NHS Professionals

Annual Report and Accounts

2008-2009

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I am pleased that once again I am able to report on behalf of the Board another year of significant progress for NHS Professionals.

The major programme of transformation that was embarked on in 2007 has continued apace with the further effect of improving the underlying financial performance through higher volumes, increased gross profit, improved efficiency and reduced costs.

The Board has continued to take an active interest in the Clinical Governance procedures of the organisation during the year and the changes introduced to the recruitment process for flexible workers in early 2008 is now fully embedded into all of the NHS Professional operations. This has ensured that we set the highest standards of compliance for all our staff and that we meet the NHS Safer Recruitment requirements.

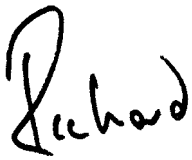
During the year the Board oversaw changes to the Executive team which were aimed at meeting the challenges that the new corporate form of a Limited Company owned by the Department of Health will present. We are hopeful of getting Ministerial approval for this in the coming months. The appointment of Neil Lloyd as CEO was the first step in this process and he is now in the process of building a team around him who can adapt to the demands of a more commercial structure.

The new entity will also provide challenges to the Board with changing governance arrangements for the enterprise in this different environment and also the requirement to extend the important role of our stakeholders in the governance process which we started during this year.

The Board would like to thank the executive, management and staff for their tremendous hard work and commitment during another year of change whilst continuing to increase the amount and quality of our activities to record levels during the year.

I would also thank my Board colleagues for their involvement and in particular shouldering the additional burden of supporting an expanding business with a smaller non-executive board.

The changes outlined here and those covered more fully in the Annual Report continue to strengthen our organisation and will enable us to meet the challenges and achieve the ambitious goals that we have set ourselves.



Richard Martin
Chairman

Chief Executive's Foreword

I am very pleased to present our 2008-09 Annual Report and Accounts that report on a year of transformation and great progress for NHS Professionals ('NHSP').

Continuing Improvement in Performance

Our operational performance was strong during 2008-09, continuing the trends of 2007-08.

We received over two and a half million requests for nursing and administration & clerical staff shifts, up 13.1% compared with 2007-08, a record for NHSP and we maintained shift fill at 85.4%.

Our deficit continues to fall, decreasing by 37.5 % from £16.4m to £10.3m as a result of increased gross profit (from £18.7m to £20.2m) and decreased expenditure (from £35.1m to £30.5m).

In 2008 we conducted a survey of over 20 000 flexible workers. Overall, almost two thirds of flexible workers rated NHS Professionals as good or very good and, importantly, advocacy has risen amongst all staff.

Our regular Client Satisfaction Survey showed that client satisfaction has significantly improved with overall satisfaction with NHS Professionals' service rising 47% from 'poor/average' in 2005 to 'good/very good' in 2008.

Also, our clients perceive that there has been an increase in the quality of the flexible workers provided by NHSP and they believe that we are now much better placed to support their Clinical Governance agenda.

Business Transformation

The year to March 2009 marked the end of the major part of the business transformation exercise that we embarked upon two years ago; the success of this programme is reflected in the improvements in our performance as just highlighted.

During the year, business transformation activities were focussed on IT projects to enhance our business process, improve the experience of dealing with NHSP for our flexible workers and Trust clients and to reduce the cost of operations.

Principal IT programmes included the web enablement of our shift booking systems and commencing the roll out of eTimesheets across our client base. Approaching two million shifts were requested on-line during 2008-09, compared with 1.6 million during 2007-08 and over a third of our client base now use eTimesheets, allowing us to reduce cost to maintain competitive rates, but also making approval easier for the flexible worker and improving security for the Trust.

In the current year, we plan to continue to improve our business process with programmes including completing the roll-out of eTimesheets to all Trust clients, and developing a new web presence to enhance candidate and flexible worker experience.

The major part of our transformation programme is complete; however, we are constantly looking for means to improve flexible worker and client experience, improve our efficiency and our financial performance.

A New Corporate Form

Since December 2008, we have been involved in a project considering the optimal corporate form for NHSP. We are currently constituted as a Special Health Authority, which is overly restrictive of a commercial business such as NHSP and therefore does not allow management to maximise the value of the business to the NHS. Our Project Board's recommendation is that NHSP transfers its business to a Limited Company 100% owned by the Department of Health.

On 21st April 2009, NHSP was included in the Treasury's Operational Efficiency Programme and as a result, management is now working with the Shareholder Executive on the corporate change project. We plan to make a recommendation to Ministers in the near future.

Outlook and Prospects

We aim to become the number one provider of temporary worker managed services to the UK healthcare market. This we plan to achieve by concentrating on core managed services (Nursing Bank, Administrative & Clerical Bank, Interim Nursing and Locum Doctors); by concentrating on driving up quality standards and by concentrating on providing our workforce with a truly flexible career and first class experience when dealing with NHSP.

We also aim to realise financial independence in the near future by achieving an operating surplus; our proposed move to a Limited Company form, is a crucial part of attaining financial independence.

Economic conditions are obviously affecting our clients and will affect them more from 2010-11 as efficiencies are required in the cost of providing services; however, our value proposition to our clients is based on more effective management of temporary resources to drive up quality and availability but also to drive down cost. NHSP is well placed to help the NHS achieve its operational, financial and quality objectives through a very difficult time.

Despite a challenging economic backdrop, NHSP can look forward with some optimism and plan for the longer-term.

Once again, NHSP has made much progress and this has been exclusively due to the efforts of our staff and our flexible workforce; I would like to thank everyone involved in NHSP for their contribution to our success.

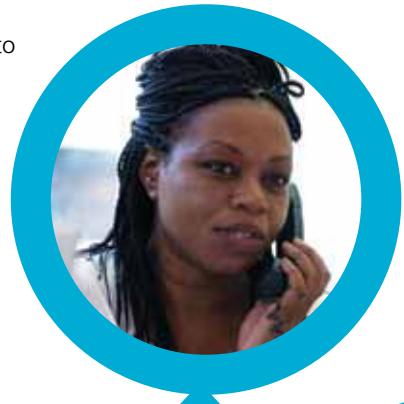
Neil Lloyd
Chief Executive

"We aim to become the No.1 provider of temporary worker managed services to the UK healthcare market."

Who we are

NHS Professionals is a provider of temporary worker managed services to the NHS.

We enable nurses, doctors and other staff to work flexibly in the NHS whilst providing our clients with a value for money service, and the assurance of our first class clinical governance standards.



What services we provide

Nursing Service

NHS Professionals provides a fully managed nurse bank service – including recruitment and booking of staff, learning and development, clinical governance and payroll/finance. We also manage the booking and payment of all agency staff on behalf of our client trusts. Our nursing service includes the provision of interim nurses (i.e. nurses on fixed term placements).

Administration and Clerical Service

Similarly, our administration and clerical service provides trusts with a complete package – from recruitment to payroll.

Doctors' Service

In terms of our doctors' service we offer the locum doctors we have available on our bank to our client trusts - at individually agreed pay rates. We therefore manage the recruitment, placement and payment of those doctors on our bank. As with all our flexible staff we also manage their clinical performance during placements with a trust.

How we do it

Managing Healthcare Staff

We currently have over 45,500 flexible workers on our bank – through contracts of engagement we manage all performance, disciplinary and grievance issues, as well as the following:

Our Recruitment Service

We recruit all flexible workers to our bank through our online e-recruitment system, which not only allows staff to apply online but enables us to track their application at every stage of the process. This is supported by our Client Relationship Team who facilitate interviews and face-to-face contact.

Our Groundbreaking Learning and Development Service

We provide all statutory and mandatory training for all bank-only workers through an exclusive online system called our Managed Learning Environment (MLE). This enables us to meet our unique challenge of providing Learning and Development opportunities to such a geographically spread workforce.

Ensuring High Quality Patient Care

Ensuring quality care for patients is at the heart of everything we do.

We achieve this by...

employing best-practice pre-employment checking, best NHS intelligence on unsuitable practitioners and best performance monitoring and vigilance.

Service Delivery to Trusts

Booking Service

Our booking service is largely technology-based, which allows trusts, agencies and flexible workers to access our service via the web 24/7. This major investment in technology means it's simple for staff and trusts to interact with us and allows us to focus on hard-to-fill areas.

Customer Relations

We provide our trusts and flexible workers with direct access to dedicated teams as well as support from a local, dedicated Client Relationship Manager and team.

Finance (Nursing and A&C services)

For our Nursing and Admin & Clerical services we manage the interface with agency provided workers on behalf of Trusts. A full payroll service and verification of agency timesheets is provided plus query resolution and payment of invoices.

The People Behind the Service

Corporate Staff and Communication.

NHS Professionals values the vital role that its 320 corporate staff play in ensuring the success of the organisation. We use a variety of media to engage with staff and make sure they are always informed first regarding any event or change within the organisation.

