National Institute for Health and Care Excellence

Annual Report and Accounts 2017/18

HC 1178

NICE National Institute for Health and Care Excellence

National Institute for Health and Care Excellence (non-departmental public body)

Annual Report and Accounts 2017/18

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Performance Report

Overview

This section describes the role and structure of NICE, explains what we do and lists our achievements in 2017/18.

Chair's and Chief Executive's report

Hardly a day goes past without a story appearing in the media about health and social care. Health and care matter to people. They matter to individuals and to families. They matter to populations and policy makers. They are central to the quality of life in this country, particularly when times are challenging.

The quality of the care that people receive is of immense importance to us all. Over nearly 20 years, NICE's role has been to support health and social care by providing the highest quality of information about what good care looks like, and how it can best be delivered.

We do this by ensuring that we use the best, and most relevant, evidence. We work closely with clinicians and patients. Our committees are independent of NICE, and NICE is independent and at arm's length from government. We are a central part of the health and care system, advising on quality, and also on value for money. Since the very earliest days of the NHS, nearly 70 years ago, there has always been an imbalance between what the NHS might be able to provide and what the country can afford. No country in the world has escaped this challenge – whatever their funding model – and when difficult decisions have to be made, they should be based on evidence and a transparent process, not simply giving in to those who shout the loudest for their cause.

We work closely with the other national organisations responsible for providing and supporting the NHS and social care – NHS England, the Care Quality Commission, NHS Improvement, and Public Health England – among many others. We work closely with patient groups and clinicians. When we consult, we listen. We take notice.

And we recognise the changing complexity of the real world. We have produced guidelines on multimorbidity and medicines optimisation – trying to ensure that care is tailored appropriately to individual patients. We are working closely with a number of other national organisations in the Shared Decision Making Collaborative, recognising that decisions frequently need to be made with patients, not just about them. We are continuing our work with Public Health England to support the prevention agenda to tackle the big challenges of obesity, diabetes and alcohol misuse. We work constructively and supportively with the life sciences industry, particularly through the Scientific Advice Programme, and Office for Market Access.

Inevitably, change appears to be a constant in health and social care. New structures and different ways of delivering services are evolving, including those that bring health and social care closer together. We absolutely recognise that patients and people who use social care services simply want good care. They aren't interested in which sector provides it – just that it is of high quality, and NICE's role across the whole of health and social care makes this organisation perfectly placed to support the delivery of quality in every sector.

Through all of this change, NICE's purpose remains the same: working with the NHS, with local government and social care to achieve the best outcomes with the resources available. There is much in this annual report that explains about how we do this, from high tech to low tech, from drugs for ultra-rare diseases through to those most important of human gifts – kindness, consideration and empathy. For all of this, we rely on and remain enormously grateful to our staff and to the many individuals and organisations that work with us.

Sir David Haslam Chair
Sir Andrew Dillon Chief Executive and Accounting Officer

Who we are; what we do

NICE – the National Institute for Health and Care Excellence – works to improve the quality, sustainability and productivity of health and social care.

As an arm's-length body, NICE is accountable to the Department of Health and Social Care, but is operationally independent of government.

Our evidence-based guidance, standards and other resources help health, public health and social care professionals deliver the best possible care with the resources available.

Working with local and national organisations, we encourage and support a quality-focused approach in which commissioners and providers use NICE guidance and NICE-accredited sources to improve outcomes.

We are committed to supporting the NHS, public health and social care, and organisations in the wider public and voluntary sector to make the best use of their resources by setting out the case for investment and disinvestment in our guidance and our other advice

Our work is based on three strategic objectives which bring together our priorities:

Deliver guidance, **standards**, **indicators and evidence**, using current and emerging digital technologies to help to achieve high-quality, sustainable services, supporting the health and care system to use its resources efficiently, and contributing to a thriving life sciences industry.

Support the adoption of our guidance and advice and help maximise its impact by working with partners to produce practical tools and support. Promote the role of NICE in the development and use of evidence in the international arena, to help support the UK as it leaves the EU.

Operate efficiently, by using our resources productively and sustainably, and by supporting our staff to deliver on their full potential.

In 2017/18 NICE produced these resources for health and social care.

37 published

Medtech Innovation Briefings

Help the NHS make decisions on whether to buy new technologies.

21 published

Quality Standards

Priorities for improvement in health and social care.

31 published

Interventional Procedure Guidelines

Safety and efficacy of new minimally invasive procedures.

76 published

Technology Appraisals

Clinical and cost effectiveness of new and existing medicines, diagnostics and treatments.

35 published

Guidelines

Diagnosis and management of clinical conditions, the prevention of ill health and promotion of good health, and on the delivery of social care.

Six directorates support the development and dissemination of our guidance:

Centre for Guidelines

Develops guidance on the promotion of good health, prevention of ill health, appropriate treatment and care for people with specific diseases and conditions, and social care.

The guidance is used by those working in the NHS, local government, social care, patients and their families. The Centre for Guidelines also manages the contract to provide the British National Formulary to prescribers.

Centre for Health Technology Evaluation

Develops guidance on the use of new and existing treatments within the NHS, such as medicines, medical technologies and surgical procedures.

The directorate is responsible for:
- technology appraisals
- medical technology evaluations
- diagnostic technology assessments
- interventional procedures guidance
- the Cancer Drugs Fund
- the Patient Access Scheme Liaison Unit
- the Scientific Advice service
- the Office for Market Access
- topic selection
- science policy and research programme.

Health and Social Care Directorate

Drives and enables the effective and appropriate use of all NICE guidance and advice, and supports the engagement of patients and the public; defines standards and indicators to support quality improvement and measurement; supports national and local initiatives to improve quality, value and outcomes, and to reduce inappropriate variation across the health and care system for individuals and populations. The directorate is responsible for:
- strategic engagement
- quality standards and indicator development
- medicines evidence summaries, guidance and advice
- resource impact assessments
- adoption support for medicines and technologies
- field team and medicines implementation consultants
- public involvement programme
- fellows and scholars, and student champion scheme
- shared learning.

Evidence Resources Directorate

Maintains and builds NICE's digital services.

The directorate provides access to quality information to support guidance development and other NICE programmes, identifying and selecting new evidence. It commissions and manages contracts for online content available to the NHS across England through OpenAthens.

The directorate is responsible for:

- NICE Evidence Services including Evidence Search, BNF microsites, Clinical Knowledge Summaries and Healthcare Database Advance Search
- UK PharmaScan
- intellectual property and content business management.

Communications Directorate

Raises awareness of our work and protects and enhances the reputation of NICE through daily contact with the public, media, parliamentarians and other key groups. Helps ensure NICE content meets users' needs and is easily accessible through our website and other channels.

The directorate is responsible for:

- publication and dissemination of NICE guidance
- NICE website
- public enquiries
- public affairs
- press work through social and multimedia channels
- exhibition and events
- internal communications
- Audience Insights.

Business Planning and Resources Directorate

The directorate is responsible for:

- business planning
- finance
- human resources
- corporate governance
- IT services
- estates and facilities.

The annual business planning process identifies the objectives to be delivered within each financial year. In approving the annual business plan, the Board also recognises the principal risks which could potentially impact the successful delivery of the priorities. These risks are monitored through the risk register and are detailed within the risk and control framework on p50.

Performance summary

NICE plays an important role in addressing the challenges facing the health and care system. We have continued to support health and social care by providing the highest quality of information about what good care looks like, and how it can best be delivered.

Highlights of 2017/2018

During 2017/2018 we continued to adapt to the changing needs of the health and social care system, and to develop the range and reach of our guidance, standards, and supporting advice. We made important changes to our technology appraisal programme, assessed new digital therapies to help treat people with depression, developed the first of a new suite of common infections guidelines and much more.

What follows is a snapshot of some of the highlights of the year:

Future proofing: transforming NICE's technology guidance and advice

In 2017/18, we implemented changes to our technology appraisal programme to better align it to the challenges the NHS is facing and the needs of the life sciences industry. Changes introduced from April 2018 will facilitate earlier engagement between NICE, companies and NHS England, intended to reduce delays later in the process and to support commercial discussions when they are required. They build on the introduction of the budget impact test, in 2017, which triggers the opportunity for a discussion between companies and NHS England, to help manage the introduction of high-budget-impact technologies recommended by NICE.

Early in 2018, we established the secretariat for the Accelerated Access Collaborative which is responsible for the infrastructure for accelerating important innovative technologies into the NHS.

We are introducing HealthTech Connect (formerly known as MedtechScan), which offers a new way to identify important medical, diagnostic and digital technologies for NICE outputs and NHS England commissioning policies.

We continued our work with industry, regulatory partners and the NHS on operating new approaches to assess health technologies such as the Early Access to Medicines Scheme, the reformed Cancer Drugs Fund, and through changes to our technology appraisal programmes referred to above.

500

In January 2018, we published our 500th technology appraisal (ceritinib for untreated anaplastic lymphoma kinase-positive advanced non-small-cell lung cancer).

From 1 March 2000 to 31 March 2018 we published: **333** single technology appraisals, **183** multiple technology appraisals, **516** appraisals in total, **820** individual recommendations in total.

81% of decisions made by NICE (624 of 770) were recommended, optimised or recommended for use in the Cancer Drugs Fund.

We have also continued to promote opportunities for industry partners to engage with us before their products are evaluated in our guidance programmes, in our Scientific Advice Programme and the Office for Market Access.

Scientific Advice helps innovators develop the evidence early on in clinical development.

The Office for Market Access provides a 'front-door service' to help companies develop their value proposition, navigate NICE and other parts of the regulatory regime and engage in commercial negotiations with the NHS.

The changes we have made and resources we have developed to support industry are integral to the vision we have for working with the life sciences sector and helping to safeguard NHS finances.

Digital therapies to treat anxiety and depression

In 2017, NICE began assessing new digital therapies that will help treat more people with anxiety and depression. Guided self-help, which can track people's mood or advise on breathing exercises for example, is recommended by NICE guidance to help treat mild to moderate anxiety and depression.

As part of NHS England's Improving Access to Psychological Therapies (IAPT) programme, NICE has been asked to assess digital applications or computer programmes, which will sit alongside face-to-face, phone and online therapy.

Digital interventions, along with the more traditional face-to-face therapy, can offer people with mild to moderate anxiety and depression a flexible, but guided, way of helping them to get better.

The aim of this programme is to give more people access to digital therapies that have been assessed and shown to be as cost effective as face-to-face therapy. Digital therapies will not be used on their own, and patients should be reassured that they will still see therapists in person.

NICE said goodbye to Professor Carole Longson MBE, who led the Centre for Health Technology Evaluation. She has moved to take up new roles in the life sciences sector.

Sir Andrew Dillon said: 'I would like to thank Carole for her outstanding contribution to NICE's work. Her leadership of the Institute's technology evaluation programmes over 17 years has helped to ensure access to important treatments for thousands of patients and has set the standard for health technology evaluation across the globe.'

Carole will be succeeded by Meindert Boysen, who was previously responsible for managing the technology appraisal and highly specialised technologies programmes.

The Cancer Drugs Fund

March 2018 marked the second anniversary of NICE and NHS England implementing a new model for the Cancer Drugs Fund (CDF).

In circumstances where the evidence is not currently sufficient for a routine recommendation, NICE can recommend a technology be funded through the CDF.

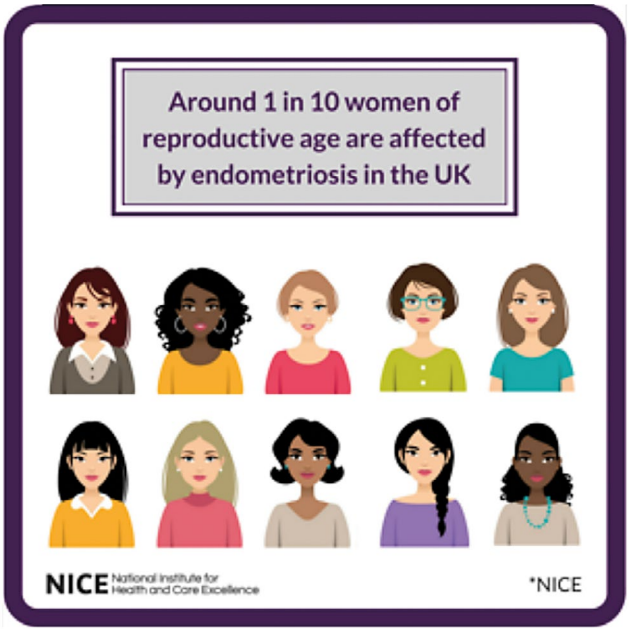
By using the CDF to fund promising cancer treatments, patients get access to promising and innovative cancer drugs faster than ever before.

The fund gives time for further data collection so that our independent committees can reassess technologies when a bigger picture has been drawn.

Raising awareness of endometriosis

In September 2017, we published our clinical guideline on endometriosis, a long-term condition that affects approximately 1 in 10 women of reproductive age in the UK.

'The guideline gives clear advice about how a woman with suspected endometriosis should be cared for. It details how to make a diagnosis and offer treatment in a timely manner', said Rachel Brown, member of the NICE guideline committee.



Figures have shown that on average, women wait over 7 years between first seeing a doctor and getting a confirmed diagnosis of endometriosis. NICE has advised healthcare professionals to '**suspect endometriosis in women with chronic pelvic pain**'.

Search online for 'NICE Talks: Endometriosis – are my periods normal?' to hear a podcast on endometriosis. It is part of a new series: NICE Talks which began in January 2018. The podcasts focus on people's perspectives of health and social care and reflect on how NICE's guidelines and advice can support professionals.

https://soundcloud.com/nicecomms/are-my-periods-normal/s-uq9kb (March 2018)

Protecting our antibiotic future

Antibiotic resistance is a concern for us all. Many infections are evolving so they become resistant to the medicines we use to tackle them. If we do not act now we face a future where these medicines will no longer work. This would mean people would be at risk from the common infections we can currently treat successfully.

Research, published in the Lancet[1], has found antibiotic stewardship programmes can reduce the number of hospital infections caused by multidrug-resistant bacteria by 51%. It also shows the number of people experiencing drug-resistant infections decreases further when infection control measures, such as good hand hygiene, are followed.

To help protect antimicrobials against the ever-increasing threats of resistance, NICE began production of a new series of 30 management of common infection guidelines in 2017 to give specific advice for doctors and nurses about when and how to prescribe antibiotics for conditions such as sore throats and colds.

As part of NICE's work to fight antimicrobial resistance, the NICE communications directorate created a campaign to complement the world antibiotic awareness week.[2]

Three antimicrobial prescribing guidelines were published in 2017/18:

Otitis media (acute): antimicrobial prescribing

Sore throat (acute): antimicrobial prescribing

Sinusitis (acute): antimicrobial prescribing

1 Effect of antibiotic stewardship on the incidence of infection and colonisation with antibiotic-resistant bacteria and Clostridium difficile infection: a systematic review and meta-analysis. Baur, David et al. The Lancet Infectious Diseases , Volume 17 , Issue 9 , 990–1001

2 https://spark.adobe.com/page/rpqXI0yhCUyIV/

During **world antibiotic awareness week**:

1,900 people watched a Facebook Live with NICE's chair Sir David Haslam and John Morris, who is a patient representative.

On Twitter we earned **375,700** impressions throughout the week. This is an average of **53.7k** impressions per day, which is higher than our usual daily figure of **41.5k**.

Our Facebook page views **increased by 70%** (608) in world antibiotic awareness week. Our page 'likes' were **up by 23%** (80) and engagements **increased by 75%** (916).

Close to 1,000 people read our article showing appropriate use of antibiotics can halve drug resistance. More than 500 people read our 3 blog posts discussing good hand-washing technique, the best way to treat ear infections and how staying at home can be the best thing to do when you have a cold.

Preventing suicide in community and custodial settings

In February 2018, we published draft public health guidance on suicide prevention. It advises local businesses, community services and prisons on the support people considering suicide need. It says physical barriers like fences and netting in problem areas may sometimes be enough to make people reconsider their intentions.

To deter people from suicide in high-risk locations, it recommends that local authorities should promote the idea that suicide is preventable and encourage people to seek help from local and national support groups like the Samaritans.

Child abuse and neglect: a view from NICE

In October 2017, we published our social care guideline on how to recognise and respond to child abuse and neglect.

