

The Health
and Social Care
Information Centre
Annual Report
and Accounts
2012/13



The
Information
Centre
for health and social care

2012/13

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and Social Care
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Annual Report
and Accounts
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Foreword

I am pleased to present the eighth and final annual report for the Health and Social Care Information Centre (HSCIC) which was dissolved as a Special Health Authority on 31 March 2013.

The 2012/13 year proved very productive ahead of the enacting of ground-breaking legislation on 1 April 2013, when the organisation was superseded by a completely new HSCIC, an Executive Non-Departmental Public Body (ENDPB), with far broader responsibilities within the new health and social care landscape.

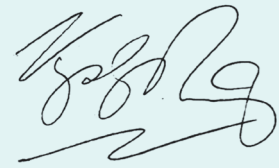
I am sure this new body will build on the successes and experience of a HSCIC that in its final year achieved much in supporting patient care through its role as England's central, authoritative source of health and social care information.

Achievements during the year included:

- supporting the Government's open data agenda by increasing the availability and accessibility of information, including the monthly release of millions of rows of prescribing data
- developing new services and data to help commissioners, policy-makers and researchers, including the data linkage service, General Practice Extraction Service and indicator portal
- publishing more than 170 statistical publications on a broad range of health and social care topics for stakeholders and the public; making HSCIC responsible for the second largest number of publications on data.gov.

We are moving towards a new era of information which aims to support the development of a knowledge culture based on health longevity rather than solutions to sickness. This organisation leaves a valuable legacy in support of this change and I would like to personally thank all staff for their achievements and commitment in both the last financial year and also the eight years of the HSCIC.

In particular I would like to thank Mike Ramsden and Tim Straughan, Chair and Chief Executive respectively of the HSCIC, and also Candy Morris for acting as the interim Chair of the new HSCIC over the last few months.



Kingsley Manning
Chair of the new HSCIC

Management commentary

Throughout this Annual Report, the abbreviation 'HSCIC' refers to the Special Health Authority and the abbreviation 'new HSCIC' refers to the new body as an Executive Non-Departmental Public Body

Background

Until 1 April 2013 the Health and Social Care Information Centre (HSCIC) was a Special Health Authority of the Department of Health established by The Health and Social Care Information Centre (Establishment and Constitution) Order 2005 (No. 499) with an effective date of 1 April 2005.

The Health and Social Care Act 2012 approved by Parliament on 27 March 2012 dissolved the HSCIC as a Special Health Authority, and created a new body – the Health and Social Care Information Centre (new HSCIC) as an Executive

Non-Departmental Public Body (ENDPB). The change to HSCIC's statutory status occurred on 1 April 2013.

The HSCIC provided health related data, facts and figures to help the NHS and social services in England. The data and information helps local organisations provide better local care, national policy development and delivery and facilitate local and national accountability. A wide ranging legal, regulatory and compliance framework governed the receipt, processing and dissemination of information by the HSCIC and its production of statistics.

The regulatory and compliance framework included the:

- Data Protection Act (1998)
- Freedom of Information Act (2000)
- Human Rights Act (1998)
- Environmental Information Regulations (2004)
- Copyright, Designs and Patents Act (1998)
- Data Protection (Processing of Sensitive Personal Data) Order 2000
- Health and Social Care Act (2001)
- NHS Act (2006)
- Health and Social Care Act (2012)
- Re-use of Public Sector Information Regulations (2005)
- NHS Codes of Practice on Information Security (2007)
- Records Management (Part 1 2006 & Part 2 2009) and Confidentiality (2003)
- Common law duty of confidentiality
- Caldicott Report 1997
- NHS Information Governance Toolkit

In respect of statistics produced by the HSCIC, the Statistics and Registration Service Act (2007) gave rise to the UK Statistics Authority, whose Code of Practice for Official Statistics governed HSCIC statistical work, and who could monitor and comment publically on compliance with the Code. The UK Statistics Authority also formally assess statistics for compliance with the Code and can designate or continue to designate them as National Statistics if they comply.

The new HSCIC will have dual focus:

- the collection, linking and secure storage and publication of the core data resources for health and social care, taking over data collection responsibilities from other arms' length bodies and central data collectors such as the Department of Health.
- the delivery of IT systems providing the expertise necessary to support the continuation of existing national systems such as the Spine as well as delivery of critical services such as information standards delivery.

Review of the year

2012/13 was a year in which a range of key strategic developmental areas for the HSCIC progressed considerably:

- delivered key information services including:
 - developing and publishing a wide range of assured clinical indicators, including Patient Reported Outcomes Measures and the NHS and Adult Social Care Outcomes Frameworks
 - launching a new service for linking datasets from different sources, to create new information for commissioners, researchers and others to use
 - developing further the National Adult Social Care Intelligence Service, providing comparative and other information for adult social care services, and leading a review of future social care information needs
 - extending the range of Hospital Episode Statistics (HES) releases, including new publications on A&E
 - extending the range of prescribing information and indicators to support QIPP
 - supporting the extension of Payment by Results and major new Secondary Uses Service (SUS) releases
 - extending the range of regular statistical releases and services, including new mental health publications and data linkage services
- played a leading role on transparency and public data for health and social care, extending the range of NHS information available via www.data.gov.uk to some 1,000 data sets

Accounts preparation

The Accounts have been prepared under a direction issued by the Secretary of State in accordance with Section 232 (schedule 15, paragraph 3) of the National Health Service Act 2006 and have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adopted and interpreted for the public sector context. The accounts comprise of a Statement of Financial Position, Statement of Comprehensive Net Expenditure, a Statement of Cash Flows and a Statement of Changes in Taxpayers Equity, all with related notes.

Financial results

The Department of Health allocated the HSCIC a revenue resource limit for 2012/13 of £38.1 million including £4.4 million to cover depreciation. The actual results generated a revenue surplus of £1.1 million.

This surplus was generated through ongoing efficiency savings together with certain activities ceasing or being delayed. Since 2006/07, the core revenue Grant in Aid (GIA) allocation has been reduced by 28 per cent on a like for like basis and during this period the HSCIC improved the value for money delivery of services by having:

- transformed the delivery of most services provided including stopping, where feasible, those not considered to be offering value for money
- brought inhouse the provision of core IT infrastructure services resulting in increasing standardisation and automation of systems and business processes which allowed greater flexibility
- centralised the key functions as far as possible into one location in Leeds
- outsourced functions where it could be demonstrated that efficiencies would occur
- streamlined services common to all business streams ie the contact centre
- reduced the reliance on temporary labour
- reduced travel costs by closer management of journeys and applied a standard class rail policy

The capital resource allocation of £17.9 million was largely spent. Main expenditure included:

- the development of the General Practice Extraction Service, a means of extracting clinical data in a standard format from the varied general practice systems
- the Hospital Episode Statistics Transition project, which brought in to use the HES service and extended the analysis and dissemination service
- licences for data management software
- computer equipment, licences and software required for new services which are launching in 2013/14 to provide access to patient identifiable data to Commissioning Support Units and Clinical Commissioning Groups

Outstanding sales ledger balances amounted to £3.2 million, of which £0.5 million was more than 60 days overdue. Debts amounting to £15,631 were provided for as irrecoverable. Other receivables largely related to VAT and prepayments on property leases.

Deferred income related to monies received as a contribution towards survey costs or other areas of work in advance of the work being completed. This will be released as expenditure is incurred.

Going concern

The Health and Social Care Act 2012 approved by Parliament on 27 March 2012 dissolved HSCIC as a Special Health Authority, and created a new body – the Health and Social Care Information Centre (new HSCIC) as an Executive Non-Departmental Public Body. The change to HSCIC's statutory status occurred on 1 April 2013. All the functions of the HSCIC transferred to the new HSCIC, with funding from the Department of Health continuing.

The accounts have therefore been prepared on a going concern basis.

Financial instruments

The HSCIC had only a very limited exposure to financial instruments consisting of cash, trade receivables and trade payables. Cash flow was managed to meet operational requirements throughout the year by drawing down sufficient cash from the Grant in Aid allocation. There were no significant issues with respect to the outstanding balances at the reporting date.

Events after the reporting period ended

On 1 April 2013, the new HSCIC was created as a new ENDPB.

This new body incorporates the functions of the former HSCIC, the delivery functions of Connecting for Health and certain system delivery and informatics staff from Strategic Health Authorities.

Better payments practice code

The HSCIC sought to comply with the Better Payments Practice Code by paying suppliers within 30 days of the receipt of goods or services, or within 30 days of receipt of an invoice. The percentage of non NHS invoices paid within this target was 97.0 per cent (2011/12 97.5 per cent).

Better payments practice code	Number	£000
Total non NHS bills paid 2012/13	4,658	32,323
Total non NHS bills paid within target	4,519	30,796
Percentage of non NHS bills paid within target	97.0%	95.3%
Total NHS bills paid 2012/13	201	2,386
Total NHS bills paid within target	166	1,768
Percentage of NHS bills paid within target	82.6%	74.1%
Total value of invoices processed in 2012/13		37,585
Total value of invoices outstanding at 31 March 2013		4,814
Number of days outstanding		47

Political and charitable donations

No political or charitable donations were made in the year. (2011/12 None)

Auditors

The accounts have been audited by the Comptroller and Auditor General, who has been appointed under statute and is responsible to Parliament. The cost of the audit was £68,775. The internal audit service during the financial year was provided by PricewaterhouseCoopers LLP.

The Accounting Officer has undertaken all steps to ensure he is aware of any relevant audit information and to ensure that the HSCIC's auditor is aware of that information. As far as the Accounting Officer is aware, there is no relevant audit information of which the HSCIC's auditor is not aware.