The internal communication tools used within the organisation are set out each year through our Marketing and Communications Strategy - briefly, these include:

- An intranet site for all updates and news
- Face-to-face briefings
- Feedback email mailboxes to ensure consultation and upward communication
- eBulletins
- Poster Campaigns (where appropriate).

Sites

We operate from our National Service Centre in Watford, which provides all aspects of the booking and recruitment service.

In addition our Client Relations Team is based at hospital sites of our client trusts to ensure they are on hand to deal with enquiries from trust staff and flexible workers.

Overall demand for NHS Professionals' services has remained strong with a 13.1% growth in shift volume during the year.

Over the last year demand from acute trusts has remained strong, with 65% of demand for our services coming from this market. We have also seen increased need from mental health trusts and PCTs, by 44% and 33% respectively.

This growth has not only come from the implementation of our service to new trusts but also from existing trusts increasing the number of NHSP services they use i.e. a 'nursing' service trust deciding to also implement our A&C service.

In terms of our business areas we have seen a significant rise in demand for our nursing and A&C services. For example, requests for nursing shifts has risen significantly - from mental health trusts by 39% and 15% from PCTs.

The structural changes within the locum doctors market remains challenging with a shortage in the supply of doctors being the key limiting issue at present.
The demand for locums remains strong with 1.2 million hours requested.

13.1% growth in overall demand

39% growth in Mental Health nursing demand

15% growth in PCT nursing demand

...demand from acute trusts has remained strong, with 65% of demand for our services coming from this market.

Our Performance

Booking Service and Fill Rate Performance

Over the last year demand has remained high for our services, continuing the increase that we experienced in 2007-08. 83.8% of requests were fulfilled – in excess of 2 million shifts - with 86% of these being filled by NHS Professionals bank.

The service centre answered 95% of call demand, with 75% being answered within 30 seconds and an average wait of 32 seconds. Over 1.5 million calls were made to flexible workers and Trusts to facilitate shift placement.

Last year we recruited 18,786 flexible workers to our bank – the most ever in our history. Recruiting this number of staff means we have added a new member to our bank every 28 minutes. Our time to recruit has also improved significantly throughout the year. This recruitment is reflected in the increased number of shifts filled by our bank.

Investment in Technology

Over the last year we have continued our programme of advancements in technology, which have been designed to make us more efficient and make it easier for stakeholders to interact with us. We continue to invest heavily in our IT systems to ensure that it:

- Responds quickly to both the needs of trusts and flexible workers
- Is user friendly and easily accessible
- Is a source of secure, quality data.
- Supports stakeholders through Major Incidents or Influenza Pandemic.

Updates and Improvements – Online Booking System

Over the last year we've made a number of enhancements to our online booking system, to make it easier to use and more efficient.

For trust staff, improvements included better shift management with the updating or cancelling of booked shifts and notification if a worker is new to their area.

Flexible workers also benefited from a number of upgrades to the system such as the ability to see ward information and update their personal details.

Improving quality - Clinical Governance

NHS Professionals take great pride in the quality of care provided by our flexible workers. It's important to us that bank and agency nurses get the recognition that they deserve. As well as recognition through incentives and campaigns, their important contribution to patient care was recognised at the 2008 Nursing Times Awards.

Our Nurses are winners - Nursing Times Awards

At the prestigious Nursing Times awards held during the year, one of our flexible workers, Caroline Hall, won the Bank/ Agency Nurse of the Year Award. For the past three years Caroline has worked as a Community Psychiatric Nurse (CPN), providing care for women with mental health difficulties in both ante-natal and post-natal periods.

She was praised by the Nursing Times judges for having demonstrated excellence in all the criteria and for not only influencing practice in her own specialty but also improving the practice of other health and social care professionals through training.

The award was one of only 13 awards given out at the Nursing Times ceremony to honour real achievement and celebrate inspirational nursing. Not only did an NHS Professionals nurse win the category but another, Sue Simms, was highly commended at the awards.

Caroline was praised by the Nursing Times judges for... not only influencing practice in her own specialty but also improving the practice of other health and social care professionals through training.

Complaints and Incident Management

Over the past year we have successfully centralised our processes for flexible worker complaint handling and have reviewed all our workflows to ensure that we continue to make improvements based on past experience. Cases are managed by a dedicated team, with specialist advice obtained where appropriate, for example, from Clinical Governance experts.

Trust Leads and Ward Managers also now have an easy way to log issues and track how cases are being processed through our automated Complaints and Incidents Management System (CIMS).
In November 2008 we launched online management information reports for our trusts to enable them to monitor complaints activity within their trust. Updates are sent to each Trust at the middle of each month.

Complaints and Incidents Policy

We are committed to providing a high quality service to patients, service providers and the professional healthcare staff that we provide. Our Complaints and Incidents Policy is the main way in which we 'remedy' or restore a wronged party, due to the nature of our services.

We recognise that when things go wrong it is important not only to put them right but also to do so in a way that we learn from what occurred in order to prevent it happening again.

In addition, our policy for handling complaints and incidents has been developed, as far as is practicable, in line with best practice in the NHS.

The principle behind our policy is that we will be open and honest with complainants, our customers and those involved in and affected by incidents that occur. When things go wrong we will apologise, explain what has happened and what we have done to prevent the same thing happening again.

Where we deem that we have acted correctly a full explanation of the matter will be given and where we are not able to be entirely open – for example to maintain patient confidentiality – then this will be explained.

All dissatisfaction with our services should, wherever possible, be addressed immediately with the intention of resolving the matter to the complainant's satisfaction.

This policy fits within our overall Clinical Governance Strategy.

Better Payment Practice Code

We aim to pay our non NHS Trade Creditors in accordance with the Better Payment Practice Code. The target is to pay 95% of non NHS Trade Creditors within 30 days of receipt of goods or a valid invoice (whichever is the later), unless other payment terms have been agreed with the supplier.

Of the total relevant bills in 2008/09, 99% by number, representing 99% by value, were paid within the target. Details can be found in note 2.4 to the Accounts.

Sickness absence (corporate staff)

We can report that the percentage of days lost over the last year is 6.98%.

Management of Risk and Data Related Incidents

Summary of other protected personal data related incidents 2008-09

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the Department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	**0**
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	**0**
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	**0**
IV	Unauthorised disclosure	**0**
V	Other	**0**

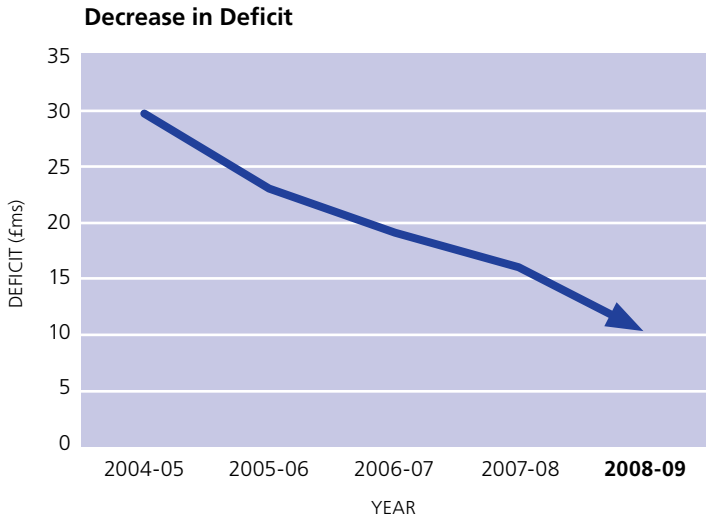
Financial Performance

Our overall financial performance for 2008-09 has demonstrated a significant improvement on the previous year, as illustrated below.

Income & Expenditure
2004-05 to 2008-09

	2004-05 £000	2005-06 £000	2006-07 £000	2007-08 £000	**2008-09 £000**
Turnover	229,327	272,696	235,711	239,878	**287,628**
Gross Margin	8,198	11,217	14,406	18,740	**20,195**
Expenses	38,465	34,490	33,739	35,119	**30,467**
Total Deficit	(30,267)	(23,273)	(19,333)	(16,378)	**(10,272)**

The deficit has reduced from £16.4m to £10.3m in the last financial year and the margin generated from business has increased from £8.2m in 2004-05 to £20.2m in 2008-09.



We have operated within our statutory Grant in Aid limits set for both Revenue and Capital expenditure as well as achieving the Better Payment Practice requirements of over 95% of invoices paid within 30 days and return on capital targets.

The Department of Health funding in the accounting statements is formulated on a cash accounting basis and therefore shows a different picture from that reported through the year which reflects performance against the Department of Health agreed resource limit. The reconciliation between the two figures is shown in the table. In summary the accounting statements show an overspend of £1,856k against the Revenue Grant in Aid of £8,416k which represents the cash drawdown to cover revenue spend for the year. However this excludes £1.6m non-cash items of depreciation and capital charges and cash spent on capital items. The available resource limit from the Department of Health was £10.3m and therefore the position against this limit was an under spend of £31k.

