000
At 1 April 2021	16,357	52,476	7,368	**76,201**
Additions	–	6,221	887	**7,108**
Reclassification	(16,357)	(168)	16,357	**(168)**
Transfer under absorption accounting	–	195	0	**195**
Disposals	–	(21,051)	(5,355)	**(26,406)**
Impairments and reversals to other operating expenditure	–	(303)	–	**(303)**
Revaluation and indexation to revaluation reserve	–	(196)	191	**(5)**
At 31 March 2022	**–**	**37,174**	**19,448**	**56,622**

Depreciation	Assets under construction £000	Computer hardware £000	Fixtures and fittings £000	Total £000
At 1 April 2021	–	37,789	4,881	**42,670**
Provided during the year	–	3,503	1,424	**4,927**
Transfer under absorption accounting	–	94	-	**94**
Disposals	–	(20,730)	(4,529)	**(25,259)**
Impairments and reversals to other operating expenditure	–	(147)	-	**(147)**
Revaluation and indexation to revaluation reserve	–	(125)	26	**(99)**
At 31 March 2022	**–**	**20,384**	**1,802**	**22,186**
Net book value at 1 April 2021	16,357	14,687	2,487	33,531
Net book value at 31 March 2022	**–**	**16,790**	**17,646**	**34,436**

The total depreciation charged in the statement of comprehensive net expenditure in respect of assets held under finance leases and hire purchase contracts was £1,277,346. All tangible assets are owned by NHS Digital, except computer hardware with a net book value of £1,123,808, accounted for as a finance lease in accordance with IFRIC 4 and paid in full at the outset.

The gross cost of plant and equipment that has been fully depreciated but is still in use reduced from £26,667,123 at 31 March 2021 to £6,116,113 at 31 March 2022 due to a detailed review of asset lives.

Transfers in under absorption accounting were in respect of the National Disease Registration Service, which transferred to NHS Digital from Public Health England on 1 October 2021.

Note 7

Non-current assets: right-of-use assets

2022-23 Cost or valuation	Property £000	Computer hardware £000	Total £000	Of which Leases within the DSHC Group
At 1 April 2022	–	3,327	**3,327**	–
Effect of adoption of IFRS 16	61,048	–	**61,048**	18,855
Additions	572	–	**572**	417
Reclassification	–	1,353	**1,353**	–
Disposals	–	(1,423)	**(1,423)**	–
Impairments and reversals to other operating expenditure	–	51	**51**	–
Revaluation and indexation to revaluation reserve	–	20	**20**	–
At 31 January 2023	**61,620**	**3,328**	**64,948**	**19,272**

Depreciation	Property £000	Computer hardware £000	Total £000	Of which Leases within the DSHC Group
At 1 April 2022	–	2,299	**2,299**	–
Provided during the period	3,936	1,050	**4,986**	1,648
Reclassification	–	193	**193**	–
Disposals	–	(1,423)	**(1,423)**	–
Impairments and reversals to other operating expenditure	–	35	**35**	–
Revaluation and indexation to revaluation reserve	–	14	**14**	–
At 31 January 2023	**3,936**	**2,168**	**6,104**	1,648
Net book value at 1 April 2022	–	**1,028**	**1,028**	–
Net book value at 31 January 2023	**57,684**	**1,160**	**58,844**	**17,624**

NHS Digital adopted IFRS 16 Leases on 1 April 2022 and there are therefore no comparatives for 2021-22. For further detail see Note 1.3. Existing building leases with a value of £72,466,667 less the lease incentives of £11,418,934 were included in the initial measurement of the right-of-use assets.