Register of interests

The NHS code of accountability requires board members to declare any interests that are relevant and material to the NHS body of which they are a member. Board members were expected to declare any changes to their interests at each board meeting and on any particular topic on the agenda prior to discussion commencing.

The board register of declarations of interest is updated on an annual basis. It is kept and maintained by the HSCIC head of the executive office and is available for public inspection.

Environment, social and community development

The aim of the HSCIC was to centralise as much of its activities as possible into its principal leased accommodation in Leeds. This was largely achieved with a small London presence and a facility in Southport where space is occupied within other public sector buildings. Consequently, a formal estates strategy was not considered necessary.

The properties were:

- Leeds – commercial leases and the main office base
- Southport – a Memorandum of Terms of Occupation (MOTO) with the Identity and Passport Office providing office accommodation for 115 staff
- London – a small number of desks within other health bodies accommodation

The estates policy aimed to support the business by ensuring that the HSCIC property portfolio was fit for purpose and that suitable buildings were available in the most appropriate locations to help achieve service excellence and value for money. In support of this, the following key principles applied:

- compliance with the Government Property Unit (GPU) policy and the property control environment
- rationalisation of the number of properties in the portfolio, involving the disposal of unwanted accommodation
- improved space utilisation and a drive towards full occupancy of all properties

As a consequence of the increase in staff numbers space utilisation improved as the amount of under-utilised space reduced. Across all buildings the occupational level was 8.9 square metres per full time equivalent employee (2011/12 10 square metres per full time equivalent employee).

Sustainability

The HSCIC was required to prepare a report in line with the 2011/12 HM Treasury sustainability guidelines, fully consistent with non-financial information requirements laid down under the Greening Government commitments (including the transparency requirements).

The sustainability aim was to reduce the impact of the business on the environment, especially to reduce carbon dioxide (CO₂) emissions. Managing efficient use of IT, accommodation and travel were the key strands of this work. The HSCIC did not own any properties, commercial transport or other assets other than in an office environment and primarily relied on public transport for travel.

Key areas addressed or currently under review included:

- improved the utilisation of accommodation through flexible desk arrangements and other employee policies
- increased the recycling of waste through the removal of under desk waste bins and increased provision for recycling materials
- sustainable arrangements for disposing of IT equipment and recycling of printer cartridges
- promoted a more environmentally friendly means of commuting to work including the provision of showers, changing areas, cycle to work and Metro bus schemes
- introduction of more efficient electrical appliances including timers on hot water boilers

Suppliers were required to demonstrate a similar commitment through the incorporation of sustainable practices into their provision of goods and services.

It was agreed that the required accommodation reporting for Southport and London was undertaken by the other parties, the Identity and Passport Office and NHS Litigation Authority respectively and thus the below information relates to the Leeds office only.

The following table provides an overview of each of the three main reporting areas:

Greenhouse gas emissions		2012/13	2011/12	2010/11	2009/10	2008/09
Non financial indicators (tco ₂)	Scope 1 emissions	NIL	NIL	NIL	NIL	NIL
	Scope 2 emissions					
	Electricity	416.3	422.4	465.7	482.0	332.1
	Gas	145.6	149.0	194.1	161.8	152.7
	Scope 3 emissions					
	Rail	42.0	47.9	58.3	67.2	58.7
	Air	7.3	14.4	15.9	27.9	37.3
	Total energy	611.2	633.7	734.0	738.9	580.8
	Total energy per FTE	1.0	1.5	1.6	1.4	1.4
	Financial indicators (£000)	Scope 1 emissions	NIL	NIL	NIL	NIL
Scope 2 emissions						
Electricity		72.3	70.4	71.4	76.1	52.4
Gas		22.5	24.7	23.6	27.9	29.2
Scope 3 emissions						
Rail		225.4	221.1	284.5	577.3	556.0
Air		10.8	11.9	18.6	40.6	51.2
Total energy cost		331.0	328.1	398.1	721.9	688.8
Total energy cost per FTE		£588	£663	£727	£1,183	£1,409
Water (m ³)		5,651	4,457	5,252	5,899	4,656
Water (£000)	13.6	10.7	12.6	14.1	11.2	

Gas, electricity and water data was provided by the building landlord and rail and air statistics provided by the travel booking agency.

It was not possible to capture the total emissions from the use of employees business travel in cars, but it will be very small as the majority of travel was between Leeds, London and other major cities using rail.

Waste

The waste facilities were shared with other tenants of the buildings occupied and thus it is not possible to identify the volume of waste disposed of.

However, the waste on a year to year basis was largely just normal office waste as most business procurement relates to information services rather than products. Facilities and guidance for staff on how to reuse and recycle waste materials has been improved including receptacles to recycle paper (both confidential and other), cardboard, glass and plastic. All under desk bins have been removed to encourage staff to use these facilities.

Empty toner cartridges were recycled and IT equipment disposed of in an environmentally friendly way. Surplus furniture was sold or offered to charities.

The use of paper fell as more information has been made available electronically rather than in paper reports.

Water

The only water used was for normal office use: drinks, showers and lavatories. As the water meter is for the building as a whole, the usage was based on the ratio of square metres occupied as there is no reason to conclude that the other tenants consumed in a different ratio.

Sustainable procurement

Most procurement was for services rather than products and was through nationally agreed frameworks where sustainability provisions have been incorporated. Direct procurement by the HSCIC included specific provisions and formed part of the tendering process where applicable.

Biodiversity

Being purely an office based organisation, the HSCIC had little impact on biodiversity issues and did not have a biodiversity action plan.

Community and social responsibility

The HSCIC had a special leave policy that allowed staff paid leave to undertake a reasonable amount of time off for public duties such as Justice of Peace, School Governor duties and training with Reserve Cadet Forces etc. Several staff were allowed time to participate as "games-makers" in the 2012 Olympic Games.

Schemes such as the Metro and Cycle to Work schemes were offered to staff to encourage an environmental and community friendly means of commuting. Car use for business purposes was only allowed where it was impractical for staff to travel by public transport.

Employees

Equality and diversity

The HSCIC was committed to equality of opportunity for all employees and potential employees and was fully compliant with the Equality Act (2010). It aimed to create an environment in which individual differences and the contributions of all employees were valued ensuring that no eligible job applicant or employee received less favourable treatment on the grounds of diversity or was disadvantaged by conditions or requirements which could not be shown as justifiable.

All staff were required to attend an equality and diversity awareness training course and this was also incorporated into the induction process for new employees.

Employee consultation

The HSCIC was committed to consulting and communicating with staff and their representatives. A Joint Negotiating and Consultative committee met bi-monthly to discuss organisation wide issues and local consultation took place with recognised Trades Unions over areas of specific interest.

Employee communication

An intranet site ensured staff had access to a wide range of information relevant to the HSCIC and the health sector at large. In addition, the Chief Executive issued a weekly bulletin and regular staff briefings were held where executives and senior managers updated staff and received feedback on key issues.

Employee Engagement

The HSCIC participated in the NHS Staff Survey on a voluntary basis in order to be able to benchmark itself against other NHS organisations. The results of the 2012 NHS Staff Survey were extremely positive with a response rate which was higher than the NHS average and the responses to most categories of questions being scored higher than an equivalent NHS comparator group. Compared with the previous year there were no significant areas of improvement required.

Learning and development

The HSCIC was committed to providing employees with the right training and development to support the HSCIC's overall objectives. Training was delivered through a number of internal and external interventions. To ensure that training was cost effective, whilst maintaining quality, the organisation had a preferred training provider who were performance managed to deliver the majority of technical and professional requirements. This arrangement provided the HSCIC with significant savings when compared to public rates.

Health and safety

The HSCIC recognised and accepted its legal responsibilities in relation to the health, safety and welfare of its employees and for all people using its premises. The HSCIC complied with the Health and Safety at Work Act (1974) and also operated a Health and Safety Committee under the Safety Representatives and Safety Committee regulations (1977). All staff were required to complete an e-learning package which included a self-assessment of their workspace.

Sickness absence data

During 2012 3,386 days (2011 2,387 days) were lost due to sickness absence. This represented 6.5 days per employee (2011 4.8 days per employee). The above figures are based on calendar years data not financial years and were centrally provided from data contained within the Electronic Staff Record.

Pension liabilities

The HSCIC offered the NHS Pension Scheme and maintained existing civil service pension schemes (which are closed to new members) and in doing so made contributions based on the salary of individual members. Both schemes are unfunded multi-employer defined benefit schemes in which the employer is unable to identify its share of underlying assets and liabilities. The schemes are therefore accounted for as if they are defined contribution schemes.

Remuneration report

Remuneration Report

This report for the year ended 31 March 2013 deals with the pay of the Chair, Chief Executive, other members of the Board and general remuneration policy of the HSCIC.

Remuneration committee

The pay of the executive board directors was set by the Remuneration Committee based on the recommendations of the Senior Salaries Review Board and was reviewed on an annual basis. The Remuneration Committee consisted of three non-executive directors (including the Chairman) and all were required to be present. It was chaired by the Board Chairman.

The HSCIC, with the approval of the Department of Health Pay and Oversight committee operated the NHS VSM pay framework. This entitled each executive director to a bonus of up to 5% for achieving targeted organisational and individually assessed objectives. Two bonuses were paid in 2012/13 relating to the performance in 2011/12, details of which are contained within the emoluments of directors section of this report.

The Chief Executive and other executive directors were not present for discussions about their own remuneration and terms of service, but were able to attend meetings of the committee at the Chairman's invitation to discuss other employees' terms.

The work of the committee was supported and administered by the Chief Executive and appropriate staff.