(Over)/under spend against Revenue Grant in Aid			
	Financing from DoH £000	Net operating cost £000	(Over)/Under spend £000
DOH Funding	**10,303**	**(10,272)**	**31**
Less: Non-cash funding	(1,558)		
Add: Net Capital funding	60		
Less: Capital adjustments re 07/08	(389)		
Financing per Annual Accounts	**8,416**	**(10,272)**	**(1,856)**

We have utilised £4m non-recurrent funding which is included in the above figures. This funding has been used for various projects aimed at business process improvement.

Capital cash spend, at £190k for the year, was under spent by £60k against the total capital funding available.
An additional adjustment was made relating to capital creditors from 07/08 paid during the year.

Finally the improved position is reflected in the Balance Sheet at the end of the year which shows an improved management of Working Capital and Cash flow.

The following three Key Performance Indicators (KPI) demonstrate this improvement:

Gross Margin

For 2008-09 our Gross Margin has increased by £1.5m.

Operating expenditure

Operating expenses monitors the running costs of our organisation and excludes direct staff costs from nursing staff and other groups. The calculation simply looks at corporate staff and operating costs incurred in running the organisation.

Benefits from our restructuring programmes and improvement in operational efficiencies have been realised over the course of 2008/09.

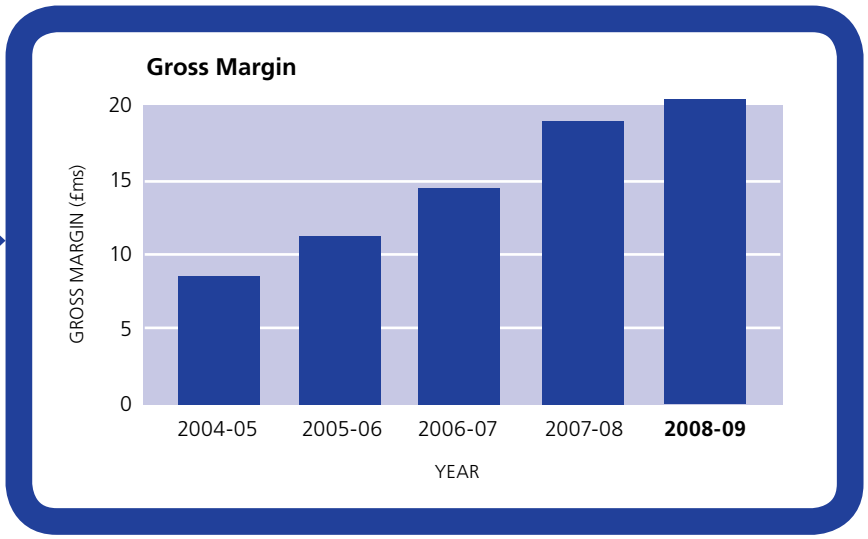
Our operating expenditure as a whole decreased from £35.1m in 07/08 to £30.4m in 08/09 due to the introduction of measures to speed up the recruitment process and other process improvements, which resulted in increased turnover.

Management of Debtors

In addition, we have also made significant progress in our management of working capital and in particular over the control of aged debt, with debtor days reducing to a year end level of 29 days. Trade Debtors decreased by £12.6m from the position at the end of March 08 to stand at £17m at the end of the financial year, reflecting the impact of the DoH embargo on raising invoices for the last 2 weeks of March to facilitate the year end "faster close" timetable. Had these invoices been raised in March debt would have remained at the same level as 2007-08. However, the aging profile has improved reflecting an improvement in aged debt recovery.

Plans for the Future

The three year business plan demonstrates continued improvements in our financial performance.



Statutory Background

Our accounts for the 12 months ended 31 March 2009 have been prepared in accordance with the direction given by the Secretary of State in accordance with section 232 (schedule 15 paragraph 3) of the NHS Act 2006 and in the format instructed by the Department of Health with the approval of Treasury.

Our organisation was established on 1 January 2004 as a Special Health Authority to become operational on

1 April 2004. Founding legislation includes the National Health Act 1977 c49 and Statutory Instruments 2003

No. 3059 and 2004 No. 648. We are required to produce an annual report on our activities and finances to the Secretary of State for Health.

We are funded through charges to customers within the NHS that recover purchase cost of acquiring nurses' and doctors' services plus an amount to contribute to the operating costs of our organisation. We also receive a contribution from the Department of Health to cover the remainder of our operating costs.

Disability Equality Scheme

Amendments to the Disability Discrimination Act 1995, which came into force on 4th December 2006, require all NHS Authorities to actively promote disability equality and to produce a Disability Equality Scheme.

The Act makes it unlawful to discriminate against disabled people, or people who have had a disability, in several areas including employment, access to goods and services, education and transport.

We believe NHS Professionals is in a unique position to promote Disability Equality in the NHS through our staff, partnership working with NHS Trusts and leverage with suppliers. We are committed to promoting disability equality for internal and external customers, within our working practices and through the services that we purchase during the normal course of our duties.

Our scheme (published on 4th December 2006) ensures that we are compliant with the requirements of legislation by enabling NHS Professionals to take action to identify and address attitudinal, institutional and physical barriers that disadvantage disabled people in accessing employment and services..

Race Equality Scheme

We fully acknowledge our role in helping the NHS to attract, retain, develop and nurture Black and Minority Ethnic (BME) medical, nursing and other staff and we have a national diversity campaign in place to ensure that the opportunities we offer are publicised to all BME sections of the community.

Through our Race Equality Scheme we aim to ensure:

- Equal treatment of all regardless of race, colour, culture, ethnic or national origin,
- That understanding racial and cultural differences becomes a reality in the delivery of our service and treatment of staff,
- Staff have the necessary skills, understanding and support to deal professionally with people from diverse backgrounds and are protected from racial abuse,
- Existing and future policies and procedures do not have an adverse impact on the promotion of race equality.

This scheme has been in place since 2005 and is reviewed annually.

Equal Opportunity Policy

It is our policy to treat all corporate employees and Flexible Worker job applicants fairly and equally regardless of their sex, sexual orientation, marital status, race, colour, nationality, ethnic or national origin, religion, age or disability. In addition, we will ensure that no requirement or condition will be imposed without justification which could disadvantage individuals on any of the above grounds, or on the grounds of trade union membership.

Our policy has been developed in partnership with staff side organisations and the Race Equality Steering Group. It applies to recruitment and selection, terms and conditions of employment, including pay, promotion, training and transfer, and every other aspect of employment.

In addition, we will regularly review our procedures and selection criteria to ensure that individuals are selected, promoted and otherwise treated according to their relevant individual abilities and merits. We aim to build a diverse workforce that reflects the NHS and the wider community in which we operate.

We are committed to the implementation of this policy and to a programme of action to ensure that our policy is, and continues to be, fully effective.

Our Directors and Managers, with support from the Human Resources department, ensure that the policy is implemented and deal with any potential unlawful discrimination.

Move to a Single Equality Scheme (SES)

As a public organisation we have a duty to comply with the three duties to promote equality in the areas of disability, gender and race.

From next year NHS Professionals will be introducing a Single Equality Scheme (SES), which will cover all actions on age, religion and belief, and sexual orientation.

Freedom of Information

NHS Professionals, as holder of public sector information, has complied with its responsibilities to disclose information under the Freedom of Information Act, including charging for such information in accordance with Treasury guidance.

Impact on the Environment

NHS Professionals has continued to invest in its programme of technology advancements this year, which limits the organisation's impact on the environment.

Not only does technology make the service easy to use and accessible, it also limits resources e.g. paper used by the organisation. The move to eTimesheets, in particular, further limits the use of non-sustainable resources.

The organisation's decision to move to a single base also lessens its impact of the environment.

Audit Services

Our accounts have been audited by the Comptroller and Auditor General, via the National Audit Office, in accordance with the National Health Service Act 2006 and per the Special Health Authority Directions at a cost of £80,000 - including £5,000 for audit work done on preparations for the implementation of International Financial Reporting Standards in 2009-10. The audit certificate can be found on pages 27 and 28 of the Annual Report.

West Yorkshire Audit Consortium were appointed through a tender process to provide the 2008-09 internal audit service and local counter fraud service.

- A programme of internal audit work was agreed in advance of the year with the audit committee, focusing on key systems and governance arrangements to improve efficiency and effectiveness. The internal auditors provide assurance via regular reporting to the Board on the adequacy of systems and processes.
- A local counter fraud service is a compulsory requirement of NHS Bodies and serves to link up with NHS Trust Audit teams to minimise fraud by education of staff, making staff and bank workers aware of fraud and joint working with other NHS Bodies to maximise effectiveness and resources.

All three bodies regularly attend and report at the Audit Committee, whose membership comprised the following Non Executive Directors:

John Flook
Fiona Eldridge
Susan Hobbs
Nilesh Goshwami

In addition, the Chief Executive and Director of Finance also regularly attend.

Audit Assurance Statement

So far as the Accounting Officer is aware, there is no relevant audit information of which the entity's auditors are unaware.

