NHS
Health Education England

Health Education England

(Executive Non-Departmental Public Body)

Annual Report and Accounts 2015/16

Developing people
for health and
healthcare

www.hee.nhs.uk

THE NHS CONSTITUTION
the NHS belongs to us all

Health Education England (Executive Non-Departmental Public Body)

Annual Report and Accounts 2015/16

Presented to Parliament pursuant to Paragraph 26 (4) of Schedule 5 of the Care Act 2014

Ordered by the House of Commons to be printed on 21 July 2016

HC 433

Any enquiries related to this publication should be sent to us at hee.enquiries@nhs.net

This publication is available at www.gov.uk/government/publications

Print ISBN 9781474128391
Web ISBN 9781474128407

ID12021608 06/16

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the Williams Lea Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

Page

Foreword from the Chairman and Chief Executive

Welcome to HEE's third annual report in which we set out our achievements over the last year. This report outlines how we continue to meet our goal of helping improve the quality of care for patients and the public by focussing on and investing in the education and training of the workforce which delivers that care, now and in the future.

The NHS Constitution is coded into HEE's DNA and we are particularly proud that these values come to life in our Patient Advisory Forum. Using the potential of patient experience and knowledge to better understand the needs and desires of those we serve, we can make even greater improvements in the quality of services through the skills, values and behaviours of our workforce. The Patient Advisory Forum is already showing it can make a difference as we outline in this report and we look forward to its continuing development and influence in future years.

This vision of higher quality services for all is articulated in the Five Year Forward View (5YFV), now in its second year. HEE continues to play a core role through our leadership of the Workforce Advisory Board (WAB) nationally in the same way we will work locally with partners in Local Workforce Action Boards (LWABs) in the future as part of the new Sustainability and Transformation Areas. This builds on our support for the 5YFV Vanguards nationally and locally throughout the year.

This includes working with partners on the development of the primary care workforce, including delivering 10,000 more primary and community healthcare professionals by 2020 within a broader Ten Point Plan for Primary Care. One highlight was the GP recruitment campaign during medical specialty applications. Evaluation showed it reached trainee doctors successfully, many of whom sought more information, translating into increased numbers of GP trainees.

During 2015 we published Lord Willis' Shape of Caring Review and then consulted on the new nursing role it recommended which sits between a registered nurse and a healthcare assistant and is designed to provide greater support to the former, plus a career path for the latter. We received over 1,300 mainly very positive responses, especially from individual nurses and care assistants and we look forward to working on the implementation of this role.

While our core role is securing the supply of the future healthcare workforce, we continue to play an increasingly important role in supporting the NHS and the wider system with current workforce issues, including in primary care, emergency care and our focus on developing the lowest paid sections of the NHS workforce like never before through our Talent for Care, Apprenticeship and Widening Participation programmes. We also continued to build the NHS' capacity to support those with dementia as hundreds of thousands of staff are better trained in dementia care.

Our Mandate set out an increased focus on mental health. This saw us commission training for 2,500 learning disability staff in positive behavioural support and exceed our target of 6,000 new Improving Access to Psychological Therapies training commissions. We also delivered a series of projects ensuring that the workforce is in place with the right leadership skills for people with mental health issues, learning disabilities and autism.

Last December we published our Investment and Commissioning Plan, setting out the year's education commissions. This was based on work which started with the data of individual providers and was built on through conversations locally and nationally with stakeholders to create the final plan which is both affordable and focuses on the priorities of the NHS.

We also started work to prepare for the changes in the funding of undergraduate nurse and AHP courses outlined in the Spending Review towards the end of 2015. This will, in the future, see HEE use its responsibility for clinical placements to meet our statutory duty to ensure sufficient supply of qualified staff across England as responsibility for funding tuition fees moves to the Student Loan Company.
It has been another year of strong delivery for HEE, which exists to improve the quality of care for patients by ensuring the NHS has the right staff, with the right skills, values and behaviours in the right place at the right time in the right numbers. And we will not rest on our laurels, already we are working on what will make the highlights we report on next year, making sure the next year is as strong as our last.

None of this would be possible without our dedicated and skilled staff and our partners in higher education, royal colleges and regulators, ALBs, and, of course, patients, students and trainees who are the heart of what we do. We are, as ever, enormously grateful to them all.

Sir Keith Pearson JP DL
Chairman

Professor Ian Cumming OBE
Chief Executive

Case study | Dementia conference celebrates achievements in the Thames Valley

HEE in the Thames Valley celebrated quality improvement in dementia care at an inaugural conference in February. The event brought together a broad range of organisations and carers to share good practice and highlight a proactive approach in tackling dementia awareness and training.

Face-to-face, e-learning, and podcast training packages were presented, which had been developed from the collaborative dementia forum approach in the Thames Valley. These are now the benchmarks for quality dementia training, benefitting over 30,000 staff across the region.

Delegates were the first to download and experience the *Dementia Guide for Carers and Care Providers*, which removes the need for web searching and provides a single authoritative e-book guide for trained staff and people with little or no experience in dementia care.

Buckinghamshire Healthcare Trust, in partnership with the Thames Valley Police Missing Persons' Unit, previewed *Fred's Story*; a thought-provoking two part film that was developed to raise awareness of the risks for people with dementia who wander from their home. The film is now essential training for healthcare professionals, emergency services, carers, and health and social care staff.

The Dental team within HEE in the Thames Valley launched their interactive three part e-learning training toolkit to raise awareness and training in the importance of oral health care for dementia patients.

Performance Report

Our purpose

Health Education England exists for one paramount reason: to help improve the quality of care for our patients. To do this we spend almost £5bn a year on undergraduate and postgraduate education and training to ensure that the whole health and healthcare sector in England, including the NHS, the independent sector and public health have access to world class professionals. HEE also takes responsibility for continual professional development, both in training and assessment, to help every member of health and healthcare staff develop their expertise throughout their career and ensure patient safety. HEE is committed to the development of the existing workforce, not solely to creating the future workforce.

We are an arm's-length body of the Department of Health, providing system-wide leadership and oversight of workforce planning, education and training across England.

Under the provisions of the Care Act 2014, HEE became an Executive Non-Departmental Public Body (NDPB) on 1 April 2015. This gives us more stability for the future and parity with other key bodies in the healthcare system.

We have five key functions:

- providing national leadership on planning and developing the healthcare and public health workforce
- promoting high quality education and training that is responsive to the changing needs of patients and local communities, including responsibility for the delivery of key national functions such as medical trainee recruitment
- ensuring security of supply of the health and public health workforce, which can mean working with partners to deliver targeted recruitment initiatives
- supporting the development and managing the performance of our 13 Local Education and Training Boards (LETBs), committees of the HEE Board that ensure that local decisions, local issues and local conditions are core to commissioning decisions
- allocating and accounting for NHS education and training resources and the outcomes achieved.

HEE believes that the education and training of the health and healthcare workforce should be planned and delivered as close to the patient as possible, making best use of public money and, critically, ensuring that patients have the right people with the right skills, values and behaviours in the right place at the right time in the right numbers across England. Overall we are commissioning more education and training than ever before, supporting workforce changes to provide improved services with over 50,000 doctors in training and over 37,000 new training opportunities for nurses, scientists and therapists. We are a national organisation with a local focus – a single organisation on the national and international stage, working in partnership with healthcare providers locally through our 13 local offices. Focussed on delivery, we say what we will do, how we will make a difference to patients - and then we deliver on those commitments. From workforce transformation, to GP recruitment and the integration of health and social care, three years on from our launch, we have a strong story to tell of dedication and positive influence.

Case study | Releasing the potential of a wider workforce in Yorkshire and the Humber

HEE in Yorkshire and the Humber recognises the complexity of the care home and home care landscape; that is we have many distributed, different, small and medium scale providers of high impact care to patients.

We have identified some of the key workforce and systemic challenges that care home providers face. We have identified good practice and initiatives that have worked, as well as identifying gaps in support, blocks and barriers to change.

In 2015/16 we have worked with our vanguards to enable the communities they serve to recognise citizens are part of a wider health and social care workforce. In Wakefield, expert patients who have mastered living with frailty and long-term conditions can become 'enablement champions'. Wakefield is supporting the advocacy role of volunteers and carers, creating community anchors such as local charities that enable patients to live better lives.

Our next steps include identifying the education and training needs of this wider and undiscovered workforce with a massive potential to make a difference.

Performance overview from the Chief Executive

As the first strategic leader of healthcare workforce education, training and planning across England, HEE is an organisation with a very successful track record.

We are responsible for ensuring that there is sufficient supply of staff in health and healthcare, both now and in the future, but that's not the whole story. There are many ways in which HEE has made a lasting difference to patients, NHS staff and learners over the past year. From a strategic point of view, our seat around the leadership table of the Five Year Forward View alongside other arm's-length bodies, has provided the workforce perspective to support the Vanguards as they deliver new care models locally. At the frontline, we have also provided leadership that has made a demonstrable difference – in emergency care recruitment, for example, and in the implementation of the Care Certificate across a new generation of care staff. We have also created new roles and delivered new opportunities for support staff this year with our Talent for Care, apprenticeship and widening participation programmes.

This coming year will continue the theme; we will make a difference collectively, plus we will work to expand horizons for individual professionals. In the light of the recent Spending Review, we are preparing for a new future which will include the work of the NHS Leadership Academy and the Centre for Workforce Intelligence, now part of HEE since April 2016.

HEE cannot and does not deliver alone and a number of our successes as well as our challenges relate to the more complex cross-system initiatives. This is true of workforce planning in primary and community care, for example, where we have been gathering information from employers to help us understand in more detail the workforce drivers in these care settings. This work is ongoing to ensure that we remain responsive to the workforce requirements of the future. The embryonic work on the Higher Care Certificate, which will be guided by the recommendations from the Cavendish Stakeholder Advisory Group, will also extend into 2016/17. There are other areas where the direction and leadership of work is being realigned across the system. This is the case with HEE's original objective to review the Knowledge Skills Framework for NHS staff, which has been delayed as part of a fundamental rescoping of the work being undertaken by the National Information Board. We have plans in place to get all these projects moving in the right direction and we are committed to delivery in a spirit of collaboration that is in the best traditions of the NHS.

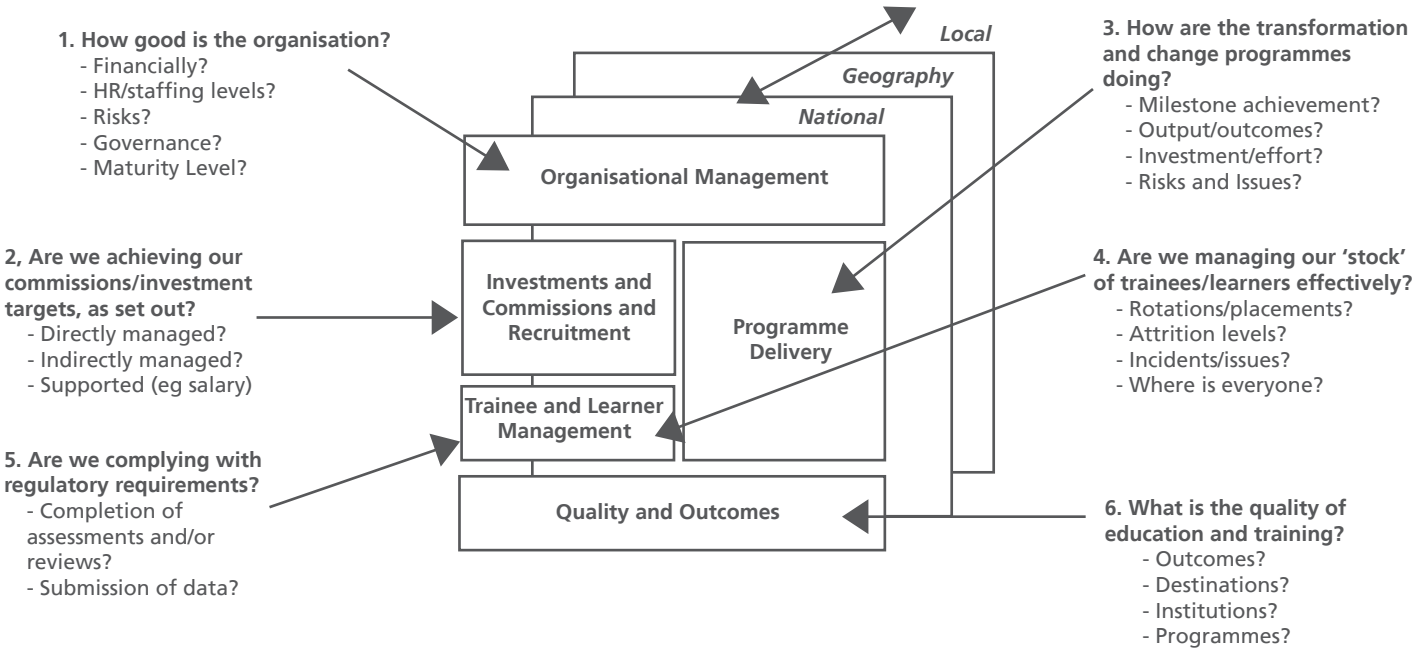
We are proud to work with the providers of NHS services and other organisations including commissioners, local authorities and higher education providers. And we are proud of our role on the national stage working with the other arm's-length bodies and the Department of Health to ensure the workforce is at the heart of deliberations and strategic planning in the NHS. With our partners, we will continue to strive and to deliver for our patients, our staff and our learners.

Professor Ian Cumming OBE
Chief Executive

Performance Summary

HEE described its priorities and corporate commitments for 2015/16 within the HEE Business Plan which can be read here www.hee.nhs.uk/sites/default/files/documents/HEE-Business-Plan-2015-16.pdf.

Progress against these commitments is monitored via the Integrated Performance Report (IPR). During 2015, it was agreed to extend the scope of the IPR to provide a more comprehensive view of those parts of HEE's business which are central to success. The framework continues to evolve and is built around the concept of layering of information to provide both summary and detailed analysis across geographies and themes, as illustrated here:



This approach is enabling HEE to build consistency in the way performance is described at both local and national levels and inform a comprehensive view of organisational performance.

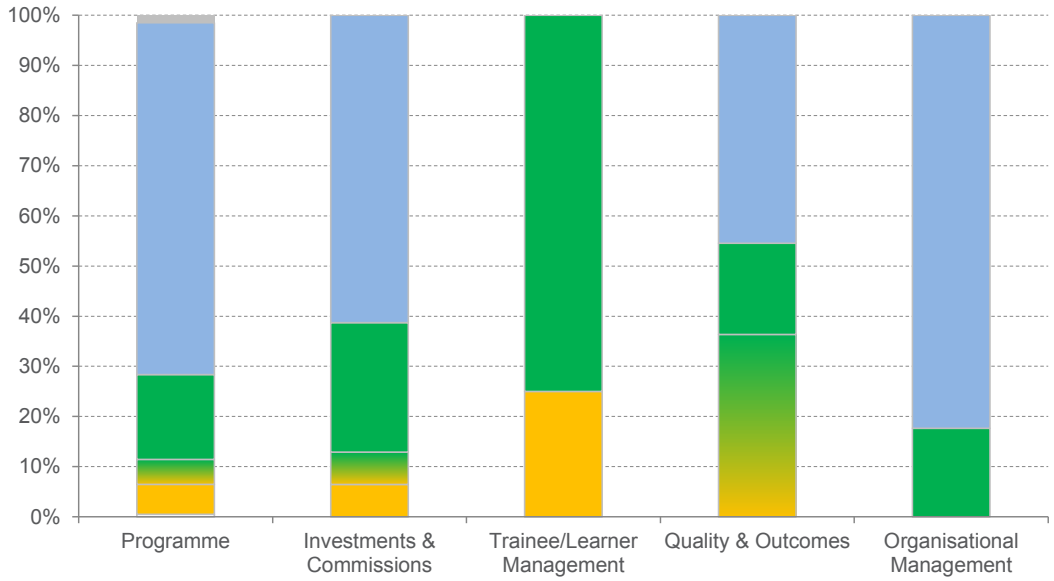
The IPR provides an overview of:

- the performance of corporate functions and commissioning activity and
- delivery of Business Plan priorities, Mandate commitments and programme delivery.

Each commitment within the Business Plan and Mandate has been mapped to the performance framework domains: programme delivery; quality and outcomes; trainee and learner management; investments, commissions and recruitment; and organisational management. Progress against each commitment is rated using a traffic light system. All red rated objectives are reviewed in detail at Board level, using exception reports to describe the problem and mitigating actions. Significant risks are included on HEE's Corporate Risk Register. A summary of performance against the 264 deliverables described in the Mandate and Business Plan for 2015/16 can be seen on page 12.

A summary of our performance during 2015/16

End of year RAG status by performance framework theme



Performance Framework

										Total
1	Programme	0	0	12	10	34	141	1	3	**201**
2	Investments & Commissions	0	0	2	2	8	19	0	0	**31**
3	Trainee/Learner Management	0	0	1	0	3	0	0	0	**4**
4	Quality & Outcomes	0	0	0	4	2	5	0	0	**11**
5	Organisational Management	0	0	0	0	3	14	0	0	**17**
	Total	0	0	15	16	50	179	1	3	**264**

Key

RED - Unachievable	This commitment is unlikely to be achieved; there are major issues which are unlikely to be resolved within the time (or resources) available. Executive action is required.
RED-AMBER - Unlikely	This commitment is at serious risk of not being achieved; there are significant risks and/or issues which must be mitigated / resolved in order to achieve. Executive / SRO action is required.
AMBER - Possible	Achievement is feasible, but there are risks and/or issues which must be mitigated / resolved in order to achieve. SRO / Programme Manager action is required
AMBER-GREEN - Probable	Achievement is probable, but there are a few risks / issues which need to be addressed. Programme Manager to act on risks / issues.
GREEN - Achievable	This commitment is expected to be achieved; there are no outstanding risks/issues which need resolution. No further action required.
BLUE - Achieved	Commitment or deliverable has been met. No further action required.
WHITE - Discontinued	No longer relevant/applicable - withdrawn in-year.
GREY - Wider partner working	Deliverables dependent upon wider partnership working.

Performance analysis

An overview of HEE's performance highlights against the 11 strategic priorities and nine transformational objectives identified within the 2015/16 business plan is provided below.

Priority commitments

Deliver a multi-professional primary and community care workforce able to meet the needs of current and future service requirements	In January 2016, a £10 million investment was announced by NHS England from the infrastructure fund to kick start a new plan to expand the general practice workforce. The money is used to recruit new GPs, retain those that are thinking of leaving the profession, encourage doctors to return to general practice and to develop a multi-professional workforce to meet the needs of patients now and for the future. HEE is responsible for five areas of the Ten Point Plan. This includes the "Nothing general" recruitment marketing campaign and a relaunch of the Induction and Refresher scheme. HEE has also launched a variety of initiatives to maximise the number of GP applications. These include the development of Pre-Specialty Training GP and giving NHS experience to applicants to support their progress. The Primary Care Workforce Commission report (Roland report) was published in July 2015. HEE published its response in December 2015 and is progressing a number of the recommendations.
Implement actions to support end of life care (EOLC) from *One Chance to Get it Right*	HEE launched and published an independent review into the efficacy of education and training resources on EOLC in March 2015. The Democratic Society was commissioned to review what approaches and type of education and training resources deliver excellence in the quality of end of life care within the NHS. As a result HEE reviewed and refreshed 150 e-ELCA (end of life care for all) e-learning for healthcare modules and developed the HEE EOLC strategic plan.
Ensure a greater focus on mental health workforce	There are several objectives linked to this programme of work. Some highlights from 2015/16 include: • A census of the IAPT workforce was undertaken during 2015 and used to inform the workforce plan • HEE commissioned training to support the expansion of two key early intervention psychological therapies - Family Intervention and Cognitive Behavioural Therapy for psychosis • Commissioned project management of nationwide training for specialised eating disorders teams • HEE developed a perinatal mental health steering group, working with local teams to review current educational products available to healthcare professionals working within perinatal mental health at local level and published five e-modules.