In reaching its recommendations, the Remuneration Committee took into account:

- the need to recruit, maintain and motivate suitably able and qualified people to exercise their responsibilities
- variations in the labour market and their effects on the recruitment and retention of staff
- recommendations of relevant Department of Health guidelines

Remuneration policy

The HSCIC aimed to pay employees on a fair and equitable basis for the role and responsibilities they undertake in line with best practice within the NHS. All posts were evaluated and pay rates determined by the Agenda for Change (AfC) programme other than VSM's.

Staff on civil service terms and conditions were entitled to receive performance related pay (PRP) in line with the Department of Health collective agreements. Staff on NHS terms and conditions were able to receive increments within their pay-scale under AfC guidelines.

Both PRP and AfC increments were linked to a single individual performance and development review mechanism.

Bonus payments were limited to a non-consolidated bonus in line with the civil service scheme for a number of ex-civil service staff by virtue of Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

Service contracts

The Chief Executive and all other permanently employed executive directors were employed under permanent employment contracts with a six month notice period and worked for the HSCIC full-time except where highlighted elsewhere. If their contracts are terminated for reasons other than misconduct, they will come under the terms of the NHS compensation schemes.

Non-executive directors were appointed through the NHS Appointments Commission and its terms and conditions apply to them. All of the non-executive directors contracts were extended but ceased to have effect beyond 31 March 2013 to coincide with the dissolution of the HSCIC. They were not entitled to compensation for loss of office or early termination of appointment.

Emoluments of board directors

The remuneration relating to all directors in post during 2012/13 is detailed in the table below and are subject to audit. Emoluments of executive directors consisted of basic

pay, performance pay severance costs were relevant and benefits in kind. Emoluments do not include employer pension contributions or the cash equivalent transfer value of pensions.

	Emolu- ments 2012/13 (£000)	Emolu- ments 2011/12 (£000)	Bonus 2012/13 £000	Real increase in pension and related lump sum at normal retirement age* £000	Total accrued Pension at normal retirement age at 31/3/13 and related lump sum £000	CETV at 31/3/13 £000	CETV at 31/3/12 £000	Real increase in CETV after adjustment for and changes in market investment factors £000
**Tim Straughan Chief Executive	470–475	140–145	5-10	7	52	218	213	(1)
***Phil Wade Director of Business Development and Communications	40–45	75–80	–	4	35	167	139	17
Trevor Doherty Director of Finance and Performance	125–130	125–130	–	2	8	129	101	18
****Mark Davies Medical Director	155–160	155–160	–	8	218	957	868	45
Clare Sanderson Director of Information Governance	105–110	105–110	–	4	66	313	279	19
*****Rachael Allsop Director of Workforce	115–120	115–120	–	1	177	813	765	19
John Varlow Director of Informatics Services	95–100	65–70	–	20	93	335	223	74
Amounts paid to non-executive directors were as follows:								
Mike Ramsden (Chairman)	60–65	60–65	–					
Anthony Allen	10–15	10–15	–					
Lucinda Bolton	5–10	5–10	–					
Roger Clarkson	5–10	5–10	–					
Anthony Land	5–10	5–10	–					
Michael Pearson	5–10	5–10	–					

*The normal retirement age for members of the 1995 section of the NHS Pension Scheme is 60 and for the 2008 section of the NHS Pension Scheme is 65.

**Tim Straughan left the HSCIC on 31 March 2013 and the above emoluments include a termination payment of £330k. A performance bonus in the range of £5,000 - £10,000 was paid relating to the performance in 2011/12.

***Phil Wade was seconded to another organisation between 1 April 2012 and 30 November 2012 and the HSCIC received full recompense for the cost of his salary between these dates. From 1 December 2012 he was loaned to the Department of Health for which no recompense was received. The actual emoluments are in the range of £100,000 - £105,000.

****Mark Davies was seconded from Connecting for Health and costs refer to the charges received. During the year he was seconded to the Cabinet Office part time for which no recompense was received.

*****Rachel Allsop was loaned part time to Connecting for Health for which no recompense was received.

In addition,

- a senior manager was seconded from Calderdale and Huddersfield NHS Foundation Trust and the total amount paid, including employer costs, is in the range of £155k – £160k
- Brian Derry, who resigned as an executive director in August 2011, received a performance bonus in the range £0 – £5,000

Director's expenses during 2012/13 are detailed on the HSCIC website at <http://www.hscic.gov.uk/article/2739/Legacy-expenses-data>

Director's interests declared during 2012/13 and relevant to HSCIC role were:

Mike Ramsden: Director of MR Management Consultancy Ltd and part time Chief Executive of the National Association of Primary Care until June 2012.

Tim Straughan: Non-executive director of Locala Community Partnerships (a community interest company providing community healthcare services to the people of Kirklees).

Lucinda Bolton: Member of the Review Body on Doctors' and Dentists' Remuneration.

Michael Pearson: Trustee director of the Respiratory Education Training centre and also Lung Health, a company set up to develop patient focussed software for chronic obstructive pulmonary disease care.

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

	Highest paid director	Median pay of the workforce	Ratio to the median of the workforce
2011/12	£155k – £160k	£30,460	5.2
2012/13 Excluding termination payments	£155k – £160k	£30,460	5.2
2012/13 Including termination payments	£475k – £480k	£30,460	15.7

No employees received remuneration in excess of the highest-paid director in 2012/13 (2011/12 1 employee). The highest paid director excluding termination payments is different from the highest paid director including termination payments.

Cash equivalent transfer values

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

The CETV figures and from 2003/04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual transferred to the civil service pension arrangements and for which the civil service vote received a transfer payment commensurate to the additional pension liabilities being assumed. 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. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, 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.



Alan Perkins
Interim Chief Executive
2 July 2013

Statement of the board and chief executive's responsibilities

Under the National Health Service Act 2006 and directions made thereunder by the Secretary of State with the approval of Treasury, the HSCIC was required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State. The accounts were to be prepared on an accruals basis and must give a true and fair view of the HSCIC's state of affairs at the year end and of its net resource outturn, change in taxpayers equity and cash flow for the financial year.

In preparing the accounts, the Board and Accounting Officer were required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclosed and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the HSCIC will continue in operation.

The Accounting Officer for the Department of Health appointed the Chief Executive of the HSCIC as the Accounting Officer, with responsibility for preparing the HSCIC accounts and for transmitting them to the Comptroller and Auditor General. Specific responsibilities included the responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the HSCIC's assets.

Tim Straughan was Accounting Officer for the period until 31 March 2013 and Alan Perkins from 1 April 2013. Tim Straughan has provided his assurance of the content of the Annual Governance Statement for the period to 31 March 2013.

Annual governance statement for the year ended 31 March 2013

Scope of responsibility during the financial year to 31 March 2013

The primary function of the HSCIC was the collection, processing and dissemination of health and social care data for secondary use purposes.

The HSCIC had responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives whilst safeguarding the public funds and organisation's assets including data and information in accordance with the responsibilities assigned in *Managing Public Money*.

The senior departmental sponsor for the Department of Health is responsible for ensuring that the HSCIC procedures operate effectively, efficiently and in the interest of the public and the NHS.

Change in responsibility from 1 April 2013

The Health and Social Care Act 2012 dissolved the HSCIC as a Special Health Authority to be replaced by the creation of a new body – the Health and Social Care Information Centre (new HSCIC) as an Executive Non-Departmental Public Body (ENDPB) as from 1 April 2013. This governance statement only refers to HSCIC as a Special Health Authority during the 2012/13 financial year.

The Accounting Officer has relied on a number of factors, as detailed in the paragraph on the review of effectiveness below, to be able to confirm that the organisation had in place an appropriate internal control environment. In particular, this included a statement from the former Accounting Officer who left the organisation on 31 March 2013.

The governance framework

The governance framework comprised the systems and processes, culture and values, by which the HSCIC was directed and controlled, and by which it accounted to and engaged with its sponsors and stakeholders. It included arrangements to monitor the achievement of its strategic objectives and to consider whether this led to the delivery of appropriate, cost-effective developments and services.

The system of internal control was a significant part of this framework and was designed to manage risk to a reasonable level rather than to eliminate all risk of failure; it could therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control was based on an ongoing process to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control had been in place within the HSCIC for the year ended 31 March 2013 and accorded with Treasury guidance.

HSCIC Board and Committee Structures

The Board had responsibility for defining strategy and determining resource requirements to ensure the delivery of the HSCIC's objectives. The composition, role and main activities of the Board and its principal committees remained unchanged until 31 March 2013 as detailed opposite.

Composition to 31 March 2013	Meetings attended	Role
Board		The HSCIC board members had corporate responsibility for:
M Ramsden (Chair)	6	<ul style="list-style-type: none"> establishing the overall strategic direction of the HSCIC within the policy and resources framework agreed with the DH sponsor approving business strategy, business plans, key financial and performance targets and the annual accounts ensuring that the board operated within the limits of its statutory authority and any delegated authority agreed with DH ensuring that the HSCIC complied with statutory or administrative requirements for the use of public funds approving executive director appointments approving recommendations of board committees approving income and expenditure over £500k and capital expenditure over £250k
A Allen	5	
L Bolton	6	
R Clarkson	5	
A Land	6	
M Pearson	6	
Executive directors:		
T Straughan	6	
* P Wade	-	
C Sanderson	5	
T Doherty	6	
M Davies	5	
R Allsop	6	
J Varlow	5	
		Further details including the conduct of meetings were contained in the HSCIC standing orders and other governance documents.
		Board meetings comprised a public session, where members of the public were able to attend with all minutes and papers made available on the HSCIC website.
		In addition from time to time, the Board needed to consider commercial or staff in confidence items that could not be discussed in public. In that event a private session was held without any observers.
Audit and Risk Committee		The Audit and Risk Committee was charged with providing assurance and making recommendations to the Board on:
A Allen (Chair)	5	<ul style="list-style-type: none"> the effectiveness of the system of integrated governance, risk management and internal control including information governance, security and data quality risks the accounting policies, the accounts and the annual report of the organisation planned audit activity and results of both internal and external audit reports proposals for tendering audit services any required changes to key corporate governance documents (standing orders, standing financial instructions and the scheme of delegation) anti-fraud policies, whistle-blowing processes and arrangements for special investigations – including appointment of a local counter-fraud specialist
L Bolton	6	
R Clarkson	6	
M Pearson	5	
A Land	6	
Executive directors – in attendance		
T Straughan	6	
T Doherty	6	
C Sanderson	6	
In addition, representatives of both the internal and external auditors attend meetings		
Remuneration Committee		The Board has delegated full responsibility to the Remuneration Committee to:
M Ramsden (Chair)	3	<ul style="list-style-type: none"> make recommendations to the Department of Health (through the pay and performance oversight committee) on the level of the remuneration packages of the Chief Executive and other executive directors within the provisions of the pay framework for very senior managers (VSMs) in the NHS or successor arrangements approve the level of any annual performance related pay awards to HSCIC staff on ex-civil service terms and conditions approve the annual performance objectives and targets of executive directors ensure that pay arrangements were appropriate in terms of equal pay requirements.
A Allen	4	
L Bolton	4	
Executive directors – in attendance		
T Straughan	4	
R Allsop	3	

* P Wade did not attend any Board meetings in the year as he was on secondment or loan to other organisations for the whole period.