'For people whose work brings them into contact with children and young people, the guideline offers warning signs for spotting the signs of abuse and neglect, and advises how to respond.'
Professor Corinne May-Chahal, guideline committee chair

For health and care professionals supporting children to recover after abuse or neglect, the guideline sets out the most effective approaches. It details a range of talking therapies and parenting programmes that should be used depending on the child's age and the type of abuse suffered.

For more information, read our news on responding to child abuse and neglect.

50,310
In 2015/16 50,310 children were identified as needing protection from abuse.

'There was this one woman who didn't give up. She actually talked to me and didn't treat me like a useless kid. She didn't push me, we went step by step on my terms.' A young person's story

Working in partnership with NICE, the Social Care Institute for Excellence produced a Quick Guide to explain how to get help to overcome abuse or neglect[3].

3 https://www.nice.org.uk/Media/Default/About/NICE-Communities/Social-care/quick-guides/Getting-help-to-overcome-abuse-quick-guide.pdf

People centred

NICE has always recognised, the importance of hearing from people who have become experts on an issue because they are or were a patient, service user, or carer.

In July 2017, we published a public involvement strategic review. It confirmed that patients and the public should be involved as early as possible in the development of any guidelines or standards. This ensures that the issues that matter most to patients and the public are taken into account from the outset.

The findings from a literature review, a survey, stakeholder meeting and internal consultation indicated that within NICE there were areas of good practice but some inconsistency in how these were put into practice across the organisation.

As a result we are going to:

- Be consistent in how we engage with and involve patients and the public across NICE's guidance and standards programmes. Where there are differences in approach, we will be clear why.
- Boost our existing involvement programmes with a people's panel whose members can be drawn on as needed to join decision-making
  bodies, act as reviewers, and participate in other activities as needed.
- Involve people early and throughout development.
- Be clear about how we find, take account of, and report evidence, information and intelligence about people's experiences of care, and their experiences of their condition and its treatment.
- Introduce a formal feedback process so that people who help develop our guidance and standards are aware of the impact of their contribution.
- Expand our use of social media to make it easier for people to hear from us and talk to us.
- Train and support NICE staff and committee chairs to make involvement a core value that all staff members feel is part of their everyday responsibility.

Social care quick guides are an easy way for key audiences to see key information from NICE on social care topics. They are part of our focus on putting people at the heart of our products.

Shared decision-making

Shared decision-making brings people into the centre of decisions about their own treatment and care. It starts with a conversation between the person receiving care and their health professional.

Benefits of shared decision-making:

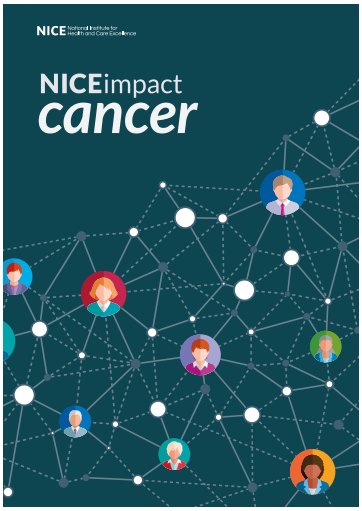
- Both people receiving and delivering care can understand what's important to the other person.
- People feel supported and empowered to make informed choices about care.
- Health and social care professionals can tailor the care or treatment to the needs of the individual.

In June 2017, we held the 4th meeting of the NICE shared decision-making collaborative. The meeting built on themes identified in the

updated 2016 consensus statement. It reviewed the completed short-term intentions and the progress of the long-term intentions, outlined in the action plan.

As a result we have contributed a section on shared decision-making in the revised guidelines manual, encouraging our developers to think about choice, values and preferences when compiling their recommendations.

NICE Impact – cancer



One in 2 people will be diagnosed with cancer in their lifetime. Cancer is responsible for more than a quarter of all deaths in the UK. Survival rates are below the European average.

Both the NHS Five Year Forward View and the Cancer Taskforce strategy highlight the importance of improving cancer outcomes. Late diagnosis and variation in access to treatments are key challenges. NICE has developed a wide range of guidance and resources to help.

One of NICE's first technology appraisals was of taxanes for treating ovarian cancer. Published in May 2000, it helped more people get access to an important treatment.

NICE has produced over 230 evidence-based guidelines, quality standards and technology appraisals aimed at improving outcomes for the almost 300,000 people diagnosed with cancer each year.

Early referrals to a specialist are important because the sooner a diagnosis is made, the greater the chances of survival for a longer period of time. In June 2015, we published an updated guideline on suspected cancer: recognition and referral.

It focused on symptoms patients might experience and prompt a visit to their GP. Our impact report showed that there's a variation in services across England – in some places people are likely to be diagnosed with cancer at stage 1, while in other areas cancers are more likely to be detected at stage 2.

Since the launch of the guideline, the annual number of people being urgently referred to specialists has increased, with over 300,000 more urgent referrals in 2016–17 than in 2014–15. In fact, more people with cancer reported being referred to a specialist without having to visit their GP 3 or more times.

For more detail, see our impact report on cancer.

Supporting local sustainability and transformation

Sustainability and Transformation Partnerships (STPs) and Integrated Care Systems (ICSs) have been formed across the country to bring health and social care organisations and local government together to deliver services – in some cases for the first time. The aim is to create locally shared visions of high-quality care which can then be turned into reality.

To do this effectively, organisations like NICE must support them by providing help and advice. Although each partnership is different, we have looked at how we can help them meet their local challenges.

At NICE, we carried out a review of the plans in 2017 and some common themes emerged. We recognised that in many, there was a focus on:

- preventing ill health to reduce the demand on health and care services
- enhancing primary care and integrating it with social care and community services to help keep people well and out of hospital
- standardising acute hospital care to ensure it is of good quality and services are located where they are needed
- improving the quality of care and access to services for people with long-term conditions such as cancer and mental health illness
- strong finance and efficiency.

We've been able to develop a tailored package to help each footprint progress with their work, through offering a dedicated member of our field team (a group of specialists from NICE who work with organisations across England, Wales and Northern Ireland) to work with transformation leads and their organisations.

As part of this offer of support, we're able to show areas how to take our guidance, advice and quality standards and implement this into their work.

We will build on this work in 2018 and beyond.

Quality standards

NICE quality standards set out the priority areas for improving the quality of health and social care in England. They can be used by anyone who is working across health and social care services.

Each standard is made up of around half a dozen statements based on our full guidance on the topic. They aim to improve quality in care and provide information on how to measure progress.

Standards help health and social care service providers to assess their performance and quickly identify any areas which might need improvement.

Keeping healthy in the workplace

In 2017, we updated our quality standard promoting the physical and mental health of everyone in the workplace. An estimated 1.3 million people suffered from a work-related illness in 2016/17, which led to the loss of 25.7 million working days. Nearly half of this was stress, depression or anxiety related.

We **published 18 new quality standards** covering topics ranging from HIV testing to multimorbidity to the mental health of adults in the criminal justice system.

We updated **10 quality standards**, including chronic kidney disease in adults.

242 quality standard topics have been **referred to NICE**, of which **180** have been published (74%).

New NICE indicators could help autistic people receive better care

In August 2017, we published indicators calling on GPs to develop a national autism register to ensure autistic people receive the tailored care they need.

NICE indicators drive improvement by gathering data on the quality of care being provided at both national and local levels. NICE produces indicators for general practice and for clinical commissioning groups.

The register will mean people on the autistic spectrum will be easily identifiable to healthcare professionals working in GP surgeries.

70% of autistic people say they do not get enough social service support

1 in 3 will experience a mental health problem

There are around 700,000 autistic people in the UK. 70% of autistic adults say they do not get enough social service support and one in three will experience a mental health problem. Dr Andrew Black, GP at Mortimer Medical Practice and deputy chair of the NICE indicator advisory committee said:

> **'GPs play a vital role in helping vulnerable people to get the correct diagnosis and the support they need. This new NICE indicator will help them to achieve that.'** Dr Andrew Black

Ensuring GPs' voices are heard

In June 2017, NICE established a panel which aims to capture the view of GPs on our work. The panel will give GPs the opportunity to tell us if:

- our guidelines need changing
- there is a new topic on which GPs would find it helpful to have NICE guidance
- our recommendations could be better presented for the GP audience.

Commissioning support

The Commissioning Support Programme supports NHS England in decisions about whether or not to commission a technology. It considers technologies that are not suitable for appraisal by NICE. A summary of relevant evidence is provided to NHS England's specialised commissioning group who make a decision on whether to make the technology available to NHS patients.

Observational Data Unit

The observational data unit (ODU) sits within the Interventional Procedures Programme at NICE. It aims to support NHS England's Commissioning through Evaluation programme.

Commissioning through Evaluation provides a limited number of patients with access to treatments that are not funded by the NHS. It then uses their clinical and experience data to further evaluate the treatment.

Each project focuses on 1 procedure or technology, drawing on expertise from a wide range of stakeholders. This includes professional bodies, academics, regulators, medtech companies, researchers and patient groups.

Fellows and scholars

Our Fellows and Scholars Programme enables those working in the UK, from across the health, public health and social care sector, to get involved with NICE, and to network with like-minded advocates of evidence based care.

NICE fellows: senior influential leaders act as ambassadors for NICE's work for three years. They use their strong networks to promote the work of NICE at a regional and national level.

NICE scholars: scholarships are 1-year opportunities for individuals from across health and social care to undertake, and be supported during, a NICE-related improvement project within their local organisation.

We support our fellows and scholars to learn about the inner workings of NICE through a series of workshops, access to an adviser, and contact with our experts.

The fellows sit on numerous NICE committees, which will help retain their involvement in NICE, post fellowship.

In 2017-18 Fellows have been actively supporting the use of NICE guidance across their regions, including:

Chairing a paediatric vanguard which has enabled talks to 150+ GPs about using NICE guidance,

Producing an advice leaflet for constipation (CG99) which will be integrated into practice

Delivering a business case for ambulatory paediatric nurses to support care at home and reduce admissions.

'As a fellow, I support the organisation's work by helping to implement its guidance, and also by helping peers and other professionals to understand how NICE can support them. The programme is deliberately flexible, catering for the needs of a busy GP and doesn't add to an already large workload.' Rachel Brown, GP and NICE fellow

This year we awarded 8 fellowships and 10 scholarships. Appointments include:

- A community paediatrician using a NICE guidance alert system to notify teams of updated / new guidance and record compliance with it.
- An occupational therapist developing and implementing a system-wide Enablement Strategy.
- A Primary Care Antimicrobial Pharmacist who will be implementing the urinary tract infection guidance across Wales, including aiming to reduce antibiotic prescribing.

Guiding GPs' referral decisions for colorectal cancer

In July 2017, we published guidance recommending 3 faecal immunochemical tests.

The tests called OC Sensor, HMJACKarc and FOB Gold, are used to identify traces of blood in stool samples that may be indicative of colorectal cancer. The results will help GPs decide if people should be referred for more urgent tests in secondary care. The tests are more accurate than older faecal blood tests and also have several analytical and practical advantages compared with the older technology.

These recommendations are intended to help primary care services adopt NICE guideline 12 on suspected cancer.

Rapid tests to identify cancer risk in colorectal polyps

In May 2017, we published final guidance recommending 3 virtual chromoendoscopy technologies to assess the cancer risk of small colorectal polyps.

The tests called NBI, FICE and iscan are used during a colonoscopy to identify polyps at risk of turning cancerous, without having to remove them. This is a change from current practice where polyps have to be removed and tested in a laboratory to identify cancer risk, which can be a long process.

Using these new tests could lead to fewer polyps being removed unnecessarily, quicker results and clinical management decisions, and use of fewer resources.

Apps for identifying people at risk of stroke

In September 2017 we initiated our first assessment of diagnostic technologies which include mobile health-apps. Our ongoing assessment of lead-I ECG devices to diagnose atrial fibrillation (abnormal heart rate) in primary care looks at several technologies which include online services or are designed to be used with smartphones or tablets.

More accurate detection of atrial fibrillation may lead to earlier identification of people who are at risk of having a stroke and who will benefit from treatment with anticoagulants or anti-arrhythmic medications.

Public Health England has estimated that 1.4m people in England have atrial fibrillation. It is estimated that 425,000 people in England have undiagnosed and untreated atrial fibrillation.

NICE Impact – maternity

In 2016, more than 660,000 births took place in England alone. NICE has had a key part to play in improving maternity care.

We have developed a range of evidence-based advice: 21 guidelines; 17 interventional procedures; 15 quality standards; 2 diagnostic guidances; 1 technology appraisal; and a medical technology guidance.

What's changed?

Stillbirth and neonatal mortality rates in England have fallen by over 20% in the last 10 years. NICE's recommendations on stopping smoking in pregnancy are a key element of NHS England's focus on reducing stillbirths. Nearly half of pregnant women who smoked say they successfully quit after 4 weeks through the support of an NHS stop smoking service.

Surveys carried out by the Twins and Multiple Births Association and National Childbirth Trust (NCT) found an increase in the proportion of women who reported receiving care in line with NICE's recommendations for multiple pregnancies.

NICE recommends that women should have a choice of birth settings, and more alongside midwifery units are now available. Nearly 75% of trusts and boards offer women a choice of location for their antenatal appointments. Figures also show that 88% of women said they were always treated with respect and dignity during labour and birth. For more detail, see our impact report on maternity.

New ways to diagnosis

The Diagnostics Assessment Programme considers new, innovative diagnostic technologies. In 2017/18, we published 4 recommendations on new diagnostics and we updated a guideline which looks at the clinical and cost effectiveness of 2 cervical imaging technologies.

Shared learning

Each year we gather examples of how NHS organisations, the voluntary sector and others have put our guidance and standards into practice. The best examples are recognised at the **Shared Learning Awards.**

In 2017 we received 66 shared learning examples and awarded the prize to the Mansfield District Council for the ASSIST early discharge scheme. Using NICE recommendations from the 2015 guideline on transition of people from hospital to home care, the project helped vulnerable people to be discharged quickly and safely from hospital to home.

833

Shared Learning examples since the award scheme began in 2006

Performance analysis

This section considers in more depth NICE's delivery against the key priorities in the 2017/18 business plan.

How we measure our performance

The Chief Executive reports on performance at every public NICE Board meeting. The update provides a position statement against a consolidated list of objectives in NICE's business plan, and an explanation of any variance between the target output and actual performance.

The Board also receives regular director's reports from each director including a detailed performance update against the business plan objectives.

Our outputs

In 2017/18 NICE produced the guidance and advice shown in the table below. The way in which NICE monitors performance and manages risks and issues that could affect the delivery of our outputs are described in the governance statement on p45.

Outputs 2017/18	Planned	Actual
Public health guidelines	3	4
Clinical guidelines, including updates	25	24
Management of common infections	3	3
Social care guidelines	3	4
Technology appraisals guidance	55	76
Interventional procedures guidance	30	31
Diagnostics guidance[1]	6	4
Highly specialised technologies guidance	3	3
Medical technologies guidance[2]	7	4
Medtech innovation briefings (MIBs)	36	37
Advice to NHS England on Patient Access Schemes	30	31
Commissioning Support Documents for NHS England[3]	25	0
Evidence surveillance	56	56
Evidence summaries[4]	10	7
Quick guides for social care	7	7
Quality standards	20	21
Indicator sets	1	1
Evidence Based Treatment Pathways (EBTP) for NHS England[5]	4	0
Endorsement statements	30	28
Shared learning examples	50	65
Monthly updates of the BNF and BNF C content	12	12
Regular medicine awareness bulletins	298	298
Medicines optimisation key therapeutics topics	16	15
Medicines evidence commentaries	25	26
IAPT assessment briefings	6	6

1 Two topics delayed by the end of 2017/18:
- Adjunctive colposcopy technologies for assessing suspected cervical abnormalities (update of DG4).
- Tumour profiling tests to guide adjuvant chemotherapy decisions in people with breast cancer (update of DG10).

2 Three topics delayed by the end of 2017/18:
- Neuropad
- Senza
- Sequent Please

3 The first documents from the Commissioning Support Programme are not due to be published until NHS England has completed a public consultation on the documents. Publication of documents for the first CSP topic was therefore not anticipated before April 2018.

4 Seven evidence summaries have been delivered in 2017/18 against a planned target of 10. The variance is due to a shortfall in topic referrals from the commissioner, NHS England specialised commissioning team.