Carrying value of right-of-use assets split by counterparty	Of which: Leases within the DHSC Group £000
Leased from DHSC	17,554
Leased from Executive Agencies	70
Balance at period end	**17,624**

Movement in the revaluation reserve: right-of-use assets

Revaluation reserve: right-of-use assets	2022-23 £000	2021-22 £000
Balance at 1 April	–	–
Net gain on revaluation of right-of-use assets	6	–
Transfer to the general reserve	(3)	–
Balance at period end	**3**	**–**

Note 8

Non-current assets: Intangible assets

2022-23 Cost or valuation	Software licences £000	Information technology £000	Development expenditure £000	Websites £000	Total £000
At 1 April 2022	36,855	467,380	22,897	4,209	**531,341**
Additions	–	87,755	21,217	4	**108,976**
Reclassification	–	4,663	(4,663)	–	–
Transfers out under absorption accounting	–	(8,145)	–	–	**(8,145)**
Impairments and reversals to other operating expenditure	–	(25,727)	(622)	10	**(26,339)**
Revaluation and indexation to revaluation reserve	–	(4,038)	(23)	(96)	**(4,157)**
Disposals	(19,936)	(7,467)	–	–	**(27,403)**
At 31 January 2023	**16,919**	**514,421**	**38,806**	**4,127**	**574,273**

Depreciation	Software licences £000	Information technology £000	Development expenditure £000	Websites £000	Total £000
At 1 April 2022	26,759	199,066	–	2,636	**228,461**
Provided during the period	6,314	71,892	–	637	**78,843**
Transfers out under absorption accounting	–	(1,737)	–	–	**(1,737)**
Impairments and reversals to other operating expenditure	–	(11,130)	–	15	**(11,115)**
Revaluation and indexation to revaluation reserve	–	(1,708)	–	(71)	**(1,779)**
Disposals	(19,895)	(5,786)	–	–	**(25,681)**
At 31 January 2023	**13,178**	**250,597**	–	**3,217**	**266,992**
Net book value at 1 April 2022	10,096	268,314	22,897	1,573	302,880
Net book value at 31 January 2023	**3,741**	**263,824**	**38,806**	**910**	**307,281**

The total amortisation charged on the statement of comprehensive net expenditure in respect of assets held under finance leases and hire purchase agreements was £nil. All intangible assets were owned by NHS Digital.

The gross cost of intangible assets that were fully amortised but still in use was £8,366,456.

Information Technology, development expenditure and websites were internally generated assets, created using a mix of staff and supplier resource. The value of own staff capitalised within intangible asset additions amounts to £12,150,280.

Research and development expenditure associated with intangible asset development was recognised as an expense in note 3 and note 5 and was categorised by the nature of the spend incurred.

Transfers out under absorption accounting were in respect of the Organisation Led Testing asset, which transferred from NHS Digital to UK Health Security Agency on 1 April 2022.

Carrying value of material intangible assets

Carrying value of material intangible assets	2022-23 Gross book value £000	2022-23 Net book value £000	2022-23 Remaining life months	Re-presented 2021-22 Gross book value £000	Re-presented 2021-22 Net book value £000	Re-presented 2021-22 Remaining life months
NHS e-Referrals Service	68,250	35,905	60	65,228	38,333	60
Spine 2	73,657	28,295	60	55,131	22,350	36
Cervical screening replatform	27,037	27,037	n/a[46]	14,797	14,797	n/a[46]
Care Identity Service	23,961	20,048	60	10,923	9,417	60
NHS App	39,702	19,822	60	34,238	19,786	60
National Coronavirus Testing System	31,696	17,409	26	47,392	35,874	36
NHS login	29,815	15,257	60	25,011	14,955	60
Data processing service	25,405	11,669	60	25,061	12,756	60
NHS.UK	26,495	11,453	60	18,973	8,297	60
Primary Care Registration Management	10,850	8,559	60	8,637	7,656	60

Material intangible assets, ranked by current year net book value. Care Identity Service was included in Spine 2 asset in 2021-22, therefore the 2021-22 figures have been re-presented to provide better comparison.