There were no significant performance issues reported and the HSCIC ended the year within the financial plans.

In addition to standing agenda items on the governance and performance of the organisation, the Board discussed a range of topics during 2012/13 including:

- development of strategy and business plans in the context of a rapidly changing health and care system and a tight financial regime
- transition to the new HSCIC including governance and structure of the new organisation
- the report of the Mid Staffordshire NHS Foundation Trust public inquiry and the implications on the role of information in improving patient care
- information governance strategy
- emerging links and relationships with key stakeholders including NHS England
- monitoring a broad range of performance indicators throughout the year which are consistent with the approved strategy and business plan.

In previous years the Board and the Audit & Risk Committee undertook annual effectiveness reviews. It was decided that, given the dissolution of the HSCIC as a SpHA on 31 March 2013, annual effectiveness reviews would not be conducted for 2012/13. The conduct of the Board or the Audit & Risk Committee during this period did not highlight any significant issues or concerns that required immediate action or impact on the content of the Annual Governance Statement.

The key areas the Audit & Risk Committee addressed during the year included:

- oversight of the 2011/12 annual accounts preparation and recommendation on approval of the final accounts to the Board
- review of the content of the Annual Governance Statement
- strategic steer on and input to internal audit strategy for 2012/13 – including in the context of the DH shared service agenda
- transition to the new HSCIC and handover arrangements

- review of the range of internal audit reports and monitoring of implementation of associated recommendations and a review of the risk of data fraud as part of the local counter-fraud specialist work-plan
- review of external audit strategy
- monitoring of adequacy of management of corporate risks and issues
- high level oversight of approach to contracts and procurement
- review of the arrangements and processes for the preparation of the 2012/13 annual accounts

and concluded that there was sufficient evidence to provide the Board with adequate assurance on these matters and generally on the effectiveness of the system of internal control in the HSCIC.

The Assurance and Risk Committee of the new HSCIC provided oversight of the 2012/13 annual accounts preparation and recommendation on approval of the final accounts to the Board of the new HSCIC.

The HSCIC complies with the central government corporate governance code as far as is relevant and there are no material departures identified other than the requirement to undertake an effectiveness review referred to above.

Other Corporate Governance

In addition to the Board and Committees described above, the HSCIC employed a number of other internal governance arrangements including:

- **The Executive Directors Group (EDG):** responsible for communicating and delivering the overall strategy for the HSCIC (as agreed by the Board) and agreeing policy and procedures whilst supporting implementation. The group met weekly with action points and decisions disseminated to senior managers and other staff.
- **The Portfolio Delivery Board (PDB):** focused on business as usual service and corporate activity together with prioritising and executing projects and programmes, ensuring they are delivered to the required standards and maximising the benefits that can be achieved from doing so.
- **The Design Authority Board (DAB):** approved, owned and

managed the systems, processes, products, services and capabilities which the HSCIC used to discharge its responsibilities effectively. Translated business strategy into effective enterprise change by creating, communicating and improving the key requirements, principles and models that describe the enterprise's future state.

- **The Opportunities Group (TOG):** whose purpose was to assess requests to deliver new work and make recommendations as appropriate to:
 - reject the work
 - accept the work and any caveats or conditions (e.g. subject to funding or resources)
 - prioritise the work and preferred option(s) for resourcing including the implications for existing work
 - run as a project under the governance of the PDB.

Since the establishment of the new HSCIC on 1 April 2013 a number of changes have been made to the operational governance structure to reflect the changing requirements of the new organisation.

Risk Assessment and Management

The HSCIC had a well-established risk and issue management process. The process formed a logical sequence of steps necessary to manage risks and issues. Risk registers were maintained monthly by each project and operational service team.

Each category of risk had a tolerance threshold associated with it. In the event that a single risk or group of risks or activity exceeded the agreed tolerance threshold, then the results were escalated to a more senior level in the organisation.

Risks were reported monthly and escalated through the internal governance structure with the top corporate risks and issues ultimately being considered at the Board, Audit and Risk Committee and the Sponsor.

In addition, the Senior Information Risk Owner (SIRO) undertook regular reviews of the information risks and worked with Information Asset Owners throughout the business to ensure that information risks and issues were being appropriately managed and escalated where necessary.

Overall, the HSCIC's appetite for risk continued to be moderate to cautious.

The following were considered to be the most significant risks and issues faced by the organisation during the year:

- lack of clarity about the HSCIC's levels of funding and commissioning of services arrangements made the recruitment of staff and prioritisation of services difficult
- the continued restrictions on recruitment of staff and contingent labour resulted in some delays to the completion of various projects and deliverables
- investing time and expertise of directors and senior staff in responding to the changing environment had a direct impact on business as usual activities
- uncertainty around the future strategic requirements of the new health system meant that there was a risk that some systems and services currently employed may need to change considerably.
- the scale of change being planned for the creation of the new HSCIC
- pressure on delivery of some significant projects in the year.

These risks were mitigated as far as possible by:

- internal prioritisation of work and resources based on the best information we had at the time
- ensuring key customers and users are aware of the services provided for them and the potential impact of the ongoing reduction in the HSCIC core grant in aid funding
- discussing these matters with the DH sponsor team, NHS Commissioning Board (now NHS England) and other customers.

Information Governance

Of particular importance to the HSCIC was to ensure that the organisation had robust information governance procedures in place. Thus the HSCIC had a clear information governance strategy and framework that sets out the people, resources, culture and processes necessary for managing data and information within the organisation. By ensuring that information was managed securely, effectively and efficiently the HSCIC was able to secure a standard of excellence in information governance. To achieve this, information records were:

- held securely and confidentially
- obtained fairly and efficiently
- recorded accurately and reliably
- used effectively and ethically
- shared appropriately and lawfully

All information processing was undertaken in accordance with legislation and best practice. The HSCIC had set policies and procedures to ensure that appropriate standards were defined, implemented and maintained. Regular reviews of information governance policies and compliance audits were carried out by the internal auditors.

Information governance was included within the mandatory staff induction day for new appointees. In addition, each year all staff completed information governance training in line with requirements of the Connecting for Health information governance toolkit.

More specialist training was undertaken by the Senior Reporting Officer, the Information Security Officer, the Caldicott Guardian, Information Asset Owners and Information Asset Administrators.

At 31 March 2013, all staff had successfully undertaken the appropriate training. The HSCIC completed the information governance toolkit and achieved a score of 98 per cent (98 per cent in 2011/12). The HSCIC completed the secondary uses version of the information governance toolkit which required evidence that robust information governance controls were in place to protect information assets and in particular patient confidentiality. The Government made a commitment that its departments would report information risk management in their annual accounts in particular whether there have been any personal data related incidents. There were no protected personal data incidents to report in 2012/13. This included those incidents that would need to be formally reported to the Information Commissioners Office (ICO) and those that would be deemed not to require reporting to the ICO.

The HSCIC was subject to the Data Protection Act 1998 and has filed the appropriate notification with the ICO. During 2012/13, 350 Freedom of Information requests and 19 Subject Access requests were received. There were no breaches of the required timeframes.

The HSCIC received a Decision Notice (DN) from the Information Commissioners Office (ICO) in relation to an appeal regarding the refusal to provide a HES tabulation under the Freedom of Information Act.

In the DN the ICO dismissed the applicant's appeal but indicated that HSCIC should have cited alternative grounds for refusing to supply the information. The applicant took his appeal to a First Tier Information Tribunal where the Tribunal and ICO agreed with the HSCIC's initial response to the request and the applicant's appeal was dismissed.

There have been no recorded breaches of personal data provisions during 2012/13. As a public information holder, the HSCIC has complied with the cost allocation and charging requirements of HM Treasury and the Office of Public Sector Information. No charges have been made for access to information during 2012/13.

Statistical Governance

The HSCIC complies with the Code of Practice as set by the UK Statistics Authority.

Serious and untoward incidents

A serious and untoward incident is any incident involving the actual or potential loss, incorrect disclosure or inaccurate publication, of data, information or other associated assets that could lead a significant impact resulting in reputational damage to the organisation.

The HSCIC had a comprehensive system for dealing with untoward incidents to ensure that any potential impact was minimised, and the HSCIC learnt from these incidents to prevent repeats. The system covered recording, reporting, monitoring, root cause analysis and publishing lessons learned. It also included reporting on third party incidents where HSCIC data was involved.