5 NHS England reviewed the specifications for the mental health care pathways during 2017/18 which resulted in an agreed move away from the product and delivery schedule set at the beginning of the year. Alternative projects on community health and equalities have been commissioned and will be delivered from Quarter 2 of 2018/19.

Financial review

Accounts preparation and overview

Our accounts consist of primary statements (which provide summary information) and accompanying notes. The primary statements comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity. The accounts were compiled according to the standards set out in the Government Financial Reporting Manual (FReM) issued by HM Treasury, which is adapted from International Financial Reporting Standards (IFRS), to give a true and fair view of the state of affairs.

NICE is an NDPB with the majority of funding coming through grant-in-aid from the Department of Health and Social Care (77%). The remaining funding comes from other NDPB's (NHS England and Health Education England) and our income generating activities (NICE Scientific Advice, the Office for Market Access and research grants). This funding and how it was used is explained in more detail below.

The Department of Health and Social Care has approved NICE's business plan for 2018/19 (available to view at **www.nice.org.uk/about/who-we-are/corporate-publications**) and has provided details of indicative funding levels for the next 2 financial years. It is therefore considered appropriate to prepare the 2017/18 financial statements on a going concern basis.

How is NICE funded?

NICE's total revenue funding from the Department of Health and Social Care for 2017/18 was £54.7 million. This comprised:

- £46.3 million administration grant-in-aid funding. The recurrent baseline funding from the Department of Health and Social Care was £46.1m million (a reduction of £3.4 million from 2016/17). A further £0.2 million was transferred into NICE's budget from the Office for Life Sciences to establish the Accelerated Access Collaborative.
- £7.5 million programme grant-in-aid funding. This is primarily funding to purchase and distribute the BNF on behalf of the NHS (both in print and digital versions), and to support the Medical Technologies Evaluation Programme, in particular the cost of the External Assessment Centres.
- £0.95 million ring-fenced depreciation limit. This is non-cash funding, slightly reduced from the limit in 2016/17 (£1.0 million).

In addition to the revenue resource limit, NICE's capital resource limit was £0.5 million for 2017/18.

The total amount of cash available to be drawn down from the Department of Health and Social Care during 2017/18 was £54.3 million (made up of administration funding [£46.3 million], programme funding [£7.5 million] and capital funding [£0.5 million]).

The actual amount of cash drawn down in 2017/18 was £51.0 million. This was £3.3 million lower than the amount available because of underspends on vacancies across the organisation and savings released through planning for funding reductions in future years.

Other income

NICE also received £16.5 million operating income from other sources, as follows:

- NHS England provided £6.6 million funding to continue supporting a number of programmes:
  - activities supporting the Cancer Drugs Fund developing medtech innovation briefings
  - supporting the Commissioning through Evaluation (CtE) programme
  - work on Evidence based treatment pathways for mental health
  - producing commissioning support documents.
  - new activities funded by NHS England includes developing a national medical technology horizon scanning database (MedtechScan) and assessing digitally enhanced IAPT technologies.
- £4.1 million was received from Health Education England to fund national core content (such as journals and databases) on the NICE Evidence Search website for use by NHS employees.
- £2.0 million was received from the devolved administrations and other government departments to contribute to the cost of producing NICE guidance and publication of the BNF.
- Trading activities from NICE Scientific Advice, the Office for Market Access (OMA) and intellectual property royalties generated £2.1 million gross income and receipts.
- £0.9 million was received from charges to sub-tenants of the Manchester and London offices.
- £0.8 million was received from other sources, including grants for supporting academic research and recharges for staff seconded to external organisations.

The following chart shows the breakdown of income received.

Other income (non-grant-in-aid): £16.5 million

How the funding was used

Total net expenditure in 2017/18 was £50.4 million (£54.6 million in 2016/17), which resulted in an underspend of £4.3 million against a total revenue resource limit of £54.7 million.

Summary of financial outturn

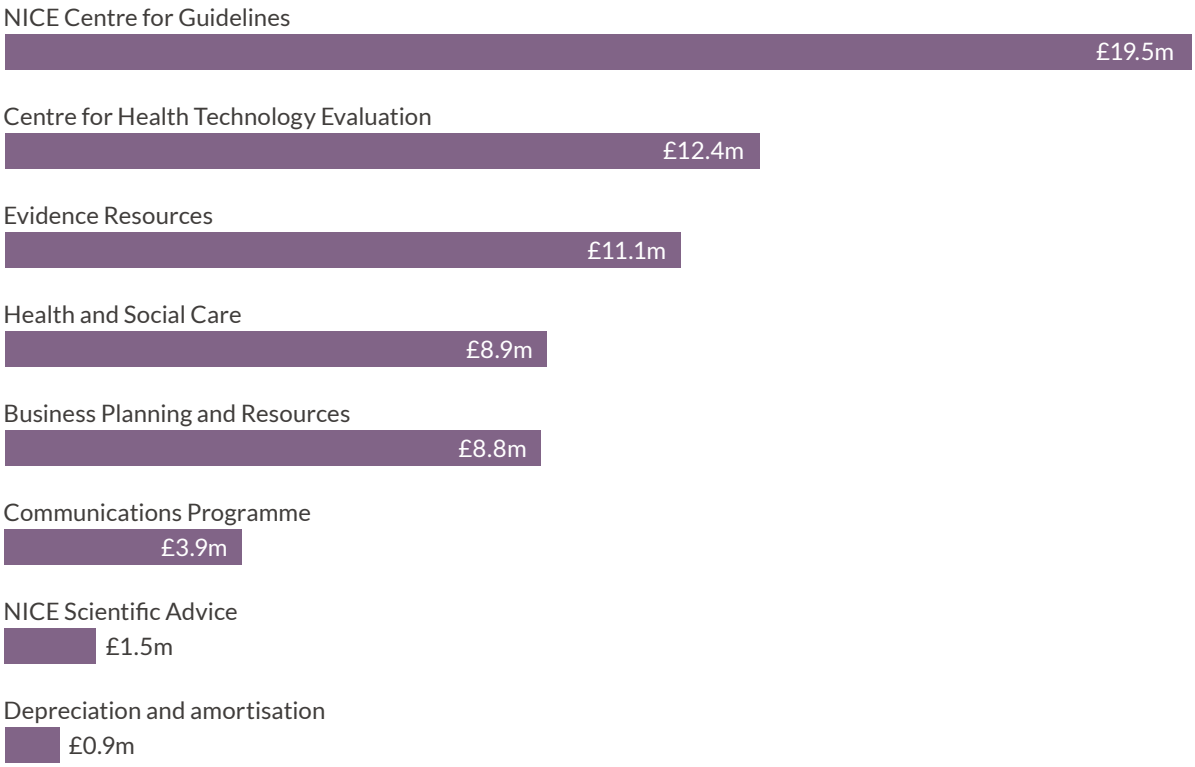
	Resource limit (£m)	Net expenditure (£m)	Variance (£m)
2017/18 Financial outturn			
Grant-in-aid	53.8	49.5	(4.3)
Depreciation and amortisation	0.9	0.9	0
Total comprehensive expenditure for the year ended 31 March 2018	**54.7**	**50.4**	**(4.3)**
2016/17 Financial outturn			
Grant-in-aid	57.5	54.0	(3.5)
Depreciation and amortisation	1.0	0.6	(0.4)
Total comprehensive expenditure for the year ended 31 March 2017	**58.5**	**54.6**	**(3.9)**

The £4.3 million (8%) underspend in 2017/18 was caused by a mixture of vacancies throughout the year and savings generated through renegotiation of contracts. General caution exercised by

the NICE Board in not committing to new recurrent expenditure, and savings programmes in preparation for further reductions to its grant-in-aid budget in future years has also had an impact.

The organisation is structured into 4 guidance and advice-producing directorates and several corporate support functions. The following chart shows how the gross expenditure is spread across NICE.

Gross expenditure by centre and directorate: £66.9 million



Capital expenditure

The capital budget during 2017/18 was £518,000. Of this, £139,000 was spent on IT hardware and storage upgrades and £86,000 on a 3-year agreement for hosting services. The Manchester office was refurbished during the year for £209,000 and several new meeting pods installed (£35,000) to help maximise the use of the larger meeting rooms.

Better payment practice code

As a public sector organisation, NICE is required to pay all non-NHS trade creditors in accordance with the Better Payment Practice Code. The target is to pay 95% of all valid invoices by the due date or within 30 days of receipt of the goods, whichever is the later. NICE's performance against this code is shown on p32.

Payment statistics

	Number	£000
Total non-NHS bills paid 2017/18	2,975	43,445
Total non-NHS bills paid within target	2,837	42,103
Percentage of non-NHS bills paid within target	**95.4%**	**96.9%**
Total NHS bills paid 2017/18	178	1,640
Total NHS bills paid within target	160	1,554
Percentage of NHS bills paid within target	**89.9%**	**94.8%**

The amount owed to trade creditors at 31 March 2018, in relation to the total billed through the year expressed as creditor days, is 5 days (3 days in 2016/17).

Future developments

The government spending review published in November 2015 set out a challenging agenda for the public sector. The Department of Health and Social Care confirmed that NICE's strategic savings challenge will be a real terms reduction of 30% in grant-in-aid administration funding and a 10% reduction in programme funding, from our 2015/16 baseline to be achieved by 1 April 2019.

We have developed a strategic savings programme which is nearing completion and while the savings required have been significant, we believe that we have nevertheless keep the essential shape of our offer, combining a range of guidance, standards and indicators, with an array of evidence services, adoption support and added value, fee-for-service programmes. The savings programme includes a plan to recover the costs of appraisals.

Information on NICE's objectives and our strategic plans can be found in the business plan, available on our website (**www.nice.org.uk/aboutnice**).

Social, community and environmental issues

NICE occupies 2 floors in a shared building in London and 1 floor of a shared building in Manchester. Both landlords provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities.

NICE performance, where measurable, is contained in the sustainability report (p33).

NICE considers environmental and sustainability issues when procuring goods and services. Staff are encouraged to travel on NICE business in the most sustainable and cost-effective way. NICE is also a member of the Cycle to Work scheme, which provides tax-efficient incentives for employees to use bicycles to travel to work.

Anti-corruption and fraud

Our counter-fraud and anti-bribery policy, updated in January 2017, provides guidance and support to anyone within NICE who identifies or suspects fraud or bribery. All staff are reminded to report any suspicions to their line manager, the Business Planning and Resources Director or the Chair of the Audit and Risk Committee, or directly to the Department of Health and Social Care's (DHSC) anti-fraud unit.

As a non-departmental public body there is no requirement for NICE to purchase a specific range of proactive and preventative work. Instead a Service Level Agreement with the Government Internal Audit Agency allows for counter-fraud work to be procured as required.

There were no incidents of fraud or bribery detected during the 2017/18 financial year.

Human rights

NICE prides itself on being a good employer, and in our 2017 staff survey, 78% of our respondents rated us as a good, very good or excellent place to work. Nevertheless, we have a range of practices and policies in place to protect the human rights of our staff, including policies on bullying, harassment and victimisation, grievance, and whistleblowing. We have a range of diversity initiatives in place to prevent discrimination, and we recognise a trade union which our staff are welcome to join.

Sustainability report

NICE continues to support and promote climate change issues across the London and Manchester offices. In line with the Greening Government Commitments 2016 to 2020 we aim to reduce the environmental impact, building on the progress we have made since 2010.

Monitoring continues in all areas where the carbon impact is most significant. Using 2010 as a baseline, by 2019/20 we aim to:

Cut greenhouse gas emissions by 32%

We have achieved this, reducing our emissions by 67% between 2010 and 2018, by significantly reducing the amount of waste sent to landfill and by reducing BNF book printing.

Reduce the number of domestic business flights by 30%

As our committees have representatives from wide areas of the United Kingdom, transport by rail to our Manchester and London offices is not always possible. Therefore to ensure that we engage with diverse communities domestic flights will continue to be used. We do, however, monitor these journeys to make sure they are appropriate and necessary.

Reduce waste sent to landfill to less than 10% of overall waste; continue to reduce the amount of waste generated and increase the proportion of waste which is recycled

With the exception of a very small percentage of the Manchester office waste, all waste is recycled or transferred off site to be compressed and used to provide sustainable energy. Therefore, NICE recycles 99% of its waste. NICE still encourages staff to reduce waste and separate waste wherever possible.

Reduce paper consumption by 50%

This has been achieved, reducing our paper usage by 61% between 2010 and 2018, by significantly reducing the number of BNF books that are printed and moving to digital formats.

Energy use has reduced by 4% when compared with 2016/17; this is partly because of energy saving initiatives, such as ensuring equipment and lighting is turned off when not in use. The London office gets meter readings for the floor areas it occupies, which do not include the main plant use, but cover common areas.

Rail travel emissions have decreased by 10% and mileage has decreased by 6%. These reductions are as a result of a reduction in rail journeys because of the increased use of the more economical videoconferencing and teleconferencing facilities across sites for meetings. The number of rail journeys fell by 1,218. Air travel has decreased by 41%, which is mainly because of the transfer of NICE International to Imperial College London during 2016/17. Car mileage has now been included within business travel and has been restated for 2016/17.

Total paper tonnes for printing has decreased by 13% because of book-order quantities for the BNF decreasing by 63,000 compared to 2016/17. Total cost has also decreased by 8%. We are now reporting on paper orders for our 2 offices, this had not been included in 2016/17. NICE's performance is summarised in the following tables.

- Financial information was not separately available for office estate waste because the cost is included in office cleaning and maintenance contracts, where the element is not differentiated.
- Financial information was not separately available for office estate water use because the cost is included in the overall service charge. There are no other uses of finite resources where the use is material.
- NICE currently has no scope 1 carbon emissions, which are from sources owned by the organisation such as fleet vehicles.
- We have restated our carbon emissions for 2016/17 as the conversion factors had not been updated.
- The updated emission conversion factors have been applied to 2017/18 data.

Sustainable development – summary of performance

Activity		2017/18	2016/17
Business travel including international air travel (miles)	Miles	2,749,552	3,202,166
	Expenditure (£)	£1,018,700	£1,214,950
Office estate energy	Consumption (kWh)	708,896	734,810
	Expenditure (£)	£126,623	£121,973
Office estate waste	Consumption (kg)	70,200	65,042
Printing	Paper (tonnes)	227	260
	Expenditure (£)	£750,117	£816,016

Estimated carbon emissions

Activity	Unit	Outturn 2017/18	Carbon Tonnes 2017/18	Outturn 2016/17	Carbon Tonnes 2016/17
Electricity	Kwh	708,896	272	734,810	330
Scope 2[1] total			**272**		**330**
Rail travel	Miles	2,054,709	155	2,190,026	172
Air travel – domestic	Miles	78,613	18	100,607	24
Air travel – overseas	Miles	437,849	74	767,824	125
Car travel	Miles	178,382	52	143,709	43
Printing	Tonnes	227	363	260	416
Scope 3[2] total			**662**		**781**
Total			**934**		**1,111**

1 Scope 2 emissions relate to energy consumed that is supplied by another party.

2 Scope 3 emissions relate to official business travel paid for by NICE.

Waste

	2017/18	2016/17
Total non-recycled (kgs)	419	364
Total recycled (kgs)	69,781	64,678
Total waste (kgs)	70,200	65,042
Of which recycled	99%	99%

NICE uses the Crown Commercial Services frameworks whenever possible to maximise small and medium enterprises (SME) spend. In addition our contracts are as SME-friendly as possible, and we also publish pre-tender notices to allow consortia to form.

Signed:

Sir Andrew Dillon
Chief Executive and Accounting Officer
21 June 2018

Accountability Report

Corporate Governance Report

The purpose of the corporate governance report is to explain the composition and organisation of NICE's governance structures and how they support the achievement of its objectives.

It comprises three sections:

- Directors' Report (p37)
- Statement of Accounting Officer's Responsibility (p44)
- The Governance Statement (p45).

Directors' Report

The Directors' Report as per the requirements of the Government Financial Reporting Manual (FReM) requires certain disclosures relating to those having authority or responsibility for directing or controlling the entity including details of their remuneration and pension liabilities.

Register of interests

A register of interests is maintained to record formally declarations of interests of Board members and employees. In particular the register includes details of all directorships and other relevant and material interests which have been declared by both executive and non-executive Board members, as required by our standing orders and policy on conflicts of interest.

Board members and employees are required to reconfirm their declared interests annually, in addition to declaring any changes in-year as they arise. The register is available on the **NICE website**.