Movement in the revaluation reserve: intangible assets

Revaluation reserve: intangible assets	2022-23 £000	2021-22 £000
Balance at 1 April	5,002	7,355
Net gain on revaluation of intangible assets	(2,378)	1,263
Transfer to general reserve	(1,102)	(3,616)
Balance at period end	**1,522**	**5002**

[46] n/a indicates asset is still under construction

2021-22 Cost or valuation	Software licences £000	Information technology £000	Development expenditure £000	Websites £000	Total £000
At 1 April 2021	33,457	359,754	27,313	3,720	**424,244**
Additions	3,688	147,503	13,151	348	**164,690**
Reclassification	168	17,795	(17,795)	–	**168**
Net transfers in under absorption accounting	–	1,444	–	–	**1,444**
Impairments and reversals to other operating expenditure	–	(53,107)	–	–	**(53,107)**
Revaluation and indexation to revaluation reserve	–	2,065	228	24	**2,317**
Disposals	(458)	(8,074)	–	117	**(8,415)**
At 31 March 2022	**36,855**	**467,380**	**(22,897)**	**4,209**	**531,341**

Depreciation	Software licences £000	Information technology £000	Development expenditure £000	Websites £000	Total £000
At 1 April 2021	16,966	164,483	–	2,105	**183,554**
Provided during the year	10,240	52,845	–	402	**63,487**
Transfers in under absorption accounting	–	514	–	–	**514**
Impairments and reversals to other operating expenditure	–	(12,916)	–	–	**(12,916)**
Revaluation and indexation to revaluation reserve	–	1,042	–	12	**1,054**
Disposals	(447)	(6,902)	–	117	**(7,232)**
At 31 March 2022	**26,759**	**199,066**	–	**2,636**	**228,461**
Net book value at 1 April 2021	16,491	195,271	27,313	1,615	240,690
Net book value at 31 March 2022	**10,096**	**268,314**	**22,897**	**1,573**	**302,880**

The total amortisation charged on the statement of comprehensive net expenditure in respect of assets help under finance leases and hire purchase agreements was £nil. All intangible assets were owned by NHS Digital.

The gross cost of intangible assets that were fully amortised but still in use is £18,029,717.

Information Technology, development expenditure and websites were internally generated assets, created using a mix of staff and supplier resource. The value of own staff capitalised within intangible asset additions amounts to £16,339,501.

Research and development expenditure associated with intangible asset development was recognised as an expense in note 3 and note 5 and was categorised by the nature of the spend incurred.

Transfers in under absorption accounting were in respect of the National Disease Registration Service, which transferred to NHS Digital from Public Health England on 1 October 2021.

Note 9

Other non-current receivables

Other non-current receivables	31 January 2023 £000	31 March 2022 £000
Prepayments	4,693	4,672

Non-current prepayments relate to software licences and support extended hardware warranties.

Note 10

Trade receivables and other current assets

Amounts falling due within 1 year	31 January 2023 £000	31 March 2022 £000
Contract receivables invoiced	13,100	9,672
Other receivables	211	182
Value Added Tax	3,296	15,710
Prepayments and other receivables	27,816	19,061
Contract receivables not yet invoiced	7,281	7,069
Other accrued income	–	3
Total trade receivables and other current assets	**51,704**	**51,697**

Note 11

Cash and cash equivalents

Cash and cash equivalents	31 January 2023 £000	31 March 2022 £000
Balance at 1 April	19,430	22,641
Net changes in cash and cash equivalents	(13,726)	(3,211)
Balance at 31 January 2023	**5,704**	**19,430**

Bank balances were held during the year with NatWest under the Government Banking Service.

Note 12

Trade and other payables

Amounts payable within 1 year	31 January 2023 £000	31 March 2022 £000
Trade and other payables	9,216	24,543
Income tax, national insurance and superannuation	7,949	7,368
Contract liabilities	2,475	956
Accruals	55,137	67,372
Total trade and other payables	**74,777**	**100,239**

Note 13

Provisions for liabilities and charges

Provisions for liabilities and charges	Dilapidations £000	Injury benefit £000	Termination benefits £000	Total £000
Balance at 1 April 2022	5,423	607	–	**6,030**
Arising during the period	–	19	–	**19**
Utilised during the period	–	(29)	–	**(29)**
Reversed unused during the period	–	–	–	–
Balance at 31 January 2023	**5,423**	**597**	–	**6,020**

Expected timing of cash flows	Dilapidations £000	Injury benefit £000	Termination benefits £000	Total £000
Within 1 year	118	29	–	**147**
1 to 5 years	–	116	–	**116**
Over 5 years	5,305	452	–	**5,757**

The dilapidation provision refers to the anticipated costs for remedial works at the end of the property leases and was based on an assessment made by an external property advisor, or an internal assessment using industry standard estimates.