No serious incidents occurred in 2012/13 and there were only a small number of untoward incidents which have all been used as opportunities for learning. There have been no recorded breaches of personal data provisions during 2012/13. Untoward incidents are reported to the Portfolio Delivery Board, with escalation to the Executive Directors Group and included in the Performance Report to the HSCIC Board and our Sponsor.

Review of effectiveness

As Accounting Officer, I have responsibility, together with the Board, for reviewing the effectiveness of the system of internal control. My review of this year to date has been informed in a number of ways:

- through Audit & Risk Committee minutes and papers and its annual report to the Board
- the head of internal audit provides an opinion on the overall arrangements for gaining assurance through the assurance framework and on the controls reviewed as part of the internal audit work. The internal audit assurance statement concluded that:

“There is a generally sound system of internal control, designed to meet the organisation’s objectives, and that controls are generally being applied consistently. However, some weaknesses in the design and / or inconsistent application of controls, puts the achievement of particular objectives at risk. This opinion would equate to “Significant Assurance” We have undertaken an assessment of the range of individual opinions arising from risk-based audit assignments, contained within the internal audit plan that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management’s progress in respect of addressing control weaknesses.

Four of our reports were classified overall as ‘medium risk’, four were classified as ‘low risk’ and two were classified as ‘high risk’. In total, we identified four high risk findings, 13 medium risk findings, and seven low risk findings across each of the ten reviews which formed part of the Internal Audit Plan. Overall, the number of high risk findings has risen by one since the prior year, and medium and low risk findings have fallen since the prior year, as has the total number of findings. This signifies the direction of travel as being overall positive, especially in light of the changes that have occurred within and outside of the HSCIC during 2012/13”

- following individual audit reports, action plans were put in place to address recommendations with progress reviewed by the Audit & Risk Committee on a regular basis.
- senior managers within the organisation who had responsibility for the development and maintenance of the system of internal control provide me with assurances
- through clear performance management arrangements in place with executive directors and senior managers

- the assurance framework itself provides evidence on the effectiveness of controls that manage the risks to the organisation
- by the findings of the National Audit Office as the organisation’s external auditors. We have actioned the recommendations made following the conclusion of the 2011/12 year end process
- by review of and accepting a report from Tim Straughan (Accounting Officer to 31 March 2013) dated 21 March 2013 confirming that appropriate governance was in place until this date.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Assurance and Risk Committee of the new HSCIC and am accordingly aware of any significant issues that have been raised.

Significant internal control issues

At the 31 March 2013 there were no significant control issues outstanding arising from reviews undertaken in the financial year that have not been addressed.

Like any organisation, there are a number of risks relating to external factors over which control is difficult.

I believe that the HSCIC continued to develop and employ an appropriate control environment throughout 2012/13.



Alan Perkins
Accounting Officer
2 July 2013

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

I certify that I have audited the financial statements of the Health and Social Care Information Centre for the year ended 31 March 2013 under the National Health Service Act 2006. These comprise the statement of comprehensive net expenditure, the statement of financial position, the statement of cash flows, the statement of changes in taxpayers' equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

Respective responsibilities of the Board, Chief Executive and Auditor

As explained more fully in the statement of the Board and Chief Executive responsibilities, the Board and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report the financial statements in accordance with the National Health Service Act 2006. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Health and Social Care Information Centre's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Health and Social Care Information Centre; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If I became aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view, of the state of Health and Social Care Information Centre's affairs as at 31 March 2013 and of the net operating cost for the year then ended; and
- the financial statements have been properly prepared in accordance the National Health Services Act 2006 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the remuneration report to be audited has been properly prepared in accordance with HM Treasury directions issued under by National Health Service Act 2006; and
- the information given in management commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the remuneration report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

In forming my opinion, which is not qualified, I draw attention to the disclosures made in note 1.19 of the financial statements concerning the application of the going concern principle in the light of the dissolution of the Health and Social Care Information Centre as a Special Health Authority and the establishment of a new Non-Departmental Public Body also known as the Health and Social Care Information Centre. As the (Special Health Authority) Health and Social Care Information Centre's functions along with the associated assets and liabilities are transferring to another Government body, it remains appropriate for the Health and Social Care Information Centre to continue to prepare the financial statements on a going concern basis in accordance with the Government Financial Reporting Manual issued by HM Treasury.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
4 July 2013

Statement of comprehensive net expenditure

For the year ended 31 March 2013

	Notes	2012/13 £000	2011/12 £000
Administration costs			
Staff costs	4	20,839	19,995
Non staff costs	7	16,252	19,610
Income	6	(3,659)	(4,336)
Total administration costs		33,432	35,269
Programme costs			
Staff costs	4	5,513	3,609
Non staff costs	7	5,537	3,055
Income	6	(7,454)	(6,755)
Total programme costs		3,596	(91)
Net resource outturn		37,028	35,178

All income and costs relates to continuing operations.

Notes numbered 1 to 22 form part of this account

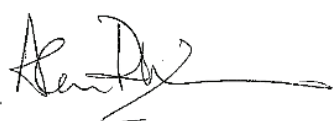
Statement of financial position

For the year ended 31 March 2013

	Notes	31 March 2013 £000	31 March 2012 £000
Non-current assets			
Property plant and equipment	8	2,727	2,620
Intangible assets	9	23,468	12,431
Total non-current assets		26,195	15,051
Current assets			
Trade and other receivables	10	4,629	4,665
Cash and cash equivalents	11	6,632	5,786
Total current assets		11,261	10,451
Total assets		37,456	25,502
Current liabilities			
Trade and other payables	12	(5,877)	(3,480)
Other liabilities	12	(7,232)	(5,455)
Provisions	13	(535)	(1,145)
Total current liabilities		(13,644)	(10,080)
Non-current assets plus net current assets		23,812	15,422
Non-current liabilities			
Provisions	13	(683)	(765)
Assets less liabilities		23,129	14,657
Taxpayers' equity			
General fund		23,129	14,648
Revaluation reserve		–	9
Total taxpayers' equity		23,129	14,657

Notes numbered 1 to 22 form part of this account.

The financial statements on pages 24 to 44 were approved by the Board on 12 June 2013 and signed on its behalf by



A Perkins
Interim Chief Executive

Dated
2 July 2013

Statement of cash flows

For the year ended 31 March 2013

	Notes	2012/13 £000	2011/12 £000
Cash flows from operating activities			
Net operating cost		(37,028)	(35,178)
Adjustment for non cash transactions		4,614	4,894
Decrease in trade and other receivables	10	34	15
Increase in trade and other payables	12	2,582	441
Use of provisions	13	(447)	(1,343)
Net cash outflow from operating activities		(30,245)	(31,171)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(845)	(63)
Purchase of intangible assets	9	(13,564)	(6,837)
Net cash outflow from investing activities		(14,409)	(6,900)
Cash flows from financing activities			
From the consolidated fund (supply) - current year		45,500	40,100
Net increase in cash and cash equivalents in the period	11	846	2,029
Cash and cash equivalents at the beginning of the period	11	5,786	3,757
Cash and cash equivalents at the end of the period	11	6,632	5,786
Net increase in cash and cash equivalents in the period	11	846	2,029

All cash flow relates to continuing activities.

The notes numbered 1 to 22 form part of this account

Statement of changes in taxpayers' equity

For the year ended 31 March 2013

	Notes	General Fund £000	Revaluation Reserve £000	Total £000
Balance at 31 March 2011		9,723	12	9,735
Changes in taxpayers' equity for 2011/12				
Net operating costs for the year		(35,178)	–	(35,178)
Transfer between reserves		3	(3)	–
Total recognised income and expense for 2011/12		(35,175)	(3)	(35,178)
Net parliamentary funding – drawn down		40,100	–	40,100
Balance at 31 March 2012		14,648	9	14,657
Balance at 31 March 2012		14,648	9	14,657
Changes in taxpayers' equity for 2012/13				
Net operating costs for the year		(37,028)	–	(37,028)
Transfer between reserves		9	(9)	–
Total recognised income and expense for 2012/13		(37,019)	(9)	(37,028)
Net parliamentary funding – drawn down		45,500	–	45,500
Balance at 31 March 2013		23,129	0	23,129

Notes numbered 1 to 22 form part of this account.

The General Fund is the the loan with the Department of Health and represents the accumulated revenue surpluses together with capital funding less depreciation and amortisation. The Revaluation Reserve is the surplus arising from the revaluation of non-current assets less depreciation and amortisation charged.

Notes to the accounts

1.1 General information

The Health and Social Care Information Centre (HSCIC) was an arms length body of the Department of Health incorporated in England. The address of its registered office and principal place of business are disclosed in the introduction to the annual report. The principal activities of the HSCIC was the collection, analysis and dissemination of health data for secondary uses purposes.

1.2 Accounting policies

The financial statements have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted and interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which was judged to be most appropriate to the particular circumstances of the HSCIC for the purpose of giving a true and fair view was selected. The particular policies adopted by the HSCIC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.3 Accounting conventions

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of non-current assets. This was in accordance with directions issued by the Secretary of State for Health and approved by HM Treasury. Special Health Authorities are not required to provide a reconciliation between current cost and historical cost surplus and deficits.

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

1.4 Income

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

The main source of funding was a parliamentary grant from the Department of Health within an approved cash limit, which was credited to the general fund. Parliamentary funding was recognised in the financial period in which it was received.

Operating income was accounted for by applying the accruals convention and primarily comprises of fees and charges for services provided on a full cost basis to Department of Health departments, other health related bodies and external customers. Charges comply with HM Treasury and Office of Public Sector Information guidance.