During 2017/18, NICE reviewed its policy on declaring and managing interests for advisory committee members. In July 2017 the Board approved a public consultation on a draft new policy which was subsequently revised in response to both the consultation feedback and the Board's discussions. The changes sought to simplify the policy and address concerns that the approach to managing interests could undermine NICE's ability to recruit suitably qualified and experienced advisory committee chairs and members. The revised policy became effective on 1 April 2018. The policy for staff and Board members has been revised, drawing on the advisory committee policy where appropriate. This became effective on 1 May 2018.

Information on transactions with organisations with whom our directors are connected are detailed in the Related Parties note on p104.

Governance structure

NICE Board

- Develop NICE's strategic priorities and the annual business objectives.
- Provide oversight of the management of NICE's resources.
- Identify and manage risks and ensure a sound system of internal controls is in place.

Audit and Risk Committee

- Provide an independent and objective review of arrangements for risk management, internal control and corporate governance.
- Review the annual report and accounts, prior to approval by the Board.
- Ensure there is an effective internal and external audit function in place.
- Review the findings of internal and external audit reports and management's response to these.

Remuneration Committee

Confirm the remuneration and terms of service for the Chief Executive, executive and centre directors including:

- salary
- performance-related pay
- provisions for other benefits including pensions
- arrangements for termination of employment and other contractual terms in accordance with Department of Health and Social Care and HM Treasury guidance.

Senior Management Team

Support the Board to:

- develop strategic options for the Board's consideration and approval
- prepare an annual business plan
- deliver the objectives set out in the business plan
- design and operate arrangements to secure the proper and effective control of NICE's resources
- prepare and operate a set of policies and procedures that have the effect of both motivating and realising the potential of NICE staff
- construct effective relationships with partner organisations at a national level in health and social care, and with the life sciences and social care industries
- identify and mitigate the risks facing NICE.

NICE's Board and Senior Management Team

The following people served on the Board during 2017/18:

Sir David Haslam
Chair

Andrew McKeon
Vice Chair and Senior Independent Director until 20/05/17

Dr Rosie Benneyworth
Vice Chair from 20/05/17

Prof. Sheena Asthana

Prof. Angela Coulter

Prof. Martin Cowie

Elaine Inglesby-Burke CBE

Prof. Tim Irish
Senior Independent Director from 20/05/17

Dr Rima Makarem

Tom Wright CBE

Executive Directors who served on the Board in 2017/18:

Sir Andrew Dillon
Chief Executive and Accounting Officer

Prof. Gillian Leng CBE
Deputy Chief Executive and Director, Health and Social Care and Executive Director

Ben Bennett
Director, Business Planning and Resources and Executive Director

Prof. Carole Longson MBE
Director, Centre for Health Technology Evaluation and Executive Director (until 24/01/18)

Prof. Mark Baker
Director, Centre for Guidelines and Executive Director (Executive Director appointment from 25/01/18)

Directors

Mirella Marlow
Acting Director, Centre for Health Technology Evaluation (from 25/01/18)

Jane Gizbert
Director, Communications

Alexia Tonnel
Director, Evidence Resources

The Board

The Board's membership in 2017/18 was:

Sir David Haslam
Chair

Andrew McKeon
Vice Chair[1]

Prof. Tim Irish
Non-Executive Director

Dr Rosie Benneyworth
Non-Executive Director, Vice Chair[2]

Elaine Inglesby-Burke CBE
Non-Executive Director

Tom Wright CBE
Non-Executive Director

Prof. Sheena Asthana
Non-Executive Director

Prof. Martin R Cowie
Non-Executive Director

Prof. Angela Coulter
Non-Executive Director

Dr Rima Makarem
Non-Executive Director

Sir Andrew Dillon
Chief Executive and Accounting Officer

Prof. Gillian Leng CBE
Deputy Chief Executive and Health and Social Care Director

Prof. Carole Longson MBE
Centre for Health Technology Evaluation Director[3]

Ben Bennett
Business Planning and Resources Director

Prof. Mark Baker
Centre for Guidelines Director[4]

1 Until 20/05/2017 **2** From 20/05/2017 **3** Until 24/01/2018 **4** From 25/01/2018

Board committees

Audit and risk committee

During 2017/18 the committee continued to focus on NICE's financial reporting, risk management and internal audit's work. The terms of reference (ToR) of the committee provide the framework for the committee's work in the year. The ToR were reviewed and updated during 2017/18. Representatives from the National Audit Office (NAO) attend each meeting and periodically meet with the committee members without the executives present.

The committee members during 2017/18 were:

Dr Rima Makarem
Chair

Prof. Sheena Asthana
Non-Executive Director

Prof. Tim Irish
Non-Executive Director

Elaine Inglesby-Burke CBE
Non-Executive Director

Remuneration committee

The committee sets remuneration levels and terms of service for senior staff at NICE, in line with NHS practice. The committee members in 2017/18 were:

Sir David Haslam
Chair

Dr Rosie Benneyworth
Non-Executive Director[1]

Prof. Tim Irish
Non-Executive Director

Dr Rima Makarem
Non-Executive Director

Andrew McKeon
Vice Chair[2]

1 From 20/05/2017 **2** Until 20/05/2017

Senior management team

The members of the Senior Management Team in 2017/18 were:

Sir Andrew Dillon
Chief Executive

Prof. Gillian Leng CBE
Deputy Chief Executive and Health and Social Care Director

Prof. Mark Baker
Centre for Guidelines Director

Ben Bennett
Business Planning and Resources Director

Jane Gizbert
Communications Director

Prof. Carole Longson MBE
Centre for Health Technology Evaluation Director

Mirella Marlow[1]
Acting Centre for Health Technology Evaluation Director

Alexia Tonnel
Evidence Resources Director

1 From 25/01/2018

Independent advisory committees

Membership of these committees includes healthcare professionals working in the NHS and local authorities, social care practitioners and people who are familiar with issues that affect those who use health and social care services, their families and carers. The committees seek the views of organisations that represent people who use health and social care services, and professional and industry groups, and their advice is independent of any vested interest.

During 2017/18 they were:

- Technology Appraisal Committees, chaired by Dr Jane Adam, Dr Amanda Adler, Professor Gary McVeigh, Andrew Stevens[1] and Professor Stephen O'Brien.[2]
- Highly Specialised Technologies Committee, chaired by Dr Peter Jackson.
- Interventional Procedures Advisory Committee, chaired by Dr Thomas Clutton-Brock.
- Diagnostics Advisory Committee, chaired by Adrian Newland[3] and Dr Mark Kroese.[4]
- Medical Technologies Advisory Committee, chaired by Dr Peter Groves.
- Public Health Advisory Committees, chaired by Professor Susan Jebb OBE, Paul Lincoln OBE, Professor Alan Maryon-Davis, Professor David Croisdale-Appleby OBE, Dr Sharon Hopkins and Dr Tessa Lewis.
- Clinical Guidelines Update Committee, chaired by Professor Susan Bewley, Dr Tessa Lewis and Professor Steve Pilling (the committee ceased operating in December 2017).
- Indicator Advisory Committee, chaired by Professor Danny Keenan.
- Quality Standards Advisory Committees, chaired by Professor Bee Wee, Dr Hugh McIntyre and Dr Michael Rudolf.

1 Until 31/12/17 **2** From 01/01/18 **3** Until 30/09/17 **4** From 01/10/17

Independent academic centres and information-providing organisations

NICE works with independent academic centres to review the published and submitted evidence when developing technology appraisal and highly specialised technologies guidance.
We currently work with:

- Health Economics Research Unit and Health Services Research Unit, University of Aberdeen
- Liverpool Reviews and Implementation Group, University of Liverpool
- School of Health and Related Research (ScHARR), University of Sheffield
- Centre for Reviews and Dissemination and Centre for Health Economics, University of York
- Peninsula Technology Assessment Group (PenTAG), University of Exeter
- Southampton Health Technology Assessment Centre (SHTAC), University of Southampton
- Kleijnen Systematic Reviews Ltd
- BMJ Evidence Centre, BMJ Group
- Warwick Evidence, Warwick Medical School, University of Warwick.

We commission independent academic centres to support advance evidence synthesis in the development of clinical guidance. The Centre for Guidelines in 2017/18 worked with the following organisation:

- Technical Support Unit, University of Bristol.

We also commission independent academic centres to review the published evidence when developing public health guidance. In 2017/18, NICE worked with the following organisations:

- York Health Economics Consortium
- Royal College of Psychiatrists
- University of Sheffield
- Optimity Matrix
- Liverpool John Moores University
- Eunomia Research & Consulting.

External assessment centres

The 3 External Assessment Centres are independent academic units retained to work with the Centre for Health Technology Evaluation on projects related to the work programmes on medical devices, diagnostics and interventional procedures. The centres are:

- CEDAR, Cardiff and Vale University Health Board
- King's Technology Evaluation Centre (KiTEC), King's College London
- Newcastle and York Consortium, Newcastle upon Tyne Hospitals NHS Foundation Trust.

Guideline centres

The Guideline centres develop guidelines for NICE. The Guideline centres bring together a multidisciplinary development group for each guideline. These groups include lay people, healthcare professionals such as nurses and GPs, and technical experts who work together to interpret evidence and draft recommendations. During 2017/18 the centres were:

- National Guideline Centre, hosted by the Royal College of Physicians
- National Guideline Alliance, hosted by the Royal College of Obstetricians and Gynaecologists.

Social care collaborating centre

NICE appointed the Social Care Institute for Excellence (SCIE), and its 4 partner organisations, to support the development, implementation and dissemination of social care guidelines and quality standards. The collaborating centre is known as the NICE Collaborating Centre for Social Care, and SCIE's partner organisations are:

- Evidence for Policy and Practice Information and Coordinating Centre (EPPI-Centre)
- The Personal Social Services Research Unit (PSSRU) at the London School of Economics and Political Science and the University of Kent
- Research in Practice (RIP)
- Research in Practice for Adults (RIPfA).

Personal data related incidents

There were no incidents during the year that were reportable to the Information Commissioner's Office.

Statement of the Board's and Chief Executive's responsibilities

Under the Health and Social Care Act 2012, the Secretary of State for Health and Social Care with the approval of HM Treasury has directed the National Institute for Health and Care Excellence (NICE) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of NICE's state of affairs at the year end and of its net expenditure, changes in taxpayer's equity and cash flows for the financial year. In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

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

The Accounting Officer for the Department of Health and Social Care has appointed the Chief Executive of the National Institute for Health and Care Excellence as the Accounting Officer for NICE. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NICE's assets, are set out in the Government Financial Reporting Manual published by HM Treasury. As Chief Executive and Accounting Officer, I confirm that:

- As far as I am aware, there is no relevant audit information of which NICE's auditors are unaware.
- I have taken all the steps I ought to have taken to make myself aware of any relevant audit information and to establish that NICE's auditors are aware of that information.
- The annual report and accounts as a whole is fair, balanced and understandable.
- I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement

Accountability summary

As Accounting Officer, and working together with the NICE Board, I have responsibility for maintaining effective governance and a sound system of internal controls that support the achievement of NICE's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

NICE's governance framework

NICE was established as the National Institute of Clinical Excellence on 26 February 1999 as a special health authority and became operational on 1 April 1999. The Health and Social Care Act 2012 re-established NICE as an England-only national advisory body with the status of NDPB. We work closely with the Department of Health and Social Care (DHSC) our sponsor, and NHS England, and have service level agreements with the devolved administrations. We have regular performance monitoring and reviews with the DHSC.

NICE's functions

The primary statutory functions of NICE (section 245 of the Health and Social Care Act 2012), are to provide guidance and support to providers and commissioners of healthcare to help them improve outcomes for people using the NHS, public health and social care services. NICE supports the health and care system by defining quality in the NHS, public health and social care sectors, and helps to promote the integration of health and social care.

We do this by producing robust evidence-based guidance and advice for health, public health and social care practitioners; developing quality standards for those providing and commissioning health, public health and social care services; and providing information services for commissioners, practitioners and managers across health and social care.

Governance arrangements

The NICE Board consists of 9 non-executive and 4 executive members with a balance of skills and experience appropriate to its responsibilities which provides leadership and strategic direction for the organisation. The Non-Executive Directors are appointed by ministers. The Board is collectively accountable, through the Chair, to the Secretary of State for Health and Social Care for the strategic direction of NICE, for ensuring a sound system of internal control through its governance structures, and for putting in place arrangements for securing assurance about the effectiveness of that system.

Public Board

The Board meets formally 6 times a year. These meetings are open to the public and the venue is rotated around England to facilitate public attendance. Preceding the formal meeting there is a public question and answer session with the Chair and the Chief Executive.

Public Board meetings consider reports on strategic issues facing NICE and its performance against business targets. In addition, the Board reviews reports from the Chief Executive and Finance Director, reports from Board committees, the business plan, topic-specific papers on major developments, and regular update reports from each director. The Board's position on these papers is recorded in the minutes which are published on the NICE website.

Attendance at the NICE public Board meetings and the committees of the Board in 2017/18 are set out below:

	Board Attended / eligible	Audit and Risk Committee Attended / eligible	Remuneration Attended / eligible
Non-Executive Directors			
Sir David Haslam	6/6	–	2/2
Prof. Sheena Asthana	5/6	3/4	–
Dr Rosie Benneyworth	6/6	–	2/2
Prof. Angela Coulter	5/6	–	–
Prof. Martin Cowie	5/6	–	–
Elaine Inglesby-Burke CBE	2/6	3/4	–
Prof. Tim Irish	5/6	4/4	2/2
Dr Rima Makarem	6/6	4/4	1/2
Andrew McKeon	1/1	–	–
Tom Wright	5/6	–	–
Executive Directors			
Sir Andrew Dillon	6/6	3/4*	2/2*
Ben Bennett	6/6	4/4*	2/2*
Prof. Gillian Leng	6/6	–	–
Prof. Carole Longson[2]	4/5	–	–
Prof. Mark Baker[1]	1/1	–	–
Directors in attendance			
Prof. Mark Baker[2]	3/5	–	–
Jane Gizbert	5/6	–	–
Mirella Marlow[1]	1/1	–	–
Alexia Tonnel	6/6	–	–

* Attended, but not committee members **1** From 25/01/18 **2** Until 24/01/18

Strategy Board

In addition to the formal public meetings, the Board holds informal meetings to consider strategic issues. This included a full day meeting in October 2017 which focused on a range of issues which will present strategic challenges for NICE in future years including maintaining our workforce, diversifying and growing our income, thriving in the changing and developing health and care system, working closely with the life sciences industries, and the impact new data and new technologies will have on NICE's products.

Standards and Board effectiveness

The NICE Board is committed to the highest standards of corporate governance, and NICE complies with the principles in the central government corporate code of good practice, as applicable to NICE's statutory framework and position as a Non Departmental Public Body. There were no departures from this code in 2017/18.

An internal audit review of corporate governance was undertaken in November 2017 which concluded that there is an effective Board, decision-making is transparent and informed by good quality papers, and there are comprehensive policies and procedures in place. The Board undertook an evaluation of its effectiveness in March 2018 using the National Audit Office benchmark and received a report on the key themes at its meeting on 16 May 2018. Overall, the respondents agreed that the Board complied with the majority of the statements of good practice.

Board committees

To help the Board fulfil its duties, it is supported by 2 committees – the Audit and Risk Committee and the Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee meets quarterly and has received reports from internal audit in a range of areas. In 2017/18 the audit plan included the following reviews, outcomes and key findings which are being addressed by senior management and their teams:

Audit	Areas reviewed	Assurance rating
Key financial controls	Key financial control documents, guidance and processes, a random statistical sample of purchase orders and contract payments, the authorised signatory list and interviews with key financial staff.	Moderate
Indicators programme	Accessibility of the indicator guide, indicators developed in line with the agreed process, and the opportunity for stakeholders to comment.	Moderate
Corporate governance	Board papers, Board effectiveness, key roles and responsibilities for corporate governance and risk management, delegated authorities, budget and performance monitoring through the Board and the Senior Management Team in support of decision-making.	Moderate
Preparedness for General Data Protection Regulation (GDPR)	NICE's accountabilities regarding GDPR compliance, responsibilities, preparedness including planned actions and timescales, and stakeholder engagement.	Moderate
BNF contract arrangements	Governance and performance management of the contract, responsibilities, the variable element of the contract, budget and actual expenditure, accuracy of management information and audit trails.	Moderate
Cyber security	Effectiveness of compliance with the Security Policy Framework Cyber Security Standard (SPFCSS) within NICE, assurance over NICE's framework of cyber security governance, risk management and controls.	Moderate

On the basis of these reviews, the Head of Internal Audit was able to give an opinion of moderate assurance that NICE had adequate and effective systems of control, governance and risk management in place for the reporting year 2017/18.