The injury benefit costs refer to an award where quarterly payments were made to the NHS pension scheme.

Termination benefits related to the anticipated cost of redundances where specific employees have been notified as ‘at risk’ but formal notice had not been provided.

Note 14

Capital commitments

Capital commitments at 31 January 2023 amount to £10,679,115 (31 March 2022: £587,717). Of this £1,686,198 related to ordered IT equipment and £8,992,917 related to software licences and development work.

Note 15

Other financial commitments

NHS Digital has not entered into any non-cancellable contracts (which are not operating leases) for the provision of services as at 31 January 2023 (31 March 2022: £nil).

Note 16

Contingent assets and liabilities

Contingent liabilities at 31 January 2023 amounted to £57,000 (31 March 2022: £57,000). This related to potential employment-related claims.

Note 17

Commitments under operating leases

Expenditure includes the following in respect of operating leases:	10 months 2022-23 £000	12 months 2021-22 £000
Accommodation	95	5,720
Other operating leases	–	(4)
Total	**95**	**5,716**

At the reporting date non-cancellable operating lease commitments were: Land and buildings	31 January 2023 £000	31 March 2022 £000
Not later than 1 year	19	6,198
Between 1 and 5 years	–	24,030
Later than 5 years	–	58,516
Total land and buildings	**19**	**88,744**

NHS Digital adopted IFRS 16 Leases on 1 April 2022. Most operating lease commitments were included in the initial measurement of the right-of-use asset.

There was one short-term lease (lease with an expected term of 12 months or less) and no leases of low value after the transition, therefore the commitments under operating leases was £18,752 on 31 January 2023.

Note 18

Lease incentives

Lease incentives	31 January 2023 £000	31 March 2022 £000
Balance at 1 April	11,419	11,675
Effect of adoption of IFRS 16	(11,419)	-
Received during the period / year	-	413
Released during the period / year	-	(669)
Balance at period end / year end	**-**	**11,419**
Lease incentive - current	-	658
Lease incentive – non-current	-	10,761
Total	**-**	**11,419**

NHS Digital adopted IFRS 16 – Leases on 1 April 2022. All remaining lease incentives of £11,418,934 were included in the initial measurement of the right-of-use assets.

Note 19

Lease liabilities

Lease liabilities at 1 April 2022	31 January 2023 £000	31 March 2022 £000
IFRS 16 transition adjustment	72,467	–
Additions purchased	571	–
Interest expense relating to lease liabilities	566	–
Repayment of lease liabilities	(4,784)	–
Lease liabilities at 31 January 2023	**68,820**	–

NHS Digital adopted IFRS 16 – Leases on 1 April 2022 and there are therefore no comparatives for 2021-22. For further detail see Note 1.3.

Maturity analysis of discounted future lease payments	31 January 2023 £000	Of which Leases within the DHSC Group £000	31 March 2022 £000	Of which Leases within the DHSC Group £000
Not later than 1 year	5,076	1,912	–	–
Between 1 and 5 years	19,534	7,412	–	–
Later than 5 years	44,210	8,369	–	–
Balance at 31 January 2023	**68,820**	**17,693**	–	–
Included in:				
Current lease liabilities	5,076	1,912	–	–
Non-current lease liabilities	63,744	15,781	–	–
Balance at 31 January 2023	**68,820**	**17,693**	–	–

Lease liabilities split by counterparty	31 January 2023 Leases within the DHSC Group £000	31 March 2022 Leases within the DHSC Group £000
Leased from executive agencies	17,623	–
Leased from other group bodies	70	–
Total	**17,693**	–

Amounts recognised in Statement of Comprehensive Net Expenditure	10 month 2022-23 £000	12 months 2021-22 £000
Depreciation expense on right-of-use assets	4,987	–
Interest expense on lease liabilities	566	–
Expense relating to short-term leases	95	–
Expense relating to leases of low value assets	–	–
Total	**5,648**	–

Amounts recognised in Statement of Cash Flows	10 months 2022-23 £000	12 months 2021-22 £000
Total cash outflow on interest expense on leases	(566)	–
Total cash outflow on repayment of lease liabilities	(4,218)	–
Total	**(4,784)**	–

Note 20

Leases – transition impact

The following table presents the impact of the first time application of IFRS 16 on the opening Statement of Financial Position.