Deferred income related to:

- income received or credited in the year for which the related costs have not been incurred. The stage of completion of programmes was determined by an estimation of labour and services by 3rd party suppliers and recharges of internal labour costs
- monies received as a grant or contribution towards capital expenditure which was then written down and released to the operating cost statement in line with the depreciation charged on the assets.

1.5 Administration and programme expenditure

The statement of comprehensive net expenditure was analysed between administration and programme income and expenditure following a definition set out in guidance provided by the Department of Health.

1.6 Taxation

The HSCIC was not liable to pay corporation tax. Expenditure was shown net of recoverable VAT. Irrecoverable VAT was charged to the most appropriate expenditure heading or capitalised if it related to an asset.

1.7 Losses and special payments

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

Losses and special payments were charged to the relevant functional headings in the statement of comprehensive net expenditure.

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

1.9 Non-current assets

a. Capitalisation

All assets falling into the following categories were capitalised:

- 1) Intangible assets, included software development expenditure and the purchase of computer software licences, where they were capable of being used for more than one year and have a cost, individually or as a group, equal to or greater than £5,000. 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.
- 2) Tangible assets which were capable of being used for more than one year, and they:
 - individually had a cost equal to or greater than £5,000
 - collectively had a cost of at least £5,000, where the assets were functionally interdependent, they had broadly simultaneous purchase dates, are 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 building 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 was available for use
- the intention to complete the intangible asset and use it
- the 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 was recognised as an expense in the period in which it was incurred.

b. Valuation

Both tangible and intangible assets were stated at depreciated replacement cost. On initial recognition they were measured at cost including any costs such as installation directly attributable to bringing them into working condition. The carrying values of all assets were reviewed for impairment if events or changes in circumstances indicated the carrying value may not be appropriate.

Internally-developed software was held at historic cost to reflect the opposite effects of development costs and technology advances.

c. Depreciation

Development expenditure was not depreciated until such time that the asset was brought into effective use.

Otherwise, depreciation and amortisation was 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 assets were amortised, on a straight line basis, over the estimated life of the asset or 5 years whichever is less
- 2) purchased computer software licences were amortised over the shorter of the term of the licence and their useful economic life

3) each equipment asset was depreciated on a straight line basis over its expected useful life as follows

- fixtures and fittings, 7 – 13 years
- office, information technology, short life equipment, 3 – 5 years

The estimated useful lives and residual values were reviewed annually.

1.10 Research and development

Expenditure incurred on pure and applied research was treated as an operating charge 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 cost in the year in which it was incurred. Development costs meeting the criteria for capitalisation were treated as intangible fixed assets and amortised as explained in the intangible non-current asset note. Non-current assets acquired for use in development were depreciated over the expected useful life of the asset.

1.11 Leases

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 on interest on the remaining balance of the liability. Finance charges were charged directly to the income statement.

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 were incurred.

1.12 Provisions

Provisions were recognised when a present obligation exists as a result of a past event, and it was probable that the HSCIC 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.

1.13 Accounting for government grants

The development of fixed assets, notably software and IT systems was sometimes made in collaboration with other health sector organisations, for which those other organisations made a contribution towards the cost. In line with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, the income was credited to the deferred income account and released to income to offset the amortisation charge over the expected useful life of the related assets.

1.14 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, the HSCIC discloses 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 Managing Public Money and Government Accounting.

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 are not required to be disclosed by IAS 37 were stated at the amounts reported to Parliament.

1.15 Pensions

Past and present employees are covered by both the NHS Pension Scheme (NHSPS) and the Principal Civil Service Pension Scheme (PCSPS). Both Schemes are unfunded, defined benefit schemes. The Schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Schemes' assets and liabilities. Therefore, the Schemes are accounted for as if they were defined contribution schemes with the cost to the NHS body of participating in the Scheme was taken as equal to the contributions payable to the Scheme for the accounting period.

1.16 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 have differed 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:

Revenue recognition

The HSCIC received income from various sources to cover the cost of expenditure on various project related and other activities. Expenditure was regularly incurred over several financial years and income is released to the statement of net expenditure in order to reflect as closely as possible the phasing of this expenditure incurred.

Dilapidation provision

The HSCIC had provided £590,000 as a provision against dilapidation costs at its leased accommodation in Leeds and London. In order to assess an estimate of the likely liabilities at the end of the leases, management commissioned a report in 2008 from a professional firm of property advisors which was used as the basis of the provision.

1.17 Business and geographical segments

The HSCIC 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 are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

1.18 Financial instruments

Financial assets

Financial assets were recognised in the Statement of Financial Position when the HSCIC became party to the financial instrument contract or, in the case of trade receivables, when the goods or services were delivered. Financial assets were derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets were initially recognised at fair value.

Financial assets were classified into the following categories: financial assets 'at fair value through the Comprehensive Net Expenditure Account'; 'held to maturity investments'; 'available for sale' financial assets; and 'loans and receivables'. The classification depended on the nature and purpose of the financial assets and was determined at the time of initial recognition.

Financial assets at fair value through the Comprehensive Net Expenditure Account

Embedded derivatives that had different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, were treated as financial assets at fair value. They were held at fair value, with any resultant gain or loss recognised in the Comprehensive Net Expenditure Account. The net gain or loss incorporated any interest earned on the financial asset.

Financial liabilities

Financial liabilities were recognised on the Statement of Financial Position when the HSCIC became party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services were received. Financial liabilities were derecognised when the liability had been discharged, that was, the liability had been paid or had expired.

Financial liabilities were initially recognised at fair value.

Financial liabilities were classified as either financial liabilities 'at fair value through Net Expenditure Account' or other financial liabilities.

Financial liabilities at fair value through the Statement of Comprehensive Net Expenditure Account

Embedded derivatives that had different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, were treated as financial liabilities at fair value. They were held at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Net Expenditure Account. The net gain or loss incorporated any interest earned on the financial asset.

Other financial liabilities

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

1.19 Going concern

The Health and Social Care Act 2012 approved by Parliament on 27 March 2012 dissolved the HSCIC as a Special Health Authority, followed by the creation of a new body – The Health and Social Care Information Centre (new HSCIC) an executive Non-Departmental Public Body. The change to HSCIC's statutory status occurred on 1 April 2013.

All the functions of the HSCIC as a Special Health Authority, together with the IT systems delivery function previously undertaken by the DH Informatics Directorate and certain informatics functions within Strategic Health Authorities, were transferred to the new HSCIC. Funding from the Department of Health has continued.

The accounts have therefore been prepared on a going concern basis.

2 Statement of operating costs by activity

For the year ended 31 March 2013

Aim: To deliver timely, relevant and accurate information for frontline health and social care staff to help improve decision making and thus enable better quality patient care.

2012/13 £000	Information Services	NHS Central Register	Clinical Audit	Programme Delivery	Information Governance	Supporting Functions	Total
Core funding	23,799	3,436	–	9,591	1,325	–	38,151
Other income	5,331	922	2,530	1,202	–	1,128	11,113
Staff costs	(11,019)	(2,613)	(1,208)	(4,766)	(853)	(5,893)	(26,352)
Depreciation and amortisation	–	(75)	–	(65)	–	(4,720)	(4,860)
Other costs	(10,033)	(537)	(850)	(3,434)	(152)	(1,923)	(16,929)
Contribution	8,078	1,133	472	2,528	320	(11,408)	1,123
Central overhead	(6,772)	(1,037)	(662)	(2,614)	(323)	11,408	–
Net surplus / (deficit)	1,306	96	(190)	(86)	(3)	–	1,123

2011/12 £000 Restated	Information Services	NHS Central Register	Clinical Audit	Programme Delivery	Information Governance	Supporting Functions	Total
Core funding	25,300	3,437	–	5,311	1,357	1,900	37,305
Other income	4,461	1,446	3,497	1,053	1	633	11,091
Staff costs	(10,120)	(2,763)	(1,383)	(3,235)	(743)	(5,360)	(23,604)
Depreciation and amortisation	–	–	–	–	–	(4,603)	(4,603)
Other costs	(12,558)	(1,006)	(989)	(1,602)	(135)	(1,772)	(18,062)
Contribution	7,083	1,114	1,125	1,527	480	(9,202)	2,127
Central overhead	(6,046)	(998)	(634)	(1,289)	(235)	9,202	–
Net surplus / (deficit)	1,037	116	491	238	245	–	2,127

The statement of financial position was reported internally as a single segment, accordingly no segmental analysis of assets and liabilities is reported. Central overheads are allocated to business areas on a pro rata basis.

The segmental analysis represents the key areas of activity for the HSCIC breaking down the business into its main core themes.

Information Services

Responsible for nearly all of the HSCIC's core services, publications and other products and services. While a significant element of the work focused on a range of strategic and developmental areas, the majority of staff remained committed to continuing to produce the core data and information flows on which many of the new indicators, reporting tools, and syndication opportunities relied.

NHS Central Register

To manage and address the data quality issues arising in the NHS Master Patient Index and provide a range of services associated with this index to other health related organisations and research studies.

Clinical Audit

Delivery of informatics aspects of clinical audits, which aimed to review patient care and outcomes against clinical guidelines, ensured that what should be done clinically was being done. The HSCIC worked in partnership with clinical and patient groups, to deliver contractual requirements set by the National Commissioning Agency.

Programme Delivery

A series of strategic priority programmes that identified and developed more focussed and relevant information, by analysing data already collected by the wider system in a more efficient manner but also identified new data requirements where there were identified gaps.

Information Governance

An approach of continuous improvement in the development and application of information governance policies throughout its business that provided assurance and demonstrated its competency as a trusted custodian of health and social care data.

Supporting Functions

Included IT costs; depreciation; accommodation for Trevelyan Square, Leeds; corporate services; marketing; contact centre; central governance.

3 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have not been adopted in these financial statements. The application of these new and revised IFRSs would not have any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions.