Dementia – Working to ensure that the tools and training opportunities are available to all staff by the end of 2018.	HEE, in collaboration with Skills for Health and Skills for Care launched the Dementia Core Skills Education and Training Framework in October 2015. This framework sets out the standards needed in dementia education and training including raising awareness, knowledge and skills for those that have regular contact with people affected by dementia, and knowledge and skills for those in leadership roles. HEE will continue to promote this resource in 2016/17, and monitor the uptake of Tier 1 training in NHS trusts biannually. HEE has supported the development and roll out of a variety of dementia education and training programmes including Dementia Education and Learning Through Simulation (DEALTS).
Support for NHS England on Bubb report: *Winterbourne View – Time for Change* – developing the Learning Disabilities workforce to deliver new care models in new settings	HEE has established a programme of work and a range of activities have been delivered during 2015/16. These include: • Web-based education resources have been created to support the non-specialist workforce around learning disabilities and autism • HEE has provided information, support and guidance to commissioners and providers throughout the year within the six fast track implementation sites initially, and to all 48 Transforming Care Partnerships from February. • A competency framework has been published on the HEE website with an accompanying video. • Change management learning sets have been designed and funded for roll out through local offices, with an anticipated 520 places being available nationally. • In partnership with Skills For Care and Skills For Health, the Positive Behavioural Support and autism training fund has been disseminated to 441 applicants.
Deliver the increased midwifery commissions planned for by HEE and assess the demand required to ensure sufficient midwives and other maternity staff are available to provide personalised care	HEE is on target to deliver the expected level of midwifery training. As of December 2015, there have been 2,127 trainees recruited (82% delivery against plan) with a further 464 places commissioned for the remainder of the academic year. In January 2016, HEE published a report of findings from a series of personalised maternity care stakeholder events. HEE will be reviewing the considerations and working with key partners to implement the published National Maternity Review recommendations. In November 2015 The Secretary of State for Health announced the government's ambition to reduce the number of stillbirths, neonatal deaths, maternal deaths and brain injuries that occur during or soon after birth by 20% by 2020 and by 50% by 2030. In response, HEE has established a Maternity Safety Steering Group and commissioned the Royal College of Obstetrics and Gynaecology to produce a directory / catalogue of quality assured standardised, multi-disciplinary training packages. We have also commissioned the Royal College of Midwives to develop and lead on leadership training workshops for labour ward coordinators. We have also set up pilot training programmes for maternity safety and will be rolling these out in five phases.

Commission sufficient health visitor (HV) training places to ensure a sustainable workforce	Two successful years of rapid growth in training places for health visitors has impacted on 2015/16 recruitment. The HEE Change Control Plan stated that 1,042 training places for health visitors would be commissioned during the 2015/16 academic year. The end of year figures show a -16% (-164) variance against plan for health visitors. There are a number of factors contributing to the shortfall, the key issue is that this programme is demand-led. HEE commissioned 118 more training places than planned in 2014/15 and this very large growth in previous years is the key to lower than planned commissions in 2015/16.
Work with Public Health England, NHS England, Department of Health and other system leaders to deliver the action plan for public health	HEE is working with Public Health England (PHE) and other system leaders on developing resources for Making Every Contact Count (MECC). The HEE National Conference took place on 27 January 2016 where the MECC Implementation Guide and the Training Quality Marker Checklist were launched. Future publications of the Consensus Statement and a MECC Evaluation Tool are imminent. The MECC e-learning package developed by Kent, Surrey and Sussex, Wessex and Thames Valley local teams is under way, together with the redesign of the website and the establishment of the MECC Community of Practice. The HEE public health network input has been embedded within the planning process for the priority work in the areas of prevention and public health.
To address the current supply of staff in current shortage areas including nursing and urgent and emergency care.	HEE is addressing workforce shortages through various programmes of work, more details can be found on pages 22 to 29.
Reduce avoidable attrition from training programmes by one third	HEE has established the Reducing Pre-registration Attrition and Improving Retention (RePAIR) steering group comprising HEI and service representatives from across the country. A high level definition of 'attrition' has been agreed together with an understanding of 'avoidable' attrition and a baseline exercise is under way.
Support veterans' health	A number of actions have been taken by HEE to support veterans' health, including: • the establishment of an armed forces and veterans working group to facilitate collaboration between HEE and key partners, including NHS England and clinical commissioning groups (CCGs), who will be delivering the work • an e-learning package has been reviewed and developed • definition of the contents for the veterans' health care resource, in consultation with representatives of the service charities.

Transformational objectives

Lead work on the Future Patient, to pilot and evaluate approaches for education and training programmes for people and carers	HEE has developed and tested training and education principles for supporting self-care (including prevention) and self-management with experts and patients (via the Patient Advisory Forum) and linked to other HEE projects including public health, paramedics and NHS111. In addition, we have also worked collaboratively to develop a shared plan for building workforce and communities' attitudes, behaviours, skills and competencies that drive person-centred approaches to wellbeing, prevention, care and support.
Take the lead in England to develop a detailed feasibility assessment of proposals within the Shape of Training review, including proposals to move the point of doctors' registration	HEE has submitted its initial feasibility assessment on elements of the Shape of Training review to the Department of Health and a full response is expected soon. A summary of the engagement exercise on the advantages and disadvantages of moving the point of doctors' registration has also been submitted to the Department of Health.
Following consultation take forward agreed proposals within the Shape of Caring review	The Shape of Caring review, led by Independent Chair Lord Willis, proposed a range of recommendations. Following a successful engagement phase in Autumn 2015, an interim report was submitted to the HEE Board in December 2015. The Board accepted all the recommendations within the remit of HEE. Key areas of focus will be: Excellence in Nursing; Valuing and Developing the Care Assistant Workforce; Ensuring Meaningful Patient and Public Involvement; Flexibility in Pre-Registration Education and Standards for Post Registration Education.
Play a leadership role in continuing to implement the relevant recommendations of the Cavendish Review	The Care Certificate was launched in April 2015 by HEE, Skills for Care and Skills for Health which means that health care assistants and social care support workers can work towards the same set of transferable, robust standards, which they should achieve before working unsupervised. There were 5,334 completions and 13,901 commencements from April to December 2015. Data collection and monitoring will continue.

Implement the Talent for Care strategic framework and the employer partnership pledge	Talent for Care commitments are included in the workstreams Get In, Get On and Go Further. Highlights include: • the ThinkFuture campaign (in partnership with NHS Employers) to recruit more young people. This has launched a suite of resources including case studies, toolkits for managers, employers and communications teams and a successful #NHSWhereIStarted campaign. • the Prince's Trust has provided 16 pre-employment programmes in 2015/16 • a 'Values for healthcare' Values-Based Recruitment e-tool for Bands 1-4 roles based on the six NHS Values has been developed, tested and is due to go live by June 2016. • the Bridging Programme went live in 2015 and the first graduates have gained places at two universities on pre-registration nursing programmes. • we are on track to meet the annual national apprenticeship target (17,437) for 2015/16
Implement the Widening Participation strategy	Results of the work experience survey are now live and will provide vital information to further plan for Widening Participation work in 2016/17. Highlights include: • development of key measures to enable data capture across a range of activity aimed at widening participation • Selecting for Excellence recommendations continue to be implemented through the Medical Schools Council • 457 young people from a range of backgrounds have benefitted from the Sutton Trust and Social Mobility Foundation's Access to Medicine programmes this year. • the eight school/employer engagement pilots have finished and recommendations will be a key driver for the school engagement framework in 2016/17.
Continuing to develop and implement the approach to demand led/ service based workforce planning by piloting a life cycle approach starting with children and young people	A number of key stakeholder and governance meetings have taken place to agree the scope and progress the Children and Young People programme. The programme team, in partnership with Shape of Training, has commissioned a piece of work to build up the paediatric and child health workforce future demand model. This work will be undertaken with service experts and professional bodies such as royal colleges and NHS England to assess the strategic workforce risks in delivering the transformation agenda over the next 10 years. Initial work began in October 2015.

Lead on the workforce implications of, and develop a training strategy for genomics and bio-informatics	During 2015/16, HEE's key activity was the delivery of the Masters in Genomic Medicine across HEIs, with 165 trainees starting courses in autumn 2015 and 396 applications received. A tenth provider has been procured. An additional 27 higher specialist scientific training posts have been established and funding provided for employers. The Masters in Genomic Medicine HEI network is working well. Trainees will have access to the Genomics England database for their learning and research project. Education and training materials continue to be developed.
Supporting the National Information Board (NIB) strategy for the health and care workforce to embrace information/data/ technology	HEE and the Health & Social Care Information Centre (HSCIC) jointly lead on the programme that will help the health and care workforce make the best use of data and technology. The programme has this year delivered in a range of areas, including: • two leadership sessions aimed at the leadership teams in social care organisations, reaching approximately 200 organisations. The sessions aimed to demonstrate "the art of the possible", as well as helping leaders to assess their organisation's maturity in the use of data and technology and to develop a road map to maturity. NHS organisations have similarly been supported. • the programme has sponsored the development of learning materials on Electronic Health Record adoption and has progressed the creation of two bodies to support the registration and on-going accreditation of the clinical and non-clinical informatics workforce.

Key issues and risks to delivery

During 2015/16 we continued to manage our strategic risks through the national corporate risk register, utilising our Approach to Risk Management Framework, focusing on managing the risks to the delivery of our objectives and those linked to our Beyond Transition Programme.

Our Executive Team received the register on a monthly basis, undertaking scrutiny of the mitigating actions of all risks, prior to submission to both the Audit & Risk Committee and the Board. Following a specific request from the Board, based on the risks highlighted within the Integrated Performance Report, additional risk information was provided to the Board in a dashboard format detailing the actions being undertaken for the highest scoring risks.

Our key risks have related to ongoing financial restrictions, our role within the reconfigured health system and the risks associated with the delivery of cross-cutting programmes led by HEE. In particular there are risks associated with the approval of the e-learning for Healthcare platform and the programmes established to tackle current challenges facing General Practice recruitment.

Strategic direction

Framework 15 provides the conceptual basis from which HEE approaches problems and identifies solutions, ensuring our focus remains on the patient. Framework 15:

- guides the decisions we make in the short term, such as the annual workforce planning process and the priorities in our business plan
- informs our longer-term work programme such as Shape of Caring
- enables our Board and the public to assess our actions against our expressed strategic ambitions, and to challenge us if we veer off course
- provides the basis for more detailed conversations with our partners and stakeholders about the challenges and opportunities ahead.

It sets out five key characteristics of the workforce, as below.

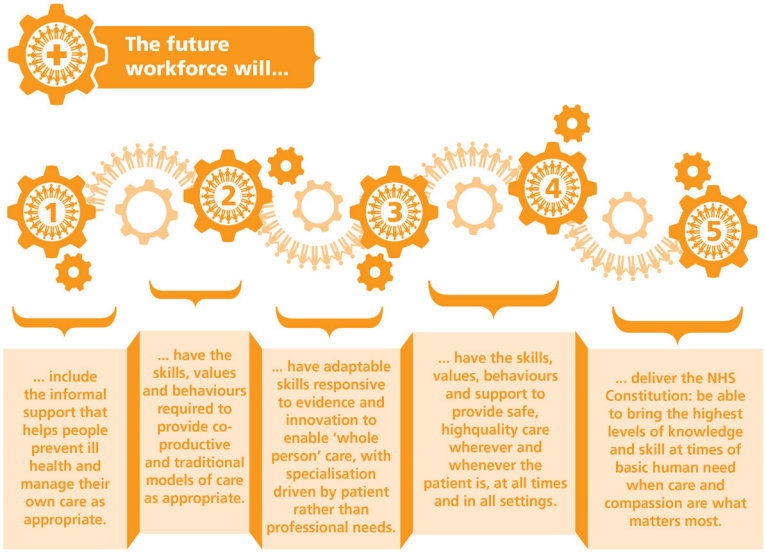


Diagram taken from HEE's Framework 15. You can access the document by visiting:
www.hee.nhs.uk/our-work/planning-commissioning/strategic-framework

As well as implementing our longer term strategy, we are responsible for contributing to the Five Year Forward View (5YFV): www.england.nhs.uk/ourwork/futurenhs. To help us do this we have established a Workforce Advisory Board (WAB), chaired by HEE's Chief Executive and with membership drawn from NHS England and other ALBs from the health sector, plus a member of our Patient Advisory Forum. The WAB work programme includes workforce shortages, particularly in nursing, urgent and emergency care, primary and community care.

Health Careers

2015/16 was another busy year for the Careers team. The Health Careers website, www.healthcareers.nhs.uk, was launched in October, bringing together the best information from the NHS Careers, Medical Careers and PHORCaST (Public Health Online Resource for Careers, Skills and Training) websites.

The new site has proved popular with its fresh look and new functionality. In January 2016 alone, the website received over 700,000 visits and thousands of people registered with the site.

A suite of Health Careers publications has also been produced following a review of the NHS Careers literature.

Speaking to the next generation

HEE has had a significant presence at major national and regional careers events, including The Skills Show, Skills London and Skills North East, talking to thousands of young people about careers in health. The Step into the NHS schools competition also had a record year, attracting over 1,500 entries from over 3,000 students – more than ever before.

Connecting national and local delivery

The national Health Careers team and local careers leads have been instrumental in setting up a careers network which brings together all HEE careers activity. Next year, the network will become even more instrumental in the delivery of careers activity at HEE by improving the coordination of work and providing an invaluable platform for sharing ideas and good practice.

The Health Careers team can be contacted on 0345 60 60 655 or email advice@healthcareers.nhs.uk.

Planning for the NHS workforce

The NHS employed clinical workforce comprises 1.15 million individuals working across 240 NHS trusts and 200 clinical commissioning groups, plus other NHS organisations. The wider workforce providing NHS funded services work across nearly 8,000 GP practices and in other settings including high street pharmacies, local authorities, 'third sector' and independent providers . At any one time 50,000 doctors are being trained, the majority of whom are also contributing to service delivery. In September 2015, over 88,000 students across our 13 local teams were on programmes leading to registration as other health care professionals. Thousands are undertaking 'post registration' studies to either equip them for other specific roles or to enhance their skills and prepare them for the future. HEE's role is to work with the system to forecast, plan and deliver the workforce this vast and complex system needs for the future while supporting the development of solutions to current workforce issues.

In 2015/16 HEE was accountable for determining close to £5bn investment in the education and training of the future workforce. HEE's 13 local teams worked with NHS providers and the wider system to determine investment in each of more than 130 training and education programmes including all four branches of nursing, midwifery, health visiting, 14 Allied Health Professional groups (such as physiotherapy, occupational therapy and radiography), health care scientists, and more than 60 medical specialities and 'feeder' programmes.

HEE's planning process involves developing local plans, aggregation and challenge of these plans, triangulation with wider information and engagement with stakeholders both locally and nationally though HEE's Advisory Groups structure. This combination of local and national workforce supply and demand data gathering, modelling, forecasting and review culminated in HEE's assessment of the future supply prospects for the NHS. These are set out in HEE's Commissioning and Investment Plan – 2016/17, which was approved by our board and published in late December 2015. In that report HEE forecast that additional clinical workforce supply of between 24,000 and 82,000 fte (full-time equivalent) will be available to the NHS by 2020. This supply will also be available to other employers of clinical staff - we do not believe the NHS will utilise all the supply at the higher end of these forecasts as this may not be affordable within the Government's Spending Review assumptions.

Education and quality

Primary care workforce commission

HEE established an independent primary care workforce commission, chaired by Professor Martin Roland CBE. The commission published their report, *The future of primary care: creating teams for tomorrow,* in July 2015. You can access the report here: www.hee.nhs.uk/our-work/hospitals-primary-community-care/primary-community-care/primary-care-workforce-commission.

> "HEE is committed to developing primary care and transforming it for the future. We need to look at the appropriate skill mix that is required to deliver the right training to provide the best possible care for patients. It's important that it isn't viewed as a short term solution. There are long-term commitments from HEE to address some of the issues raised in the report, which require sustained investment."
>
> **Professor Ian Cumming OBE, Chief Executive**

Through a literature review, call for evidence, site visits and panel meetings, the commission identified and highlighted innovative models of primary care that will meet the future needs of patients and the NHS.

Our response to the report's recommendations around the multi-disciplinary workforce, those population groups with particular needs, and creating learning organisations, is available at: www.hee.nhs.uk/sites/default/files/documents/HEE%20Response%20to%20PCWC%20Report%20FINAL_0.pdf.

Building the new primary care workforce

Following the publication of Building the Workforce: A new deal for general practice; a ten point action plan, we are working closely with our partners; NHS England, the Royal College of General Practitioners, and the British Medical Association GPs committee, to address immediate issues and take initial steps in building the workforce for the future, and new models of care. This document is available at: www.england.nhs.uk/commissioning/wp-content/uploads/sites/12/2015/01/building-the-workforce-new-deal-gp.pdf.

This plan contributes to the commitment to increase the number of doctors in general practice by 5,000, and multi-professional primary and community care staff by 5,000, by 2020. This will help make greater use of the skilled workforce to provide seven-day access to high quality care.

Promoting general practice

We launched the campaign, *There's nothing general about general practice* in November 2015 to raise awareness, inspire, and inform young medics about a career in general practice as they make their decision about which specialty training to apply for. A team of GP ambassadors and advocates were recruited to talk about their experience and provide first-hand advice. More information can be found at: https://gprecruitment.hee.nhs.uk/Recruitment/Nothing-General.

Through local office investment, post Certificate of Completion of Training (CCT) fellowship opportunities have been offered to develop GPs through a fourth year of training in a range of subjects, including emergency medicine, leadership, research, and education and training. Priority has been made through local offices for hard to recruit to areas.

Working with partners we have been supporting the introduction of the one-year pilot targeted enhanced recruitment scheme. NHS England is offering £20,000 bursaries to attract GP trainees to work in areas of the country where GP training places have been unfilled for a number of years. There is more information here: www.england.nhs.uk/commissioning/primary-care-comm/gp-action-plan/enhanced-recruitment/

Case study | GP Career Start in the north east

The GP Career Start scheme has been established in the north east and north Cumbria as one of a number of initiatives to address the shortage of general practitioners (GPs). It has been made possible by working in partnership with CCGs, with particular difficulties in recruiting, and general practices in those areas.

The aim is to encourage trainees to remain in the area, but also attract new GPs from outside of the area and where appropriate, outside of the UK. This is to ensure we are not creating deficits in other parts of the region.

The scheme is a mix of time in practice and protected development time. It focuses on developing recently qualified GPs to meet the needs of patients by using the protected development time to enhance their knowledge and skills, for example in dementia care or managing long term conditions. This in turn will improve patient care in their practices and in the surrounding community. The scheme also provides peer support and mentoring.

To date 50 per cent of the GP Career Start posts have been filled in areas of need and we continue to work together with our partners to fill the remaining posts.