The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

Directors' Interests

On 1st January 2008, at the end of a number of our Non-Executives' terms, the statutory composition of our Board was reviewed. This meant that, with fewer core members, existing Non-Executive Directors would assume roles in additional NHS Professionals Committees. These are the declared interests of all Executive and Non-Executive team members at 31st March 2009. Full details of interests of all those holding Executive and Non-Executive team positions at any point during the reporting period are available for inspection at NHS Professionals' offices.

Name	Directorships (including non-executive) and partnerships in private companies or PLCs	Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS	Significant shareholdings in organisations likely or possibly seeking to do business with the NHS	Details of any position of authority in any body, including a charity or voluntary body, in the field of health and social care	Details of any connection with a voluntary or other body contracting for NHS services	Details of fees received from public bodies or other organisations
Non-Executive Members of the Board						
Richard Martin	Director - Integrated International Payroll Ltd (iipay Ltd) Director and Chairman - Ochre House Ltd Recruitment Group Director - Turning Point Director - Turning Point (Services) Ltd Director and Chairman - Turning Point Building Futures Ltd Director - Inspiring Futures Foundation	Shareholder - Integrated International Payroll Ltd (iipay Ltd)	Shareholder - Integrated International Payroll Ltd (iipay Ltd)	Trustee - Turning Point Social Enterprise and Associated Companies	Turning Point	None
Fiona Eldridge	Non Executive Chairman - Teaching Personnel Holdings Ltd Non Executive Chairman - Teaching Personnel Ltd Director - The Coaching and Communication Centre Ltd	Owner - The Coaching and Communication Centre Ltd	Sole shareholder - The Coaching and Communication Centre Ltd	None	None	None
Nilesh Goswami	Director – Urbanselect Ltd Chair – 345 Preschools Ltd Director – UKTEN Director – Meridian Clinical and Meridian IP	Meridian Clinical and Meridian IP Sole trader providing consultancy services to NHS organisations	Meridian Clinical and Meridian IP	Chair - 345 Preschools Ltd	None	The majority of my earned income as a self employed consultant comes from NHS and NHS related organisations. All fees are project specific.
John Flook	Director – John Flook Coaching and Consulting Ltd	Director – Cardea Group of Consultants Ltd Director – John Flook Coaching and Consulting Ltd	Material minority equity stake - Cardea. Sole shareholder - John Flook Coaching and Consultancy Ltd.	Non Executive Director - Darlington PCT.	Occasional adviser to Commercial sector organisations seeking business with the NHS.	The majority of my income as a self employed policy advisor, business coach and consultant comes from NHS and NHS related organisations.

Name	Directorships (including non-executive) and partnerships in private companies or PLCs	Ownership or part-ownership of private companies, businesses or consultancies likely or possibly seeking to do business with the NHS	Significant shareholdings in organisations likely or possibly seeking to do business with the NHS	Details of any position of authority in any body, including a charity or voluntary body, in the field of health and social care	Details of any connection with a voluntary or other body contracting for NHS services	Details of fees received from public bodies or other organisations
Susan Hobbs	None	None	None	Trustee - Primrose Foundation, Plymouth Chair - Cerebra, Carmarthen Chair - St Loyes Foundation, Exeter	None	I have a contract with the GMC as a 'Visitor' for the Education Committee on the QAMBE programme. I also have a contract as a 'Partner' for the Post Graduate Medical Education Training Board (PMETB). Both of these are remunerated at a daily rate plus expenses
Executive Team Members						
Anne O'Brien	None	None	None	None	None	None
Anne Challinor	None	None	None	None	None	None
Christopher Day	None	None	None	None	None	None
Janet Martin	None	None	None	None	None	None
Volker Kellermann	None	None	None	None	None	None
Stephen Dangerfield	Director – Taxabal Ltd Director – SFSC Ltd	None	None	None	None	None
Rob Clarke	Director/Owner - Healthy Figures Ltd	Director/Owner - Healthy Figures Ltd	None	None	None	None
Neil Lloyd	None	None	None	None	None	None

Pension Liability

A detailed explanation of how Pension Liabilities are treated in the Accounts of the organisation can be found in note 1.8 under Accounting Policies on page 33 of the annual accounts and also under the Remuneration Report within this annual report document.

Membership of the Remuneration and Terms of Service Committee

The Remuneration Committee consists of the following Non-Executive Directors:

Richard Martin
Chairman (Chair of Committee)

Sue Hobbs
Non-Executive Director

John Flook
Non-Executive Director

Fiona Eldridge
Non-Executive Director

Nilesh Goswami
Non-Executive Director

Policy for remuneration

Remuneration for all employees excluding the Chief Executive is in compliance with Agenda for Change or very senior managers pay framework. Executive remuneration is dealt with by the Remuneration Committee.

Method of remuneration for senior managers

The method of remuneration for senior managers is based on two factors; job assessments and benchmarking of the roles. With regards to job assessments, each role is scoped to assess the full range of job responsibilities involved.

In addition, internal and external benchmarking is completed to allow comparisons to take place.

Full details on the duration of contracts and notice periods, by executive role, can be seen in the table opposite.

Executive Team Members					
	Role	Start in Current Role	Notice	Nature/Expiry	NHS Continuous Service Starts
John Faraguna *(left 31 December 2008)*	Chief Executive	08 May 07	N/A *(on secondment from NHS SBS)*	Interim	N/A
Andy Leary *(left 07 September 2008)*	Director of Finance	04 September 06	3 months	Permanent	02 September 81
Neil Lloyd	Chief Executive	03 November 08	3 months	Interim	N/A
Rob Clarke	Interim Director of Finance	04 August 08	3 months	Interim to 30 September 09	N/A
Volker Kellermann	Director of Business Development & Commercial Services	01 January 08	3 months	Fixed Term Contract	28 November 05
Anne Challinor	Director of Client Relations	01 July 07	3 months	Permanent	09 August 04
Christopher Day	Director of Marketing & Communications	01 November 07	3 months	Permanent	21 June 99
Janet Martin	Associate Director of Human Resources	29 November 07	3 months	Permanent	06 September 73
Stephen Dangerfield	Director of Operations	11 June 07	3 months	Permanent from 01 September 08	01 September 08
Anne O'Brien	Director of Clinical Governance	21 January 08	3 months	Permanent	August 91

The tables below confirm the salary and other remuneration paid to the senior managers of NHS Professionals during financial year 2008-09. Payments have been made in line with the remuneration policy outlined on page 18. Tables a. and b. are subject to audit.

Salary and pension entitlement of Senior Managers

a. Remuneration

	2008-09			2007-08		
	Salary in £5k bands	Other remuneration in £5k bands	Benefits in kind (rounded to the nearest £00)	Salary in £5k bands	Other remuneration in £5k bands	Benefits in kind (rounded to the nearest £00)
Name and title	£000	£000	£00	£000	£000	£00
Executive Team Members						
Andy Leary (Director of Finance) left 07 September 2008	50-55	10-15	0	115-120	10-15	11
Volker Kellermann (Director of Business Development & Commercial Services)	110-115	0-5	0	25-30	0	0
Anne Challinor (Director of Client Relations)	90-95	5-10	0	65-70	0-5	0
Christopher Day (Director of Marketing & Communications)	80-85	5-10	0	30-35	0-5	0
Janet Martin (Associate Director of Human Resources)	85-90	5-10	0	20-25	0-5	0
Stephen Dangerfield (Director of Operations)	60-65	0-5	0	0	0	0
Anne O'Brien (Director of Clinical Governance)	85-90	0	0	0	0	0
Remuneration paid to Chief Executive for his services. These figures are inclusive of VAT.						
Neil Lloyd (Chief Executive) started 03 November 2008	115-120	0-5	0	0	0	0
Amounts paid to third party organisations						
The costs shown below for Stephen Dangerfield and Rob Clarke are the amounts paid by NHS Professionals to external organisations for their services. These figures are inclusive of VAT.						
Rob Clarke (Director of Finance) started 04 August 2008	Total cost: **£155-160k** (2007-08 £nil)					
Stephen Dangerfield** (Interim Director of Operations) permanently employed from 01 September 2008	Total cost: **£165-170k** (2007-08 £240-250k)					
Please note the amount shown below for John Faraguna reflects the **total cost** payable by the Department of Health to an external organisation on behalf of NHS Professionals and does not represent the actual salary paid to him by his employer. No breakdown of this amount is available.						
John Faraguna (Chief Executive) left 31 December 2008	Total cost: **£320-325k** (2007-08 £400-410k)					

*** The total cost for Stephen Dangerfield includes a recruitment fee of £48k to secure his immediate permanent employment. This cost was recouped within three months as the result of savings made by making him a permanent NHS Professionals employee.*

Salary and pension entitlement of Senior Managers a. Remuneration	2008-09			2007-08		
	Salary in £5k bands	Other remuner. in £5k bands	Benefits in kind (rounded to the nearest £00)	Salary in £5k bands	Other remuner. in £5k bands	Benefits in kind (rounded to the nearest £00)
	£000	£000	£00	£000	£000	£00
Non Executive Members of the Board *						
Richard Martin (Chairman)	55-60	0-5	0	50-55	0	0
Fiona Eldridge	5-10	0-5	0	5-10	0	0
John Flook	10-15	5-10	0	10-15	0	0
Sue Hobbs	5-10	0-5	0	5-10	0	0
Nilesh Goswami	5-10	0	0	5-10	0	0
Maggie Lee (left 30 April 2008)	0-5	0	0	5-10	0	0