Areas of particular focus for the Audit and Risk Committee in 2017/18 were:

- the implementation of a revised system of risk management and supporting risk management policy
- reviewing the timetable for the annual report and accounts to enable scrutiny and comment of the draft document by the Board
- deep dive risk presentations from directors allowing the committee to scrutinise risk management arrangements, challenge actions where appropriate, and offer advice and support on a continuous improvement basis. Areas covered in the year included contract management, the use of new technologies to transform guidance development, and the priorities for the communications team and the evidence resources directorate.

In addition, the committee reviewed annual assurance reports from management on complaints, information governance, information security and resilience, and cyber security.

Planned activities during 2018/19 will be to:

- consider areas for review by Internal Audit, approve the 2018/19 plan of work and monitor delivery against that plan and any continuing work from 2017/18
- receive a risk management report at each meeting to review progress in mitigating the risks within the corporate risk register
- review proposed updates to NICE's Standing Orders, Standing Financial Instructions and Powers Reserved for the Board and Scheme of Delegation following annual review
- review NICE's cyber security arrangements in light of National Audit Office (NAO) and other government guidance
- continue to receive updates from the Senior Management Team members on key control priorities and key risks in their respective Directorates
- review updates from the NAO on progress with their audit work
- review the annual report and accounts prior to approval by the Board.

Remuneration Committee

The Remuneration Committee meets at least once a year. In 2017/18 it met twice, receiving an update on the pay arrangements for staff on Agenda for Change (AfC) and Medical and Dental terms and conditions, and agreeing the pay for NICE's directors.

Accountability to the Department of Health and Social Care

As an NDPB, NICE operates independent of government but is accountable to its sponsor department, the Department of Health and Social Care (DHSC).

Annual accountability meetings are held between NICE's Chief Executive and Chair and the sponsoring Minister at the DHSC, to formally review NICE's performance for the preceding financial year and to discuss current and future plans, pressures and strategic issues.

In addition, quarterly accountability meetings take place between NICE's Senior Management Team and our sponsor team at the DHSC. The meetings review the delivery of our agreed business plan, performance against our balanced scorecard, our financial position, and risks. There is also regular communication between the sponsor team and NICE's senior management to ensure a mutual 'no surprises' approach.

The risk and control framework

System of internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NICE's policies, aims and objectives. The system of internal control has been in place at NICE for the year ended 31 March 2018 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on a continuous process designed to identify and prioritise the risks to the achievement of organisational aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. The annual internal audit programme is designed to systematically review different areas of the business and provide assurance reports to the Senior Management Team and the Audit and Risk Committee that any identified weaknesses in controls, are identified and strengthened.

Risk management framework

The Board determines the risk appetite and sets the culture of risk management within NICE with particular regard to new initiatives and emerging risks. The Board has ultimate responsibility for risk management within NICE including major decisions affecting NICE's risk profile or exposure.

The risk management policy, which was comprehensively updated in May 2017, explains NICE's approach to risk management. It defines risk, explains how they are categorised and how it they are assessed and escalated. It documents the roles and responsibilities of the Board, Audit and Risk Committee, the Senior Management Team, and Governance Manager: Risk Assurance.

The policy outlines our risk appetite – the extent to which we will tolerate known risks, in return for the benefits expected from a particular action or set of actions. Careful planning and management will normally allow us to operate our programmes with a low level of risk. However, there will be occasions on which we will incur moderate risk, where, for example we are making significant changes to current programmes or taking on new activities. We may also need to take account of risks that arise from the actions of other organisations that give rise moderate risk for us. Exceptionally, we will need to consider accepting high risk. This is only likely where the actions involved represent the single, or least unpalatable option to manage the circumstances involved, which

are most likely to have been externally imposed, and therefore over which the Institute will have little or no direct control.

Directors, in conjunction with their teams, are responsible for ensuring risks in their centre or directorate are identified, assessed and entered into the corporate risk register as appropriate. These are then critically analysed by the Senior Management Team and reviewed by the Audit and Risk Committee, which challenges and scrutinises the operation of the risk management process and reports to the Board on its effectiveness.

The risk register is dynamic. The Senior Management Team reviews it 6 times a year, and before its consideration by the Audit and Risk Committee quarterly, ensuring it remains relevant. This review takes account of the ongoing identification and evaluation of risks by directors, and considers handling strategies and required policies to support the process of improving internal controls. In doing so they consider the resources available, the complexity of the task, external factors that may impact on the work of NICE and the level of engagement required with partners and stakeholders. Risks are continually assessed in the context of current circumstances and NICE's strategy for responding to the funding reductions in the period up to 2020.

Principal risks faced by NICE in 2018/19

The Board has identified and will manage the principal risks associated with the ambitions set out below:

- As a result of pressure on our resources, we are unable to retain the broad shape and reach of NICE's offer to the health and care system as we operate within a reducing grant-in-aid funding envelope and through the Brexit transition.
- Competition for staff with the skills essential to our work, our ability to ensure a motivated, well-led and agile workforce capable of adapting to changing circumstances, and retaining a senior management team with the skills and capacity to lead the organisation.
- The breadth and depth of our external engagement is insufficient to enable us to enhance our contribution to managing the adoption of new health technologies into the NHS, ensuring that our horizon scanning and forecasting systems are sufficient to identify emerging trends in health interventions.
- We fail to take adequate measures to ensure our business critical systems are sufficiently resilient and routinely tested to protect the organisation against malicious external attack.

Information governance

NICE does not handle sensitive personal data from medical records as part of our general functions. Anonymised health and social care data received from NHS Digital is managed in accordance with a dedicated process manual. Safeguards are in place to appropriately manage sensitive personal information, relating to our workforce.

We adopt a risk-assessed approach to information governance, guided by official guidance from relevant bodies, including NHS Digital. Board-level responsibility for the management of information risk rests with the Business Planning and Resources Director, who is the Senior Information Risk Owner (SIRO).

The Audit and Risk Committee review these arrangements at least annually, and in October 2017 received a comprehensive annual review of information governance which provided assurance that NICE's compliance with the Cabinet Office's Security Policy Framework and the National Cyber Security Centre's '10 steps to cyber security', was high. The work is supported by an internal Information Governance Steering Group consisting of senior management representatives from across NICE, chaired by the SIRO.

Information risks are considered as part of the risk assessment process, and any such risks reported to the Senior Management Team and Audit and Risk Committee accordingly. Policies and procedures for managing the security of personal data are reviewed by the Information Governance Steering Group in light of best practice guidance and relevant standards.

A key priority for 2017/18 has been to prepare for the introduction of the General Data Protection Regulation (GDPR) in May 2018. A comprehensive workplan has been in place that includes:

- Reviewing the storage of personal data, to ensure this is only held and processed when underpinned by a legal basis.
- Ensuring staff are clear on their responsibilities and obligations through a new bespoke interactive information governance training tool which is a mandatory requirement for staff to complete annually.
- Updating policies and procedures.
- Reviewing digital systems.

As noted above, internal audit reviewed NICE's preparedness making 1 medium level recommendation relating to the appointment of the Data Protection Officer (DPO). This has now been actioned by the nomination of the Governance Manager: Information as NICE's DPO.

Significant issues

There were no significant lapses in information governance arrangements or serious untoward incidents relating to personal data breaches that required escalation outside of the NICE Senior Management Team.

Whistleblowing

In accordance with NICE's highest standards of probity and openness, all staff are made aware of NICE's established Whistleblowing Policy. One case was raised and investigated in 2017/18. An investigation took place, chaired by the Deputy Chief Executive and a full report was provided to the Chair of the Audit and Risk Committee.

Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the NICE's system of internal controls on 2017/18 that affected the achievement of NICE's key policies, aims and objectives.

On the basis of all the above I am satisfied that the systems of corporate governance and internal control are operating effectively.

Signed:

Sir Andrew Dillon
Chief Executive and Accounting Officer
21 June 2018

Remuneration and Staff Report

The Remuneration and Staff Report provides details of the remuneration (including any non-cash remuneration) and pension interests of Board members, the Chief Executive and the Senior Management Team. The content of the tables are subject to audit.

Senior staff remuneration

The remuneration of the Chair and Non-Executive Directors is set by the Secretary of State for Health and Social Care.

The salaries of the staff employed on NHS conditions and terms of service are subject to direction from the Secretary of State for Health and Social Care. The remuneration of the Chief Executive and all Executive and Senior Managers (ESMs) is first approved by the Arm's-Length Body Remuneration Committee and then subject to final approval by the Department of Health and Social Care (DHSC). Any salary in excess of £150,000 requires both Secretary of State and DHSC Remuneration Committee approval. The remuneration of the Executives and senior managers detailed in the table on p58 is set by the DHSC Remuneration Committee, based on Department of Health and Social Care Pay Framework for ESMs in arm's-length bodies.

The information contained in the tables of the Remuneration Report has been audited. Information on NICE's remuneration policy can be found on p55 and the membership of the Remuneration Committee can be found on p40 and has not been audited.

Performance appraisal

A personal objective-setting process that is aligned with the business plan is agreed with each member of staff annually and all staff are subject to an annual performance appraisal.

NICE is a designated body for the revalidation of medical staff and has implemented a robust appraisal and revalidation process for its medical workforce that complies with the guide for good medical practice and the General Medical Council's framework for medical appraisal and revalidation.

Summary and explanation of policy on duration of contracts, and notice periods and termination payments

Terms and conditions: Chairs and Non-Executives

For Chairs and Non-Executive Directors of NICE the terms and conditions are laid out below.

Statutory basis for appointment

Chairs and Non-Executive Directors of non-departmental public bodies (NDPBs) hold a statutory office under the Health and Social Care Act 2012. Their appointment does not create any contract of service or contract for services between them and the Secretary of State for Health and Social Care or between them and NICE.

Employment law

The appointments of the Chair and Non-Executive Directors of NICE are not within the jurisdiction of employment tribunals. Neither is there any entitlement for compensation for loss of office through employment law.

Reappointments

Chairs and Non-Executive Directors are eligible for reappointment at the end of their period of office, but they have no right to be reappointed. The Department of Health and Social Care will usually consider afresh the question of who should be appointed to the office.

If reappointed, further terms will only be considered after open competition, subject to a maximum service usually of 10 years with the same organisation and in the same role.

Termination of appointment

Regulation 5 of the NHS Regulations sets out the grounds for terminating an appointment. A Chair or Non-Executive Director may resign by giving notice in writing to the Secretary of State for Health and Social Care or the Department of Health and Social

Care. Their appointment will also be terminated if, in accordance with regulations, they become disqualified for the post. In addition, the Department of Health and Social Care may terminate the appointment of the Chair and Non-Executive Directors on the following grounds:

- if it believes that it is not in the interests of NICE or the NHS for them continue to hold office
- if the Chair or Non-Executive Director does not attend a NICE meeting for a period of 3 months
- if they fail to disclose a pecuniary interest in matters under discussion at a NICE meeting.

There is no need for provision in NICE's annual accounts for the early termination of any Non-Executive Director's appointment. The following list provides examples of when it may be no longer in the interests of the health service for the appointee to continue in office. The list is not exhaustive or definitive; the Department of Health and Social Care will consider each case on its merits, taking account of all relevant factors:

- if an annual appraisal or sequence of appraisals is unsatisfactory
- if the appointee no longer enjoys the confidence of the Board
- if the appointee loses the confidence of the public
- if a Chair fails to ensure that the Board monitors the performance of NICE effectively
- if work is not delivered against pre-agreed targets as part of their annual objectives
- if there is a breakdown in essential relationships, for example, between a Chair and a Chief Executive or between an appointee and the rest of the Board
- if a newly appointed Chair, on reviewing the objectives of the Board members, recommends to the Department of Health and Social Care that an appointment is discontinued.

Remuneration

Under the Act, the Chair and Non-Executive Director are entitled to be remunerated by NICE for so long as they continue to hold office. There is no entitlement to compensation for loss of office.

Conflict of interest

NDPB boards are required to adopt the Cabinet Office Codes of Conduct, published in April 2011. The codes require Chairs and Board members to declare, on appointment, any business interests, positions of authority in a charity or voluntary body in health and social care, and any connection with bodies contracting for NHS services. These must be entered into a register which is available to the public. Any changes should be declared as they arise.

Indemnity

NICE is empowered to indemnify the Chair and Non-Executive Directors against personal liability which they may incur in certain circumstances while carrying out their duties.

Terms and conditions: NICE Executive

Basis for appointment

All Executive Directors are appointed on a permanent basis under a contract of service at an agreed annual salary with eligibility to claim allowances for travel and subsistence costs, at rates set by NICE, for expenses incurred on its behalf.

Termination of appointment

An Executive Director has to give 3 months' notice. There is no need for provision for compensation included in NICE's annual accounts for the early termination of any Executive Director's contract of service.

Single total figure of remuneration – Board members' and directors' remuneration (subject to audit) (£000s)

2017/18	Title	Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits [13] (bands of £2,500)	Total (bands of £5,000)
Sir David Haslam	Chair	60 to 65	Nil	Nil	Nil	60 to 65
Dr Rosemarie Benneyworth[1]	Vice Chair	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Sheena Asthana	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Angela Coulter	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Martin Cowie	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. David Hunter[2]	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
Elaine Inglesby-Burke CBE[3]	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Timothy Irish	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Rima Makarem	Non-Executive Director	10 to 15	Nil	Nil	Nil	10 to 15
Prof. Finbarr Martin[4]	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
Andrew McKeon[5]	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Bill Mumford[6]	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
Linda Seymour[7]	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
Jonathan Tross CBE[8]	Non-Executive Director	Nil	Nil	Nil	Nil	Nil
Tom Wright CBE	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Sir Andrew Dillon[9]	Chief Executive	185 to 190	Nil	Nil	Nil	185 to 190
Prof. Gillian Leng CBE[10]	Deputy Chief Executive and Director of Health and Social Care	185 to 190	Nil	Nil	25 to 27.5	210 to 215
Prof. Carole Longson MBE	Centre for Health Technology Evaluation Director	130 to 135	Nil	5 to 10	17.5 to 20	155 to 160
Mirella Marlow[11]	Acting Centre for Health Technology Evaluation Director	20 to 25	Nil	Nil	2.5 to 5	25 to 30
Ben Bennett[12]	Business Planning and Resources Director	115 to 120	3	Nil	Nil	120 to 125
Jane Gizbert	Communications Director	110 to 115	Nil	Nil	20 to 22.5	130 to 135
Alexia Tonnel	Evidence Resources Director	120 to 125	Nil	5 to 10	27.5 to 30	155 to 160
Prof. Mark Baker	Centre for Guidelines Director	110 to 115	Nil	Nil	Nil	110 to 115

2016/17	Title	Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits [13] (bands of £2,500)	Total (bands of £5,000)
Sir David Haslam	Chair	60 to 65	Nil	Nil	Nil	60 to 65
Dr Rosemarie Benneyworth[1]	Vice Chair	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Sheena Asthana	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Prof. Angela Coulter	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Prof. Martin Cowie	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Prof. David Hunter[2]	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Elaine Inglesby-Burke CBE[3]	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Timothy Irish	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Rima Makarem	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Prof. Finbarr Martin[4]	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Andrew McKeon[5]	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Bill Mumford[6]	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Linda Seymour[7]	Non-Executive Director	0 to 5	Nil	Nil	Nil	5 to 10
Jonathan Tross CBE[8]	Non-Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Tom Wright CBE	Non-Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Sir Andrew Dillon[9]	Chief Executive	185 to 190	Nil	Nil	Nil	185 to 190
Prof. Gillian Leng CBE[10]	Deputy Chief Executive and Director of Health and Social Care	180 to 185	Nil	Nil	30 to 32.5	210 to 215
Prof. Carole Longson MBE	Centre for Health Technology Evaluation Director	125 to 130	Nil	Nil	22.5 to 25	150 to 155
Mirella Marlow[11]	Acting Centre for Health Technology Evaluation Director	Nil	Nil	Nil	Nil	Nil
Ben Bennett[12]	Business Planning and Resources Director	115 to 120	3.1	Nil	27.5 to 30	145 to 150
Jane Gizbert	Communications Director	105 to 110	Nil	Nil	22.5 to 25	130 to 135
Alexia Tonnel	Evidence Resources Director	120 to 125	Nil	Nil	27.5 to 30	150 to 155
Prof. Mark Baker	Centre for Guidelines Director	115 to 120	Nil	Nil	Nil	115 to 120

2 bonuses were paid in 2017/18 (£13k) with no performance pay or bonuses paid in 2016/17.