Facilitating return to practice

We have been promoting the improved induction and refresher scheme, which provides induction for doctors who have never worked as an NHS GP, or a refresher programme for qualified GPs with previous NHS experience who have not practised for two or more years and would like to return to work as an NHS independent practitioner in England.

A short video explaining how the scheme works is available with further information on the GP National Recruitment Office website. During the campaign period, which started in December 2015, we saw a huge rise in engagement online with over 20 million Twitter impressions of #NHSGP, and almost 8,000 web page views in just ten weeks. This website can be found at https://gprecruitment.hee.nhs.uk/Induction-Refresher

Training hubs

Work is progressing to develop training hubs across our local office areas. They will provide an opportunity to meet the educational needs of the multi-disciplinary primary care team, bringing together NHS organisations, community and local authorities. This will provide a much broader education than the traditional single professional approach and support workforce planning. Additional learner placements across the professions will also increase.

Improving patient safety through education and training

Improving Safety through Education and Training is the first report to focus on how education and training interventions can actively improve the safety of patients.

The independent report by the Commission on Education and Training for Patient Safety, supported by our academic partner Imperial College, sets out the future of education and training for patient safety in the NHS over the next 10 years. It makes 12 recommendations to HEE and the wider system.

Professor Sir Norman Williams, a former president of the Royal College of Surgeons, chaired the commission, while Sir Keith Pearson, Chair of Health Education England was vice-Chair. The commission gathered evidence through focus groups, interviews, regional visits and online surveys from patients and their families, carers, students and trainees, frontline staff and executives, as well as seeking the views of international experts and national organisations.

In response to the report, we will be moving at pace to develop a full implementation plan.

The full report is available at www.hee.nhs.uk/our-work/hospitals-primary-community-care/learning-be-safer/commission-education-training-patient-safety.

Case study | Integrated education in practice in Kent, Surrey and Sussex

HEE's team in Kent, Surrey and Sussex has been supporting the development of a multiprofessional approach to education and learning since 2013 with the creation of an integrated education framework.

Led by the Kent, Surrey and Sussex education and quality team, the framework initially supported provider organisations to integrate their educational governance. It also provided training and induction in integrated education, enabling provider staff to create project plans to implement this new way of working across their organisations.

Frimley Health NHS Foundation Trust implemented an overarching integrated education structure, which was led by their director of clinical education and focussed on improving the clinical learning environment for all staff members. The Kent, Surrey and Sussex team encouraged and nurtured the changes that were taking place at the trust, providing an evidence base, a toolkit for change, knowledge sharing and shadowing opportunities.

The impact of the changes stimulated by implementing integrated education has been credited with a turnaround noted by the Care Quality Commission in Wexham Park Hospital (one of Frimley Health's sites) from 'inadequate' in 2014 to 'good' in 2015, demonstrating the important role of education in transforming healthcare services and improvements in patient care.

Case study | Simulation and human factors in South West

Human factors, such as teamwork and communication, play an important part in ensuring patient safety. In the South West we are working with a range of healthcare professionals to develop a series of projects that aim to raise awareness of human factors and non-technical skills that support efforts to promote patient safety.

We are funding 16 fellows to deliver these projects, all of whom have been appointed from 12 local organisations to develop simulation-based education and human factors training in clinical settings.

As well as improving patient safety it is hoped the work will also help organisations to deliver cultural change.

At the Royal United Hospital in Bath, simulation is being used to help therapists to enhance their skills and knowledge in new ways and improve patient care through a series of innovative simulation-based training activities.

At Plymouth Hospitals NHS Trust, simulation is being employed to help staff spot patients who are deteriorating and to act on this more quickly.

The team leading the simulation project in Taunton was crowned education and innovation champions at our Star Awards, held to celebrate the best education and training in the region.

The overall objective is to create a simulation network across the south west, identifying and supporting excellent practice and training using simulation as an educational tool. This will assist organisations in delivering high quality care and ensuring patient safety.

Talent for Care and Widening Participation

The Talent for Care and Widening Participation programmes work together to raise the aspirations of young people, develop the support workforce and ensure a diverse NHS workforce that is representative of the community it serves.

More than 1,300 people have signed up to be health ambassadors, volunteering their time to inspire young people to consider a career in the NHS. Working with NHS Employers and Health Careers, toolkits have also been made available to help organisations provide work experience opportunities and to recruit more young people into the NHS. We also work with the Prince's Trust to provide a range of pre-employment programmes for young people not in education, employment or training (NEETs).

Expanding the numbers and scale of apprenticeships is another key area and we are on track to meet the annual apprenticeship target (17,437). Level 2, 3 and 5 apprenticeship standards and a national monitoring database have been developed to improve the quality of apprenticeships and accurately track them region by region.

The first Bridging Programme graduates have now gained places on pre-registration nursing programmes and working with The Sutton Trust and Social Mobility Foundation, 457 students in state schools and higher education colleges are benefitting from our Access-to-Medicine programmes.

Care Certificate

Launched in April 2015 by HEE, Skills for Care and Skills for Health, the Care Certificate allows health care assistants and social care support workers to work towards the same set of transferable, robust standards. From April to December 2015, there were 5,334 completions and 13,901 commencements.

Values Based Recruitment

An electronic values-based recruitment tool - built around the NHS Constitution - has been developed and is due to go live in June 2016. The tool will allow applicants to check that they have the necessary values before they apply to a Band one to four role within the NHS.

Learning Disabilities

As part of the Transforming Care programme, we are ensuring that the workforce has the right skills, competencies and values to deliver quality care to people with learning disabilities.

In partnership with Skills for Health and Skills for Care we allocated funding for Positive Behavioural Support (PBS) and autism training. Some 169 organisations have now received funding for training to support the successful discharge of in-patients from acute to community settings, while maintaining and improving the community care and support to a person at imminent risk of admission. Our website now features an information 'hub' of autism awareness learning resources and we have commissioned PBS workshops for carers and their families.

New tools placed on our website support healthcare professionals caring for people with a learning disability and the Learning Disabilities Skills and Competency Framework helps commissioners and providers take an analytical approach to workforce development by outlining the competencies required to deliver specific service interventions.

In response to the report produced by Sir Stephen Bubb on Winterbourne View and the implications for learning disabilities services, we are promoting the need for stronger leadership skills in the field and have launched a campaign that profiles leadership exemplars currently working in learning disability services, showing how with the right skills and behaviours individuals have the power to make a real difference to the quality of care.

Return to practice

The Return to Practice programme, which began in 2014, continues to attract experienced and skilled nurses back to the profession. The campaign – Come Back to Nursing – responds to our current Mandate and the need to deliver sufficient numbers of nurses to the NHS. The profile of the campaign continues to grow and to date some 1,900 former nurses have begun training programmes run by providers and universities across the country.

Shape of Caring

Recommendations put forward in the Shape of Caring Review were accepted by the Board of HEE. The review, *Raising the Bar* aims to ensure that, throughout their careers, nurses and care assistants receive consistent high quality education and training which supports high quality care over the next 15 years.

We have met and spoken to representatives from the nursing, commissioning and higher education community on the recommendations made in the review, holding 12 separate events attended by 526 people. Some 1,000 people also responded to the engagement process in written submissions and on social media.

Our Board also approved the development of a plan to develop ideas to establish a Faculty of Care to provide system leadership that supports ongoing learning and development and provide an expert resource on all matters relating to health and care practice and champion excellence.

Leading from this faculty will be the establishment of a virtual faculty of care. Working with regulators, providers and professional bodies, further education and higher education and service providers, this will set national standards and competencies that enable individuals to progress using education as a scaffold for career development and facilitate workforce transformation. It will be organic and enable HEE to encompass other professions within the faculty, such as the Allied Health Professions (AHPs).

In addition, we invited healthcare employers, nurses, care assistants, health commissioners and other stakeholders to comment on proposals for a new nursing support role, with Nursing Associate as a working title. The new role will work alongside health care support workers and fully-qualified registered nurses to deliver hands-on care. The consultation sought views on the scope, range and skills required, as well as the role of the regulator. The outcomes and recommendations following on from the engagement and consultation will be published in 2016.

Case study | Flexible Nursing Pathway developed in the East of England

HEE in the East of England has developed a flexible, work-based nursing pathway for Assistant Practitioners (APs), who have undertaken a Foundation Degree, so that they can work, earn and learn whilst becoming a Registered Nurse. North Essex Partnership University NHSFT, HEE and the University of Essex developed this innovative approach by building on the vast amount of practical experience and knowledge APs have, which is accredited against the first 18 months of a three year nursing programme.

The Flexible Nursing Pathway enables APs to work 18 hours in their AP roles, while spending the rest of their time as student nurses and retaining their full salary. Patients have continued to benefit from an experienced AP, whist the organisation is addressing their nurse shortage by developing registered nurses within an 18-month period.

A newly qualified nurse said, "I am so grateful to everyone who has developed this new way of becoming a registered nurse - without you I would not have fulfilled my dreams."

The team worked with four universities, the NMC and service providers to develop this pathway across the region. 120 APs begin the programme in early 2017 and HEE was shortlisted in the last HSJ Awards for this work.

Nurturing innovation in children and young people mental health services

Health, education and social care providers were invited to apply for funding to support projects that will help improve the lives of children and young people - up to 18 years old - affected by mental illness.

More than £3m was awarded to NHS, local authority and third sector partners to deliver a series of innovative services for young people. Hampshire Children and Adult Mental Health Services will use the £45,000 fund to launch a new campaign called *Mind Your Head*, which involves taking health services out into the community, providing easy access for young people via a mobile clinic and health promotion vehicle. The Charlie Waller Memorial Trust in Reading supports young people with depression and supports their families. The £175,545 award will help the charity to grow its pastoral service to local schools, and provide the right skills staff need to provide effective early intervention and support for young people with mental health issues.

Case study | Innovative education in North, Central and East London

***Me** first* is an innovative education package designed to improve health outcomes by involving children and young people in their own healthcare. The project improves communication between healthcare professionals and children and young people through masterclasses, a website and an interactive communication model - designed specifically for and with children and young people. There is also a searchable resource hub on the website where users can share tools, projects and ideas.

Led by Great Ormond Street Hospital and Common Room on behalf of HEE, ***Me** first* was launched nationally in October 2015, following a pilot in north central and east London.

Users who have left feedback about the website unanimously say that they would recommend the site to others and 100 per cent of people who have taken part in the masterclasses have rated them as good or excellent. ***Me** first* was recently voted the overall winner at the Patient Experience Network (PEN) National Awards 2016, where it also won the Personalisation of Care award. The project was also featured as an example of good practice in a recent National Voices report on the role of voluntary, community and social enterprise organisations in care and support planning.

Transforming primary and community nursing

A new education and career framework set out for the first time the specialist knowledge and skills needed to deliver and advance in district nursing and general practice nursing. Developed in association with

professional membership organisations, commissioners, trusts and higher education institutions, the District Nursing and General Practice Nursing Service education and career framework underpins the shift from acute to primary and community care by setting out for the first time standardised roles and responsibilities, as well as provide practitioners with a career pathway.

Case study | Improving the quality of advanced practitioners' training in South London

Health Education England in South London has established a framework for the training of advanced practitioners in order to ensure a consistent approach and improve the efficacy of these roles in practice.

Developed with local stakeholders, including health care providers and higher education institutions, the framework details the need for workforce planning to be at the centre of the creation and training of advanced practice roles, ensuring there is a defined need for the role as well as scope for supporting trainee advanced practitioners.

The framework sets out a minimum academic qualification needed to undertake an advance practice role and introduces a set of clinical competencies to be assessed in practice during the two-year training period.

We provided support for the training of over 100 advanced practitioners in 2015/16. An example of this collaborative work is Lewisham and Greenwich NHS Trust that has developed a five-year plan to introduce 12 advanced practitioners into their emergency departments (across two sites), in three phases. The first phase has a group of six; four nurses and two paramedics, with the aim of easing pressure on emergency departments to reduce waiting times for patients and improve the quality of care. The Lewisham and Greenwich approach includes the trainees being fully supernumerary, with six monthly goals to meet the essential requirements set out in the Advanced Practice Framework.

Case study | Skills enhancement in West Midlands

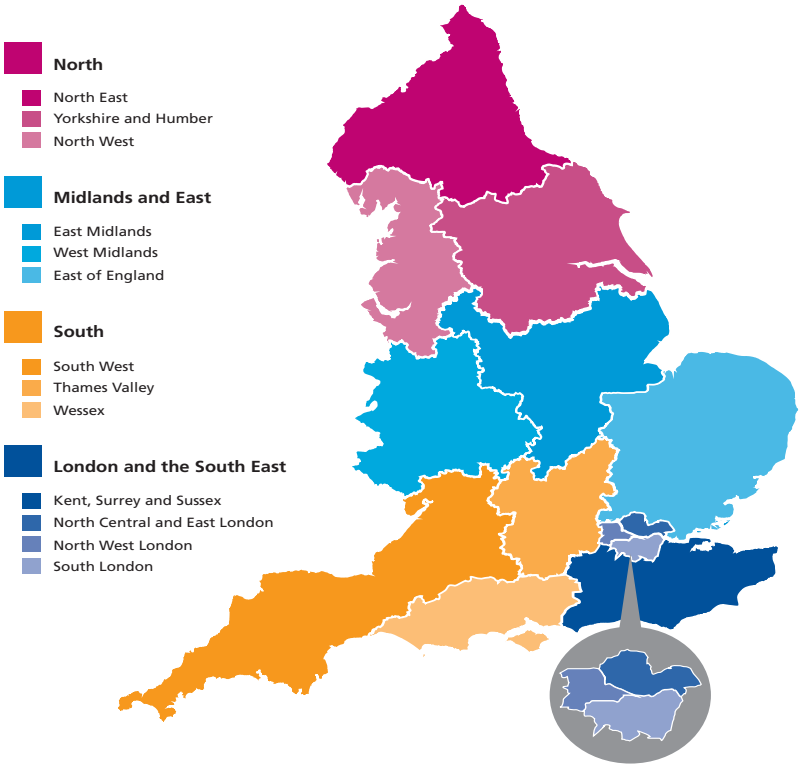
A two-year innovation programme, Skills Enhancement in Rural Communities (SERC), delivered clinical skills training to 1,945 staff in community and primary care settings across the West Midlands. Clinical skills training was delivered in two phases to nursing staff with the use of a mobile clinical skills laboratory and simulation equipment supported by a clinical tutor who trained and assessed staff to enable them to acquire skills competencies.

The short-term aim of upskilling a large number of community staff in clinical skills that could enable a shift in patient flow and bring care closer to home, now or in the future, was achieved in both phases. The long term impacts of SERC have been realised in a number of settings in facilitating more efficient and effective management of patients within the community. This has been achieved through a change in organisational culture to one which prioritises learning and the development or refresh of the clinical skills of healthcare staff. It has also been achieved by the development of clinical services which supported staff in maintaining their confidence and competence. Reports suggest positive impacts on patient flow and patient experience through the provision of a more efficient service and enhanced access to care closer to home.

Further information can be found at www.hee.nhs.uk/hee-your-area/west-midlands/our-work/research-innovation/skills-enhancement-rural-communities

Delivering at a local level

HEE has 13 Local Education and Training Boards (LETBs) across England that are responsible for the training and education of NHS and public health staff, both clinical and non-clinical within their local healthcare systems. The LETBs are committees of the HEE Board and are supported by local teams. They are provider-led and comprised of representatives from local providers of NHS services, plus other local stakeholders. They are managed both locally and in four geographies, as set out in this map.



There is more information on the work of the local teams at www.hee.nhs.uk/hee-your-area

Our Advisory Structures

Our advisory groups are an important mechanism for gaining multi-professional strategic advice from a wide range of stakeholders.

In 2014, we established a range of advisory groups focused around professional groupings. These are:

- Allied Health Professionals
- Dental (Oral Health)
- Healthcare Science
- Medical
- Nursing & Midwifery
- Pharmacy (and the pharmacy workforce).

We have now added to the existing advisory groups by setting up groups to advise us on the workforces for Public Health; Children and Young People; and Mental Health and Learning Disabilities.

Patient Advisory Forum

Our Patient Advisory Forum (PAF) performs a pivotal role in helping us to make decisions that bring us closer to reaching both our short and long term aims as described in Framework 15.

The PAF has been in existence for two years and its membership is drawn from a diverse group of people with a wide range of different experiences of health care. It has close links to the HEE Board as the PAF is co-chaired by Sir Keith Pearson, HEE's chairman and Mary Elford, one of our non-executive directors.

> By actively supporting the PAF I believe that HEE is clearly demonstrating its commitment to putting the patients at the heart of health education and is listening and responding to their needs and concerns"
>
> **David Burbridge, PAF member**

The PAF have been very active this year. They have provided advice and challenge to a wide range of HEE activities, such as: advising on the refresh of Framework 15; education and training design principles for person centered care; and our Education Investment and Commissioning plans.

> It has been one of the steepest learning curves I have faced - I knew nothing and I always seemed to be in the presence of experts. It took me two months to summon up the courage to ask the difference between Community and District Nurses. But they were kind experts, who allowed me to speak, listened to my strange voice and acknowledged my input. I was desperate to add value and not just tick the 'patient rep' box, but I had little idea how to do that in a new environment on a subject about which I was ignorant. I realise now that this degree of patient involvement at this level of strategic working was new to others too, so we learnt together.
>
> As well as not ticking the box, I did not want to end up in some kind of negative mindset where I simply challenged every point that was made. It was not easy, by any stretch of the imagination, but together we produced something that is professional, comprehensive and readable with an edge of patient perspective that might otherwise have been missing."
>
> **Iain Upton, PAF member**

This year has seen new ways of working for the PAF with more PAF members than ever being embedded into our national programmes. These include:

- Shape of Caring: Enhancing the voice of patient and the public
- Workforce Advisory Board supporting the delivery of the 5YFV
- Medical and Dental Recruitment and Selection
- Learning to be Safer
- Transforming Nursing for the Community & Primary Care

The PAF have developed a set of assurance themes based on what success would look like from a patient perspective. These are embedded into our business priorities and work programmes, as below.

Themes	Aims	Objectives	Outcomes	Measures
Improving: cultures and values - investment - behaviours -information - outcomes	Patient-focussed investments	HEE's strategy and guidance have patients as the focus.	Patient focus is explicit in all HEE strategy and guidance .	PAF assure all priority area strategy and guidance.
	Share definitions across HEE	HEE works with PAF to identify a range of common terms used across the system and defines them for use across HEE.	HEE produces a glossary of terms.	Glossary of terms is published on the HEE website and updated annually.
	Patient empowerment	HEE invests in training and support for Patient and Public Voice Partners (PPVP) to engage in work streams across the orgainisation.	HEE produce strategy and guidance on PPV engagement.	Audit whether guidance is implemented across HEE at a national and local level.
	Working as a team with the patient and carer	HEE invests in education and training for professionals to support patients and carers through coproduction.	HEE commissions education and training that support coproduction of models of care.	PAF assurance that HEE invest in education and training that support coproductive models of care.
	Needs of today/meeting existing needs and life-long learning	HEE invests in life long learning of the current workforce.	PAF assures how HEE uses its limited resources to support the training of current staff	We will widen participation in education and training.
	Kindness and compassion	HEE invests in values based recruitment and core training in line with the NHS Constitution.	PAF assures strategy and guidance	Values based recruitment has been rolled out to all healthcare professionals.