Leases – transition impact	31 March 2022 £000	First time application of IFRS 16 £000	1 April 2022 £000
Total assets at 31 March 2022	413,115	–	413,115
Right-of-use assets recognised	–	61,048	61,048
Total assets	**413,115**	**61,048**	**474,163**
Total liabilities at 31 March 2022	(117,688)	–	(117,688)
Lease incentive adjustment	–	11,419	11,419
Lease obligations	–	(72,467)	(72,467)
Total assets less total liabilities	**(117,688)**	**(61,048)**	**(178,736)**
Taxpayers' equity and other reserves	**295,427**	–	**295,427**

The following table presents the reconciliation between commitments under operating leases at 31 March 2022 and the lease liability recognised at 1 April 2022.

Commitments under operating leases	31 March 2022 £000
Commitments under operating leases at 31 March 2022	**88,744**
Discounting at the date of initial application	(5,487)
Other rent adjustments	610
Irrecoverable VAT not included in the lease liability	(11,400)
Lease liability recognised as at 1 April 2022	**72,467**

Note 21

Related parties

The Health and Social Care Information Centre, also known as NHS Digital, was an executive non-departmental public body created by the Health and Social Care Act 2012. It was sponsored by the DHSC, and DHSC together with its associated bodies were therefore regarded as related parties. During the period NHS Digital had the following transactions with DHSC group bodies: income £23.3 million (2021-22: £32.1 million) and expenditure of £3.0 million (2021-22 £4.6 million), and at 31 January 2023 had the following balances with DHSC

group bodies: £13.6 million receivables (2021-22: £12.2 million) and £3.1 million payables (2021-22: £3.4 million). The major customers within the group were NHS England and the DHSC. The majority of expenditure was in respect of transactions with NHS Trusts and Foundation Trusts.

In addition, NHS Digital has had a number of transactions with other government departments and other central and local government bodies. In order to reduce the volume of detailed disclosures, IAS 24 does not require the disclosure of transactions between bodies under the control of the same government.

No special terms and conditions were applicable to transactions with related parties, no guarantees or security were accepted or given, all transactions were or will be settled in cash, and no provisions were made for doubtful debts in respect of these transactions. The bad debt expense in the period relating to related parties amounted to £nil (2021-22: £nil).

The 'Register of Interests of Board Directors' was included within the Board papers for each public Board meeting available on the archived web pages for NHS Digital's organisational information.

	Related to roles within NHS Digital	Amounts payable at 31 January 2023 £000	Amounts receivable at 31 January 2023 £000	Income in 2022-23 10 months £000	Expenditure in 2022-23 10 months £000
University of Warwick	Non-executive directors	–	–	27	–
	Total	–	–	27	–

There were no capital commitments at 31 January 2023 (31 March 2022 £nil) with any related parties.

No other related party transactions were notes with key management other than remuneration and expenses as disclosed in the remuneration report.

Note 22

Financial instruments

As the cash requirements of NHS Digital were met through grant-in-aid by the DHSC, and invoiced income largely received from the DHSC and its related bodies, financial instruments played a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments related to contracts to buy non-financial items in line with NHS Digital's expected purchase and usage requirements and NHS Digital was therefore exposed to little credit, liquidity or market risk.

Market risk

NHS Digital was not exposed to material currency risk or commodity risk. All material assets and liabilities were denominated in sterling. NHS Digital had no significant interest bearing assets or borrowings subject to variable interest rates, hence income and cash flows were largely independent of changes in market interest rates.

Credit risk

Credit risk arises from invoices raised to customers for services provided. Most high-value receivables relate to balances with the DHSC and its related bodies against purchase orders and therefore did not represent a significant credit risk. NHS Digital had a comparatively small value of external receivables and therefore disclosure of the largest individual debt balances was not considered in the evaluation of overall credit risk.