** As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.*

Salary and pension entitlement of Senior Managers

b. Pension Benefits

	2008-09						
	Real increase in pension at age 60 (bands of £2,500)	Real increase in pension lump sum at aged 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2009 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2009 (bands of £5000)	Cash Equivalent Transfer Value at 31 March 2009	Cash Equivalent Transfer Value at 31 March 2008	Real increase in Cash Equivalent Transfer Value
Name and title	£000	£000	£000	£000	£000	£000	£000
Andy Leary (Director of Finance) *left 07 September 2008*	N/A	N/A	35-40	100-115	713	514	82
Volker Kellermann (Director of Business Development & Commercial Services)	0-2.5	5-7.5	0-5	10-15	79	38	41
Anne Challinor (Director of Client Relations)	0-2.5	2.5-5	10-15	30-35	239	158	78
Christopher Day (Director of Marketing & Communications)	0-2.5	2.5-5	10-15	30-35	137	92	43
Janet Martin (Associate Director of Human Resources)	0-2.5	0-2.5	30-35	95-100	745	539	193
Stephen Dangerfield (Director of Operations) permanent from 01 September 08	0-2.5	0	0-5	0	14	N/A	0
Anne O'Brien (Director of Clinical Governance)	0-2.5	5-7.5	5-10	20-25	98	N/A	41

There were no employers' contributions paid to Stakeholder pensions in respect of senior managers.

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' 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 benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure, and from 2004-05 the other pension details, include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real Increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of period.

Signed:

Chief Executive and Accounting Officer

Date: 2nd June, 2009

Statement of Accounting Officer's Responsibilities

Under the National Health Service Act 2006, the Secretary of State with the approval of HM Treasury has directed the NHS Professionals Special Health Authority to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NHS Professionals and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State with the approval of HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The Accounting Officer of the Department of Health has designated the Chief Executive as Accounting Officer of NHS Professionals. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NHS Professionals' assets, are set out in the Accounting Officers' Memorandum issued by the Department of Health.

Statement on Internal Control 2008-09

1. Scope of responsibility

As Accounting Officer, I have 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 departmental assets and information for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

I am accountable to Parliament and the Secretary of State for Health. I am also directly accountable to the Chairman of the Special Health Authority who is responsible for agreeing my personal objectives and appraising performance against them on an annual basis.

I meet regularly with colleagues from the Department of Health to discuss operational and financial performance and risk using the Business Plan to monitor progress against agreed objectives. In addition regular meetings are held with the Department of Health, sponsor of NHS Professionals, to ensure there is an awareness and involvement in the direction of the Authority.

As Chief Executive, I take personal responsibility for risk management at Board level. These responsibilities are delegated to the Director of Finance for financial and business issues and to the Director of Clinical Governance for corporate governance, clinical and facilities issues.

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Our system of internal control has been in place for the year ended 31March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

We developed our committee structure to reflect management responsibilities. Financial, operational and corporate governance risks are reported to the Audit Committee and clinical and facilities

(health and safety fire, security) risks are reported to the Clinical Governance Committee. The Audit Committee and the Clinical

Governance Committee are chaired by Non-Executive Directors and to ensure consistency both Non Executive Chairs are on the two committees. Both Committees are supported by the Director lead who also report on risk related matters at the Board meeting. The Audit Committee also has a corporate governance role in assuring that each sub committee has an adequate process in place for the assessment and management of risk.

All committees report directly to the Board and minutes of meetings are sent to all Board members to ensure a top down approach to risk management. We operate from a centralised operational base in Watford which offers a full range of Flexible Workers services. A satellite office in Wakefield provides essential back office functions.

Each Directorate is responsible for its own risk register and manages risk within the agreed Assurance Framework. Principal risks and assurances on control are reported to the Board.

4. The risk and control framework

We have formally adopted a Risk Management Policy and a Risk Management Strategy. Regular risk assessments are carried out during the year on our activities and performance against recognised external standards. These are consolidated within an overall risk register and monitored at executive level, at the Audit Committee, and at our board on a quarterly basis, to ensure risk is minimised and mitigated against.

Our objectives, Business Plan and major Business Cases are also reviewed in this process to determine all organisational risks are considered.

The Risk Management Strategy describes the overall risk accountability arrangements including the levels of tolerance. The Risk Management Policy details the specific responsibilities of the Board, Committees, Directors and other members of staff.

Our Board have adopted the Assurance Framework approach to the management of risk and have agreed to follow a process similar to other NHS organisations. A number of discussions have taken place at the Board and its sub committees to refine this process and its applicability to our organisation. Risks are structured in a way that matches the main business objectives of the organisation. Principal risks are scored and reported to the Board with details on assurance and action plans to resolve any outstanding issues.

We are a member of the Risk Pool Scheme for Trusts operated by the NHS Litigation Authority. We are not required to meet the standards of or join the Clinical Negligence Scheme for Trusts.

Our Director of Clinical Goverance is responsible for all risk matters and a review of all risk areas has also been set up under her leadership. CEAC, our Local Security Management Specialists as required under the Directions to NHS Bodies on Security Management Measures (2004), completed further assessment work during the year which followed on from their 07/08 review of our security arrangements at all sites in line with national guidance and best practice.

Risk management and health and safety are also features of the job descriptions of staff that have responsibility at a national level. Additionally, each site has a trained Institute of Safety and Health representative.

All staff are given basic risk management awareness training as part of their induction into the organisation.

We have introduced a new process for ensuring compliance with information governance requirements. Our Board have approved an information governance policy and an assurance audit conducted by our internal audit provider West Yorkshire Audit Consortium has been completed to assess compliance against requirements.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer contributions and payments into the scheme are in accordance with the scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in regulations.

Following the audit of our pure bank only flexible worker documentation reported last year, implementation of the results and repair of the files has improved our level of compliance. We continue to monitor and manage this essential part of our business and will review the effectiveness of our electronic Document Management System in the coming year.

We have successfully implemented the NHS Employment Check Standards (2008)

5. Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the department who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

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, the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Our Head of Internal Audit provides me with an opinion on our ability to place reliance on the Assurance Framework and on the controls reviewed as part of their internal audit work programme. Executive Directors have responsibility for developing and maintaining systems of internal control within their areas of responsibility. The various component parts of the Assurance Framework itself provide me with evidence that risks faced by the organisation are being managed and that the principal objectives are constantly reviewed and assessed.

My review is also informed by the findings of the National Audit Office, as our External Auditors, including the improvement observations from last year's audit that have been fully taken on board and are being implemented.

Our Audit Committee and Clinical Governance Committee meet on a regular basis and the minutes are reported to the full Board for formal approval, ensuring a channel for the reporting of risks and contributing to the overall process of ensuring that an effective system of internal control is maintained.

A series of actions were described in the Statement on Internal Control for 2007/08, which have been addressed as follows:

- Web based timesheets have been trialled in 2008/09 and are in the process of being rolled out to Trusts on a phased basis in 09/10.
- E-Procurement has been introduced utilising the functionality of the existing Oracle Financials system to provide a more streamlined purchase ordering process with built-in password and financial limit controls.
- Development of information technology continued in 2008/09, including further automation of the e-recruitment process, to improve the efficiency of business operation
- Further outsourcing of back office functions was explored. The decision was taken not to progress this in favour of technological developments.
- Further development of the Board Assurance framework and review of governance in general has been carried out in 2008/09 in order to improve processes. As a result of this, a new revised Board Assurance framework and Risk Management Strategy was approved by the Board in June 2008
- Centralisation of the Financial Management function, which commenced in November 2007, has been completed. This process has led to more robust and steamlined reporting in 2008/09.

The Head of Internal Audit has provided a significant assurance statement in respect of the overall Internal Controls which recognises improvements from 2007-08. In addition I have been advised on the implications of the results of my review of the effectiveness of the system of internal control by the Audit Committee, the Clinical Governance Committee and the Board.

6. Areas for further development

The component parts of the NHS Professionals Assurance Framework have been in place now for three full financial years. However, there are a number of areas that have been identified through the Management Team and via Internal Audit work that require development during 2009/10 and for which we have an action plan:

- Management Information & Reporting framework - encompassing all reporting throughout the organisation and providing a foundation for improved monthly performance reviews with all internal and external stakeholders.
- Introduction of e-timesheets to improve control over authorisation, reduce errors and opportunities for fraud. Also, a review to scope the opportunity to reduce costs by moving to e-payslips.
- Development of a personal file compliance framework, including an audit of existing flexible workers. In addition we will implement scanning technology to electronically store 100% of personal documents and files with built in password security.
- Improvements to data security, data transfer technology and a revised disaster recovery plan that encompasses IT systems and office accommodation
- Controls to reduce risks associated with client implementation and flexible worker recruitment and maximise return on these investments
- A review of our processes and controls to improve quality within an accredited framework, for example ISO 9000.2000.