The PAF will conduct an annual review of the assurance aims to verify that they are helping us to develop the characteristics of the future workforce as defined in Framework 15.

"It is challenging for the PAF to reflect the patients' interest in education with such a range of professions and care settings covered by HEE. Therefore I see the PAF as promoting the opportunity of patients and public to have that influence - an important role for us. I was pleased that in both Raising the Bar: Shape of Caring: a Review of the Future Education and Training of Registered Nurses and Care Assistants and the more recent Commission on Education for Patient Safety Report 'Improving Safety through Education and Training' it's recommended that there be patient and public involvement in the design and delivery of training - changing the conversation about education and training so that patients and the public always have a say."

Elizabeth Manero, PAF member

Looking to the future

As we look ahead, we see a changing landscape. Based on the announcements of the 2015 Spending Review, we will be working with a significantly reduced budget from 2017/18, due to the transfer to the Student Loan Company of education funding for Nurse and Allied Health Professionals (AHP) starting training in 2017. This is subject to a national consultation due to complete in June 2016 and is 'work in progress'. Although HEE will no longer commission these courses in the long term, we will still be responsible for forecasting and planning an NHS workforce fit for the changing needs of patients.

The challenges for 2016/17

Our focus now continues to be delivering on the priorities from our Business Plan 2016/17 and our refreshed Mandate from the Government.

We look forward to an active year of delivery as we continue to address the challenges and opportunities facing health and care services in England as set out in the Five Year Forward View (5YFV). A copy of this can be found at www.hee.nhs.uk/our-work/planning-commissioning/delivering-nhs-five-year-forward-view. This sets out a vision for the future of healthcare that is universal and sustainable. Based around redesigned care, a new emphasis on prevention and the drive to support the NHS's future sustainability, new care models at Vanguard sites are central. Each are developing blueprints to inspire the rest of the health and care system.

Workforce issues are central to all Vanguards and this work is led by the Workforce Advisory Board, chaired by our Chief Executive, Professor Ian Cumming. Professor Cumming is also a member of the group of ALB chief executives that direct the 5YFV and will continue to work with our ALB partners to support the development of the workforce needed to deliver the new care models in key areas including; Workforce redesign, Supporting innovation; Solving problems through joint leadership, Building local capacity. We will also be progressing with our plans to establish Local Workforce Action Boards, based on the footprints of the Sustainability and Transformation Plans.

On April 1 we welcomed staff from the NHS Leadership Academy who transferred to HEE. The National Leadership Academy was created in April 2012 as part of the Health and Social Care Act 2012 and exists to promote, develop and extend leadership excellence across the NHS. The Academy provides exceptional learning and development experience, at pace and scale, using new technologies and modelling a compassionate, engaging leadership style. As we move into 2016/17, the Academy will continue to work with partners to develop leadership capacity and capability across the NHS that will have a direct impact on patient care. Through a refreshed leadership strategy, HEE will focus on the development of leaders at every level within the NHS.

On April 1 we also welcomed the transfer of the staff of the Centre for Workforce Intelligence (CfWI), who will provide a valuable extra analytical resource.

Case study | Workforce transformation in the North West

HEE in the North West is proud of its Workforce Transformation offer - providing new and unique ways of working to the healthcare system. We have been working with Vanguard sites across the North West, as well as service transformation teams, in recognition of the pivotal role the workforce will have in delivery of sustainable change. Our offer includes support for whole system workforce planning and modelling, developing a new workforce culture and behaviours and looking at addressing barriers to delivering the future workforce model.

Examples of how we support this include:

- the design, development and implementation of WrAPT (a workforce repository tool)
- focussed work with General Practices and Primary Care (For example: Optometry Prescribing)
- creating opportunities for innovative projects linked to Integrated Care – to enable spread and adoption across the North West (for example, a Post Graduate Certificate in Integrated Care).

The expertise and engagement we have developed will enable us to proactively support the Sustainability and Transformation plans, work with devolved authorities and share our experience more widely.

Case study | supporting Vanguards in Wessex

HEE in Wessex has fully engaged and supported the transformation plans designed to create efficiencies and innovative ways of working that deliver better outcomes for patients and communities.

Members of the team in Wessex contribute expertise across the Vanguard landscape though the input of change management skills into workforce transformation projects, membership of strategic workforce groups, and the facilitation of learning relationships across health and social care organisational boundaries. These are underpinned by the involvement of the patient voice.

The four Vanguard projects that deliver transformation include two multi-speciality care providers (MCPs), one acute care collaborative and one integrated primary and an acute care system (PACS).

The HEE team in Wessex works with Vanguards leads, drawing information from health and social care employers to enable the workforce group to have a more detailed understanding of their current workforce, and to underpin strategy development and to support transformation work streams.

For example, we are working with Vanguard sites to develop an understanding of the current workforce, including a focus on development of new roles in primary and community care. This work has already identified the essential inputs of both the domiciliary care sector and informal carers into the health and wellbeing of our population.

Financial Review

Health Education England is pleased to confirm that all statutory financial duties determined by Parliament were achieved in the 2015/16 financial year.

The Beyond Transition programme cost reduction plans became fully effective in this financial year. Health Education England continues to explore options for further efficiencies in future years.

The key financial performance targets achieved were:

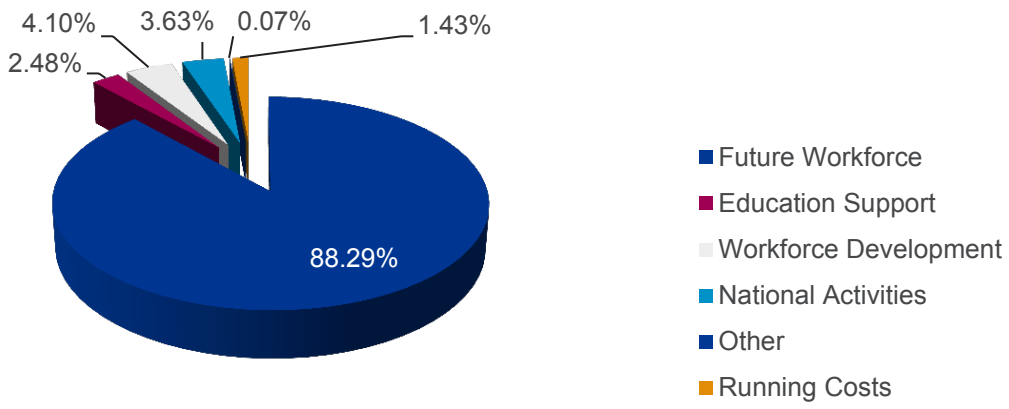
- Revenue Resource Limit – underspend of £20.9 million
- Capital Revenue Resource Limit – underspend of £2.4 million
- Cash Limit - underspend of £126.5 million.

Our primary activity is the commissioning of education and training of future healthcare staff. Developing the expertise of the future workforce takes time and Health Education England manages education and training programmes spanning several years. Financial resource is matched each year to the individual training requirements of thousands of students and trainees. Health Education England invested 87% of its funding in the future workforce and a further 4% in innovative developments for the current workforce.

Revenue budgets were reduced by £21.3 million compared to the previous financial year. Due to careful planning of resource Health Education England continued to progress its Mandate requirements. In the current financial climate growth funding for partner organisations has remained constrained. Despite the reduced budgets in 2015/16 a further underspend of £20.9 million was achieved. Administration budgets found 44% of the savings with a further 27% from education support activities. The full budget available for future workforce investment was spent on education and training activities.

Health Education England now has indicative budgets for the period to 2020. The settlement generates challenges for Health Education England to the end of the decade. Work has commenced to further refine our financial plans, whilst building on previous work with partners. Necessary increases in commissions, along with transformation demands for the health care services, create financial pressures. We will develop sustainable financial plans, whilst working with partner organisations. Dialogue with partner universities and their representative bodies commenced in 2015, so that the transition to student loans for degree students is managed.

Net Expenditure 2015/16



Sustainability report

We are committed to long-term sustainable development, and take our responsibilities to the wider community seriously. We acknowledge the potential impact that our activities may have on the environment, so will ensure that effective environmental management and sustainable development become integral to our working agenda.

Carbon

We continue to work towards reducing our carbon footprint as a result of our activities. Our travel policy is now more embedded in the organisation, resulting in a trend of reduced travel. Continuing developments in IT, working practices and improved video conferencing will continue to support a reduction in our carbon footprint.

Waste

We recognise the importance of effective waste management. We continue to follow a Department of Health-led programme to reduce general waste to landfill at our offices by removing all individual waste bins and introducing central general and recycling waste containers to support both a reduction of landfill and an increase in recycling.

Procurement

We will continue to act on relevant guidance on supporting sustainability through our procurement activities. The procurement manual and procurement policy both provide a reference point regarding how due consideration should be made as an integral part of the procurement process, including:

- ensuring that the business case and specification in each procurement project addresses sustainability and identifies whether there is scope to improve the environmental, economic or social impacts of the proposed contract, including reducing carbon emission issues to support our reduction targets, and optimum recycling capability of all products
- awarding contracts on the basis of whole life cycle costs, total cost of ownership and sustainable benefits wherever possible, taking into account environmental criteria in the selection of suppliers. We will also ensure that government buying standards are incorporated into contracts where necessary and monitored and reported as required
- drawing up an action plan to embed sustainable procurement within the organisation, including supplier spend analysis, level of sustainability issues addressed in current contracts, developing a network of sustainable procurement champions, and achieving consistent working practices.
- working closely with all key partners and suppliers to promote our sustainability values and environmental policies and encouraging the adoption of similar policies to 'green' their supply chain.
- issuing and promoting guidelines and practical toolkits on how to build small and medium-sized enterprises (SME), and sustainability-friendly clauses and requirements, into procurement projects.

Priorities for the future

We will continue to rationalise our estate by applying the government estates space utilisation targets and working with Department of Health (DH) and other arm's-length bodies to maximise the use of available space.

We will also continue to utilise and improve on our technology solutions to promote agile working and reduce business travel.

We will further embed good practice and continue to work with DH and other bodies to promote and contribute to sustainable development.

In addition, we will remain an active participant in the National Cross System Group on Sustainable Development (along with other NHS and care system leadership bodies), supporting wider national and cross-government initiatives on sustainability.

Professor Ian Cumming OBE
Chief Executive

Accountability Report

Governance Statement 2015/16

Introduction

This statement outlines how responsibility for the control and management of Health Education England's resources were discharged in 2015/16.

Scope of Accounting Officer's responsibility

As Chief Executive since Health Education England's establishment, I have overseen the organisation's development from when it assumed its full responsibilities in April 2013, having previously commenced work in shadow form from October 2012, through to its establishment, under the provisions of the Care Act 2014, as an executive Non-departmental Public Body (NDPB) in April 2015.

As Accounting Officer I am responsible for maintaining a robust system of internal control to support the achievement of the organisation's aims, objectives and policies, whilst safeguarding the public funds and assets, including information, for which I am personally responsible. This is in accordance with those responsibilities assigned to me in the Accounting Officer's Memorandum and in Managing Public Money, as well as relevant guidance on information governance.

As Accounting Officer, and Chief Executive of an executive NDPB, my tripartite accountability regarding the effective discharge of the organisation's functions, meeting its statutory duties, and stewardship of the resources provided to us, is to the Board of Health Education England, the Secretary of State for Health through our Mandate, and Parliament. We have continued to work closely with our Department of Health sponsor team to maintain and improve arrangements for regular monitoring and reporting on our performance and delivery.

I have reviewed Health Education England's corporate governance arrangements against the requirements of the corporate governance in central government departments: Code of Good Practice. I am satisfied that the relevant principles and provisions are reflected by the arrangements we have in place, and that we continue to introduce measures that will strengthen our governance overall.

Our role and responsibilities

Health Education England is responsible for securing an effective system for the planning and delivery of education and training in respect of the health service in England. This includes providing national leadership for the planning and development of the whole healthcare and public health workforce, as well as promoting high quality education and training that is responsive to the changing needs of patients and communities.

Responsibility for the regional delivery of our core functions lies with our thirteen LETBs in accordance with the Care Act 2014. An initial authorisation process took place successfully in 2012/13 to ensure that all LETBs were fit to operate as committees of the Health Education England Board. In 2014/15 a further round of assurance occurred to review LETBs' developmental progress and confirm that all have met necessary Maturity Level Two requirements. In 2015/16 the Board gained assurance that all required actions to sustain Maturity Level Two had been completed. The Board agreed a revised and more cohesive approach to LETB

assurance in October 2015. This approach is based on the developmental domains of the HEE Organisational Development Framework which has also been agreed this year. The Board agreed new LETB assurance arrangements in March 2016.

Throughout 2015/16, Health Education England has worked alongside NHS England, Public Health England, Monitor, the Care Quality Commission and the NHS Trust Development Authority to deliver the Five Year Forward View. We have worked with the NHS's other principal leadership bodies to provide strategic oversight of the delivery of the Forward View and support greater alignment between the different statutory bodies at a national and local level. HEE's Workforce Advisory Board is established to understand the workforce implications of the Forward View and is addressing the key aims by ensuring the right numbers of the right workforce are provided through education and training. The Health Education England Board was regularly apprised of developments across the system throughout 2015/16.

The Board considered the findings of the National Audit Office report 'Managing the Supply of NHS Clinical Staff in England, published in February 2016; also in that month Health Education England gave evidence to the Public Accounts Committee inquiry which was conducted on the basis of the National Audit Office report. We welcome the findings of the subsequent Public Accounts Committee report that highlights the need for both local and national organisations to work together to ensure the adequacy of clinical workforce supply. Going forward, our Board will consider how best to plan and meet this challenge.

Post-Beyond Transition and moving forward

Throughout 2014/15, Health Education England worked through its Beyond Transition change management programme. The case for change was based on the need for Health Education England to:

- Operate effectively as a single statutory body with a clear culture, purpose and vision
- Ensure alignment of our national and local activities
- Focus on our whole workforce and transformation - enabling staff to work together effectively across the organisation
- Demonstrate running cost reductions in line with Government targets
- Be assured that our governance standards were appropriate to support Health Education England as a Non-Departmental Public Body

These changes were delivered successfully: we reduced our number of senior posts, together with our running costs. We have realised the benefit of introducing a simplified and more effective management structure, with Regional Directors now part of our Executive Team. This has allowed local intelligence to inform our strategic decisions.

In April 2015, the HEE Board agreed a new suite of governance documents including Standing Orders, Standing Financial Instructions and Scheme of Delegation. These were revised to reflect our new legal status as a NDPB and our new organisational structure.

A key principle of Beyond Transition was to do once what can be done once, bringing together local delivery and focus with broader coordination, resource and support across the country. Our revised structures were introduced in April 2015, including new national Communications, Corporate Governance and Human Resources teams. These have staff working at local level applying consistent standards and quality through the whole business. As this work progresses, it will deliver greater governance alignment, cohesion and integration.

Our governance framework

Health Education England operates within a governance framework that includes: the Primary Legislation, Statutory Instruments and Directions that describe our core functions and duties; our Mandate from the Government detailing our strategic objectives; a Framework Agreement that defines how we will work with the Department of Health to discharge our accountability responsibilities together; matters determined by our Board to ensure decision-making processes exist and are applied; and compliance with the requirements of Managing Public Money and HM Treasury's Corporate Governance in central government departments: Code of Good Practice as this relates to public bodies.

Health Education England's system of governance is based on the standard element of a statutory integrated board with a single Accounting Officer and national Executive Directors. In addition, the thirteen Local Education and Training Boards (LETBs), responsible for overseeing the planning and delivery of our services locally across England, are constituted as committees of our Board. These have independent Chairs and are supported by HEE's local teams led by very senior managers.

Health Education England's Board comprises the Chair, six Non-executive Directors, an Associate Non-Executive Director (appointed 1 January 2016) the Chief Executive and four other Executive Directors

Our governance framework also includes separate Audit & Risk and Remuneration Committees:

The Audit & Risk Management Committee is constituted as a non-executive committee of the Board. It has three non-executive members, with attendance as required by the Director of Finance, internal and external audit and other staff members. It is responsible for providing the Board with an objective assessment of the effectiveness of its Assurance Framework and management of governance and risk.

The Remuneration Committee is also a non-executive committee of the Board. It is responsible for determining the remuneration and terms of service for our very senior managers and other senior staff, as well as ensuring that systems are maintained to assess the performance of these staff effectively.

The Chairs of the Audit & Risk Committee and the Remuneration Committee have provided regular, written and verbal reports throughout the year to the Board on key issues and progress: for the Audit and Risk Committee, these included providing assurance to the Board that timely progress was being made with our internal audit programme and that measures were in place to comply with guidance on cybersecurity: for the Remuneration Committee, assurance was provided regarding arrangements for Very Senior Manager's Pay and the employer process for Clinical Excellence Awards (both for 2014/15) as well as the formal review of Phase Two of the Beyond Transition Programme.

In addition to their attendance at Board and committee meetings, Non-executive Directors have a well-developed programme to support their role as custodians of good governance. Kathleen Nealon operates as both Deputy Chair and Senior Independent Director, supporting the Chair, acting as an intermediary with other Directors and overseeing specific non-executive portfolio responsibilities. Individual Non-executive Directors have had allocated responsibility for oversight of key work streams, including our Governance Oversight Group, the Shape of Caring review and the transfer and integration of the NHS Leadership Academy into Health Education England.

Non-executive Directors meet with the Chair quarterly to review progress, with the Chief Executive attending one of these meetings annually. These meetings are used to consider organisational strategy and governance issues to check that Board decisions demonstrate accountability, integrity and openness. Non-executive Directors also meet regularly without the Chair. In addition, the induction process for newly-appointed Non-executive Directors benefits from the active participation of existing Non-executives to ensure knowledge and understanding is shared and continuity of Board effectiveness is maintained.

Board effectiveness

The scrutiny of the Health Education England Board was vital during this time of embedding change and helped to provide assurance that good governance continues to support our work. Non-executive Directors provided essential constructive challenge to assist with this objective and drove the development of the action plan in response to recommendations made by HEE's Internal Audit service in the 2014/15 Review of Board Effectiveness and Governance.

The Board is responsible for holding the Executive Directors to account. One of the ways it achieves this is through regular performance management reports and reviewing plans and progress against them. During the year, the Board has supported the development of an additional Board Committee - the Performance Assurance Committee, which was formally established in March 2016. This new committee will scrutinise performance issues and themes, ensure that our key programmes are managed effectively and highlight to the Board any areas that require a strategic focus.

We have worked hard to ensure that the Board is provided with sufficient information to enable it to function well. We have an integrated performance reporting mechanism in place that provides the Board with comprehensive data on our progress and allows effective oversight of organisational activity. Board members have agreed the development of a Corporate Dashboard report which provides an increased level of information assurance and provides clear oversight of our core business. Performance data is also scrutinised at monthly Finance & Performance Meetings chaired by the Director of Finance, held with all Executive Directors.

The Board has been supported in delivering improvements across HEE's governance framework by a newly-formed Governance Oversight Group comprising Non-executive Directors, Independent Chairs of LETBs and Executive Directors. The Governance Oversight Group has led our response to the internal audit review of LETB Effectiveness, supporting the rapid progress required to consolidate higher governance standards across the HEE Board, its Committees and local and national operations. It has achieved this by supporting:

- Provision of expert commentary on detailed action plans, responding to Internal Audit recommendations
- The implementation of recommendations arising from relevant internal audit reports taking place in 2015/16, including but not limited to the Internal Audit Review of LETB Effectiveness
- Directors and Corporate Governance Team with the implementation of common governance standards across HEE, and
- The HEE Board in developing an optimal line of sight to LETBs.