Movement in the provision for expected credit losses	10 months 2022-23 £000	12 months 2021-22 £000
Balance at 1 April	8	8
Provided for in the period ended 31 January 2023	11	2
Reversed unutilised	–	(2)
Amounts written off during the period ended 31 January 2023 as uncollectible	(1)	–
Balance at period end	**18**	**8**

The provision for expected credit losses was assessed on an individual debt basis.

The table below shows the ageing analysis of trade receivables at the reporting date:

Trade receivables at the reporting date	Current £000	<30 days overdue £000	31-60 days overdue £000	>61 days overdue £000	Total £000
Balance at 31 January 2023	**12,387**	**756**	**114**	**54**	**13,311**
Balance at 31 March 2022	9,343	209	145	157	9,854

NHS Digital's standard payment terms were 30 days from date of invoice. The maximum exposure to credit risk at the reporting date was the fair value of each class of receivables mentioned above. NHS Digital did not hold any collateral as security.

Liquidity risk

Liquidity risk was managed through regular cash flow forecasting. NHS Digital had no external borrowings and relied on grant-in-aid from the DHSC for its cash requirements and was therefore not significantly exposed to liquidity risks. The table below analyses NHS Digital's financial liabilities that will be settled on a net basis in the period of less than one year.

The carrying value of financial liabilities was not considered to differ significantly from the contractual undiscounted cash flows:

Current liabilities	31 January 2023 £000	Re-presented 31 March 2022 £000
Current liabilities	66,828	92,871

Note 23

Events after the reporting period

In accordance with IAS 10, events after the reporting period were considered up to the date on which the accounts are authorised for issue.

Since the reporting year end, NHS Digital merged with NHS England and delivery responsibility of the National Coronavirus Testing System transferred to the NHS England Transformation Directorate. In March 2023 it was decided that the Test Digital service shall be decommissioned by 31 March 2024. As a result of this decision, on 1 April 2023, the remaining life of the National Coronavirus Testing System shall be amended to 31 March 2024 and the remaining asset carrying value of £ 17.4m, transferred to NHS England on 1 February 2023, shall be fully amortised by 31 March 2024.

This event is a non-adjusting event under the requirements of IAS 10 and NHS Digital has not adjusted the 2022-23 Financial Statements.

There are no other events on which to report.

Note 24

Authorised date for issue

NHS Digital's Annual Report and Accounts are laid before Parliament. IAS 10 requires NHS Digital to disclose the date on which the Annual Report and Accounts are authorised for issue.

These financial statements were authorised for issue by the Accounting Officer on the date they were certified by the Comptroller and Auditor General.

Appendices

Appendix A – Sustainability reporting

Scope

All reporting in this section covers the portion of NHS Digital's estate covered by the Greening Government Commitments (GGC) scope. NHS Digital's estate was wider than this but the government-owned offices used are reported separately by the landlord organisations. To avoid double counting that part of the estate has been omitted here. This included Wellington Place in Leeds where a large number of staff were based. These staff would have previously been reported under GGC scope when they worked in other Leeds properties owned by NHS Digital, and so the numbers reflect this reduction in scope.

The 2022-23 figures below reflect the period from 1 April 2022 to 31 January 2023 and are therefore not directly comparable with previous years.

Summary

The figures for this year show that emissions and related use, especially for business travel, have increased following a period of decline throughout the COVID-19 pandemic. This increase was expected, however the use of hybrid working means that figures were still below pre-pandemic levels.