1 Vice Chair from 21/5/17.

2 Left 31/10/16.

3 Remuneration is paid to Salford Royal NHS Foundation Trust.

4 Left 31/7/16.

5 Vice Chair until leaving 20/5/17.

6 Left 31/7/16.

7 Left 31/10/16.

8 Left 31/12/16.

9 No longer an active member of the NHS Pension Scheme.

10 Incremental rise on Medical and Dental Payscale YM72 due on 1/4/2017. Change from Spine Point 121 (£96,819k) to Spine Point 122 (£97,787k).

11 Acting up 25/1/18 – Salary reported is for 2 months only. Full-time equivalent salary was £122,298.06 (120 to 125).

12 No longer an active member of the NHS Pension Scheme.

13 Figures have been restated as were previously shown inclusive of employee contribution.

Pension Benefits – Senior Management (Subject to audit)

Name	Title	Real increase / (decrease) in pension at age 60 (bands of £2,500) £000	Real increase / (decrease) in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2018 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2018 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2017 £000	Real increase in cash equivalent transfer Value £000	Cash equivalent transfer value at 31 March 2018 £000
Andrew Dillon[1]	Chief Executive	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Prof. Gillian Leng CBE	Deputy Chief Executive and Health and Social Care Director	0 to 2.5	5 to 7.5	60 to 65	180 to 185	1,214	86	1,336
Prof. Carole Longson MBE	Health Technology Evaluation Centre Director	0 to 2.5	2.5 to 5	25 to 30	80 to 85	532	45	601
Mirella Marlow[3]	Health Technology Evaluation Centre Director	0 to 2.5	2.5 to 5	40 to 45	130 to 135	915	7	979
Ben Bennett	Business Planning and Resources Director	0 to 2.5	0 to 2.5	50 to 55	150 to 155	1,009	52	1,075
Jane Gizbert[2]	Communications Director	0 to 2.5	nil	15 to 20	nil	238	27	283
Alexia Tonnel[2]	Evidence Resources Director	0 to 2.5	nil	10 to 15	nil	106	11	136
Prof. Mark Baker	Centre for Guidelines Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1 No longer an active member of the NHS Pension Scheme. At 31/3/14 total accrued pension at age 60 was £85–90k and lump sum was £255–260k

2 No lump sum for Senior Managers who only have membership in the 2008 Section of the NHS Pensions Scheme.

3 Acting Health Technology Evaluation Centre Director from 25/1/18.

There is no CETV (cash equivalent transfer value) for those members who are over the age of 60 (1995 Section of the NHS Pension Scheme) and members over 65 (2008 Section).

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by NICE and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by NICE and treated by HM Revenue and Customs as a taxable emolument. The Business Planning and Resources Director received a lease car under salary sacrifice arrangements.

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the Pension Scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real increase in CETV

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

Fair pay disclosure (subject to audit)

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

The banded remuneration of the highest-paid director in NICE in the financial year 2017/18 was £185k–190k (2016/17: £185k–£190k). This was 4.5 times (2016/17: 4.5) the median remuneration of the workforce, which was £41,787 (2016/17: £41,373). In 2017/18, no employees (2016/17: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £8k to £188k (2016/17, £9k–£183k).

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

Other information about pay includes:

- The highest-paid director received a pay award equivalent to 1% of NICE's average Executive Senior Manager (ESM) remuneration. The pay increase did not change the salary band of this director.

- Other executive senior managers also received an inflationary pay award equivalent to 1% of the average ESM remuneration, with 2 bonuses being made during 2017/18.
- Median pay has increased by 1% from 2016/17, in line with national uplifts of 1% to pay bands.
- Incremental pay progression was applied, under Agenda for Change terms and conditions.
- Staff numbers have reduced from 617 in 2016/17 to 613 in 2017/18; the cost and composition of permanent and other staff can be seen in the tables below.

Staff numbers and related costs (subject to audit)

	Permanently employed £000	Other £000	2017/18 Total £000	Permanently employed £000	Other £000	2016/17 Total £000
Salaries and wages	26,011	724	26,735	26,046	2,409	28,455
Social security costs	2,903	0	2,903	2,902	0	2,902
Employer contributions to NHS Pensions Schemes	3,418	0	3,418	3,447	0	3,447
Apprentice levy	117	0	117	0	0	0
Termination benefits	234	0	234	290	0	290
	32,683	**724**	**33,407**	**32,685**	**2,409**	**35,094**
Less recoveries in respect of outward secondments	(61)	0	(61)	(92)	0	(92)
Total net costs	**32,622**	**724**	**33,346**	**32,593**	**2,409**	**35,002**

Average number of persons employed

The average number of whole-time equivalent persons employed (excluding Non-Executive Directors) during the year was as follows:

	Permanently employed staff	Other	2017/18 Total	2016/17 Total
Directly employed	593	20	613	617

Pensions

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

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that 'the period between formal valuations shall be 4 years, with approximate assessments in intervening years'. An outline of these follows:

a Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2018, is based on valuation data at 31 March 2017, updated to 31 March 2018 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b Full actuarial (funding) valuation

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health and Social Care,

with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016 and is currently being prepared. The direction assumptions are published by HM Treasury which are used to complete the valuation calculations, from which the final valuation report can be signed off by the Scheme actuary. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health and Social Care after consultation with the relevant stakeholders.

For 2017/18, employers' contributions were payable to the NHS Pension Scheme at the rate of 14.38%. These costs are shown in the NHS pension line of the table above. The scheme's actuary reviews employer contributions, usually every 4 years and now based on Her Majesty's Treasury (HMT) Valuation Directions, following a full scheme valuation. The latest review used data from 31 March 2012 and was published on the Government website on 9 June 2014.

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

Feature or Benefit	NHS Staff Practice and Approved Employer Staff		Practitioners NHS Medical and Ophthalmic Practitioners		All NHS workers and Approved Employer Staff
Scheme	1995	2008	1995	2008	2015
Member contributions				Tiered contribution rates	
Type of Scheme	Final salary based on the best of the last 3 years' pensionable pay	Final salary based on the average of the best three consecutive years within the last 10 years	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Career Average Re-valued Earnings based on a proportion of pensionable earnings in each year of membership
Pension	A pension worth 1/80th of pensionable pay per year and pro rata for any part year of membership	A pension worth 1/60th of reckonable pay per year and pro rata for any part year of membership	A pension based on 1.4% of total up-rated earnings	A pension based on 1.87% of total up-rated earnings	A pension worth 1/54th of each years' pensionable earnings, re-valued at the beginning of each following scheme year in line with a rate set by Treasury plus 1.5 % while in active membership
Retirement lump sum	3 times pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	3 times pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value
Normal pension age	60 (55 for Special Class/MHO)	65	60	65	Equal to an individuals' state pension age or age 65 if that is later.
Maximum age	75	75	75	75	75
Maximum membership	Non Special Class/MHO 45 years in total. Special Class/MHO 40 years at age 55 and 45 years overall	45 years		45 years	No limit
Minimum pension age	Age 50 if joined pre 06/04/2006 and not had a break of 5 years or more Otherwise Age 55	Age 55	Age 50 if joined pre 06/04/2006and not had a break of 5 years or more Otherwise Age 55	Age 55	Age 55
Actuarially reduced early retirement	Yes	Yes	Yes	Yes	Yes
Late retirement	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	Late retirement factors applied to all pension earned until retirement
Pensionable re-employment following payment of pension	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Yes if eligible
Partial retirement	No	Yes	No	Yes	Yes
Ill health tier 1	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up pension paid without reduction
Ill health tier 2	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pensionable age	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pensionable age	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pensionable age	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pensionable age	Tier 1 plus an enhancement of 1/2 of prospective pension to normal pensionable age
Increasing your pension	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250

Details can be found on the pension scheme website at www.nhsbsa.nhs.uk/pensions.

Pensions indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in consumer prices in the 12 months ending 30 September in the previous calendar year.

Options to increase pension benefits

The NHS Pension Scheme provides different ways for members to increase their standard pension benefits. They are also able to contribute to money purchase Additional Voluntary Contributions (AVCs) run by the scheme's approved providers.

Transfer of pension benefits

Scheme members have the option to transfer their pension into the NHS Pension Scheme providing they apply within 12 months of becoming eligible to join. Should they leave pensionable employment or decide to opt out of the NHS Pension Scheme they are able to transfer their accrued benefits out of the scheme to another pension provider.

Preserved benefits

Where a scheme member ceases NHS employment with more than 2 years' service they can preserve their accrued NHS pension for payment when they reach retirement age.

Retirements due to ill health

This note discloses the number and additional pension costs for individuals who retired on ill-health grounds during the year. There was 1 retirement during 2017/18, totalling £68k. Ill health retirement costs are met by the NHS Pensions Scheme (2016/17: nil).

Redundancies and terminations

During 2017/18 there were 23 redundancies or terminations, totalling £1.676m (2016/17: 4 cases at £0.383m).

Exit packages (subject to audit)

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies £000s	Number of other departures agreed	Cost of other departures agreed £000s	Total number of exit packages	Total cost of exit packages £000s
Less than £10,000	2 (0)	15 (0)	9 (1)	51 (8)	11 (0)	66 (8)
£10,000–£25,000	3 (1)	44 (22)	7 (2)	83 (35)	10 (1)	127 (57)
£25,001–£50,000	6 (1)	212 (28)	0	0	6 (1)	212 (28)
£50,001–£100,000	6 (0)	443 (0)	0	0	6 (0)	443 (0)
£100,001–£150,000	4 (1)	502 (137)	0	0	4 (1)	502 (137)
£150,001–£200,000	2 (1)	326 (153)	0	0	2 (1)	326 (153)
More than £200,000	0	0	0	0	0	0
Totals	**23 (4)**	**1,542 (340)**	**16 (3)**	**134 (43)**	**39 (7)**	**1,676 (383)**

Figures in brackets are prior year 2016/17 figures. There were no special payments agreed for any of the departures.

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 NICE has agreed early retirements, the additional costs are met by the NICE and not by the NHS Pensions Scheme. This disclosure reports the number and value of exit packages agreed within the year.

Note: the expenses associated with these departures may have been recognised in part or in full in a previous period.

Analysis of other departures

	Number of agreements	Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	0	**0**
Mutually agreed resignations (MARS) contractual costs	0	**0**
Early retirement in the efficiency of service contractual costs	0	**0**
Contractual payments in lieu of notice[1]	16	**134**
Exit payments following Employment Tribunals or court orders	0	**0**
Non-contractual payments requiring HMT approval[2]	0	**0**
	16	**134**

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

1 Any non-contractual payments in lieu of notice are disclosed under 'non-contractual payments requiring HMT approval' below.

2 Includes any non-contractual severance payment following judicial mediation and £ relating to non-contractual payments in lieu of notice.

No 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.

Health and safety

We are committed to adhering to the Health and Safety at Work Act 1974 and other related requirements to ensure that staff and visitors enjoy the benefits of a safe environment. There were 10 accidents and 1 near-miss reported during the year, which were risk assessed and appropriate action taken. There were no days lost because of an injury at work during 2017/18.

Employee consultation

NICE is committed to consulting and communicating effectively with employees. NICE has policies in place to ensure that, for all changes that affect the organisation there is open, honest and consistent 2-way consultation with UNISON and staff representatives. Information about proposed change, its implications and potential benefits are communicated clearly to all affected staff, who are encouraged to contribute their own ideas and to voice any concerns with their managers. Also, all policy development for employment policies is carried out in partnership with trade union representatives at NICE. NICE believes that communication with employees is essential, and keeps employees updated and informed via the weekly NICE newsletter. Monthly staff meetings are held on both sites for all staff to attend. These are chaired by the Chief Executive to enable high levels of communication and consultation.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
15	14.8

Percentage of time spent on facility time[1]

Percentage of time	Number of employees
0%	0
1–50%	15
51%–99%	0
100%	0

Percentage of pay bill spent on facility time[1]

Total cost of facility time	£25,207
Total pay bill	£33,055,770
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.08%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	36.67%

1 Facility time is time off from an individual's job, granted by the employer, to enable a trade union representative to carry out their trade union role.

Equality and diversity

NICE is committed to equality of opportunity for both current and prospective employees, and in the recruitment of committee and group members. Everyone who works for NICE, or applies to work at NICE, or applies to join a committee or group, is treated fairly and valued equally.

NICE has a single equality scheme covering all protected characteristics. NICE complies with legislation and statutory codes of practice that relate to equality and diversity. All workers are treated fairly and equally regardless of age, disability, race, religion or belief, gender, marriage or civil partnership, pregnancy and maternity, sexual orientation or gender reassignment.

To ensure equal opportunities for disabled employees, NICE is committed to making reasonable adjustments to working conditions or to the physical working environment where this would help overcome the practical effects of a disability. NICE provides support to enable workers with a disability to participate fully in meetings and training courses. NICE also offers an interview to all disabled applicants who meet the essential shortlisting criteria fora post in accordance with the Employment Services 'disability confident' scheme, and makes reasonable adjustments to the recruitment process where requested and where practical.

All employee data is collated and recorded and NICE ensures it is accurate and up to date in accordance with the Equality Act 2010. The equality data of the NICE workforce is reported on an annual basis within the NICE Equalities report, which can be found at **www.nice.org.uk/about/who-we-are/policies-and-procedures/nice-equality-scheme**.

Our commitment to equality and diversity is also found in the intranet resources available for all staff, which provide links to legislation, policy and useful guidance.

Staff composition

NICE's workforce is 68.6% female and 31.4% male. Our staff composition by salary band is shown in the figure below.

NICE staff who are equivalent to senior civil servants (Band 8d, Band 9 or engaged on Medical and Dental terms and conditions) are 71.2% female and 28.8% male. Our senior management team is 62.5% female and 37.5% male.

Staff composition by gender

Sickness absence

During the period January to December 2017, the number of days lost as a result of sickness by full-time equivalent employee was 5.1 days, or 2.3% (2016: 2%). The Department of Health and Social Care considers the annual figures to be a reasonable proxy for financial year equivalents.

Effectiveness of whistleblowing arrangements

NICE has in place a Whistleblowing Policy, which was updated in line with NICE's periodic review processes, and approved by the Board at the public Board meeting in September 2015. The Audit and Risk Committee oversees the application of the policy and receives periodic reports on its application. During 2017/18, we continued to increase communication with staff about whistleblowing, to raise the profile and understanding of the policy. This included improving the information for staff on the NICE intranet site NICE Space. There was 1 reported case of whistleblowing at NICE in 2017/18.

Review of tax arrangements of public sector appointees – off-payroll engagements

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, NICE must publish information about off-payroll engagements.

Off-payroll engagement longer than 6 months

For all off-payroll engagements as of 31 March 2018, for more than £245 per day and that last for longer than 6 months	
Number of existing engagements as of 31 March 2018	5
Of which...	
Have existed for less than 1 year at time of reporting	2
Have existed for between 1 and 2 years at time of reporting	0
Have existed for between 2 and 3 years at time of reporting	0
Have existed for between 3 and 4 years at time of reporting	0
Have existed for 4 or more years at time of reporting	3

New Off-payroll engagements

For all new off-payroll engagements, or those that reached 6 months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than 6 months	
Number of new engagements, or those that reached 6 months in duration, between 1 April 2017 and 31 March 2018	2
Of which...	
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	2
Number engaged directly (via PSC contracted to the entity) and are on the departmental payroll	0
Number of engagements reassessed for consistency or assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll Board members / senior official engagements

For any off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, between 1 April 2017 and 31 March 2018	
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total number of individuals that have been deemed 'Board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure should include both off-payroll and on-payroll engagements	7

Expenditure on consultancy

During the year, NICE spent £150k on consultancy, for which permission was obtained from the Department of Health and Social Care (£29k in 2016/17).