Specifically, the Governance Oversight Group has been instrumental in the development of a single set of Terms of Reference for our LETBs which were agreed in March 2016, as well as the LETB Assurance Framework which will govern the method by which HEE holds its LETBs to account and is able to confirm their continued authorisation.

Our Board has also given expert direction on the formulation of responses to the Shape of Caring Review and the Roland Commission report on the primary care workforce, the development of HEE's Organisational Development Plan, scrutinised the delivery of the Mandate and development of the 2016/17 Commissioning & Investment Plan. More recently, the Board has made clear its business priorities for the coming year by agreeing set budgets, as well as the Business and Workforce Plans for 2016/17.
Possible and actual attendance records for Board and Committee members in 2015/16 are shown below:

		Attendance at meetings		
Board member	Position	Board Meetings	Audit Committee	Remuneration Committee
Sir Keith Pearson JP DL	Chair	9/9	-	3/3
John Burdett*	Chair of Audit Committee	6/9	4/4	1/3
Mary Elford	Non-Executive Director	8/9	-	3/3
Kate Nealon	Deputy Chair	7/9	5/5	1/3
Sir Stephen Moss	Non-Executive Director	7/9	-	2/3
Professor David Croisdale-Appleby OBE JP	Non-Executive Director	9/9	5/5	3/3
Anna van der Gaag CBE	Non-Executive Director (appointed 1 July 2015)	4/5	-	2/3
Jacynth Ivey	Associate Non-Executive Director (appointed 1 January 2016)	1/2	-	1/1
Professor Ian Cumming OBE	Chief Executive	9/9	-	-
Professor Lisa Bayliss-Pratt	Director of Nursing	8/9	-	-
Steve Clarke	Deputy Chief Executive and Director of Finance	8/9	-	-
Dr Nicki Latham	Chief Operating Officer	9/9	-	-
Rob Smith	Director of Strategy and Planning	9/9	-	-
Professor Wendy Reid	Director Education & Quality and Medical Director	8/9	-	-
Lee Whitehead	Director of People and Communications	8/9	-	-

* John Burdett stepped down from his position as Audit Committee Chair in December 2015 and resigned from the Board in February 2016. David Croisdale-Appleby acted as Interim Audit Committee Chair for the remainder of the financial year. Sadly John passed away in March 2016. As one of HEE's first Board Members, John was instrumental in setting up the organisation, crafting its values and shaping its behaviours. His passing is a great loss to HEE.

Other responsibilities

The Health Education England Board has previously considered the recommendations of the Harris Review and its cautionary findings on the delegation of statutory functions. Appropriate guidance has been provided to our senior management to make certain we remain compliant in this area and this will be monitored as we move forward. Our revised Executive Team composition, including as it does national directors with geographic responsibilities, will help us to maintain focused oversight in this area.

Health Education England recognises the importance of having adequate quality assurance in place for all analytical work. We are aware of the recommendations of Sir Nicholas Macpherson's review of quality assurance of government models and will continue ongoing work in this field to ensure robust levels of assurance are in place for our business critical models, such as those used for national workforce planning. We are also cognisant of our need to support the Secretary of State for Health's duty to manage health inequalities. Through our annual National Workforce Plan, Health Education England has ensured that provision was made for investment in the public health and wider workforce to help deliver both local and national priorities designed to reduce health inequalities.

We understand the need for openness and transparency that has been highlighted in recent years. In line with recommendations from the *Freedom to speak up?* Review, led by Sir Robert Francis QC, we have focused on whistleblowing as a key priority. We have agreed a new 'Raising Concerns at Work' policy for the whole organisation. Access to guidance and support materials via our intranet and staff portal has been provided to all employees. The importance of raising concerns has been emphasised to staff, with arrangements in place for improved local support and for management training across HEE to cover this area thoroughly.

In February 2016, HEE was listed as a prescribed person under whistleblowing legislation, meaning individuals can make disclosures to us rather than their employer provided the concerns they wish to raise fall within our remit. HEE's Executive Team has agreed robust arrangements to ensure that we fulfil this new role well, and that the raising of concerns continues to receive strong support.

Risk assessment and control framework

Health Education England has established and maintained a risk management procedure which has been implemented across the whole organisation. We have maintained a corporate risk register and the Executive Team has reviewed this on a monthly basis. The register is also considered by our Board bi-annually, and more fully by the Audit & Risk Committee on a quarterly basis. Copies of the register have been provided regularly to our Department of Health sponsor team and these have informed their assessment of our organisational progress at our quarterly accountability review meetings. A copy of the risk register is made accessible to all staff.

During the year to date, we have developed an improved risk management framework, ensuring that escalation routes are fully developed in line with our post-Beyond Transition organisational structure. Also this year, we have provided an additional level of risk reporting to the HEE Board to deliver greater assurance on our most strategic risks. Risk management training has been delivered for staff across the organisation, to help improve our culture and awareness of risk management. We also piloted an improved suite of risk management tools and guidance and this is expected to be fully implemented during 2016/17.
We have maintained our agreed risk management process consistently. As a result, our corporate risk register is effective in describing our organisational strategic risks. Throughout 2015/16, a number of risks relating to our Beyond Transition programme have been removed from the register as arrangements have become embedded.

Overall, our register's content has continued to move away from establishment and transition issues to be more focused on the need to manage widespread change across the NHS landscape.

Our key internal risks have related to ongoing financial restrictions and the related challenge of delivering our key strategic programmes. External risks have focused on the need to cement relationships with other organisations in the still relatively immature reconfigured health system. To mitigate these risks, we have continued to develop links with other NHS bodies and sought clarity from the Department of Health regarding financial and Mandate deliverables.

Currently, our most critical risks relate to:

- Attracting sufficient trainees into General Practice to meet Mandate requirements: we are mitigating this risk by working closely with NHS England on the Primary Care programme.
- The lack of a single IT infrastructure across HEE: this is being mitigated by the gradual implementation of the recommendations from our approved IT strategy, which will deliver both standardisation and flexibility business-wide.
- Effective delivery of Leadership Academy portfolio: the work of the NHS Leadership Academy was due to transfer to HEE on 1 April 2016. Ahead of this, risks relating to maintaining continuity of service were mitigated by a comprehensive due diligence exercise conducted by a dedicated Implementation Group.

We continue to apply and develop specific programme and project management standards across the range of our business activities to make sure they are managed consistently to further reduce the incidence of risk.

Information risk reporting and cybersecurity

The Board has agreed the following roles to help ensure we discharge our information governance responsibilities in line with best practice:

Lee Whitehead, Director of People and Communications, is designated as our Senior Responsible Information Officer (SIRO) with responsibility for protecting and safeguarding all data.
Professor Wendy Reid, Director of Education and Quality is designated as our Caldicott Guardian with responsibility for confidentiality of personal data and ensuring information-sharing is managed well.

We have continued work to strengthen our information governance arrangements by centralising and standardising our approach. We have established an Information Governance Steering Group (IGSG) to coordinate improvement work across HEE. Our annual Information Governance Toolkit submissions continue to show year on year progress, though there is still scope for improvement. As an important step, the national Executive Team has agreed a new Information Risk Management policy. This has been augmented by Information Risk Management workshops which have taken place across the organisation. These have been used to gain assurance that information assets are being managed in line with relevant guidance.

Our recent internal audit reports on Information Governance and Cybersecurity provided moderate assurance on the arrangements we currently in place. However, both reports acknowledged that plans are in place that will deliver further improvement during 2016/17.

Information Incidents 2015/16

There have been no Serious Incidents Requiring Investigation (SIRI) within this period, but one near miss has been recorded and one incident has been reported to the Information Commissioner's Office. We recognise that there is further work required to reduce information incidents to a minimum, but it is positive that the reporting mechanisms we have in place are being utilised. These allow us to capture incidents, identify

learning points and be confident of ongoing improvement. A total of seventeen incidents have been recorded, as follows:

Incident type	Area	Incident description	Actions	Reported and discussed IGSG Yes / No
Confidentiality	Local Office April 2015	Email containing personal information was sent in error to the wrong recipient (Limited demographics)	Communications sent to staff within the local office to be careful when using email. Recalled the email, requested the content to be deleted.	Yes
Availability	Local Office April 2015	Blackberry device lost at a train station then found	Ensure a PIN was set on the Blackberry	Yes
Confidentiality	Local Office June 2015	Information displayed on a website relating to an individual and a distribution of scores (limited demographics)	Information removed from the website. Process to review information uploaded does not have any embedded data	Yes
Cyber	Enabling Functions August 2015	Social engineering attempt concerning private and direct contact details	Communications cascaded to offices and police informed	Yes
Confidentiality	Local Office August 2015	Access to trainee information by other stakeholders (limited demographics)	Reports taken off line, report generation rights reviewed and contract with third party reviewed. Only NHS trusts had access to this data	Yes
Cyber	Enabling Functions November 2015	HR Direct website unavailable (no personal or sensitive information disclosed)	Third part provider alerted to unavailability, provider managed the cyber attack internally and a detailed security action plan was agreed	Yes
Availability	Enabling Functions November 2015	HEEs intranet and GP Recruitment websites are currently not operational	Issue identified as lack of disc space, disc space procured	Yes
Confidentiality	Local Office December 2015	Access to systems and information by individuals who do not a legitimate contract	Review starters and leavers process (HR). Validate user accounts against HR and disable any inconsistences in access. Process rolled out to all Local offices	Yes
Confidentiality	Local Office February 2016	Trainee information disclosed in error via email	Emails recalled, communications sent to staff, apologies given to affected trainees	Yes

Confidentiality	Local Office February 2016	Trainee information forwarded to the incorrect trainee, human error	Emails recalled, communications sent to staff, apologies given to affected trainees	Yes
Confidentiality	Local Office February 2016	Trainee information disclosed in error via email	Emails recalled, communications sent to staff, apologies given to affected trainees	Yes
Confidentiality	Local Office February 2016	SARs request, processes not followed, ICO informed by HEE	Extensive timeline recorded. Training developed that will be cascaded across the organisation	Yes
Confidentiality	Local Office February 2016	Autofill used in email, autofill inserted the incorrect recipient of an email containing personal information	Emails recalled, communications sent to staff, apologies given to affected trainees. Staff training given	Yes
Loss	Local Office February 2016	Encrypted laptop stolen from staff member's home	IT leads to ensure all portable devices are registered and recalled periodically to ensure all information is centrally recorded and the IT assets are updated with security patches	Yes
Confidentiality	Local Office March 2016	Email attachment sent to the incorrect recipient	Apologies given to all trainees affected, local procedures reviewed and email recalled	Yes
Confidentiality	Local Office March 2016	Trainee record uploaded into another trainee's record	Access rights to the system reviewed, trainees affected were notified of the incident	Yes
Confidentiality	National System March 2016	Trainees could access other trainees' information via self service	Affected trainees informed of the incident; third party supplier to identify how a trainee could view other trainees' data via self service	Yes

Losses and Special Payments

There were no material losses or special payments during the period covered by this Annual Report.

Review of internal control effectiveness

As Accounting Officer for Health Education England, I am responsible for reviewing the effectiveness of the system of internal control. In this, I have been informed by the findings of our internal auditors, as well as managers in the organisation with responsibility for the development and maintenance of a robust internal control framework.

In preparing the Governance Statement for 2015/16, I have also been informed by the findings of the National Audit Office. In addition, I have been advised on the effectiveness of the arrangements in place by our Board, the Audit & Risk Committee and the Executive Team.

Our internal audit service is provided by the Department of Health. Our 2015/16 Internal Audit Plan was completed by 31 March 2016. In total, seventeen specific audit reports were included in our agreed Internal Audit Plan for this year. Of these, limited assurance was provided for six reports covering: PCI DSS Compliance, Contract Assurance, LETB Governance, LETB Control Compliance, Business Continuity, and the Selection of Advisors.

Comprehensive action plans have been agreed to address the recommendations of these reports, as well as those covering other areas. Progress with applying report recommendations will be monitored quarterly by the Executive Team and the Audit and Risk Committee.

In January 2016, the Audit Committee confirmed the delivery of actions to address all internal audit recommendations made in 2014/15, with verification testing performance by Internal Audit.

The Head of Internal Audit for Health Education England is responsible for providing an opinion on the overall assurance arrangements we have in place. The opinion for 2015/16 indicates that the arrangements we had in place during the year provided moderate assurance overall. This is a fair reflection of our current position. Our framework of governance, risk management and control is now established and functioning, but we recognise there is scope for further improvements to be made.

Conclusion

We worked closely with our Department of Health sponsor team in the months leading to April 2015 to ensure we assumed our Non-Departmental Public Body status successfully. We introduced new management and team structures to deliver cost savings and create a leaner, more cohesive organisation. These are now working well and mean we are better placed to maintain effective governance standards whilst adapting to continued challenges in the wake of this year's Comprehensive Spending Review. We recognise that our governance arrangements will continue to evolve in 2016/17 to enable more effective partnership and sharing of responsibilities across the wider health system.

Overall, my review confirms that Health Education England has a generally sound system of governance that supports the achievement of our aims, policies and objectives. We are committed to demonstrating continued progress with our governance arrangements to help us deliver effectively whilst operating with less.

Professor Ian Cumming OBE
Chief Executive

Our Board

The HEE Board has met in public regularly. Through those meetings, the Board has been responsible for taking key strategic decisions about the direction of the organisation, how it will use its resources, reviewing progress of the delivery of key priorities for 2015/16 and agreeing the allocation of funding across HEE. In December 2015 the Board considered the Investment and Commissioning Plan for England 2016/17, which was subsequently approved in February 2016.

Meetings of the HEE Board are publicised through the HEE website, with reports published one week prior to meetings taking place. Board meetings are held in public as per the Admissions to Meetings Act. Members of the public are welcome to attend and observe the meetings; public attendee numbers have continued to decline in 2015/16 with numbers averaging six members of the public at each meeting.

During the financial year 2015/16 nine meetings of the HEE Board took place. Attendance rates of members is listed in the Annual Governance Statement on page 42.

Where applicable, directors are members of the NHS pensions scheme. Please refer to note 1.07 in the full financial statements for further details. These are available on page 74.

HEE has complied with the cost allocation and charging requirements set out in HM Treasury Guidance and did not make any donations or contributions to political parties in 2015/16.

All directors have confirmed that there is no relevant audit information of which the auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information and to establish that auditors are aware of that information.

Biographies of all HEE board members can be found online at www.hee.nhs.uk/about/who-we-are/ and the Board's Register of Interests is at page 50.

Board members at 31 March 2016

Non-Executive Members

Sir Keith Pearson JP DL, Chairman

John Burdett, Non-Executive Director to February 2015.

Professor David Croisdale-Appleby OBE JP Non-Executive Director

Mary Elford Non-Executive Director

Anna van der Gaag CBE, Non-Executive Director

Jacynth Ivey, Associate Non-Executive Director

Sir Stephen Moss, Non-Executive Director

Kate Nealon, Non-Executive Director

Executive members

Professor Ian Cumming OBE, Chief Executive

Steve Clarke, Finance Director

Dr Nicki Latham, Chief Operating Officer

Professor Wendy Reid, Director of Education and Quality

Directors in attendance

Professor Lisa Bayliss-Pratt, Director of Nursing

Rob Smith, Interim Director of Strategy and Planning

Lee Whitehead, Director of People and Communications

Members of Executive Team, but not Board Members

Paul Holmes, Director, South and interim Director, Midlands and East

Janice Stevens, Director, Midlands and East (on secondment from March 2015)

Laura Roberts, Director, North

Julie Screaton, Director, London and South East

Register of Interests: Health Education England Board Members (31 March 2016)

Name	Position	Interest disclosed	In Year Appointment/ Resignation
Sir Keith Pearson JP DL	Chair	Deputy Lord Lieutenant, County of Cambridgeshire	
		UK Revalidation Programme Board, General Medical Council	
		Magistrate, Ministry of Justice	
		Migrant Access/Cost Recovery Tsar (Independent Advisor), Department of Health	
		Chairman, Noviniti Ltd	Appointed: 1 November 2015
		Vice Chair of the 51st Squadron ATC Civilian Committee	Appointed: 1 February 2016
Professor Ian Cumming OBE	Chief Executive	Hon. Chair in Leadership, Lancaster University Medical School	
		Professional & Linguistics Assessment Board, General Medical Council	Ended: 31 March 2016
		University of Chester, family member undertaking HEE funded study	
		Leeds Beckett University, family member undertaking HEE funded study	Ended: June 2015
		Worcester Acute Hospitals Trust, wife is an employee	
		Central Manchester Foundation Trust, sister is an employee	
John Burdett	Non-Executive Director (to February 2016)	Director, Palladio Ltd	
Professor David Croisdale-Appleby OBE JP	Non-Executive Director	Chairman, Dementia UK	
		Visitor for Medical Education, General Medical Council	
		Advisor, Medical Research Council	
		Visiting Professor, Durham University Business School	
		Honorary Ambassador for the UK for the Nelson Mandela Children's Hospital for the 15 countries of the Southern Africa Development Community	
		Honorary Professor, Durham University's Wolfson Research Institute and the School of Medicine, Pharmacy and Health	

		Expert Adviser on Health of Older People, NICE	
		Expert Member of Social Care Research Ethics Committee	Resigned: March 2016
		Member, Think Ahead Board, Department of Health	
		Executive Chairman, Standing Commission on Carers	
		Magistrate, Ministry of Justice	
		Chairman, Hft	Resigned: August 2015
		Board Member, Carers Strategy Cross-Governmental Steering Group, Department of Health	
		Chair of the Public Health Advisory Committee, NICE	
		Member, Chief Social Workers' Advisory Group, Department of Health	
Mary Elford	Non-Executive Director	Lay Member, General Pharmaceutical Council	
		Non-Executive Director, East London Foundation Trust	
		Non- Executive Director, Queen Mary Bioenterprises	
		Member of the National Advisory Committee on Clinical Excellence Awards	
Jacynth Ivey	Associate Non-Executive Director	Non-Executive Director, West Midlands Ambulance Trust	
Sir Stephen Moss	Non-Executive Director	Non-Executive Director and Senior Independent Director, Derby Hospitals NHS Foundation Trust	
		Faculty Member, Advancing Quality Alliance	Ended: 31 March 2016
Kate Nealon	Non-Executive Director	Non-Executive Director, Argo Group International Holdings	
		Non-Executive Director, Argo Managing Agency Ltd	
		Non-Executive Director, Finance & Planning Committee, Westminster Cathedral	
		Ambassador, Wellbeing of Women (charity)	

Anna Van Der Gaag CBE	Non-Executive Director	Non-Executive Director, Kent, Surrey & Sussex Academic Health Science Network	
		European Editor of the International Journal of Health Governance	
		Honorary Research Fellow at the University of Glasgow	
		Honorary Research Fellow at the University of Brighton	
		Public Appointments Ambassador, Cabinet Office	
		Visiting Professor, University of Surrey	
Steve Clarke	Director of Finance	Nil	
Lee Whitehead	Director of People & Communications	Nil	
Dr Nicki Latham	Chief Operating Officer	Honorary Visiting professor, Leeds Beckett University	
Professor Lisa Bayliss-Pratt	Director of Nursing	Honorary Research Fellow, University of Wolverhampton	
		Honorary Visiting Professor, City University London	
		Trustee, Foundation of Nursing Studies	
		Professor of Nursing and Interprofessional Education	
Professor Wendy Reid	Medical Director & National Director of Education & Quality	Consultant Gynaecologist, Royal Free Hospital, London	
Rob Smith	Interim Director of Strategy and Planning	Nil	

Remuneration and staff report

The development of HEE and our people

Enabling our staff to deliver HEE's overall business strategy is our key driver and during 2015/16 we continued to work towards our ambitions to:

- be explicit about the behaviours, skills and approach that is required from our staff to engage with a changing health system
- value and utilise the diverse cultures that exist within HEE, but emphasise the importance of ensuring that HR and Organisational Development services are delivered in a consistent and equitable manner, to a high standard
- create a healthy and effective organisation, and to consciously and deliberately stimulate the conditions in which people can give of their best so that the organisation can thrive
- use and develop our HR metrics and systems to benchmark ourselves and identify areas for attention and investment.