Mitigating climate change: working towards Net Zero by 2040

Mitigating climate change	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23
Gross Internal Area reported (GIA, m^2)	16,059	16,277	16,277	7,263	2,237
Whole time equivalents (WTEs) reported	3,335	3,079	3,033	4,866	3,810

Greenhouse gas emissions[47]

Scope 1[48] emissions tCO^2e	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23	Baseline comparison
Emissions from organisation-owned fleet vehicles	59	17	1	0	0	-100%
Gas	357	332	364	64	19	-95%
Total Scope 1 (tCO^2e)	416	349	365	64	19	-95%

[47] Figures have been rounded to the nearest whole number

[48] Scope 1 emissions arise from organisation owned and operated vehicles

Scope 2[49] emissions tCO^2e	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23	Baseline comparison
Electricity	2,151	1,760	1,368	69	28	-99%
Total Scope 2 (tCO^2e)	2,151	1,760	1.368	69	28	-99%

Scope 3[50] emissions (tCO^2e)	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23	Baseline comparison
Road travel	236	105	3	2	16	-93%
Rail travel	504	333	0	5	64	-87%
Domestic air travel	84	31	0	1	1	-99%
International air travel	61	84	0	0	25	-59%
Total Scope 3 (tCO^2e)	885	553	3	8	106	-88%
Total (tCO^2e)	**3,452**	**4,066**	**1,736**	**141**	**153**	**-96%**

Usage

Scope 1	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23
Scope 1 business travel (000s km)	323	150	4	0	**1**
Gas (kWh)	1,939,601	1,745,898	1,978,675	351,654	**101,570**

Scope 2	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23
Electricity (kWh)	5,595,540	6,085,779	5,451,947	296,841	**131,270**

[49] Scope 2 emissions arise from the consumption of purchased electricity

[50] Scope 3 emissions arise from official business travel by vehicles not owned by the organisation

Scope 3 km (000s)	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23
Road travel	1,293	779	2	49	**102**
Rail travel	10,853	8,087	8	525	**1286**
Domestic air travel	593	227	0	5	**9**
International air travel (total)	**767**	**473**	**0**	**0**	**266**
International air travel (short haul total)	**0**	**0**	**0**	**0**	**69**
International air travel (short haul international unknown)	0	0	0	0	**4**
International air travel (short haul international economy)	0	0	0	0	**65**
International air travel (long haul)	**767**	**473**	**0**	**0**	**185**
International air travel (long haul international average)	0	0	0	0	**11**
International air travel (long haul international economy)	767	346	0	0	**34**
International air travel (long haul international premium economy)	0	116	0	0	**140**
International air travel (long haul international business)	0	11	0	0	**0**

Spend

Scope 1 £000s	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23
Gas	74	55	58	76	26
Scope 2 £000s	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23
Electricity	481	602	341	386	94
Scope 1&3	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23
Business Travel	No data	3,610	18	280	823

Car fleet

Car fleet	2019	2020	2021	2022	Target
Ultra-low emissions vehicles	No data	No data	No data	98%	25% by 2022

The fleet described here consists of salary sacrifice vehicles contracted with employees and not with NHS Digital. From this fleet NHS Digital have exceeded the target for 25% of fleet vehicles to be ultra-low emissions and were on track for 100% of fleet vehicles to be zero emissions at the tailpipe by 2027.

Minimising waste and promoting resource efficiency

In line with changes to GGC scope, waste data for 2022-23 is provided only for Hexagon House and Hembury House offices in Exeter. The data below was estimated based on data provided by Exeter City Council. Total cost of waste disposal is not disaggregated by category as that information was not available from the supplier. Due to the merger with NHS England, NHS Digital has no action plan to obtain this information as our reportable estate will be part of the wider NHS England report and action plan.

Waste	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23	Baseline comparison
Total waste (tonnes)	109	167	104	102	1	-99%
Recycled (tonnes)	67	111	94	48	0.2	-99%
Incinerated with heat recovery (tonnes)	21	48	6	31	0	-100%
Landfill (tonnes)	15	4	0.4	5	0.53	-96%
Total cost of waste disposal	£48,000	£60,000	£60,000	£64,000	£1,110	N/A
Paper use (A4 reams equivalent)	6,247	4,724	296	306	861	-86%
Consumer Single Use Plastics (CUSP)	No data	No data	No data	76,124	85,383	No data

Consumer Single Use Plastics (CSUPs)

During the 2022-23 reporting period NHS Digital procured 85,383 items which are defined as consumer single use plastics, according to the Greening Government Commitment definition. The newly merged NHS England will continue to monitor this number and work with suppliers to understand what items are being purchased and identify alternatives to reduce levels of CSUPs.