Parliamentary Accountability and Audit Report

The purpose of the Parliamentary Accountability and Audit Report is to bring together the key Parliamentary accountability documents within the Annual Report and Accounts, much of this has historically formed part of the Financial Statements.

It is comprised of:

- losses and special payments, remote contingent liabilities, gifts or any other significant payments; and
- Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The information in this section of the report is subject to audit.

Losses and special payments

NICE did not have any losses or special payments that meet the disclosure requirements.

Fees and charges

NICE does not have any fees and charges that meet the disclosure requirements under current legislation.

Remote contingent liabilities

As at 31 March 2018, NICE has no remote contingent liabilities (2016/17: none).

Gifts

NICE did not have any gifts or other significant payments that meet the disclosure requirements.

Signed:

Sir Andrew Dillon
Chief Executive and Accounting Officer
21 June 2018

The Certificate and Report of the Comptroller and Auditor General to the Houses Of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Institute for Health and Care Excellence for the year ended 31 March 2018 under the Health and Social Care Act 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the National Institute for Health and Care Excellence's affairs as at 31 March 2018 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care Act 2012 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the National Institute for Health and Care Excellence in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board and Chief Executive's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care Act 2012.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Institute for Health and Care Excellence's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Institute for Health and Care Excellence's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's

report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:
- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Health and Social Care Act 2012;
- in the light of the knowledge and understanding of the National Institute for Health and Care Excellence and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; 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 Accountability Report 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: 26 June 2018

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2018

	2017/18 Total £000s	2016/17 Total £000s	Notes to accounts
Income from sale of goods and services	**(2,102)**	(3,820)	6
Other operating income	**(14,378)**	(12,912)	6
Total operating income	**(16,480)**	(16,732)	
Staff costs (before recoveries of outward secondments)	**33,407**	35,094	5
Purchase of goods and services	**32,770**	34,508	3
Depreciation and impairment charges	**921**	650	3
Movement in provisions	**(223)**	995	3
Other operating expenditure	**0**	49	3
Total operating expenditure	**66,875**	71,296	
Net comprehensive expenditure for the year ended 31 March 2018	**50,395**	54,564	

There was no other comprehensive expenditure for the year ended 31 March 2018.

The notes at pages 83 to 106 form part of these accounts.

Statement of financial position as at 31 March 2018

	Total 31 March 18 £000	Total 31 March 17 £000	Notes to accounts
Non-current assets			
Property, plant and equipment	**1,924**	2,419	7
Intangible assets	**129**	86	7
Total non-current assets	**2,053**	2,505	
Current assets			
Trade and other receivables	**1,820**	2,670	8
Other current assets	**2,045**	2,249	8
Cash and cash equivalents	**3,492**	2,200	9
Total current assets	**7,357**	7,119	
Total assets	**9,410**	9,624	
Current liabilities			
Trade and other payables	**(2,807)**	(2,713)	10
Provisions for liabilities and charges	**(339)**	(1,095)	11
Total current liabilities	**(3,146)**	(3,808)	
Non-current assets less net current liabilities	**6,264**	5,816	
Non-current liabilities			
Provision for liabilities and charges	**(671)**	(828)	11
Total non-current liabilities	**(671)**	(828)	
Assets less liabilities	**5,593**	**4,988**	
Taxpayers' equity			
General fund	**5,593**	4,988	
	5,593	4,988	

The notes at pages 83 to 106 form part of these accounts.

The financial statements were approved by the Board on 20 June 2018 and signed by:

Sir Andrew Dillon
Chief Executive and Accounting Officer Date: 21 June 2018

Statement of cash flows for the year ended 31 March 2018

	Total 2017/18 £000	Total 2016/17 £000	Notes to accounts
Cash flows from operating activities			
Net operating cost	**(50,395)**	(54,564)	
Adjustments for non-cash transactions	**698**	1,645	3
(Increase) / decrease for trade and other receivables	**1,054**	(864)	8
Increase / (decrease) in trade and other payables	**94**	(4,997)	10
Use of provisions	**(690)**	(1,527)	11
Net cash outflow from operating activities	**(49,239)**	(60,307)	
Cash flows from investing activities			
Purchase of property, plant and equipment	**(383)**	(472)	7
Purchase of intangible assets	**(86)**	0	7
Net cash outflow from investing activities	**(469)**	(472)	
Cash flows from financing activities			
Net grant-in-aid	**51,000**	56,600	
Net increase / (decrease) in cash equivalents in the period	**1,292**	(4,179)	
Net increase / (decrease) in cash equivalents in the period	**1,292**	(4,179)	
Cash and cash equivalents at the beginning of the period	**2,200**	6,379	9
Cash and cash equivalents at the end of the period	**3,492**	2,200	9

The notes at pages 83 to 106 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2018

	General Fund[1] £000
Balance at 1 April 2016	2,952
Changes in taxpayers' equity for 2016/17	
Grant in aid funding from DHSC	56,600
Comprehensive net expenditure for the year	(54,564)
Balance at 1 April 2017	4,988
Changes in taxpayers' equity for 2017/18	
Grant in aid funding from DHSC	51,000
Comprehensive net expenditure for the year	(50,395)
Balance at 31 March 2018	**5,593**

1 The General fund represents the net assets vested in NICE (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities and grant-in-aid funding provided. It also includes surpluses generated from commercial activities. Further information on these activities is described in note 2.

Notes to accounts

1 Accounting policies

The Annual Report and Accounts have been prepared and issued by NICE, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with the Health and Social Care Act 2012. The financial statements have been prepared on an accruals basis in accordance with the 2017/18 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) 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 NICE for the purpose of giving a true and a fair view has been selected. The particular policies adopted by NICE are described below. They have been consistently applied in dealing with items that are considered material to the accounts.

1.1 Going concern

NICE's status changed on 1 April 2013 from that of a special health authority to a non-departmental public body (NDPB). All the functions transferred to the new organisation. Following the government's Spending Review in 2015/16, the Department of Health and Social Care (DHSC) has confirmed funding of NICE will continue. It is therefore considered appropriate to prepare the 2017/18 financial statements on a going concern basis.

1.2 Income

Income is accounted for applying the accruals convention. Operating income is income which relates directly to the operating activities of NICE. It principally comprises fees and charges for services provided on a full-cost basis to external customers, but it also includes other income such as that from the DHSC, the devolved administrations (Wales, Scotland and Northern Ireland), NHS England and Health Education England. It includes both income appropriated-in-aid and income to the Consolidated Fund which HM Treasury has agreed should be treated as miscellaneous income.

NICE receives grants from other UK and overseas government departments, philanthropic organisations and development banks. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred. On a monthly basis a work-in-progress calculation is completed

according to contract dates with income being accrued or deferred in line with this calculation.

Other funding

The main source of funding for NICE is grant-in-aid funding from the DHSC, from Request for Resources within an approved cash limit, and is credited to the General Fund. Grant-in-aid funding is recognised in the financial period in which the cash is received. The 2018/19 NICE business plan has been approved by DHSC and has provided details of indicative funding for the next 2 financial years.

1.3 Taxation

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

1.4 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.

1.5 Non-current assets

A Capitalisation

All assets falling into the following categories are capitalised:

i Intangible assets where they are capable of being used for more than 1 year and have a cost, individually or as a group, equal to or greater than £5,000.

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

iii Property, plant and equipment assets which are capable of being used for more than 1 year, and which:
- individually have a cost equal to or greater than £5,000
- collectively have a cost of at least £5,000, and an individual cost of more than £250, where the assets are functionally interdependent, and had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control
- form part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.

iv Desktop and laptop computers are not capitalised.

B Valuation

Intangible assets

Intangible assets held for operational use are valued at amortised historical cost as a proxy for market value in existing use given the immaterial balance. The accounts are therefore materially consistent with the FReM. Surplus intangible assets are amortised and valued at the net recoverable amount.

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

Property, plant and equipment

All property, plant and equipment (PPE) 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 measured subsequently at depreciated historic cost as this is considered to be not materially different from fair value. The carrying values of PPE assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leasehold improvement assets in the course of construction are valued at current cost. These assets include any assets under the control of a contractor.

C Depreciation and amortisation

Depreciation is charged on each individual fixed asset as follows:

i Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets: 3–10 years

ii Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives: 3–10 years

iii Assets under construction are not depreciated

iv Leasehold improvements are depreciated over 10 years, except where the lease will not be renewed in which case it will be the remaining life of the lease

v Each equipment asset is depreciated evenly over the expected useful life:
- Furniture: 10 years.
- Office, information technology and other equipment: 3–5 years.

1.6 Foreign exchange

Transactions which are denominated in a foreign currency are translated into Sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used.

1.7 Leases

All operating leases and the rentals are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the lease.

NICE has no finance leases.

1.8 Provisions

NICE provides for legal or constructive obligations that are of uncertain timing or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the Treasury's short term discount rate of –2.42% (up to 5 years), –1.85% for medium term (5–10 years) and –1.56% for long-term provisions (over 10 years).

1.9 Pensions

Past and present employees are covered by the provisions of the NHS Pensions Schemes. Details of the benefits payable under these provisions can be found on the NHS Pensions website at **www.nhsbsa.nhs.uk/pensions**

These schemes are unfunded defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were a defined contribution schemes: the cost to NICE 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 NICE commits itself to the retirement, regardless of the method of payment. The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

1.10 Key areas of judgement and estimates

NICE has made estimates in relation to provisions, useful economic lives of its assets and depreciation and amortisation. These estimates were informed by legal opinion, specialist knowledge of managers and senior staff, and length of property leases.

1.11 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of 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. The components that make up cash and cash equivalents are not analysed in the financial statements as NICE holds only cash.

1.12 Early adoption of standards, amendments and interpretations

NICE has not adopted any IFRSs, amendments or interpretations early.

Standards, amendments and interpretations in issue but not yet effective or adopted

International Accounting Standard 8, accounting policies, changes in accounting estimates and errors, requires disclosure in respect of new IFRSs, amendments and interpretations that are, or will be, applicable after the accounting period. There are a number of IFRSs, amendments and interpretations issued by the International Accounting Standards Board that are effective for financial statements after this accounting period.

The following have not been adopted early in these accounts:

IFRS 9 Financial Instruments

IFRS 9 is due to be implemented from 1 April 2018 and we have performed a preliminary assessment of the impact as follows:

Classification

The majority of NICE's financial assets are simple debt instruments held in order to collect contractual cash flows. Under IAS39 these are classified at amortised costs and no material change is expected under IFRS 9. All of NICE's material financial liabilities are trade payables and accruals, that are currently at amortised cost and no material change is expected under IFRS 9.

Impairment

IFRS 9 requires the recognition of impairments on a forward looking expected credit loss model. HMT has interpreted the provisions in the standard for calculating the expected credit loss to mandate the

use of the simplified approach. This means that the loss allowance at initial recognition will be the equal to the lifetime expected credit loss. In addition DHSC provides a guarantee of last resort against debts of DHSC group bodies and therefore NICE must not recognise lifetime expected credit losses against other DHSC group bodies, in line with the HMT adaptation.

An assessment of the non-NHS financial assets has not indicated that there would be a material movement in the value of the impairment of receivables.

Transition

NICE must recognise any differences between carrying amounts at the end of 2017/18 financial year compared to the carrying amount at 1 April 2018 in the opening retained earnings under the HMT interpretation specified in the Government Financial Reporting Manual. The review of the carrying values has indicated there will be no material change due to the implementation of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 is due to be implemented from 1 April 2018 and we have performed a preliminary assessment of the impact as follows:

Income recognition

The material elements of revenue for NICE are from the sale of goods and services and income related to other NDPBs and Devolved Administrations. The income from other NDPB's and Devolved Administrations are contributions of funds to specific programmes within NICE and certain NICE products and services. These are invoiced quarterly in arrears and recognised on an accruals basis. Revenue from the sale of goods and services are either based on specific deliverables or work-in-progress and are also recognised on an accruals basis. Our expectation is that there will be no change in the timing of this income.

Transition

The impact of implementation has been assessed to be immaterial but any changes will be recognised through reserves as the option to restate IAS 8 has been withdrawn.

IFRS 16 Leases

Application required for accounting periods beginning on or after 1 January 2018, but not yet adopted by the FReM: early adoption is not therefore permitted;

IFRS 16 is anticipated to increase NICE's assets and liabilities by approximately £11.1m on initial application in line with the current value of NICE's operating leases. This is an estimate as it is still unclear on the full impact of the new standard until further guidance is issued.

2 Analysis of net expenditure by segment

NICE operates 2 reportable operating segments that meet specified criteria as defined within the scope of IFRS 8 (Segmental Reporting), where each reportable segment accounts for either 10% of the reported income, surplus / deficit or net assets of the entity. A third reportable segment (NICE International) that no longer meets these quantitative thresholds is shown to enable reconciliation to the Statement of Changes to Taxpayers' Equity.

The largest reportable segment is for the core activities of NICE, funded mainly through grant-in-aid from the Department of Health and Social Care. NICE also receives funding from other sources, notably £6.6m from NHS England (40% of other operating income in 2017/18) and £4.1m from Health Education England (25%). Activity associated with this funding is not business activity as defined in IFRS 8, therefore it is not shown as a separate operating segment here. Note 6 provides a detailed breakdown of funding and income received to support NICE activities.

The Scientific Advice Programme was launched by NICE in 2009, providing fee-for-service consultation to pharmaceutical and biotech companies on product development plans. It operates on a full cost recovery basis and receives no exchequer funding. This has now become an established programme within NICE, with dedicated resources. In 2017/18 it accounted for 10.9% (9.2% in 2016/17) of operating income (excluding grant-in-aid) received and is therefore shown as a separate reporting segment below.

The NICE International team moved to Imperial College London in September 2016 with most of the ongoing projects also transferring. The NICE International brand is retained by NICE and our international work will continue with a focus on sharing NICE's methods, insight and expertise with overseas organisations and governments. Much of this work will be carried out by the Scientific Advice team and the remaining NICE International reserves have been transferred into Scientific Advice's net assets during 2017/18.

Net expenditure by segment

	NICE £000	Scientific Advice £000	NICE International £000	Total £000
2017/18				
Gross expenditure	65,194	1,681	0	66,875
Income	(14,678)	(1,802)	0	(16,480)
Net expenditure	**50,516**	**(121)**	**0**	**50,395**
Transfer of net assets between segments		276	(276)	
Segment net assets (as at 31 March 2018)	4,555	1,038	0	5,593
2016/17				
Gross expenditure	67,964	1,138	2,194	71,296
Income	(13,101)	(1,547)	(2,084)	(16,732)
Net expenditure	54,863	(409)	110	54,564
Segment net assets (as at 31 March 2017)	4,071	641	276	4,988

With the agreement of the Department of Health and Social Care sponsor department the net assets of the operating segments are to be held separately within the General Fund.

3 Operating costs

	2017/18 £000	Restated 2016/17 £000	Notes to accounts
Staff costs (before recovery of outward secondments)	**33,407**	35,094	5
Guideline Development Centres	**7,933**	8,030	
External contractors	**5,416**	6,764	
British National Formulary	**4,795**	4,908	
Healthcare library services	**3,691**	3,550	
Premises and fixed plant	**3,195**	3,031	
Medical Technology External Assessment Centres	**2,200**	3,020	
Rentals under operating leases	**1,834**	1,753	
Travel expenditure	**1,663**	2,028	
Establishment expenses	**584**	653	
Supplies and services – general	**563**	106	
Education, training and conferences	**414**	381	
Legal fees	**257**	68	
Chair and non-executive directors' costs	**141**	144	
Auditor's remuneration: audit fees *	**50**	50	
Internal audit expenditure	**34**	22	
Non-cash items			
Depreciation	**878**	609	7
Amortisation	**43**	41	7
Provisions (sum of arising in year, prior year unused and change in discount rate)	**(223)**	995	11
	698	1,645	
Other operating costs: Interest	0	49	
Total	**66,875**	**71,296**	

* No non-audit fees were charged

Following a review on how we report the expenditure relating to the British National Formulary, we have excluded internal recharges which has reduced the 2016/17 expenditure in this category by £369k. The contra entry is recorded in Establishment expenses. Both categories have been restated for 2016/17.

Guideline Development Centres has been renamed from National Collaborating Centres in 2016/17 to better reflect the nature of this expenditure. The 2016/17 figure has reduced by £1.9 million to take account of the change of classification of the expenditure with the Royal College of Psychiatrists and external contractors increased as the contra entry.