One HEE Development Framework

Following the structural changes that took place in HEE during 2014/15, it was important to dedicate further thought and time to build on the changes in order to:

- develop a positive culture focused on quality, continuous learning and innovation;
- ensure clarity of organisation purpose, direction and values with an engaging and exciting vision and
- develop the capability to meet our organisational goals in a sustainable manner, supported by an effective operational framework that ensures accountability and recognition.

In October 2015, HEE's Board agreed the 'One HEE Development Framework' which is a corporate programme of work, operating across all parts of HEE focused on four key domains.

- Developing a Shared Vision – so that all people (staff, trainees and stakeholders) understand and support our vision, and that leaders demonstrate positive behaviours at all times that promote inclusive leadership.
- Aligning our structures, systems and processes to our Shared Vision – so that we organise ourselves at all levels in an effective, collaborative and streamlined fashion, ensuring that our decision-making is underpinned by the quality of care delivered to patients.
- Bringing our Values to life – so that we support and promote the values of the NHS Constitution, and hold ourselves to account for the quality of the services we provide.

- Developing an improvement-driven culture – so that a culture of continuous learning and development is instilled throughout HEE to drive learning, continuous improvement, innovation and evidence-based practice.

For more details of the progress in one HEE implementation, see page 56.

The health and wellbeing of our staff is a key focus for the HEE Board and our senior managers. We aim to keep staff well and support them if they become unwell. EEF is used for occupational health advice. Our staff also have access to a confidential Employee Assistance Programme which is available 24 hours a day, seven days a week.

We provide a wide range of facilities and schemes to improve the working lives of our staff including: flexible working options; support during maternity leave; paternity leave and information about carers' and statutory rights.

To strengthen our commitment to the working lives of our staff, HEE has been successful in securing a number of important alliances and accreditations including Tommy's Pregnancy at Work; Working Families, Stonewall; as well as the national 'Two Ticks' disability scheme.

Staff are also encouraged to use the Employee Staff Record (ESR) self-service system to manage and update their personal information.

We have maintained positive relationships with our trade union representatives and have worked closely with them on a number of strategic pieces of work including harmonisation of our staff policies and the development of a Contact Officer programme across the organisation. Our Partnership Forum has met on a monthly basis during 2015/16 and includes representation from our Executive Team and the HR team, alongside national officers from the following recognised trade unions: BMA, MiP, RCN, UNISON and Unite.

HEE has a directly employed workforce of 2614. We use the nationally determined NHS Terms and Conditions of Service (Agenda for Change) and the national contracts and terms for medical and dental and very senior manager (VSM) staff.

Remuneration

During 2015/16 we continued to work with DH, ALB and staff-side colleagues in all matters regarding our pay policy. We are clear about the need for continued pay restraint in the NHS.

HEE's Remuneration Committee has formal responsibility, on behalf of the Board, for the oversight and agreement of senior staff salaries in accordance with the agreed terms of reference. All of our appointments and arrangements for determining the salaries of our senior staff are carried out in accordance with the processes set by our colleagues in the DH and, where required, with the approval of the Department's Remuneration Committee. The Remuneration Committee is chaired by Mary Elford, Non-Executive Director.

Equality and Diversity

We remain committed to conducting and planning our business so that equality is at the heart of everything we do. We have robust objectives in place, to promote and further improve engagement with our staff and stakeholders. An established Equality and Diversity Group (AHEAD) meets on a regular basis to ensure that HEE is both meeting all legal requirements and obligations under the Equality Act and the Public Sector Equality Duty and working towards establishing best practice in this area in due course. The AHEAD group is chaired by Kate Nealon, Non-Executive Director.

2015 has seen the introduction by NHS England of a new Workforce Race Equality Standard (WRES) which

requires NHS organisations to demonstrate progress against a number of indicators of workforce equality.

The WRES captures and publishes information on various elements of race equality including recruitment, training, harassment and bullying. It includes a specific indicator to address the low levels of BME board representation.

The requirement to publish this information is being used as a further opportunity to identify and seek to address areas of race inequality with the aim of improving the wider culture of the NHS and the experiences of staff working within our organisation. The introduction of the WRES follows recent reports which have highlighted disparities in the number of BME people in senior leadership positions across the NHS, as well as lower levels of wellbeing amongst the BME population. We have therefore welcomed this requirement as an important measure to improve equality across the NHS. In addition, HEE was delighted to appoint Jacynth Ivey during 2015 as an Associate Non-Executive Director to lead and support HEE's work on the WRES.

Our workforce profile is regularly reviewed across all protected characteristics to ensure that action plans are drawn up to address under representation as appropriate.

The gender breakdown of our staff is 1733 female and 881 male. Of our non-executive directors, four are female and four are male; of our executive directors seven are female, five are male. Within our senior staff (AfC Bands 8d and 9), 441 are female and 496 are male.

The overall sickness absence rate for 2015 has remained low at 2.26 %.

	2014/15	2015/16
Days available for 1 April to 31 March (full time equivalent)	653,651	650,424
Days lost due to sickness during that period	16,798	14,722
Sickness absence rate	2.57%	2.26%
Average sick days per WTE	5.7 days	5.1 days

One member of staff retired due to ill health in 2015/16.

Case study | East Midlands Excellence in Education Awards 2016

In March 2016, our team in East Midlands hosted a fantastic awards event to celebrate and recognise excellence and inspiring health educators in the East Midlands. The event demonstrated the value to patients of our educators, and highlighted the difference good quality education delivers to patients every day.

Seven awards were on offer, all nominated for by peers and members of the public, and with almost 300 nominations made, it is clear to see how far the work of each is appreciated by those they work closest with.

Each category celebrated two runners, as well as an overall winner, enabling us to recognise more individuals, and Special Recognition Awards were also presented, such was the depth of quality that the awards highlighted.

Nominees attended with team members and their partners, meaning that the event was shared personally as well as professionally. There was a good spread of specialisms and geographical areas represented.

Following on from the event, the plan is to draft a letter to each hospital or Trust Chief Executive so they are aware of the strength and dedication that exists within their workforce.

Promoting the NHS Constitution

We are fully committed to the NHS Constitution and to broadening awareness and support of the Constitution among staff and learners. HEE is required by statute to promote the NHS Constitution within our workforce, ensuring the NHS Values within it are understood and presented in the care that patients receive.

Having created a number of useful videos, tools and resources for staff and learners since HEE's establishment, we will continue to work with partner organisations in 2016/17 to promote the NHS Constitution and embed the use of these tools in all trainees, learners and the wider NHS community. We will also work to ensure this commitment is reflecting in our commissioning, recruitment and quality assurance processes.

There is more information here: www.hee.nhs.uk/about-us/our-values

Moving forward as one HEE

Following the Beyond Transition processes in 2014/15, we have this year been moving forward with the implementation of one HEE across the whole organisation. One HEE is a long-term organisational development initiative that began in 2014 in response to the need to improve efficiency, eliminate duplication, reduce cost and deliver a more consistent approach across the country. HEE is a single organisation, yet it often felt to staff and stakeholders like 14 organisations, comprised of a national body called HEE along with 13 local teams formed around the LETBs. One HEE is building greater alignment and connectivity between the local and national priorities, functions and roles of HEE.

Supported by the Board, great progress has been made in 2015/16, with the establishment of a development framework and implementation plan to guide the process. This is constructed over four domains: developing a shared vision; aligning structures, systems and processes to our shared vision; bringing our values to life; and developing an improvement-driven culture.

Key activities to deliver one HEE have focussed on governance, culture, processes, ways of working, identity and leadership.

This year teams from all directorates have worked collaboratively to deliver a programme that includes:

- a new corporate website that combines both local and national web presences
- a single Information Systems Strategy, launched in March, will ensure HEE can make the best use of data, information, knowledge and technology
- a branding refresh, launched in December, produced consistent branding guidelines to support one HEE
- a new digital strategy that will consolidate our digital presence, improving quality and reducing spend
- aligned governance processes across local, national and nationwide teams
- the launch of a new LETB assurance framework as an improved performance management approach
- a reviewed and simplified Performance Appraisal Process and the new approach was launched in April 2016
- the new Research and Innovation Network is developing an organisational culture in which all staff are encouraged to invent, adopt and diffuse
- staff feedback and focus groups have improved communication and an internal communications audit is planned in 2016.

One HEE is a transformative programme that is helping us to accelerate our activity and impact at scale and pace.

Case study | Partnerships in Innovative Education in North West London

The Partnerships in Innovative Education (PIEs) programme has established a number of education networks across North West London tackling issues including pressure ulcers, falls, children's health, mental health, care home education and end of life care.

Set up in 2013, the programme has brought together health and social care providers, community groups and education providers to develop learning communities across primary and secondary care. This innovative approach to staff education has led to increased confidence, knowledge and skills that have led to significant improvements in patient care. Many of the projects engaged parts of the workforce that had never been reached before and patient/public engagement has been key.

Five PIEs were originally created in 2013, with eight in total running throughout 2015/16. More than 2,260 people, from more than 50 healthcare professions, have been involved.

The PIEs have developed a range of learning materials including websites, films and apps, which have been shared across north west London and beyond. Projects have featured in local press, in reports to parliament and used outside the UK, and some have also won awards from the Health Service Journal and the Royal College of General Practitioners. The programme was awarded the HEE Chair's award for innovation for 2015/16 and has been shortlisted in the Workforce category of the 2016 HSJ Value in Healthcare Awards.

Remuneration Report

Statement on audit compliance

HEE has conferred with its auditors to ensure that the content and standard of the Remuneration Report complies with all requirements expected of us as an arm's length body of the Department of Health.

Remuneration Committee

The Remuneration Committee is a formal Committee of HEE's Board. Its primary aim is to oversee, and approve where necessary, the appropriate remuneration and terms of service for the Chief Executive, directors and other Very Senior Managers on behalf of the Board. The Committee has delegated powers to act on behalf of the Board within the approved Terms of Reference.

The Committee adheres to all relevant legislation, regulations and policies in all respects including (but not limited to) determining levels of remuneration that are sufficient to attract, retain and motivate executive directors and senior staff whilst remaining cost effective.

The committee's remit includes:

- With regard to the Chief Executive, directors and Very Senior Managers (VSMs), all aspects of salary (including any performance-related elements, bonuses)
- Provisions for other benefits, including pensions and cars
- Arrangements for termination of employment and other contractual terms
- Ensuring that officers are fairly treated for their individual contribution, having proper regard to HEE's circumstances and performance and to the provisions of any national arrangements for such staff
- Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advising on and overseeing appropriate contractual arrangements for such staff. This will apply to all staff
- Proper calculation and scrutiny of any special payments.

HEE's Remuneration Committee is chaired by Mary Elford, Non-Executive Director and is comprised of all the non-executive directors. The Committee met on three occasions during 2015/16 in order to discharge its duties in relation to the above terms of reference. A report of each meeting is provided to the subsequent public Board meeting, and copies of the full minutes of the meetings are provided to all of the non-executive directors. The Committee is supported by the Board Secretary and the Head of Human Resources and Organisational Development.

Attendance at Remuneration Committee is available on page 42.

HEE is required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the organisation in the financial year 2015/16 was £200,000.00 – £205,000.00. In 2014/15, this figure was £190,000.00 - £195,000.00. Remuneration in 2015/16 ranged from £7,039.00 to £206,755.00.

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

These figures have been subject to audit	2013/14	2014/15	2015/16
Band of highest paid director's total remuneration £000*	200-205	190-195	200-205
Median total	£40,558	£42,190	£40,964
Remuneration ratio	5.0	4.6	4.9

*This consists of all taxable payments to Professor Ian Cumming, see columns (a) to (d) of the Single Total Figures Table.

Off payroll engagements

In 2012/13, Her Majesty's Treasury introduced a requirement for public sector bodies to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and NI arrangements, not being classed as employees). The requirement remains in place for 2015/16 and the following table presents the information required for HEE from 1 April 2015 to 31 March 2016, for those engaged for more than £220.00 per day and for a period lasting longer than six months:

	Number
Number of new engagements or those that have reached six months in duration between 1 April 2015 and 31 March 2016	9
Number of new engagements which includes contractual clauses giving HEE the right to request assurance in relation to income tax and National Insurance obligations	9
Number for whom assurance has been requested	9
Of which:	
Assurance has been received	9
Assurance has not been received	0
Engagements terminated as a result of assurance not being received, or ended before assurance received.	0

Salaries and allowances

Those identified within the annual report are those senior staff and non-executive directors who make up the organisational governing body – the HEE Board. This is as per the Department of Health's guidance on annual reports for 2015/16 which states that those listed should be:

"those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments".

Executive Team Remuneration

Single Total Figures Table

Name	Title	(a) Salary (bands of £5,000)		(b) Expense payments (taxable) to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) Long term performance pay and bonuses (bands of £5,000)		(e) All pension-related benefits (bands of £2,500)		(f) (a to e) TOTAL (bands of £5,000)	
		2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**
Professor Lisa Bayliss-Pratt	Director of Nursing	110 - 115	**115 - 120**	Nil	**1**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	110 - 115	**115 - 120**
Steve Clarke	Director of Finance	150 - 155	**150 - 155**	4	**1**	Nil	**5 - 10**	Nil	**Nil**	Nil	**Nil**	150 - 155	**160 - 165**
Professor Ian Cumming	Chief Executive	190 - 195	**190 - 195**	12	**Nil**	5 - 10	**5 - 10**	Nil	**Nil**	15 - 17.5	**12.5-15**	215 - 220	**215 - 220**
Paul Holmes	Director, South	120 - 125	**130 - 135**	Nil	**1**	0 - 5	**Nil**	Nil	**Nil**	60 - 62.5	82.5-85	180 - 185	**210 - 215**
Dr Nicki Latham	Chief Operating Officer	130 - 135	**130 - 135**	3	**Nil**	Nil	**0 - 5**	Nil	**Nil**	42.5 - 45	**45-47.5**	175 - 180	**180 - 185**
Jo Lenaghan	Director of Strategy and Planning (on secondment from 1/03/15)	130 - 135	-	Nil	-	0 - 5	-	Nil	-	5 - 7.5	-	150 - 155	-
Professor Wendy Reid	Director of Education and Quality	150 - 155	**160 - 165**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	60 - 62.5	**65-67.5**	210 - 215	**225 - 230**
Laura Roberts	Director, North	120 - 125	**120 - 125**	3	**Nil**	0 - 5	**Nil**	Nil	**Nil**	Nil	**Nil**	125 - 150	**120 - 125**
Julie Screaton	Director, London and South East	120 - 125	**130 - 135**	1	**1**	Nil	**5 - 10**	Nil	**Nil**	15 - 17.5	**12.5-15**	135 -140	**145 -150**

These figures have been subject to audit.

Executive Team Remuneration

Single Total Figures Table

Name	Title	(a) Salary (bands of £5,000)		(b) Expense payments (taxable) to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) Long term performance pay and bonuses (bands of £5,000)		(e) All pension-related benefits (bands of £2,500)		(f) (a to e) TOTAL (bands of £5,000)	
		2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**
Rob Smith	Acting Director of Strategy and Planning (from 1/03/15)	-	**130 - 135**	-	**1**	-	**Nil**	-	**Nil**	-	**75-77.5**	-	205 - 210
Janice Stevens	Director, Midlands and East (on secondment during 2015/16)	120 - 125	**-**	5	**-**	Nil	**-**	Nil	**-**	50 – 52.5	**-**	175 - 180	-
Lee Whitehead	Director of People and Communication	130 - 135	**130 - 135**	21	**2**	Nil	**0 - 5**	Nil	**Nil**	(12.5) - (15)	**110-112.5**	115 - 120	**245 - 250**

These figures have been subject to audit.

Note: Janice Stevens (Director, Midlands and East) was on secondment for the full financial year to Barts Health NHS Trust
Note: Jo Lenaghan was on secondment for the full financial year to the Five Year Forward View.
Note: Lee Whitehead, Director of People and Communications: the increase in pension related benefits shown during the year was due to a move from the 1995 NHS Pension Scheme to the 2008 NHS Pension Scheme. This move changed how the annual pension and lump sum entitlements are calculated and reported creating a technical increase only in benefits in 2015/16.

Name	(a) Salary (bands of £5,000)		(b) Expense payments (taxable) to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) Long term performance pay and bonuses (bands of £5,000)		(e) All pension-related benefits (bands of £2,500)		(f) (a to e) TOTAL (bands of £5,000)	
	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**	2014/15	**2015/16**
John Burdett ***	10 - 15	**10 - 15**	1	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	10 - 15	**10 - 15**
Mary Elford	5 - 10	**5 - 10**	2	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	5 - 10	**5 - 10**
Kate Nealon	5 - 10	**5 - 10**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	5 - 10	**5 - 10**
Sir Keith Pearson	50 - 55	**50 - 55**	2	**1**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	55 - 60	**55 - 60**
Professor David Croisdale-Appleby	0 - 5	**5 - 10**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	0 - 5	**5 - 10**
Sir Stephen Moss	0 - 5	**5 - 10**	Nil	**1**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	0 - 5	**5 - 10**
Anna van der Gaag *	-	**5 - 10**	-	**Nil**	-	**Nil**	-	**Nil**	-	**Nil**	-	**5 - 10**
Jacynth Ivey **	-	**0 - 5**	-	**Nil**	-	**Nil**	-	**Nil**	-	**Nil**	-	**0 - 5**

These figures have been subject to audit.

* Anna van der Gaag joined HEE as a Non-Executive Director on 1 July 2015
** Jacynth Ivey joined HEE as an Associate Non-Executive Director on 1 January 2016
*** John Burdett sadly passed away in March 2016.

Name	Title	(a) Real increase in pension at pension age (bands of £2,500)	(b) Real increase in pension lump sum at pension age (bands of £2,500)	(c) Total accrued pension at pension age at 31 March 2016 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31 March 2016 (bands of £5,000)	(e) Cash Equivalent Transfer Value at 1 April 2015	(f) Real increase in Cash Equivalent Transfer Value	(g) Cash Equivalent Transfer Value at 31 March 2016	(h) Employer's contribution to stakeholder pension
Professor Ian Cumming	Chief Executive	0-2.5	0-2.5	80-85	240-245	1,395	20	1,452	0
Paul Holmes	Director of HEE South	2.5-5	10-12.5	60-65	190-195	1,335	96	1,467	0
Dr Nicki Latham	Chief Operating Officer	0-2.5	Nil	5-10	Nil	68	25	95	0
Professor Wendy Reid	Director of Education and Quality	2.5-5	7.5-10	60-65	190-195	1,287	82	1,404	0
Julie Screaton	Director, London and South East	0-2.5	0-2.5	40-45	120-125	704	17	740	0
Rob Smith	Acting Director of Strategy and Planning (from 1/03/15)	2.5-5	7.5-10	50-55	150-155	834	86	942	0
Lee Whitehead	Director of People and Communication	5-7.5	(30)-(32.5)	15-20	0-5	175	16	196	0

These figures have been subject to audit

Note: Janice Stevens (Director, Midlands and East) was on secondment for full financial year to Barts Health NHS Trust
Note: Jo Lenaghan was on secondment for the full financial year to the Five Year Forward View.