Signed:

Chief Executive and Accounting Officer

Date: 2nd June, 2009

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 NHS Professionals Special Health Authority (NHS Professionals) for the year ended 31 March 2009 under the National Health Service Act 2006. These comprise the Income and Expenditure Statement and Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement 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 Accounting Officer and auditor

The Chief Executive as Accounting Officer is responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State. I report to you whether, in my opinion, the information, which comprises the management commentary, finance and a service in the public interest, included in the Annual Report is consistent with the financial statements. I also report whether 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.

In addition, I report to you if NHS Professionals has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects NHS Professionals' compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of NHS Professionals' corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Foreword, the Chief Executive's Foreword, about NHS Professionals and the Market. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to NHS Professionals' circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that 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. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State, of the state of NHS Professionals' affairs as at 31 March 2009 and of its net operating cost, total recognised gains and losses and cashflows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Health Service Act 2006 and directions made thereunder by the Secretary of State; and
- information, which comprises the management commentary, finance and a service in the public interest, included within the Annual Report, is consistent with the financial statements.

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.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London SWIW 9SS

Date: 4th June, 2009

Income and Expenditure Statement for the year ended 31 March 2009

		2008-09	2007-08
	Notes	£000	£000
Operating income	3	287,628	239,878
Operating expenditure	2.2	(297,900)	(256,256)
Net operating cost for the financial year	**2.1**	**(10,272)**	**(16,378)**

All income and expenditure is derived from continuing operations.
The net operating cost for the year was financed by the Department of Health as per note 2.1.
The notes at pages 32 to 43 form part of this account.

Statement of Total Recognised Gains and Losses for the year ended 31 March 2009

		2008-09	2007-08
	Notes	£000	£000
Surplus for the financial year		(10,272)	(16,378)
Unrealised surplus/(deficit) on the indexation of fixed assets	11.2	0	69
Total recognised gains and losses for the financial year		**(10,272)**	**(16,309)**

The notes at pages 32 to 43 form part of this account.

Balance Sheet as at 31 March 2009

		31 March 2009	31 March 2008
	Notes	£000	£000
Fixed assets:			
Intangible assets	4.1	433	603
Tangible assets	4.2	2,074	2,720
		2,507	3,323
Current assets			
Debtors	6	45,680	45,644
Cash at bank and in hand	7	7,130	1,201
		52,810	46,845
Creditors: amounts falling due within one year	8.1	(29,497)	(22,424)
Net current assets		23,313	24,421
Total assets less current liabilities		25,820	27,744
Provisions for liabilities and charges	9	(1,345)	(1,736)
Total net assets		**24,475**	**26,008**
Taxpayers' equity			
General Fund	11.1	21,880	22,999
Revaluation reserve	11.2	89	89
Capital Reserve	11.4	2,506	2,920
Total tax payers' equity		**24,475**	**26,008**

The notes at pages 32 to 43 form part of this account.

Signed:

Accounting Officer

Date: 2nd June, 2009

Cash Flow Statement for the year ended 31 March 2009

		2008-09	2007-08
	Notes	£000	£000
Net cash (outflow) from operating activities	12	(2,487)	(19,407)
Capital expenditure and financial investment:			
(Payments) to acquire intangible fixed assets		(19)	(604)
(Payments) to acquire tangible fixed assets		(560)	(78)
Receipts from disposal of tangible assets		0	487
Net cash inflow/(outflow) from investing activities		**(579)**	**(195)**
Net cash (outflow) before financing		**(3,066)**	**(19,602)**
Financing			
Revenue Grant in Aid		8,416	14,050
Capital Grant in Aid	11.4	579	673
Increase/(decrease) in cash in the period	7	**5,929**	**(4,879)**

The notes at pages 32 to 43 form part of this account.

Notes to the Accounts

1 Accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual issued by HM Treasury. The particular accounting policies adopted by the Authority are described below. They have been consistently applied in dealing with items considered material in relation to the accounts.

1.1 Accounting Conventions

This account is prepared under the historical cost convention, modified to account for the revaluation of tangible fixed assets and stock where material, at their value to the business by reference to current cost. This is in accordance with directions issued by the Secretary of State for Health and approved by HM Treasury.

Acquisitions and Discontinued Operations

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one NHS body to another.

1.2 Income

Income is accounted for applying the accruals convention. The main source of funding for the Special Health Authority is Parliamentary grant from the Department of Health from Request for Resources 1 within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it is received. Capital funding is credited to the capital reserve and released to the Income & Expenditure Statement in line with the associated expenditure.

Operating income is income which relates directly to the operating activities of the authority. It principally comprises fees and charges to other NHS bodies for the provision of flexible health professionals, but it also includes other income such as that from investments and from other health bodies. It includes both income appropriated-in-aid and income to the Consolidated Fund which HM Treasury has agreed should be treated as miscellaneous income. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

1.3 Taxation

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

Capital charges

The treatment of fixed assets in the account is in accordance with the principal capital charges objective to ensure that such charges are fully reflected in the cost of capital. The interest rate applied to capital charges in the financial year 2008-2009 was 3.5% (2007-08 3.5%) on all assets less liabilities, except for donated assets and cash balances with the Office of the Paymaster General, (OPG), where the charge is nil.

1.4 Fixed Assets

a. Capitalisation

All assets falling into the following categories are capitalised:

i Intangible assets where they are 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.

ii Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred.

iii Tangible assets which are capable of being used for more than one year, and they:

- individually have a cost equal to or greater than £5,000;
- collectively have a cost of at least £5,000 and an individual cost of more than £250, where the assets are functionally inter-dependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

iv Donated fixed assets are capitalised at their current value on receipt, and this value is credited to the donated asset reserve.

b. Valuation

Intangible Fixed Assets

Intangible fixed assets held for operational use are valued at historical cost, except Research and Development which is revalued using an appropriate index figure. Surplus intangible assets are valued at the net recoverable amount.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Tangible Fixed Assets

Tangible fixed assets are carried at valuation in existing use. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. In 2008/09 NHS Professionals has elected to adopt a depreciated historical cost basis as a proxy for current value for Furniture & Fittings which is seen as a realistic reflection of the consumption of these assets. Carrying values have not been restated to adjust for the historic effects of indexation.

i Assets in the course of construction are valued at current cost, using the index as for land and buildings. These assets include any existing land or buildings under the control of a contractor.

ii Subsequent revaluations to donated fixed assets are taken to the donated asset reserve.

iii All adjustments arising from indexation and five-yearly revaluations are taken to the Revaluation Reserve. All impairments resulting from price changes are charged to the Statement of Recognised Gains and Losses. Falls in value when newly constructed assets are brought into use are also charged there. These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

c. Depreciation and Amortisation

Depreciation is charged on each individual fixed asset as follows:

i Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets.

ii Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives.

iii Buildings are depreciated evenly on their revalued amount over the assessed remaining life of the asset as advised by the District Valuer. Leaseholds are depreciated over the primary lease term.

iv Each equipment asset is depreciated evenly over the expected useful life:
- Furniture and fittings 10 years
- Information technology 5 years

1.5 Donated Fixed Assets

Donated fixed assets are capitalised at their current value on receipt and this value is credited to the Donated Asset Reserve. Donated fixed assets are valued and depreciated as described above for purchased assets. Gains and losses on revaluations are also taken to the Donated Asset Reserve and, each year, an amount equal to the depreciation charge on the asset is released from the Donated Asset Reserve to the Operating Cost Statement. Similarly, any impairment on donated assets charged to the Operating Cost Statement is matched by a transfer from the Donated Asset Reserve. On sale of donated assets, the value of the sale proceeds is transferred from the Donated Asset Reserve to the General Fund.

1.6 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. This is considered to be a reasonable approximation to current cost due to the high turnover of stocks. Work in progress comprises goods in intermediate stages of production.

1.7 Losses and special payments

Losses and special payments are charged to the relevant functional headings, including losses which would have been made good through insurance cover had the Authority not been bearing their own risks (with insurance premiums then being included as normal revenue expenditure).

1.8 Pension costs

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.pensions.nhsbsa.nhs.uk. The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General 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. The total employer contributions payable in 2008-09 was £8,106,000 (2007-08 £6,843,000), of which Corporate was £762,000 (2007-08 £1,118,000).

The Scheme is subject to a full actuarial valuation every four years (until 2004, based on a five year valuation cycle), and a FRS17 accounting valuation every year. 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 to be paid by employers and scheme members. The last such valuation, which determined current contribution rates was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date.