IFRS 7 Financial Instruments - Disclosures	Effective for annual periods beginning on or after 1 January 2013. To prescribe arrangements for offsetting financial assets and financial liabilities.
IFRS 9 Financial Instruments	Effective for annual periods beginning on or after 1 January 2015. The amendments consolidate disclosure and recognition issues in connection with financial instruments including IAS 32 and IAS 39.
IFRS 10 Consolidation	Effective for annual periods beginning on or after 1 January 2013. To establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.
IFRS 11 Joint ventures	Effective for annual periods beginning on or after 1 January 2013. To clarify when a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement.
IFRS 12 Disclosure on interest in other entities	Effective for annual periods beginning on or after 1 January 2013. To clarify how certain aspects of existing IASB literature are to be applied to service concession arrangements.
IFRS 13 Fair value measurement	Effective for annual periods beginning on or after 1 January 2013. Seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'.
IAS 1 Presentation of Financial Statements	Effective for annual periods beginning on or after 1 July 2013. To revise the way other comprehensive income is presented.
IAS19 Employee benefits	Effective for annual periods beginning on or after 1 January 2013. Changes to post employments benefits and termination benefits.
IAS 27 Separate financial statements	Effective for annual periods beginning on or after 1 January 2013. Has the twin objectives of setting standards to be applied in the preparation and presentation of consolidated financial statements for a group of entities under the control of a parent; and in accounting for investments in subsidiaries, jointly controlled entities, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements.
IAS 28 Associates	Effective for annual periods beginning on or after 1 January 2013. To clarify when an investor has significant influence but not control or joint control except for investments held by a venture capital organisation, mutual fund, unit trust, and similar entity that are designated under IAS 39 to be at fair value with fair value changes recognised in profit or loss.
IAS 32 Financial Instruments - Presentation	Effective for annual periods beginning on or after 1 January 2014. Amendments to application guidance on the offsetting of financial assets and financial liabilities.

4 Staff numbers and related costs

	Administration £000	Programme £000	2012/13 £000	2011/12 £000
Permanent staff and secondees				
Salaries and wages	15,190	3,662	18,852	17,641
Social security costs	1,272	300	1,572	1,497
Employer superannuation contributions – NHSPS	1,651	389	2,040	1,892
Employer superannuation contributions – other	413	99	512	563
Staff seconded to other organisations	353	–	353	243
	18,879	4,450	23,329	21,836
Temporary staff	640	80	720	616
Contractors	4,259	983	5,242	3,644
Capitalised staff costs	(2,939)	–	(2,939)	(2,492)
	20,839	5,513	26,352	23,604

Staff seconded in, temporary and contractor staff are included in salaries and wages.

The average number of whole term equivalent persons employed during the year was:	2012/13 Number	2011/12 Number Restated
Permanent staff and secondees	538	491
Temporary and contract staff	68	45
Total	606	536

The average number of whole term equivalent persons employed during the year whose time was capitalised was 42 (2011/12–33)

Expenditure on staff benefits

There were no amounts spent on staff benefits during the year (2011/12: £NIL).

Retirements due to ill health

During 2012/13 there were no early retirements from the HSCIC on the grounds of ill health (2011/12: NIL).

Most HSCIC staff were covered by the NHS Pensions Scheme, although a number belong to the Principal Civil Service Pension Scheme.

NHS Pension Scheme

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that “the

period between formal valuations shall be four years, with approximate assessments in intervening years”. An outline of these follows:

a) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the Scheme (taking into account its recent demographic experience), and to recommend the contribution rates. The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2004. Consequently, a formal actuarial valuation would have been due for the year ending 31 March 2008. However, formal actuarial valuations for unfunded public service schemes were suspended by HM Treasury on value for money grounds while consideration is given to recent changes to public service pensions, and while future scheme terms are developed as part of the reforms to public service pension provision due in 2015. The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for

Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The next formal valuation to be used for funding purposes will be carried out as at March 2012 and will be used to inform the contribution rates to be used from 1 April 2015.

b) Accounting valuation

A valuation of the Scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. Actuarial assessments are undertaken in intervening years between formal valuations using updated membership data and are accepted as providing suitably robust figures for financial reporting purposes. However, as the interval since the last formal valuation now exceeds four years, the valuation of the Scheme liability as at 31 March 2013, is based on the valuation data as at 31 March 2012 updated to 31 March 2013 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 scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

c) Scheme provisions

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

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. The Consumer Price Index (CPI) replaced the Retail Prices Index (RPI) for this purpose from 2011/12.

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS scheme is an unfunded multi-employer defined benefit scheme in which the HSCIC is unable to identify its share of underlying assets and liabilities. A full actuarial valuation was undertaken on 31 March 2007. Details can be found in the resource accounts of the Cabinet Office:

www.civilservice-pensions.gov.uk

For 2012/13, employer's contributions of £511,763 were paid at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay based on salary bands. The salary bands and contribution rates have remained unchanged for 2011/12 and 2012/13. The Scheme actuary reviews employer contributions usually every four years following a valuation. The contribution rates reflect benefits as they accrue, not the costs as they are incurred, and reflect past experience of the Scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age related and range from 3 percent to 12.5 percent of pensionable pay. Employers may also match employee contributions up to 3 percent of pensionable pay. No employees of the HSCIC have opted for the partnership pension account.

5.1 Reconciliation of net operating cost to net resource outturn

	Administration £000	Programme £000	2012/13 £000	2011/12 £000
Net resource outturn	33,432	3,596	37,028	35,178
Revenue resource limit	33,709	4,442	38,151	37,305
Underspend against revenue resource limit	277	846	1,123	2,127

5.2 Reconciliation of gross capital expenditure to capital resource limit

	2012/13 £000	2011/12 £000
Capital expenditure	16,004	6,316
Capital resource limit	17,895	10,949
Underspend against capital resource limit	1,891	4,633

6 Income

	Administration £000	Programme £000	2012/13 £000	2011/12 £000
Operating income analysed by classification and activity is as follows:				
Income towards programme activities	2,910	974	3,884	2,070
Funding for surveys and publications	371	810	1,181	1,202
Fees and charges	–	3,872	3,872	4,889
Other income	378	1,798	2,176	2,930
	3,659	7,454	11,113	11,091

Included in the above classifications was income received from The Scottish Parliament £24,400 (2011/12 £75,209), The National Assembly for Wales £309,242 (2011/12 £282,253) and The Northern Ireland Assembly £126,627 (2011/12 £135,534).

Income towards programme activities related to funding for a number of workstreams including the General Practice Extract Service, NHS Choices, Childrens and Maternity Data Sets and Patient Reported Outcome Measures.

Fees, charges and other income included secondee income from other bodies.

The following information is provided for fees and charges purposes in accordance with the requirements of the FRoM

	Clinical Audit Services £000	Data Related Services £000	2012/13 Total £000	2011/12 Total £000
Income	2,326	1,547	3,873	4,889
Less direct costs and overheads	(1,854)	(1,173)	(3,027)	(3,374)
Contribution	472	374	846	1,515
Allocation of central overheads	(660)	(270)	(930)	(900)
Net surplus	(188)	104	(84)	615

Income towards the clinical audit programme related to funding mainly from the Healthcare Quality Improvement Programme (HQIP) to undertake the collection, analysis and reporting of data across a number of clinical areas such as diabetes, renal and various cancer specialisms. The financial objective of the clinical audit programme was full cost recovery.

Data related services related to the provision of health related data in a form the customer requires, data linkage services and extracts for research purposes. The financial objective was to recover full direct cost plus a percentage mark up.

7 Non Staff Costs

	2012/13 Administration £000	2012/13 Programme £000	2012/13 Total £000	2011/12 Total £000
External contractors	7,709	4,529	12,238	13,336
Training and conferences	217	–	217	413
Travel	369	42	411	411
Accommodation costs	2,057	182	2,239	2,319
IT maintenance and support	1,318	69	1,387	911
Office services	136	52	188	277
Advertising and publicity	80	60	140	127
External audit services	69	–	69	66
Bad debt charge	6	–	6	(98)
Staff severance payments	–	33	33	293
Miscellaneous	1	–	1	7
Non cash transactions				
Depreciation and amortisation	3,900	570	4,470	4,603
Impairment and loss on sale of assets	390	–	390	–
	16,252	5,537	21,789	22,665

The non cash transactions in the cash flow also included non cash movements relating to staff severance payments

8 Non-current assets – property, plant and equipment

	Information technology £000	Fixtures and fittings £000	Total £000
Cost or valuation			
At 1 April 2012	3,297	2,269	5,566
Additions	775	210	985
Disposals	(425)	(7)	(432)
At 31 March 2013	3,647	2,472	6,119
Depreciation			
At 1 April 2012	1,990	956	2,946
Provided during the year	639	231	870
Impairments	8	–	8
Disposals	(425)	(7)	(432)
At 31 March 2013	2,212	1,180	3,392
Net book value at 1 April 2012	1,307	1,313	2,620
Net book value at 31 March 2013	1,435	1,292	2,727

The total amount of depreciation charged in the operating cost statement in respect of assets held under finance leases and hire purchase contracts was £NIL (2011/12 £NIL).

The gross cost of property, plant and equipment that has been fully depreciated but was still in use is £984,014 (2011/12 £237,098).