On 16 March 2016, the Chancellor of the Exchequer announced a change in the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate from 3.0% to 2.8%. This rate affects the calculation of CETV figures in this report.

Due to the lead time required to perform calculations and prepare annual reports, the CETV figures quoted in this report for members of the NHS Pension scheme are based on the previous discount rate and have not been recalculated.

Exit packages

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies (£)	Number of other departures agreed	Cost of other departures agreed (£)	Total number of exit packages by cost band	Total cost of exit packages by cost band (£)	No of departures where special payments have been made (No.)	Cost of Special Payment element included in exit packages (£)
<£10,000	9	61,919	5	17,743	14	79,662	-	-
£10,001 - £25,000	6	93,198	9	135,927	15	229,125	-	-
£25,001 - £50,000	4	122,775	11	432,933	15	555,708	-	-
£50,001 - £100,000	7	569,232	3	230,508	10	799,740	-	-
£100,001 - £150,000	1	141,262	3	370,930	4	512,192	-	-
£150,001 - £200,000	-	-	1	163,236	1	163,236	-	-
>£200,000	-	-		-	-	-	-	-
Total	**27**	**988,386**	**32**	**1,351,277**	**59**	**2,339,663**	**-**	**-**

These figures have been subject to audit

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pension Scheme. Exit costs in this note are accounted for in full in the year of departure where there is a legal obligation. Where the organisation has agreed early retirements, the additional costs are met by HEE or the employee, and not by the NHS Pension Scheme. Ill-health retirement costs are met by the NHS Pension Scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

There were no special payments made within exit packages during 2015/16.

64

Analysis of other departures	Number of departures agreed	Total value of departures agreed
	Number	£000s
Voluntary redundancies including early retirement contractual costs	32	1,351
Mutually agreed resignations (MARS) contractual costs	-	-
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	-	-
Exit payments following Employment Tribunals or court orders	-	-
Non-contractual payments requiring HMT approval	-	-
Total of exit packages	**32**	**1,351**

As a single exit package can be made up of several components each of which will be counted separately in this table, the total number above will not necessarily match the total numbers in the earlier table which will be the number of individuals.

HEE had no non-contractual payments in lieu of notice as disclosed under "non-contractual payments requiring HMT approval" above.

Nil non-contractual payments were made to individuals where the payment value was more than 12 months' of their annual salary.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report.

Staff Numbers

Average number of persons employed

	2015/16 Total	Permanently employed staff	Others
	Nos	Nos	Nos
Average number of whole-time equivalent employees			
- Provider staff	-	-	-
- Other (All entities)	2,271	1,736	535
Total whole time equivalent persons	**2,271**	**1,736**	**535**
Of which number engaged on capital projects	-	-	

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 Health Education England for the year ended 31 March 2016 under the Care Act 2014. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Care Act 2014. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Health Education England's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Health Education England; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Health Education England's affairs as at 31 March 2016 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Care Act 2014 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Care Act 2014; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

- I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

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

Date: 06 July 2016

Annual Accounts 2015/16

Statement of Comprehensive Net Expenditure for year ended 31 March 2016

		2015/16	2015/16 Admin	2015/16 Programme	2014/15
	NOTE	£000s	£000s	£000s	£000s
Gross employee benefits	7.1	**128,892**	48,245	80,647	135,473
Other costs	5	**4,850,235**	22,550	4,827,685	4,863,672
Other operating revenue	4	**(91,385)**	(553)	(90,832)	(91,446)
Net operating costs before transfers by absorption		**4,887,742**	70,242	4,817,500	4,907,699
Net (gain) loss on transfers by absorption		**0**	0	0	0
Net operating costs for the year		**4,887,742**	70,242	4,817,500	4,907,699

There was no other income or expenditure for the year.
The notes on pages 72 to 94 (in the Annual Report) form part of this account.

Statement of Financial Position as at 31 March 2016

		31 March 2016	31 March 2015
	NOTE	£000s	£000s
Non – current assets:			
Property, plant and equipment	11	697	1,079
Intangible assets	12	0	0
Trade and other receivables	15.1	176	878
Total non – current assets		873	1,957
Current assets:			
Trade and other receivables	15.1	23,709	54,687
Cash and cash equivalents	16	25	87,236
Total current assets		**23,734**	**141,923**
Total assets		**24,607**	**143,880**
Current liabilities			
Trade and other payables	17	253,548	281,039
Provisions	19	12,909	129
Other financial liabilities	18	0	0
Total current liabilities		266,457	281,168
Non-current liabilities			
Provisions	19	1,703	0
Total non-current liabilities		1,703	0
Total Assets Employed:		(243,553)	(137,288)
TAXPAYERS' EQUITY			
General Fund		(243,553)	(137,288)
Total Taxpayers' Equity		(243,553)	(137,288)

The notes on pages 72 to 94 (in the Annual Report) form part of this account.

The financial statements on pages 70 to 71 (in the Annual Report) were approved by the Board on 31 May 2016 and signed on its behalf by:

Chief Executive: Professor Ian Cumming OBE **Date:** 20 June 2016

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2016

	General fund	Revaluation reserve	Other reserves	Total reserves
	£000s	£000s	£000s	£000s
***Balance at 1 April 2015**	**(224,524)**	**0**	**0**	**(224,524)**
Changes in taxpayers' equity for 2014 – 15				
Net operating cost for the year	(4,887,742)	0	0	**(4,887,742)**
Transfers under modified absorption accounting	1,477	0	0	**1,477**
Total recognised revenue (expense) for the year	**(5,110,789)**	**0**	**0**	**(5,110,789)**
*** Grant in Aid Funding from DH**	**4,867,236**	**0**	**0**	**4,867,236**
Balance at 31 March 2016	**(243,553)**	**0**	**0**	**(243,553)**

Balance at 1 April 2014	**(159,479)**	**0**	**0**	**(159,479)**
Changes in taxpayers' equity for the year ended 31 March 2014				
Net operating cost for the year	(4,907,699)	0	0	(4,907,699)
Net Parliamentary Funding	4,929,890	0	0	4,929,890
*** Balance at 31 March 2015**	**(137,288)**	**0**	**0**	**(137,288)**

* On 1 April 2015 HEE changed its status from a Special Health Authority to a Non Departmental Public Body.

The closing cash balance was paid to DH and then repaid back to HEE as in year Grant in Aid Funding.

Statement of Cash Flows for the year ended 31 March 2016

		2015/16	2014/15
	NOTE	£000s	£000s
Cash Flows from Operating Activities			
Net Operating Cost Before Interest		**(4,887,742)**	(4,907,699)
Depreciation and Amortisation	11	**2,146**	785
Other non-cash movements in Statement of Financial Position items		**197**	47
(Increase) Decrease in Trade and Other Receivables	15.1	**31,680**	(16,803)
Increase/(Decrease) in Trade and Other Payables	17 & 18	**(27,688)**	71,773
Provisions Utilised	19	**(28)**	(10)
Provisions Reversed	19	**(101)**	0
Increase/(Decrease) in Provisions	19	**14,612**	0
Net Cash Inflow/(Outflow) from Operating Activities		**(4,866,924)**	(4,851,907)
CASH FLOWS FROM INVESTING ACTIVITIES			
(Payments) for Property, Plant and Equipment	11	**(287)**	(237)
(Payments) for Intangible Assets		**0**	0
Net Cash Inflow/(Outflow) from Investing Activities		**(287)**	(237)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		**(4,867,211)**	(4,852,144)
CASH FLOWS FROM FINANCING ACTIVITIES			
*Grant in Aid Funding from DH	2.4	**4,867,236**	4,929,890
Net cash inflow/(Outflow) from Financing Activities		**4,867,236**	4,929,890
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**25**	77,746
*** Cash and Cash Equivalents at the beginning of the Period**		**87,236**	9,490
1 April Repayment to DH		**(87,236)**	0
Cash and Cash Equivalents at year end	**16**	**25**	87,236

* On 1 April 2015 HEE changed its status from a Special Health Authority to a Non Departmental Public Body.

The closing cash balance was paid to DH and then repaid back to HEE as in year Grant in Aid Funding.

NOTES TO THE ACCOUNTS

1.0 Accounting Policies

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

1.01 Accounting convention

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

1.02 Going concern

The Secretary of State has directed that Parliamentary funding has been voted to permit the relevant activities to continue, this is sufficient evidence of going concern. As a result 2015/16 funding has been agreed for HEE's activities ensuring adequate funding to meet our liabilities; as such the Board of HEE has prepared these financial statements on a going concern basis.

1.03 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on 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 public sector body to another.

1.04 Movement of assets within the DH Group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the Treasury FReM. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure (SOCNE), and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

For transfers of assets and liabilities from those NHS bodies that closed on 1 April 2013, Treasury has agreed that a modified absorption approach should be applied. For these transactions only, gains and losses are recognised in reserves rather than the SOCNE.

1.05 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Health Education England's accounting policies, management is required to make

judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, that are considered relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.05.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the HEE's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

1.05.2 Attrition within Higher Education Institutes (HEI) contracts

Attrition of student cohorts is included in these accounts according to the individual contract terms. Most local offices pay higher education institutes for tuition costs and adjust retrospectively for attrition from courses. Some contracts have an estimated level of attrition built in and adjust for the actual level, which minimises the uncertainty. The estimates are based on the most recently available validated student activity data.

1.05.3 Other metrics on HEI contracts

Non benchmark price accruals are included in line with contract terms. These accruals cover the fees and expenses not included in the standard tuition fee (benchmark price).

1.05.4 Student Bursary Estimate

NHS Business Services Authority administers the payment of a bursary to qualifying students under the NHS Bursary Scheme. The status and payment award is calculated for each student individually. Due to the timescales involved the payment HEE makes to the NHSBSA includes an element of estimation. The estimate is based upon the HEE/NHSBSA calculation of expected expenditure agreed in March 2016.

A joint review of the level of debt recovery is carried out between the BSA and HEE. In the light of recent trends and an assessment of the level of risk, it has been deemed prudent to revise the level of provision for debt from 64% to 77%. For 2015/16 this equates to an additional £2.3m charge.

Tuition Fees are paid under the NHS Bursary Scheme on behalf of eligible medical and dental students. Each year, HEIs provide details of the number of students who they consider will be eligible. Fees are paid directly to HEIs on submission of an invoice. An accrual is made at the year end to cover those students for whom an invoice has not yet been received.

1.06 Revenue

The main source of funding for Health Education England (HEE) is Parliamentary grant from the Department of Health within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it relates.

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

Where income is received for a specific activity that is to be delivered in the following year, that income is deferred.

1.07 Employee Benefits

Short-term employee benefits

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

Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pensions Scheme. 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.

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

1.08 Other expenses

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

1.09 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to HEE;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and
- the item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are recorded subsequently at depreciated replacement cost. HEE does not revalue its assets on the basis that the values involved are immaterial and historic cost is not considered materially different.

Subsequent expenditure

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

1.10 Intangible Assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of HEE's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, HEE; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Measurement

Purchased intangible assets are initially recognised at cost. For internally-generated intagible assets they are initially recognised at the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

All assets are recorded subsequently at amortised replacement cost. HEE does not revalue its assets on the basis that the values involved are immaterial and historic cost is not considered materially different from fair value.

1.12 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.
HEE does not hold any finance leases.

HEE as lessee

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

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

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

1.13 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of HEE's cash management.

1.14 Provisions

Provisions are recognised when HEE has a present legal or constructive obligation as a result of a past event, it is probable that HEE will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.
HEE currently hold provisions for legal claims, lease dilapidations, tax liabilities and bursary payment costs.

1.15 Non-clinical risk pooling

HEE participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which HEE pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.16 Contingencies

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

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

1.17 Financial assets

Financial assets are recognised when HEE 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 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.

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.

At the end of the reporting period, HEE 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 one 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 expenditure and the carrying amount of the asset is reduced directly or through a provision for impairment of receivables.

1.18 Financial liabilities

Financial liabilities are recognised on the statement of financial position when HEE 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.

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.

1.19 Taxation

HEE is liable to pay corporation tax, however the organisation does not currently have any qualifying activities. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the relevant expenditure heading or capitalised if it relates to an asset.

1.20 Foreign currencies

HEE's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in HEE's Statement of Comprehensive Net Expenditure in the period in which they arise.

1.21 Losses and Special Payments

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

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

1.22 Accounting Standards that have been issued but have not yet been adopted

IFRS16 – Leases was issued in January 2016, but is not due to be adopted until 2019. This will be a replacement for IAS17.

2.0 Financial Performance Targets

2.1 Revenue Resource Limit

	2015/16	2014/15
	£000s	£000s
HEE's performance for the year ended 31 March 2016 is as follows		
Net operating cost for the financial year	4,887,742	4,907,699
Revenue Resource Limit	4,908,627	4,929,890
Under/(over) spend against Revenue Resource Limit	**20,885**	**22,191**

2.2 Capital Resource Limit

	2015/16	2014/15
	£000s	£000s
HEE is given a capital resource limit which it is not permitted to exceed.		
Gross capital expenditure	**287**	190
Capital resource limit	**3,000**	3,000
Under/(over) spend against Capital Resource limit	**2,713**	2,810

2.3 Cash Limit

	2015/16	2014/15
	£000s	£000s
Total charge to Cash Limit	4,867,236	4,929,890
Cash Limit	4,993,763	4,931,890
Under/(over) spend against Capital Resource Limit	126,527	2,000

2.4 Reconciliation of Cash Drawings to Grant in Aid from Department of Health

	2015/16	2014/15
	£000s	£000s
Total Cash received from DH (Gross)	4,909,212	4,991,083
Less trade Income from DH	(53,919)	(58,942)
Less (plus) movement in DH receivable balances	11,943	(2,251)
Grant in Aid credited to General Fund	**4,867,236**	4,929,890

3.0 Operating Segments

Health Education England does not consider that it has any reportable operating segments in line with IFRS8.

4.0 Revenue

4.1 Revenue from education and training activities

	2015/16	2015/16 Admin	2015/16 Programme	2014/15
	£000s	£000s	£000s	£000s
CCGs	**0**	0	0	318
CSUs	**0**	0	0	68
NHS England	**21,871**	0	21,871	8460
NHS Trusts	**2,198**	0	2,198	1,324
NHS Foundation Trusts	**5,762**	0	5,762	6911
Local Authorities	**0**	0	0	0
Department of Health	**53,919**	0	53,919	59,018
NHS other	**407**	0	407	45
Non – NHS	**6,127**	0	6,127	12147
Total Revenue from education and training activities	**90,284**	**0**	**90,284**	**88,291**

The above revenue includes £53.1m National Institute of Health Research funding from the Department of Health.

4.2 Other operating revenue

	2015/16	2015/16 Admin	2015/16 Programme	2014/15
	£000s	£000s	£000s	£000s
Recoveries in respect of employee benefits	**447**	447	0	564
Other revenue NHS	**0**	0	0	343
Other revenue non NHS	**654**	106	548	2,248
Total Other Operating Revenue	**1,101**	553	548	3,155
Total operating revenue for 2015/16	**91,385**	**553**	**90,832**	**91,446**

HEE does not have any Trading Income over £1m.

5.0 Operating expenses

	2015/16	2015/16 Admin	2015/16 Programme	2014/15
	£000s	£000s	£000s	£000s
Training & Education Activities				
Future Workforce*				
Undergraduate Medical and Dental	**886,777**	0	886,777	897,078
Postgraduate Medical and Dental	**1,815,886**	0	1,815,886	1,801,751
Non Medical	**1,607,170**	0	1,607,170	1,615,230
Workforce Development	**198,622**	0	198,622	236,133
Education Support	**54,486**	0	54,486	51,067
National Programmes	**150,660**	0	150,660	127,667
Other	**64,725**	0	64,725	67,279
HEE Chair and Non – Executive Directors	**177**	177	0	103
Supplies and services – clinical	**55**	0	55	54
Supplies and services – general	**1,248**	276	972	873
Consultancy services	**0**	0	0	25
Establishment	**27,857**	6,066	21,791	35,187
Transport	**0**	0	0	13
Premises	**20,185**	8,479	11,706	23,757
Operating Lease Rentals	**3,315**	3,315	0	471
Depreciation	**669**	669	0	785
Amortisation	**1,477**	1,477	0	0
Provisions arising/(released) during the year	**14,511**	0	14,511	0
Statutory audit fees (NAO)	**180**	0	0	180
Internal audit and assurance services	**288**	285	3	397
Education and training	**1,475**	1,475	0	5,449
Other operating expenses	**472**	151	321	173
Total Operating expenses (excluding employee benefits	**4,850,235**	**22,550**	**4,827,685**	**4,863,672**

Employee benefits

	2015/16	2015/16 Admin	2015/16 Programme	2014/15
	£000s	£000s	£000s	£000s
Employee Benefits				
Employee benefits excluding Board members	**127,565**	46,918	80,647	134,064
Board members	**1,327**	1,327	0	1,409
Total Employee Benefits	**128,892**	48,245	80,647	135,473
Total Operating Benefits	**4,979,127**	70,795	4,908,332	4,999,145

*The majority of HEE's expenditure is focused on supporting the workforce for the future. The investment develops the health care professionals of the future. The expenditure includes tuition fees paid to Universities

for undergraduate programmes and the related bursary support for the individual students. Undergraduate students must experience clinical settings through placements, so placement fees are paid to clinical service providers. In the postgraduate environment salary and further training support is paid for to ensure relevant trainees can achieve full professional registration.

6.0 Operating leases

HEE has entered into leasing arrangements to secure property for conducting the business of training and education and associated administration. All arrangements have been assessed individually and determined to be operating leases with reference to IAS 17.

HEE occupies accommodation under varying agreements. The following note relates to formal leasing arrangements only.