The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004. However, after taking into account the changes in the benefit and contribution structure effective from 1 April 2008, the Scheme actuary reported that employer contributions could continue at the existing rate of 14% of pensionable pay. On advice from the Scheme actuary, scheme contributions may be varied from time to time to reflect changes in the scheme's liabilities. Up to 31 March 2008, the vast majority of employees paid contributions at the rate of 6% of pensionable pay. From 1 April 2008, employees contributions are on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings.

b) FRS17 Accounting valuation

In accordance with FRS17, a valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the balance sheet date by updating the results of the full actuarial valuation.

Between the full actuarial valuations at a two-year midpoint, a full and detailed member data-set is provided to the Scheme Actuary. At this point the assumptions regarding the composition of the Scheme membership are updated to allow the Scheme liability to be valued.

The valuation of the Scheme liability as at 31 March 2008, is based on detailed membership data as at 31 March 2006 (the latest midpoint) updated to 31 March 2008 with summary global member and accounting data.

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) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

Scheme provisions as at 31 March 2009

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th of the best of the last 3 years pensionable pay for each year of service. A lump sum normally equivalent to 3 years pension is payable on retirement. 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. On death, a pension of 50% of the member's pension is normally payable to the surviving spouse.

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, less pension already paid, subject to a maximum amount equal to twice the member's final year's pensionable pay less their retirement lump sum for those who die 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 income and expenditure account at the time the Trust commits itself to the retirement, regardless of the method of payment.

The Scheme provides the opportunity to members to increase their benefits through money purchase Additional Voluntary Contributions (AVCs) provided by an approved panel of life companies. Under the arrangement the employee/member can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Scheme provisions from 1 April 2009

From 1 April 2008 changes have been made to the NHS Pension Scheme contribution rates and benefits. Further details of these changes can be found on the NHS Pensions website www.pensions.nhsbsa.nhs.uk.

1.9 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Operating Cost Statement on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation should be calculated on the same basis as used for depreciation i.e. on a quarterly basis.

1.10 Leases

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives or primary lease term. Rentals under operating leases are charged on a straight line basis over the terms of the lease.

1.11 Provisions

The Authority provides for legal or constructive obligations that are of uncertain timing or amount at the balance sheet date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's discount rate of 2.2% in real terms.

1.12 Financial Instruments

Financial Assets

Financial assets are recognised on the balance sheet when NHS Professionals becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

Financial assets are classified into the following categories: financial assets 'at fair value through profit and loss'; 'held to maturity investments'; 'available for sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss:

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial assets at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss incorporates any interest earned on the financial asset.

Available for sale financial assets:

Available for sale financial assets are non-derivative financial assets that are designated as available for sale or that do not fall within any of the other three financial asset classifications. They are measured at fair value with changes in value taken to the revaluation reserve, with the exception of impairment losses. Accumulated gains or losses are recycled to the income statement on de-recognition.

Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, to the net carrying amount of the financial asset.

At the balance sheet date, NHS Professionals assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of ore or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in the income statement and the carrying amount of the asset is reduced directly, or through a provision for impairment of receivables.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the income statement to the extent that the carrying amount of the receivable at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial Liabilities

Financial liabilities are recognised on the balance sheet when NHS Professionals becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or other financial liabilities.

Financial liabilities at fair value through profit and loss

Embedded derivatives that have different risks and characteristics to their host contracts, and contracts with embedded derivatives whose separate value cannot be ascertained, are treated as financial liabilities at fair value through profit and loss. They are held at fair value, with any resultant gain or loss recognised in the income statement. The net gain or loss incorporates any interest earned on the financial asset.

Other financial liabilities

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

1.13 Going Concern

NHS Professionals is working towards a new corporate form which would see NHSP transferring its business to a limited company, 100 per cent owned by the Department of Health. It is expected that this corporate change will take place within the next twelve months.

All of the NHS Professionals Special Health Authority's functions, assets and liabilities are expected to transfer to the limited company. The current activities and operations of NHS Professionals will form part of the new business model and corporate form. It is therefore management's view that it is appropriate for NHS Professionals to be considered a going concern as at 31 March 2009, and has continued to prepare its accounts on that basis.

2.1 Reconciliation of net operating cost to financing received from the Department of Health

	2008-09 £000	2007-08 £000
Net operating cost for the financial year	(10,272)	(16,378)
Financing received from the Department of Health	8,416	14,050
(Over)/Underspend against financing received from the Department of Health	(1,856)	(2,328)

Included within net operating costs for the financial year is £1.7m of non-cash capital cost. The remaining £0.1m overspend has been funded through working capital management. For a more detailed explanation refer to Financial Performance on pages 12-13 of the annual report.

2.2 Operating expenditure

	Notes	£000	2008-09 £000	2007-08 £000
Non-executive members' remuneration			98	122
Other salaries and wages	2.3		282,123	235,872
Supplies and services - general			949	491
Establishment expenses			4,376	4,045
Transport and moveable plant			38	98
Premises and fixed plant			3,243	4,617
External contractors			4,735	5,351
Capital: Depreciation and amortisation	4.1, 4.2	1,006		1,011
Capital charges interest		737		811
(Profit)/Loss on disposal	4.4	0		86
			1,743	1,908
Auditor's remuneration: Audit Fees			80	70
Redundancies and retirement			460	3,010
Miscellaneous			55	672
			297,900	**256,256**

The Authority did not make any payments to Auditors for non audit work

Redundancies & early retirement includes £456k in respect of redundancies and £4k in respect of early retirements not due to ill health incurred as a result of business re-organisation.

The audit fee of £80k includes £5k relating to audit work done on preparations for the implementation of International Financial Reporting Standards in 2009-10.

2.3 Staff numbers and related costs

	2008-09 Total	Permanently Employed Staff	Other	2007-08 Total
	£000	£000	£000	£000
Salaries and wages	258,325	8,059	250,266	215,023
Social security costs	15,692	678	15,014	14,006
Employer contributions to NHS Pensions Scheme	8,106	762	7,344	6,843
	282,123	9,499	272,624	235,872

The average number of employees during the year was:

	2008-09 Total	Permanently Employed Staff	Other	2007-08 Total
	Number	Number	Number	Number
Total	9,237	300	8,937	8,079

Expenditure on staff benefits
The amount spent on staff benefits during the year totalled £nil (2007-08: £nil).

Retirements due to ill-health
During 2008-09 there were no cases of retirements from NHS Professionals on the grounds of ill-health. (2007-08: 5 cases, cost £76k). This information was supplied by NHS Pensions Scheme.

2.4 Better Payment Practice Code - measure of compliance

	Number	£000
Total non NHS bills paid 2008-09	132,890	62,917
Total non NHS bills paid within target	132,595	62,515
Percentage of non NHS bills paid within target	**99.8%**	**99.4%**

Total NHS bills paid 2008-09	746	692
Total NHS bills paid within target	729	685
Percentage of NHS bills paid within target	**97.7%**	**99.0%**

3. Operating Income

Operating income analysed by classification and activity, is as follows:

	Not Appropriated in aid £000	Total £000	2007-08 £000
Programme income:			
Fees & charges to external customers	131	131	111
Income received from other Departments, etc	286,504	286,504	238,820
Income released from capital reserve	993	993	947
Total	**287,628**	**287,628**	**239,878**

4.1 Intangible fixed assets

	Software Licences £000	Total £000
Gross cost at 31 March 2008	892	892
Additions - purchased	19	19
Gross cost at 31 March 2009	**911**	**911**
Accumulated amortisation at 31 March 2008	289	289
Provided during the year	189	189
Accumulated amortisation at 31 March 2009	**478**	**478**
Net book value: Purchased at 31 March 2008	603	603
Net book value: Purchased at 31 March 2009	**433**	**433**

4.2 Tangible fixed assets

	Information Technology £000	Furniture & fittings £000	Total £000
Cost or Valuation at 31 March 2008	4,103	1,198	5,301
Additions - purchased	145	26	171
Gross cost at 31 March 2009	**4,248**	**1,224**	**5,472**
Accumulated depreciation at 31 March 2008	2,257	324	2,581
Provided during the year	703	114	817
Accumulated depreciation at 31 March 2009	**2,960**	**438**	**3,398**
Net book value: Purchased at 31 March 2008	**1,846**	**874**	**2,720**
Net book value: Purchased at 31 March 2009	**1,288**	**786**	**2,074**

4.3 Net Book Value of land and buildings

The net book value of land and buildings at the balance sheet date was £nil (31 March 2008: £nil)

4.4 Profit/(loss) on disposal of fixed assets

	2008-09 £000	2007-08 £000
Profit/(Loss) on disposal of plant and equipment	0	(86)

6 Debtors

6.1 Amounts falling due within one year

	31 March 2009 £000	31 March 2008 £000
NHS debtors	16,466	25,619
Prepayments	1,125	4,541
Accrued income	27,848	14,462
Other debtors	241	1,022
	45,680	**45,644**

The decrease in NHS Debtors, and corresponding increase in Accrued Income, since 31 March 2008 is largely the result of the Department of Health embargo on raising invoices during the last 2 weeks of March 2009 in order to facilitate a faster year end accounts close.