9 Non current assets – intangible assets

	Software licences £000	Information technology £000	Development expenditure £000	Websites £000	Total £000
Cost or valuation					
At 1 April 2012	967	14,374	4,754	1,572	21,667
Additions	2,214	4,589	7,934	282	15,019
Disposals	(41)	(2,052)	–	–	(2,093)
At 31 March 2013	3,140	16,911	12,688	1,854	34,593
Depreciation					
At 1 April 2012	220	8,429	–	587	9,236
Provided during the year	160	3,002	–	438	3,600
Impairments	–	382	–	–	382
Disposals	(41)	(2,052)	–	–	(2,093)
At 31 March 2013	339	9,761	–	1,025	11,125
Net book value at 1 April 2012	747	5,945	4,754	985	12,431
Net book value at 31 March 2013	2,801	7,150	12,688	829	23,468

The gross cost of intangible assets that were fully depreciated but still in use was £3,708,330 (2011/12 £2,172,336)

The value of own staff capitalised within intangible assets additions amounted to £385,434 (2011/12 £753,944)

The development expenditure was the investment in the General Practice Extraction Service. The full service is due to commence in July 2013.

10 Trade receivables and other current assets

Amounts falling due within one year	31 March 2013 £000	31 March 2012 £000
Trade receivables	3,169	3,124
Value added tax	288	438
Prepayments and other receivables	761	347
Accrued income	411	756
	4,629	4,665

Intra-government balances

Intra-government balances within trade receivables and other current assets were as follows:	31 March 2013 £000	31 March 2012 £000
Department of Health and other central government bodies	2,804	2,942
NHS Trusts & PCTs	62	136
Other external bodies	1,763	1,587
	4,629	4,665

11 Cash and cash equivalents

	2012/13 £000	2011/12 £000
Balance at 1 April	5,786	3,757
Net changes in cash and cash equivalents	846	2,029
Balance at 31 March	6,632	5,786

Bank balances were held with Citibank, Royal Bank of Scotland and Paymaster General Office under the Government Banking Service. As this arrangement included regular clearing down of balances, the Government Banking Service was deemed to operate as one account for reporting purposes.

12 Trade payables and other current liabilities

Amounts payable within one year	31 March 2013 £000	31 March 2012 £000
Trade payables	4,866	1,925
Other payables	1,011	1,555
	5,877	3,480
Taxation and social security	544	476
Deferred income	1,426	3,086
Accruals	5,262	1,893
	7,232	5,455
Total payables and other current liabilities	13,109	8,935

Intra-government balances

Intra-government balances within trade payables and other current liabilities were as follows:	31 March 2013 £000	31 March 2012 £000
Department of Health and other central government bodies	2,207	2,885
NHS Trusts & PCT's	149	136
Other external bodies	10,753	5,914
	13,109	8,935

13 Provisions for liabilities and charges

	Onerous leases £000	Dilapidations £000	Staff termination £000	Total £000
Balance at 1 April 2012	41	690	1,179	1,910
Arising during the year	–	–	517	517
Utilised during the year	(23)	–	(424)	(447)
Reversed unutilised	(18)	(100)	(644)	(762)
Balance at 31 March 2013	–	590	628	1,218

Expected timing of cash flows

Within one year	–	–	535	535
One to five years	–	590	82	672
Over five years	–	–	11	11

Onerous leases related to the anticipated costs for a vacant property in Exeter and represented costs payable to the end of the lease less contributions from subtenants.

The dilapidation provision referred to the anticipated costs for remedial works at the end of the leases for the Leeds property and was based on an assessment by a property advisor.

Staff termination costs referred to the cost of employee voluntary and compulsory redundancies and provisions for tribunal claims. Included within staff termination costs were monthly payments to the NHS Pension scheme to top up future pension commitments.

Total staff termination packages are detailed as follows:

Exit package cost band	2012/13 Number of compulsory redundancies	2012/13 Number of other departures agreed	2012/13 Total cost of exit packages by cost band £
<£20,001	2	–	12,908
£20,000 – £40,000	6	–	148,761
£40,000 – £100,000	–	2	103,641
£300,000 – £400,000	–	1	340,796
Total	8	3	606,106

The above costs included the full cost of termination including employers National Insurance contributions where relevant.

There were no staff terminations in 2011/12.

14 Capital commitments

Capital commitments amount to £363,800 (2011/12 £7,224,951). The commitments related to contracts entered into to develop the infrastructure and software for the General Practice Extraction System.

15 Commitments under operating leases

Expenditure included the following in respect of operating leases:	2012/13 £000	2011/12 £000
Accommodation	1,291	1,316
Other operating leases	126	261
	1,417	1,577

At the reporting date, the commitments transferred to the new HSCIC include the following non cancellable operating leases:

Land & buildings		
Not later than one year	1,040	1,178
Between one and five years	3,236	3,221
Later than five years	–	193
	4,276	4,592
Office equipment		
Not later than one year	126	6
Between one and five years	7	13
Later than five years	–	–
	133	19
Total	4,409	4,611

16 Other commitments

The HSCIC had not entered into any non-cancellable contracts (which were not operating leases) for the provision of services as at 31 March 2013 (31 March 2012 £NIL).

17 Contingent assets and liabilities

There was one contingent liability relating to potential dilapidation costs on a vacated property amounting to £100,000. (31 March 2012 – £NIL)

18 Losses and special payments

Interest totalling £991 was paid under the late Payments of Commercial Debt (Interest) Act 1998 (2011/12 £10).

19 Related parties

The HSCIC was a special health authority established under the National Health Service Act 2006 and directions made thereunder by the Secretary of State for Health. The Department of Health is regarded as the controlling related party.

During the year the HSCIC had a number of material transactions with the Department of Health, and with other entities for which the Department of Health is regarded as the parent department. Transactions with these organisations included the provision of software enhancements, maintenance and support, seconded staff, training courses and conferences.

Listed below were those related parties where either the transactions or the balance was in excess of £10,000.

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

	Amounts payable at 31 March 2013 £000	Amounts receivable at 31 March 2013 £000	Income in 2012/13 £000	Expenditure in 2012/13 £000
Department of Health	1,175	2,493	4,545	1,469
Special Health Authorities				
NHS Business Services Authority			76	
NHS Institute of Innovation and Improvement		5	61	
NHS Litigation Authority	4	2	42	24
Care Quality Commission			69	
NHS England			277	
Strategic Health Authorities				
London Strategic SHA		4	59	
West Midlands SHA	90		99	
With English Primary Care Trusts				
Bradford & Airedale PCT			67	2
Barnsley PCT		21	83	
Milton Keynes PCT	30			30
Lincolnshire Teaching PCT			139	
NHS Trusts				
United Hospitals of North Staffordshire NHS Trust			2	25
United Hospitals of Leicester NHS Trust	11			45
NHS Foundation Trusts				
Calderdale & Huddersfield NHS Foundation Trust	25		5	321
Christies Hospital NHS Foundation Trust		1	1	11
Guys And St Thomas NHS Foundation Trust	52			66
Kings College Hospital Foundation Trust			16	
Moorfields Eye Hospital NHS Foundation Trust			2	54
North Lincolnshire Hospital NHS Foundation Trust		2	2	77
Salford Royal NHS Foundation Trust		2	114	
South Tees Hospitals NHS Foundation Trust	4			16
University College London NHS Foundation Trust			62	
University Hospital Birmingham NHS Foundation Trust	9	18	55	77

20 Financial instruments

As the cash requirements of the HSCIC was met through grant-in-aid and programme monies provided by the Department of Health, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments related to contracts to buy non-financial items in line with the HSCIC's expected purchase and usage requirements and the HSCIC was therefore exposed to little credit, liquidity or market risk.

a. Market risk

The HSCIC was not exposed to currency risk or commodity risk. All material assets and liabilities were denominated in sterling. The HSCIC 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.

b. Credit risk

Credit risk arises from cash and cash equivalents on invoices raised to customers for services provided and for monies received to cover programme activities. Most high value receivables related to balances with the Department of Health and other related bodies against purchase orders and thus do not represent a significant credit risk. The HSCIC had a number of small external receivables and therefore disclosure of the largest individual debt balances were not considered in the evaluation of overall credit risk.

Movement in the allowance for doubtful debts

	2012/13 £000	2011/12 £000
Balance at 1 April	10	111
Amounts written off during the year as uncollectible	–	–
Impairment losses recognised	6	–
Impairment losses reversed	–	(101)
Balance at 31 March	16	10

The allowance for doubtful debts was calculated on an individual debt basis. The expense in the year relating to related parties amounts to £618

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

	Current £000	Less than 30 days overdue £000	31-60 days overdue £000	61 and over days overdue £000	Total £000
At 31 March 2013	1,393	1,186	73	517	3,169
At 31 March 2012	1,014	1,771	269	70	3,124

The maximum exposure to credit risk at the reporting date was the fair value of each class of receivables mentioned above. The HSCIC did not hold any collateral as security.

c. Liquidity risk

Management managed liquidity risk through regular cash flow forecasting. The HSCIC had no external borrowings and relied on grant-in-aid from the Department of Health for its cash requirements and was therefore not significantly exposed to liquidity risks.

The table below analyses the HSCIC's financial liabilities which 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:

	31 March 2013 £000	31 March 2012 £000
Current liabilities	13,109	8,935

21 Events after the reporting period ended

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

The Health and Social Care Act 2012 approved by Parliament on 27 March 2012 proposed the dissolution of the HSCIC as a Special Health Authority, followed by the creation of a new body – the Health and Social Care Information Centre as an Executive Non-Departmental Public Body. The change to HSCIC's statutory status occurred on 1 April 2013. All the functions of HSCIC as a Special Health Authority transferred to the new HSCIC, with funding from the Department of Health continuing.

In addition, the IT systems delivery functions of the former Connecting for Health and certain informatics delivery staff from Strategic Health Authorities.

There was no material impact on the reported accounts as a result of the above event.

22 Authorised date for issue

The HSCIC's Annual Report and Accounts are laid before the Houses of Parliament by the HSCIC. IAS10 requires the HSCIC to disclose the date on which the Annual Report and Accounts are authorised for issue.

The authorised date for issue is 4 July 2013.



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