6.1 Health Education England as lessee

	Buildings	Other	2015/16 Total	2014/15
	£000s	**£000s**	**£000s**	£000s
Payments recognised as an expense				
Minimum lease payments	3,212	103	**3,315**	471
Contingent rents	0	0	**0**	0
Sub-lease payments	0	0	**0**	0
Total	**3,212**	**103**	**3,315**	471
Payable:				
No later than one year	2,928	79	**3,007**	445
Between one and five years	114	92	**206**	1,165
After five years	0	0	**0**	384
Total	**3,042**	**171**	**3,213**	1,994

7.0 Employee benefits and staff numbers

7.1 Employee benefits

	2015/16			Permanently employed			Other		
	Total	**Admin**	**Programme**	Total	Admin	Programme	Total	Admin	Programme
	£000s	**£000s**	**£000s**	£000s	£000s	£000s	£000s	£000s	£000s
Employee Benefits - Gross Expenditure									
Salaries and wages	**112,767**	42,867	69,900	97,262	39,787	57,475	15,505	3,080	12,425
Social security costs	**6,173**	1,736	4,437	6,173	1,736	4,437	0	0	0
Employer Contributions to NHS BSA - Pensions Division	**9,339**	2,627	6,712	9,339	2,627	6,712	0	0	0
Other pension costs	**0**	0	0	0	0	0	0	0	0
Other post-employment benefits	**0**	0	0	0	0	0	0	0	0
Other employment benefits	**0**	0	0	0	0	0	0	0	0
Termination benefits	**1,607**	1,462	145	1,607	1,462	145	0	0	0
Total employee benefits	**129,886**	**48,692**	**81,194**	114,381	45,612	68,769	15,505	3,080	12,425
Less recoveries in respect of employee benefits (table below)	**(994)**	**(447)**	**(547)**	(994)	(447)	(547)	0	0	0
Total - Net Employee Benefits	**128,892**	**48,245**	**80,647**	**113,387**	**45,165**	**68,222**	**15,505**	**3,080**	**12,425**

Gross employee benefits and net expenditure 2014/15

	Total	Permanently employed	Other
	£000s	**£000s**	**£000s**
Salaries and wages	**112,236**	78,315	33,921
Social security costs	**6,712**	6,712	0
Employer Contributions to NHS BSA - Pensions Division	**9,223**	9,223	0
Other pension costs	**0**	0	0
Other post-employment benefits	**0**	0	0
Other employment benefits	**0**	0	0

Termination benefits	**7,866**	7,866	0
Total - Net Employee Benefits	**136,037**	102,116	33,921
Less recoveries in respect of employee benefits	**(564)**	(564)	0
Total - Net Employee Benefits	**135,473**	101,552	33,921

7.2 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.nhsbsa.nhs.uk/pensions. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

a) Accounting valuation

A valuation of the scheme liability is carried out annually by the scheme actuary as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2016, is based on valuation data as 31 March 2015, updated to 31 March 2016 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Pension Accounts, published annually. These accounts can be viewed on the NHS Pensions website.

b) Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The resulting report was published in June 2014. The frequency of these actuarial investigations is not determined by Health Education England.

The Scheme Regulations were changed to allow contribution rates to be set by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate.

c) Scheme provisions
The NHS Pension Scheme provided defined benefits.

The Scheme now has three discrete elements following changes in national policy. Health Education England current and past employees may be members of the 1995 Section, the 2008 Section or the 2015 Section. Further details are available on the NHS Pensions Authority website at the address given in the introductory paragraph above.

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

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to Health Education England in the financial year that the charge is incurred.

Members may make additional voluntary contributions to their pension. Health Education England does not make any financial contribution towards these additional payments.

7.3 Severance payments
There were no severance payments made during 2015/16.

8.0 Better Payment Practice Code

8.1 Measure of compliance

	2015/16 Number	2015/16 £000s	2014/15 Number	2014/15 £000s
Non-NHS Payables				
Total Non-NHS Trade Invoices Paid in the Year	88,233	1,255,329	46,034	1,170,799
Total Non-NHS Trade Invoices Paid Within Target	84,641	1,205,760	44,014	1,136,882
Percentage of Non-NHS Trade Invoices Paid Within Target	95.93%	96.05%	95.61%	97.10%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	15,765	3,630,721	17,760	3,657,739
Total NHS Trade Invoices Paid Within Target	15,049	3,594,957	17,127	3,618,360
Percentage of NHS Trade Invoices Paid Within Target	95.46%	99.01%	96.44%	98.92%

The Better Payment Practice Code requires the NHS body to aim to pay 95% of valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later.

8.2 The Late Payment of Commercial Debts (interest) Act 1998
No material claims were made against Health Education England relating to this legislation.

9 Other Gains and Losses
There were no other gains and losses in the year.

10 Finance Costs

Health Education England did not incur any finance costs during the year.

11 Property, plant and equipment

	Buildings excluding dwellings	Information technology	Furniture and fittings	Total
2015/16	£000s	£000s	£000s	£000s
Cost or valuation:				
At 1 April 2015	**1,222**	**1,098**	**99**	**2,419**
Additions Purchased	82	117	88	**287**
At 31 March 2016	**1,304**	**1,215**	**187**	**2,706**
Depreciation				
At 1 April 2015	**734**	**530**	**76**	**1,340**
Charged During the Year	372	277	20	**669**
At 31 March 2016	**1,106**	**807**	**96**	**2,009**
Net Book Value at 31 March 2016	**198**	**408**	**91**	**697**
Purchased	198	408	91	**697**
Total at 31 March 2016	**198**	**408**	**91**	**697**
Asset financing				
Owned	198	408	91	**697**
Total at 31 March 2016	**198**	**408**	**91**	**697**

	Buildings excluding dwellings	Information technology	Furniture and fittings	Total
2014/15	£000s	£000s	£000s	£000s
Cost or valuation:				
At 1 April 2014	**1,222**	**869**	**99**	**2,190**
Additions Purchased	0	190	0	**190**
At 31 March 2015	**1,222**	**1,059**	**99**	**2,380**
Depreciation				
At 1 April 2014	**283**	**207**	**26**	**516**
Charged During the Year	451	285	49	**785**
At 31 March 2015	**734**	**492**	**75**	**1,301**
Net Book Value at 31 March 2015	**488**	**567**	**24**	**1,079**
Purchased	488	567	24	**1,079**
Total at 31 March 2015	**488**	**567**	**24**	**1,079**
Owned	488	567	24	**1,079**
Total at 31 March 2015	**488**	**567**	**24**	**1,079**

11.1 Economic lives of non-current assets

Property, plant and equipment	Min Life Years	Max Life Years
Buildings (exc dwellings)	1	3
Information Technology	1	5
Furniture & Fittings	1	3

12.0 Intangible non-current assets

	Software internally generated	Software purchased	Development expenditure	Total
2015/16	**£000s**	**£000s**	**£000s**	**£000s**
At 1 April 2015	**1,976**	**60**	**212**	**2,248**
Transfers under Absorption Accounting	19,777	0	0	**19,777**
Additions - purchased	0	0	0	**0**
At 31 March 2016	**21,753**	**60**	**212**	**22,025**
Amortisation				
At 1 April 2015	**1,976**	**60**	**212**	**2,248**
Transfers under Absorption Accounting	18,300	0	0	**18,300**
Charged during the year	1,477	0	0	**1,477**
At 31 March 2016	**21,753**	**60**	**212**	**22,025**
Net Book Value at 31 March 2016	**0**	**0**	**0**	**0**
Net book value at 31 March 2016 comprises:	**0**	**0**	**0**	**0**
Purchased	0	0	0	**0**
Total at 31 March 2016	**0**	**0**	**0**	**0**

	Software internally generated	Software purchased	Development expenditure	Total
2014/15	£000s	£000s	£000s	£000s
At 1 April 2014	**1,976**	**60**	**212**	**2,248**
Additions - purchased	0	0	0	**0**
At 31 March 2015	**1,976**	**60**	**212**	**2,248**
Amortisation				
At 1 April 2014	**1,976**	**60**	**212**	**2,248**
Charged during the year	0	0	0	**0**
At 31 March 2015	**1,976**	**60**	**212**	**2,248**
Net Book Value at 31 March 2015	**0**	**0**	**0**	**0**
Net book value at 31 March 2015 comprises:	**0**	**0**	**0**	**0**
Purchased	0	0	0	**0**
Total at 31 March 2015	**0**	**0**	**0**	**0**

13.0 Commitments

13.1 Other financial commitments

Health Education England invests in training and education of both the current and future health care workforce. Contracts for core education and training require sustained funding over a number of years. Due to the long term nature of Health Education England's core functions the majority of contracts operated by Health Education England were transferred from the Strategic Health Authorities when they were abolished. Due to the policy change determined in the Autumn of 2015, Health Education England will continue to use these contracts until we cease to commission the specified courses.

Health Education England operates three main contract streams. Contracts exist with 100 Universities and comprises £940million of expenditure. The contract end points vary and may be many years into the future. The contracts are operated primarily through standard tariff models and vary each year according to student numbers.

Learning and Development Agreements are in place for education placement activities. These agreements are updated annually and are primarily with other NHS bodies.

HEE operates other commercial contracts. During 2015/16, where applicable, it has introduced contracts required by the Government Procurement Service or Cabinet Office. The lifespan of these contracts is determined across wider government.

HEE has entered into non-cancellable contracts for core administrative functions. These comprise of contracts for IT, Human Resources and Payroll Services. In addition HEE has entered into a contract to provide a Medical and Dental recruitment system. The payments to which HEE is committed in relation to these contracts are as follows:

	31 March 2016	31 March 2015
	£000s	£000s
Not later than one year	**2,266**	2,670
Later than one year and not later than five year	**3,020**	4,120
Later than five years	**0**	0
Total	**5,286**	**6,790**

14.0 Intra-government and other balance

	Current receivables	Non-current receivables	Current payables	Non-current payables
	£000s	£000s	£000s	£000s
Balances with other Central Government Bodies	5,451	0	50,234	0
Balances with Local Authorities	0	0	0	0
Balances with NHS bodies outside the Departmental Group	0	0	0	0

Balances with NHS Trusts and Foundation Trusts	1,630	0	55,227	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	16,628	176	148,002	0
At 31 March 2015	**23,709**	**176**	**253,463**	**0**
Prior period:				
Balances with other Central Government Bodies	13,076	0	56,250	0
Balances with Local Authorities	0	0	0	0
Balances with NHS Trusts and Foundation Trusts	26,796	0	71,984	0
Balances with Public Corporations and Trading Funds	0	0	0	0
Balances with bodies external to government	14,815	878	152,805	0
At 31 March 2015	**54,687**	**878**	**281,039**	**0**

15.1 Trade and other receivables

	Current		Non-current	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000s	£000s	**£000s**	£000s
NHS receivables – revenue	**5,471**	13,996	**0**	0
NHS prepayments and accrued revenue	**0**	25,166	**0**	0
Non-NHS receivables – revenue	**19,754**	11,922	**1,902**	1,793
Non-NHS prepayments and accrued revenue	**4,907**	9,377	**0**	0
Provision for the impairment of receivables	**(8,322)**	(6,676)	**(1,726)**	(915)
VAT	**1,610**	710	**0**	0
Other receivables	**289**	192	**0**	0
Total	**23,709**	54,687	**176**	878
Total current and non current	**23,885**	55,565		

The great majority of trade is with NHS bodies and Higher Education Institutes. As these bodies are funded by taxation to provide education and training, no credit scoring of them is considered necessary.

15.2 Receivables past their due date but not impaired

	31 March 2016	31 March 2015
	£000s	£000s
By up to three months	689	1,407
By three to six months	283	188
By more than six months	82	670
Total	1,054	2,265

15.3 Provision of impairment of receivables

	31 March 2016	31 March 2015
	£000s	£000s
Balance at 1 April 2015	(7,591)	(5,263)
Amount written off during the year	1	0
Amount recovered during the year	4	0
(Increase)/decrease in receivables impaired	(2,462)	(2,328)
Balance at 31 March 2016	(10,048)	(7,591)

Included in the above is £9,945k relating to provision for student debts that may not be recoverable (£7,574k 2014/15).

16.0 Cash and cash equivalents

	31 March 2016	31 March 2015
	£000s	£000s
Opening balance	87,236	9,490
1 April Repayment to DH	(87,236)	0
Net change in year	25	77,746
Closing balance	25	87,236
Made up of		
Cash with Government Banking Service	25	87,236
Commercial banks	0	0
Cash in hand	0	0
Cash and cash equivalents as in statement of financial position	25	87,236

17.0 Trade and other payables

	Current		Non-current	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000s	£000s	**£000s**	£000s
NHS payables and accruals	**106,964**	126,000	**0**	0
Non-NHS payables and accruals	**133,082**	151,251	**0**	0
Social security costs	**960**	925	**0**	0
VAT	**0**	0	**0**	0
Tax	**1,092**	1,309	**0**	0
Payments received on account	**0**	0	**0**	0
Other	**11,365**	1,357	**0**	0
Total	**253,463**	280,842	**0**	0
Total payables (current and non-current)	**253,463**	280,842		

18.0 Deferred revenue

	Current		Non-current	
	31 March 2016	31 March 2015	**31 March 2016**	31 March 2015
	£000s	£000s	**£000s**	£000s
Opening balance at 1 April 2015	**197**	124	**0**	**0**
Deferred revenue addition	**85**	73	**0**	0
Transfer of deferred revenue	**(197)**	0	**0**	0
Current deferred Revenue at 31 March 2016	**85**	197	**0**	0
Total deferred revenue (current and non-current)	**85**	197		

19.0 Provisions

		Comprising:	
	Total	**Legal claims**	**Other**
	£000s	**£000s**	**£000s**
Balance at 1 April 2015	**129**	129	0
Arising During the Year	**14,612**	144	14,468
Utilised During the Year	**(28)**	(28)	0
Reversed Unused	**(101)**	(101)	0
Balance at 31 March 2016	**14,612**	**144**	**14,468**

Expected timing of cash flows:	
No Later than One Year	**12,909**
Later than One Year and not later than Five Years	**1,703**
Later than Five Years	**0**

19.1 Contingencies

	31 March 2016	31 March 2015
	£000s	£000s
Contingent liabilities		
Legal Claims	**5,562**	2,068
Net Value of Contingent Liabilities	**5,562**	2,068
Contingent Assets		
Contingent Assets	**0**	0
Net Value of Contingent Assets	**0**	0

The above relates to legal claims notified for which the advice received from HEE is that these are unlikely to be successful.

20.0 Financial instruments

20.1 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that HEE has with providers and the way those providers are financed, HEE is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. HEE 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 HEE in undertaking its activities.

HEE's treasury management operations are carried out by the finance department, within parameters defined formally within HEE's standing financial instructions and policies agreed by the Board of Directors. HEE treasury activity is subject to review by HEE's internal auditors.

Currency risk

HEE is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. HEE has limited overseas operations. HEE therefore has low exposure to currency rate fluctuations.

Interest rate risk

HEE is not permitted to borrow funds therefore HEE has low exposure to interest rate fluctuations.
Credit risk

Because the majority of HEE's revenue comes from funds voted by Parliament, HEE has low exposure to credit risk. The maximum exposures as at 31 March 2015 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

HEE is required to operate within limits set by the Secretary of State for the financial year and draws down funds from the Department of Health as the requirement arises. HEE is not, therefore, exposed to significant liquidity risks.

20.2 Financial assets

	At 'fair value through profit and loss'	Loans and receivables	Available for sale	Total
	£000s	£000s	£000s	£000s
Embedded derivatives	0	**0**	0	**0**
Receivables – NHS	0	5,471	0	**5,471**
Receivables - non-NHS	0	1,460	0	**1,460**
Cash at bank and in hand	0	25	0	**25**
Other financial assets	0	0	0	**0**
Total at 31 March 2016	**0**	**6,956**	**0**	**6,956**

Embedded derivatives	0	0	0	0
Receivables – NHS	0	46,102	0	46,102
Receivables - non-NHS	0	16,152	0	16,152
Cash at bank and in hand	0	87,236	0	87,236
Other financial assets	0	0	0	0
Total at 31 March 2015	0	149,490	0	149,490

20.3 Financial liabilities

	At 'fair value through profit and loss'	Other	Total
	£000s	£000s	£000s
Embedded derivatives	0	0	**0**
NHS payables	0	106,869	**106,869**
Non-NHS payables	0	59,569	**59,569**
Other borrowings	0	0	**0**
PFI & finance lease obligations	0	0	**0**
Other financial liabilities	0	0	**0**
Total at 31 March 2016	**0**	**166,438**	**166,438**

Embedded derivatives	0	0	0
NHS payables	0	134,481	134,481
Non-NHS payables	0	142,968	142,968
Other borrowings	0	0	0
PFI & finance lease obligations	0	0	0
Other financial liabilities	0	0	0
Total at 31 March 2016	0	277,449	277,449

21.0 Events after the end of the reporting period

The Leadership Academy have transferred from NHS England wef 1 April 2016. The allocation is c £44.7m Programme expenditure including 78 staff. The closing balances as at 31 March 2016 will transfer, but these values have not yet been agreed with NHS England.

The results of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect cannot yet be made.

The accounts were authorised for issue on the date that they were certified by the Comptroller and Auditor General.

22.0 Related party transactions

Health Education England is a body corporate established by order of the Secretary of State for Health.

The Department of Health is regarded as a related party. During the year Health Education England 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. For example:

- NHS England
- Clinical Commissioning Groups
- NHS Foundation Trusts
- NHS Trusts
- NHS Business Services Authority

In addition, Health Education England has had a number of material transactions with other central and local government departments and Higher Educational Institutions. Most of these transactions have been with Higher Educational Institutes to commission training and development of the healthcare workforce and Department for Business Innovation and Skills that relate to the administration of student loans.

Details of related party transactions with directors are as follows:

	Payments to Related Party	Receipts from Related Party	Amounts owed to Related Party	Amounts due from Related Party
	£'000	£'000	£'000	£'000
Sir Keith Pearson				
Migrant Access / Cost recovery Tsar (Independent Advisor) Department of Health	1,382	53,930	417	21
UK Revalidation Programme Board, GMC	1	0	0	0
Professor Ian Cumming				
Honorary Chair in Leadership, Lancaster University	3,115	69	0	0
Professional & Linguistics Assessment Board, GMC	1	0	0	0
University of Chester (family member undertaking HEE funded study)	11,168	0	0	0
Leeds Beckett University (family member undertaking HEE funded study)	11,862	0	1,017	0
Worcester Acute Hospitals Trust (wife is an employee)	11,576	0	396	0

Central Manchester University Hospitals Trust (brother and sister are employees)	42,743	407	25	18
Professor David Croisdale-Appleby				
Visitor for Medical Education, GMC	1	0	0	0
Two posts held, Honorary Professor & Visiting Professor Durham University	273	0	84	0
Two posts held, Department of Health	1,382	53,930	417	21
Chair of Public Health Advisory Committee, NICE	3,734	0	1,220	0
Dr Nicki Latham				
Honorary Visiting professor, Leeds Beckett University	11,862	0	1,017	0
Sir Stephen Moss				
Non-Executive Director, Derby Teaching NHS Foundation Trust	29,708	181	323	0
Mary Elford				
Non-Executive Director, East London NHS Foundation Trust	8,473	3	136	0
Non-Executive Director, Queen Mary University of London	4,221	0	209	0
Anna Van Der Gaag				
Honorary Research Fellow, University of Glasgow	2	0	0	0
Honorary Research Fellow, University of Brighton	16,148	1	36	0
Visitiing Professor, University of Surrey	20,541	0	0	0
Professor Lisa Bayliss-Pratt				
Honorary Research Fellow, University of Wolverhampton	14,532	0	4	0
Professor Wendy Reid				
Consultant Gynaeocologist, Royal Free Hospital London	42,400	3	2,774	0
Jacynth Ivey				
Non-Executive Director, West Midlands Ambulance Trust	3,639	46	473	0

22.0 Losses and special payments

There were no material losses or special payments made in 2015/16.

Get in touch

If you would like to know more about our work, or have a comment or suggestion, visit:

- Our website at: www.hee.nhs.uk
- Or email us at: hee.enquiries@nhs.net

You can keep up to date with our news online by following us:

- www.twitter.com/nhs_healthedeng
- www.facebook.com/nhshee
- www.instagram.com/NHSHealthEducationEngland

ISBN 978-1-4741-2839-1