	31 March 2009 £000	31 March 2008 £000
Provision for impairment of non-NHS debts*		
Balance at 1st April 2008	214	2
Provided in the year	23	214
Written off during the year	(15)	0
Recovered during the year	(128)	(2)
Balance at 31st March 2009	**94**	**214**
Aging of impaired debts		
Upto 3 months	3	112
Over 3 months	91	102
Total	**94**	**214**
Debtors past due but not impaired		
Upto 3 months	4,906	6,049
Over 3 months	311	848
Total	**5,217**	**6,897**

* Non-NHS debt relates to Foundation Trusts

6.2 Amounts falling due after more than one year

Debtors falling due after more than one year at the balance sheet date was £nil (31 March 2008: £nil)

7. Analysis of changes in cash

	At 31 March 2008 £000	Change during the year £000	At 31 March 2009 £000
Cash at OPG	1,198	5,930	7,128
Cash at commercial banks and in hand	3	(1)	2
	1,201	**5,929**	**7,130**

8 Creditors

8.1 Amounts falling due within one year

	31 March 2009 £000	31 March 2008 £000
NHS creditors	271	582
Capital creditors	0	389
Tax and social security	5,141	0
Other creditors	7,433	4,470
Accruals	16,487	16,781
Deferred income	165	202
	29,497	**22,424**

8.2 Amounts falling due after more than one year

Creditors falling due after more than one year at the balance sheet date was £nil (31 March 2008: £nil)

8.3 Finance lease obligations

NHS Professionals has not entered into any finance lease obligations (2007-08: £nil)

9 Provisions for liabilities and charges

	Other £000	Total £000
At 31 March 2008	1,736	1,736
Arising during the year	701	701
Utilised during the year	(655)	(655)
Reversed unused	(437)	(437)
At 31 March 2009	**1,345**	**1,345**
Expected timing of cash flows:		
Within 1 year	668	668
1-5 years	677	677

£nil is included in the provisions of the NHS Litigation Authority at 31 March 2009 in respect of clinical negligence liabilities of the Special Health Authority.

Provisions at 31 March 2009 are for Sheffield rent (£931k), pension scheme transfer costs (£4k) and Wakefield office closure (£410k)

10 Movements in working capital other than cash

	2008-09 £000	2007-08 £000
Increase/(decrease) in debtors	36	10,556
(Increase)/decrease in creditors	(7,462)	(5,570)
	(7,426)	4,986

11 Movements on reserves

11.1 General Fund

	31 March 2009 £000	31 March 2008 £000
Balance at 31 March 2008	22,999	23,973
Net Operating Costs for the Year	(10,272)	(16,378)
Net Parliamentary Funding	8,416	14,050
Non-cash items: Capital charge interest	737	811
Capital Reserve disposals	0	543
Closing Balance at 31 March 2009	**21,880**	**22,999**

11.2 Revaluation reserve

	31 March 2009 £000	31 March 2008 £000
Balance at 31 March 2007	89	20
Indexation of fixed asset	0	99
Realised Depreciation	0	(30)
Closing Balance at 31 March 2009	**89**	**89**

11.3 Donated asset reserve

Donated asset reserve at the balance sheet date was £nil (31 March 2007: £nil)

11.4 Capital reserve

	31 March 2009 £000	31 March 2008 £000
Balance at 31 March 2008	2,920	3,707
Capital Grant in Aid	579	673
Indexation	0	30
Disposals	0	(543)
Depreciation	(993)	(947)
Closing Balance at 31 March 2009	**2,506**	**2,920**

12 Reconciliation of operating costs to operating cash flows

	Notes	2008-09 £000	2007-08 £000
Net operating cost before interest for the year		10,272	16,378
Adjust for non-cash transactions	2.2	(1,743)	(1,908)
Adjust for capital depreciation recognised in income	11.4	993	947
Adjust for movements in working capital other than cash	10	(7,426)	4,986
(Increase)/decrease in provisions	9	391	(996)
Net cash outflow from operating activities		**2,487**	**19,407**

13 Contingent liabilities

At 31 March 2009, there were no contingent liabilities (31 March 2008: nil)

14 Capital commitments

At 31 March 2009 the value of contracted capital commitments was £103k (31 March 2008: nil)

15 Commitments under operating leases

Expenses of the Authority include the following in respect of hire and operating lease rentals:		2008-09 £000	2007-08 £000
Hire of plant and machinery		23	23
Other operating leases		921	1,693
		944	**1,716**
Commitments under operating leases to pay rentals during 2009-10 are given below, analysed according to the period in which the lease expires.			
Land and buildings			
Operating leases which expire:	within 1 year	15	20
	between 1 and 5 years	0	0
	after 5 years	906	982
		921	**1,002**
Other leases			
Operating leases which expire:	within 1 year	4	4
	between 1 and 5 years	2	10
	after 5 years	11	0
		17	**14**

16 Other commitments

At 31 March 2009 the value of other financial commitments (which are not operating leases) was £12,939k. These relate to the provision of IT management services (£909k - 3 year contract), rental of office space (£16k - 3 month contract) and provision of transaction processing services (£12,014k - 4 year contract). The value as at 31 March 2008 was £15,634k.

17 Losses and special payments

There were 3 cases (2007-08 8 cases) of losses and special payments totalling £1,929 (2007-08 £3,394,272) paid during 2008-09 including no cases exceeding £250,000 (2007-08 2 cases) .

18 Related parties

The Authority is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a controlling related party. During the year the Authority/Board has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, i.e. sales and services to other Health Authorities, Primary Care Trusts and NHS Trusts during the year were valued at £287 million which represented trading with 193 individual organisations.

Purchase of goods and services from other Health Authorities, Primary Care Trusts and NHS Trusts during the year were valued at £690 thousand, which represented trading with 76 individual organisations.

Purchase of goods and services from NHS Shared Business Services during the year were valued at £1.7 million.

The Chief Executive is currently paid for his services on a consultancy basis. The Director of Finance is paid via a Limited Company which is 100% owned by him. The amounts of these transations are shown in the Remuneration Report on page 20. Other than the above, none of the Authority's members or members of the key managament staff or other related parties has undertaken any material transactions with the Authority during the year.

19 Post balance sheet events

NHS Professionals' financial statements are laid before the Houses of Parliament by the Secretary of State for Health. FRS 21 requires NHS Professionals to disclose the date on which the accounts are authorised for issue. This is the date on which the certified accounts are despatched by NHS Professionals' management to the Secretary of State for Health.

The financial statements were authorised for issue by the Accounting Officer on 4th June, 2009

20.1 Financial Instruments

FRS 29, Financial Instruments Disclosures, requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the way Special Health Authorities are financed, NHS Professionals is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which FRS 29 mainly applies. NHS Professionals has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing NHS Professionals in undertaking its activities

NHS Professionals treasury management operations are carried out by the finance department, within parameters defined formally within NHS Professionals Standing Financial Instructions and policies agreed by the Board of Directors. NHS Professionals treasury activity is subject to review by the internal auditors.

Liquidity Risk

NHS Professionals net operating costs are financed from resources voted annually by Parliament. NHS Professionals largely finances its capital expenditure from funds made available from Government under an agreed capital resource limit. NHS Professionals is not, therefore, exposed to significant liquidity risks.

Credit Risk

Because the majority of NHS Professionals' income comes from contracts with other public sector bodies, NHS Professionals has low exposure to credit risk. The maximum exposures as at 31 March 2009 are in receivables from customers, as disclosed in the Trade and Other Receivables note.

Market & Interest rate risk

100% of the Authority's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. NHS Professionals is not, therefore, exposed to significant interest rate risk.

Foreign currency risk

NHS Professionals has negligible foreign currency income.

20.2 Financial Assets

	Loans and Receivables £000	Total £000
Trade receivables	16,466	16,466
Accrued Income	27,848	27,848
Cash at bank & in hand	7,130	7,130
Other financial assets	241	241
Total at 31 March 2009	**51,685**	**51,685**

20.3 Financial Liabilities

	Other £000	Total £000
NHS creditors	271	271
Tax and social security	5,141	5,141
Other creditors	7,433	7,433
Accruals	16,487	16,487
Total at 31 March 2009	**29,332**	**29,332**

21 Intra-government balances

	Debtors: Amounts falling due within one year £000	Creditors Amounts falling due within one year £000
Balances with other central government bodies	241	6,223
Balances with local authorities	0	5
Balances with NHS Trusts	37,587	357
Balances with public corporations and trading funds	6,672	1
Total intra-government balances	**44,500**	**6,586**
Balances with bodies external to government	1,180	22,911
At 31 March 2009	**45,680**	**29,497**

	Debtors: Amounts falling due within one year £000	Creditors: Amounts falling due within one year £000
Balances with other central government bodies	1,000	21
Balances with local authorities	0	1
Balances with NHS Trusts	31,515	1,417
Balances with public corporations and trading funds	8,571	0
Total intra-government balances	**41,086**	**1,439**
Balances with bodies external to government	4,558	20,985
At 31 March 2008	**45,644**	**22,424**

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