Reducing water use

Reducing water use	2017-18 (baseline)	2019-20	2020-21	2021-22	2022-23	Baseline comparison
Water used (m^3)	17,321	14,417	9,896	2,270	**239**	**-93%**
Cost of water used	£66,000	£48,000	£27,000	£5,287	**£175**	**N/A**

Sustainable procurement

During the 2022-23 reporting period NHS Digital fully supported the application of the Procurement Policy Note PPN 06/20 (‘Social Value Weighting to the Award of Central Government Contracts’) within operational procedures and policies. This was applied to all in-scope procurements and reported through senior management dashboards.

Adapting to climate change

Business continuity planning is used to approach the management of risks and threats to our organisation. Business continuity management identifies NHS Digital's priorities and prepared solutions to address disruptive threats, including those which may be the result of climate change and extreme weather events.

Reducing environmental impacts from ICT and Digital.

Sustainability reporting related to Digital and ICT is due in May as part of the DEFRA STAR report and is no longer required under GGC scope. The detailed figures for ICT waste, on-premise emissions, and cloud emissions will be included in that STAR report.

NHS Digital continued to progress in moving services from on-premise data centres to the public cloud. As of January 2023, 62% of NHS Digital's applications were hosted in the cloud. During 2022-23 NHS Digital continued to strengthen the working relationship with cloud providers in order to improve data quality and transparency with the end goal of accurately recording the carbon implications of the move to public cloud.

Appendix B – Board members

NHS Digital's Board was made up of the following executive directors and non-executive directors in the period 1 April 2022 - 31 January 2023:

Executive directors

Simon Bolton, Chief Executive Officer (until 31 January 2023)
Carl Vincent, Chief Financial Officer (until 7 October 2022)
Pete Thomas, Chief Financial Officer (until 31 January 2023)
Dr Shera Chok, Chief Medical Officer (until 31 January 2023)
Professor Jonathan Benger CBE, Chief Medical Officer (until 30 June 2022)

Non-executive directors

Laura Wade-Gery, Chair (until 31 January 2023)
Professor Sudhesh Kumar OBE, Vice-Chair (until 31 January 2023)
Daniel Benton, Senior Independent Director (Until 31 January 2023)
John Noble CBE (until 31 January 2023)
Deborah Oakley (until 31 January 2023)
Balram Veliath (until 31 January 2023)
Steve Woodford (until 31 January 2023)
Ben Goldacre (until 11 December 2022)
Patrick Eltridge (until 21 September 2022)

Ex-officio Board members

Kathy Hall (until 31 January 2023)
Simon Madden (until 31 August 2022)
Matthew Gould (until 8 May 2022)
For board meeting minutes and papers, which includes the register of interests of board directors.[51]

[51] NHS Digital's archived organisation information

Appendix C – Acronyms

Acronym	Definition
API	Application programming interface
ARC	Audit and Risk Committee
CETV	Cash equivalent transfer value
D1R	Day 1 Readiness
DARS	Data Access Request Service
DHSC	Department of Health and Social Care
DOAB	Delivery Oversight and Assurance Board
DSA	Data Security Awareness
DSC	Data Security Centre
EMT	Executive Management Team
ETG	Executive Transformation Group
FOI	Freedom of information
FReM	Financial Reporting Manual
GAM	Group Accounting Manual
GDPR	General Data Protection Regulation
GGC	Greening Government Commitments
GIAA	Government Internal Audit Agency
IACSC	Information Assurance and Cyber Security Committee
IC	Investment Committee
ICO	Information Commissioner's Office
IFRS	International Financial Reporting Standards
IGARD	Independent Group Advising on the Release of Data
KPI	Key performance indicator
NCSC	National Cyber Security Centre
PDS	Personal Demographics Service
PSBC	Professional Services Business Cases
PTC	People and Transition Committee
PTEL	Privacy, Transparency, Ethics and Legal (directorate)
RAP	Reproducible Analytical Pipelines
SBS	Shared Business Services
SDE	Secure Data Environment
UEC	Urgent and Emergency Care
UKHSA	UK Health Security Agency

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