New lines have been added for transparency to align reporting with the DHSC Group Accounting Manual. Travel expenditure and chair and non-executive director costs have been split out

from establishment expenditure. Legal fees and internal audit expenditure have been split out from supplies and services general.

In order to align reporting with that of the Department of Health and Social Care, the apprentice levy of £117k is now included within the staff costs disclosure rather than education, training and conferences. Of this, there was a non-cash utilisation of £16k in 2016/17 for apprentice training through the Digital Apprenticeship Service (DAS). The 2016/17 figures have been restated to reflect these changes.

4 Reconciliation

4.1 Reconciliation of net operating cost to net resource outturn

	31 March 18	31 March 17
Net operating cost	**50,395**	54,564
Net resource outturn	**50,395**	54,564
Revenue resource limit	**54,716**	58,553
(Over) / underspend against limit	**4,321**	3,989

4.2 Reconciliation of gross capital expenditure to capital resource limit

	31 March 18 £000	31 March 17 £000
Gross capital expenditure	**468**	472
Net capital resource outturn	**468**	472
Capital resource limit	**518**	500
(Over) / underspend against limit	**50**	28

5 Staff costs

	Permanently employed £000	Other £000	2017/18 Total £000	Permanently employed £000	Other £000	2016/17 Total £000
Salaries and wages	26,011	724	26,735	26,046	2,409	28,455
Social security costs	2,903	0	2,903	2,902	0	2,902
Employer contributions to NHS Pension Schemes	3,418	0	3,418	3,447	0	3,447
Apprentice levy	117	0	117	0	0	0
Termination benefits	234	0	234	290	0	290
	32,683	**724**	**33,407**	**32,685**	**2,409**	**35,094**
Less recoveries in respect of outward secondments	(61)	0	(61)	(92)	0	(92)
Total net costs	**32,622**	**724**	**33,346**	**32,593**	**2,409**	**35,002**

In order to align reporting with that of the Department of Health and Social Care, the apprentice levy is now included within the staff costs disclosure rather than education, training and conferences. The 2016/17 figures have been restated to reflect these changes.

Please also see the Remuneration and Staff Report, page 54.

Other staff costs relates to agency staff and seconded staff into NICE from other organisations.

6 Income

	2017/18 £000	2016/17 £000	Notes to accounts
Income from sale of goods and services			
Scientific Advice	**1,802**	1,547	
NICE International	**0**	2,084	
Publications, intellectual property and royalties income	**146**	117	
Office for Market Access	**154**	72	
	2,102	3,820	
Other operating income			
Income from related NDPBs and Special Health Authorities			
NHS England	**6,610**	5,444	
Health Education England	**4,123**	3,839	
NHS Business Services Authority	**38**	38	
Income from devolved administrations	**1,979**	2,084	
Other income			
Office sublet income	**879**	806	
Research grant receipts	**642**	519	
Income received for staff seconded out	**61**	92	5
Reimbursement of travel costs	**10**	17	
Contribution to UK Pharmascan costs	**20**	15	
Other income	**16**	58	
	14,378	12,912	
Total	**16,480**	16,732	

Income from sales of goods and services shows the total income received by NICE's income generating functions. The NICE International and Scientific Advice Programmes are operating segments under IFRS8 (Segmental Reporting), see Note 2 for further details.

Scientific Advice income has grown by 16.5% in 2017/18. This is mainly as a result of increasing the capacity of the team to enable more projects to be completed. Further, the Medtech Early Technical Assessment (META) tool was launched by the team in July 2017, generating initial revenues of £22,000 up to March 2018. Similar levels of Scientific Advice income are forecast for 2018/19.

There was no NICE International income received during 2017/18. In September 2016,the NICE International team moved to Imperial College London. Most ongoing projects such as the International Decision Support Initiative project also transferred at the same time. The NICE International brand is retained by NICE and our

international work will continue, led by the Scientific Advice and Office for Market Access teams. The prior year income from NICE International is shown for comparison above only.

Income from the Office for Market Access and publications income do not qualify as operating segments under IFRS8 as total receipts are below the required thresholds. The Office for Market Access provides expert advice for the life sciences industry in engaging with the NHS. Launched in 2015/16, the Office for Market Access facilitates engagement between life sciences companies and the healthcare system, generating income on a not for profit basis for arranging safe harbour meetings for organisations. Publications and royalties income includes royalties and licence fees relating to intellectual property and NICE content, charged in the UK and internationally.

Income from related NDPBs and Special Health Authorities shows the income from other NHS organisations whose parent is the Department of Health and Social Care.

The funding from NHS England relates to several programmes that NICE delivers or contributes to. In 2017/18, this included activity to continue supporting the Cancer Drugs Fund (£2.6 million), Evidence based treatment pathways for mental health (£1.3 million), supporting the NHS England Commissioning through Evaluation programme (£0.8 million) and producing evidence summaries, commissioning support documents and medtech innovation briefings (£1.3 million). In 2017/18, new agreements were reached with NHS England to provide funding for the development of a Medtech Horizon Scanning database (£0.3m) and assessing digitally enhanced IAPT (Improving Access to Psychological Therapies) technologies (£0.3 million).

Health Education England (HEE) provided £4.1 million in 2017/18 to fund the cost of core content (for example, journals and databases) that is available on the NICE Evidence Search website (available at www.evidence.nhs.uk). The £38,000 from the NHS Business Services Authority was used to distribute copies of the BNF to dentists across the UK.

Income from devolved administrations is a contribution of funds from Wales, Scotland and Northern Ireland to provide certain NICE products and services in those countries.

Other income includes receipts from continuing to sublet part of the leased office space to the Care Quality Commission and Homes England (both in the Manchester office) and the Human Fertilisation and Embryology Authority (London office).

NICE also participates in funded academic research, including the IMI ADAPT-SMART project supporting pathways to medicines access (£64,000), the ROADMAP project relating to efficient uses of real world evidence for the benefit of people with Alzheimer's disease and their care givers (£99,000), the HARMONY project

aiming to speed up the development of better and safer medicines for patients (£81,000), the DO-IT project promoting the use of big Data for better Outcomes, policy Innovation and healthcare system Transformation (£132,000) and European Health Technology Appraisal network (EUnetHTA) activities (£182,000) funded by the EU. NICE is working in partnership with Myeloma UK to explore methods for capturing and using patient preferences within HTA decision-making (£63,000) and the University of Manchester to support evidence-based public health interventions using Text Mining (£17,000).

The UK Pharmascan database is hosted by NICE and receives contributions to its running costs from the National Institute for Health Research (NIHR), UK Medicines Information (UKMi), Scottish Medicines Consortium (SMC), NHS England Specialised Services, Northern Ireland Health and Social Care Board and the All Wales Medicines Strategy Group (AWMSG).

7 Non-current assets

7.1 Intangible assets

	Total software licenses £000
Cost or valuation	
At 1 April 2017	649
Additions – purchased	86
Disposals	(20)
At 31 March 2018	**715**
Amortisation	
At 1 April 2017	563
Charged during the year	43
Disposals	(20)
At 31 March 2018	**586**
Net book value at 31 March 2018	**129**

All of NICE's assets are owned.

Cost or valuation	£000
At 1 April 2016	671
Additions – purchased	0
Disposals	(22)
At 31 March 2017	**649**
Amortisation	
At 1 April 2016	544
Charged during the year	41
Disposals	(22)
At 31 March 2017	**563**
Net book value at 31 March 2017	**86**

All of NICE's assets are owned.

7.2 Property, plant and equipment

2017/18	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2017	3,494	500	1,313	922	6,229
Additions – purchased	205	0	139	39	383
Disposals	(120)	(206)	(11)	0	(337)
At 31 March 2018	**3,579**	**294**	**1,441**	**961**	**6,275**
Depreciation					
At 1 April 2017	2,177	336	927	370	3,810
Charged during the year	606	38	140	94	878
Disposals	(120)	(206)	(11)	0	(337)
At 31 March 2018	**2,663**	**168**	**1,056**	**464**	**4,351**
Net book value at 31 March 2018	**916**	**126**	**385**	**497**	**1,924**
Net book value at 31 March 2017	1,317	164	386	552	2,419

No assets were donated during 2017/18. All of NICE's assets are owned.

2016/17	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2016	3,588	422	1,167	910	6,087
Additions – purchased	120	161	179	12	472
Disposals	(214)	(83)	(33)	0	(330)
At 31 March 2017	**3,494**	**500**	**1,313**	**922**	**6,229**
Depreciation					
At 1 April 2016	2070	398	809	254	3,531
Charged during the year	321	21	151	116	609
Disposals	(214)	(83)	(33)	0	(330)
At 31 March 2017	**2,177**	**336**	**927**	**370**	**3,810**
Net book value at 31 March 2017	**1,317**	**164**	**386**	**552**	**2,419**
Net book value at 31 March 2016	1,518	24	358	656	2,556

No assets were donated during 2016/17. All of NICE's assets are owned.

8 Trade receivables and other current assets

Amounts falling due within 1 year	2017/18 £000	2016/17 £000
Trade receivables	**1,820**	2,670
Prepayments and accrued Income	**2,045**	2,249
	3,865	4,919

The amount of accrued income relating to EU funding is £87k.

9 Cash and cash equivalents

	2017/18 £000	2016/17 £000
Balance at 1 April	**2,200**	6,379
Net change in cash and cash equivalent balances	**1,292**	(4,179)
Balance at 31 March	**3,492**	2,200
The following balances at March were held:		
Government Banking Service	**3,492**	2,200
Balance at 31 March	**3,492**	2,200

10 Trade payables and other liabilities

Amounts falling due within 1 year	2017/18 £000	2016/17 £000
Trade payables	**(566)**	(344)
Capital creditors	**0**	(8)
Tax and social security	**(6)**	(20)
Accruals and deferred income	**(2,235)**	(2,341)
	(2,807)	(2,713)

11 Provisions for liabilities and charges

	Total £000
Balances at 1 April 2016	2,455
Arising during the year	1,061
Utilised during the year	(1,527)
Provision not required written back	(122)
Change in discount rate	56
Balance at 1 April 2017	**1,923**
Arising during the year	**140**
Utilised during the year	(690)
Provision not required written back	(343)
Change in discount rate	(20)
At 31 March 2018	**1,010**
Analysis of expected timing of cash flows	
Within 1 year to (period to March 2019)	339
1–5 years (period April 2019 – March 2023)	120
Over 5 years (period March 2023+)	551

As at 31 March 2018 NICE had provisions of £107k for restructuring costs, £143k in relation to HR issues, £89k in respect to contractual issues and £671k in respect of expected dilapidation. The dilapidation relates to NICE's contractual liability at the end of the lease to reinstate the premises to the same state as at the start of the lease. The amount of the liability provision represents the current best estimate. The provisions have been discounted at –2.42% for short term (up to 5 years), –1.85% for medium term (5–10 years) and –1.56% for long term provisions (over 10 years).

12 Capital commitments

NICE has no contracted capital commitments at 31 March 2018 for which no provision has been made (31 March 2017 £nil).

13 Commitments under leases

13.1 Operating lease obligations

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise	2017/18 £000	2016/17 £000
Buildings		
Not later than 1 year	**1,901**	1,620
Later than 1 year and not later than 5 years	**5,358**	5,235
Later than 5 years	**3,544**	2,482
	10,803	9,337
Other leases		
Not later than 1 year	**161**	146
Later than 1 year and not later than 5 years	**129**	151
Later than 5 years	**0**	0
	290	297

Buildings

NICE leases office space in London and Manchester. The Manchester lease expires December 2027, with a break clause date of December 2024. The rent is due to be reviewed in December 2022. The London office is sublet from the British Council and expires December 2020 alongside the head lease.

Other

This is predominantly vehicles leased for staff under salary sacrifice arrangements, which are usually for a period of 3 years. Other leases include office equipment such as copiers, watercoolers and fire extinguishers. These leases are usually between 3 and 5 years in duration.

13.2 Finance lease obligations

NICE does not hold any finance leases (none in 2016/17)

14 Other financial commitments

The Institute has entered into non-cancellable contracts (which are not leases or private finance initiative contracts) for services. The payments to which NICE is committed during 2017/18 analysed by the period during which the commitment expires are as follows:

	2017/18 £000	2016/17 £000
Not later than 1 year	**414**	364
Later than 1 year and not later than 5 years	**499**	10
Later than 5 years	**0**	0
	913	374

15 Related parties

NICE is sponsored by the Department of Health and Social Care (DHSC), which is regarded as a related party. During the year, NICE has had various material transactions with DHSC itself and with other entities for which the DHSC is regarded as the parent entity. These include NHS England, Health Education England, NHS Business Services Authority, NHS trusts and NHS foundation trusts. In addition, NICE has had transactions with other government departments and central government bodies. These included the Care Quality Commission, Homes England, the British Council and the Human Fertilisation and Embryology Authority.

During the year ended 31 March 2018, no Board members, members of senior management, or other parties related to them have undertaken any material transactions with NICE except for those shown in the tables on pages 104 to 105.

It is important to note that the financial transactions disclosed were between NICE itself and the named organisation. The individuals named in the table have not benefited from those transactions. Any compensation paid to management, expense allowances and similar items paid in the ordinary course of operations is included in the notes to accounts and in the Remuneration and Staff Report.

Related parties 2017/18

Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Advisory Committee on Resource Allocation, NHS England	Prof. Sheena Asthana	Non-Executive Director	Member of Technical Advisory Group	6,614.0	137.6	79.9	434.3
BMJ Patients Panel (BMJ Publishing)	Prof. Angela Coulter	Non-Executive Director	Member	0.0	876.5	0.0	0.0
BUPA	Prof. Gillian Leng CBE	Deputy Chief Executive and Director	Association Member BUPA	1.5	0.0	0.0	0.0
Cochrane EPOC group	Prof. Gillian Leng CBE	Deputy Chief Executive and Director	Editor	0.0	4.0	4.0	0.0
Guidelines International Network	Prof. Gillian Leng CBE	Deputy Chief Executive and Director	Trustee	0.0	3.4	0.0	0.0
International Advisory Board Agency for Care Effectiveness, Ministry of Health Singapore	Prof. Carole Longson MBE	Executive Director	Member	5.2	0.0	0.0	0.0
King's College London	Prof. Gillian Leng CBE	Deputy Chief Executive and Director	Visiting professor	0.0	1,024.0	0.0	0.0
	Prof. Tim Irish	Non-Executive Director	Professor and Consultant				
Medicines Discovery Catapult, Innovate UK	Prof. Carole Longson MBE	Executive Director	Non-Executive Director	12.0	0.0	0.0	0.0
Public Health England	Prof. Gillian Leng CBE	Deputy Chief Executive and Director	Spouse – Executive Director	0.2	2.5	0.0	0.1
Pumping Marvellous Foundation	Prof. Martin R Cowie	Non-Executive Director	Member	0.0	0.4	0.0	0.0
Royal College of General Practitioners	Prof. Angela Coulter	Non-Executive Director	Honorary fellow	0.4	0.0	0.0	0.0
Royal Society of Medicine	Prof. Gillian Leng CBE	Deputy Chief Executive and Director	Trustee and Honorary Librarian	0.0	4.0	0.0	0.0
St George's University of London	Dr Rima Makarem	Non-Executive Director/Audit Chair	Independent Council Member	0.0	79.4	0.0	0.0
University College London Hospitals NHS Foundation Trust	Dr Rima Makarem	Non-Executive Director/Audit Chair	Non-Executive Director	0.0	42.7	0.0	0.0
Greater Manchester Mental Health NHS Foundation Trust	Damien Longson[1]	Chair of three NICE committees	Spouse of NICE Executive Director	0.0	5.1	0.0	0.0
Royal College of Psychiatrists				0.0	1,196.4	0.0	0.0

Related parties 2016/17

Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
BUPA	Prof. Gillian Leng CBE	Deputy Chief Executive & Director	Associate Member and member of the Medical Advisory Panel	1.5	0.0	0.0	1.5
Cochrane EPOC group	Prof. Gillian Leng CBE	Deputy Chief Executive & Director	Editor	0.0	1.6	0.0	0.0
Guidelines International Network	Prof. Gillian Leng CBE	Deputy Chief Executive & Director	Trustee	1.6	9.5	0.0	0.0
Imperial College London	Martin Cowie	Non-Executive Director	Professor of Cardiology	0.0	0.0	0.0	0.0
King's College London	Prof. Gillian Leng CBE	Deputy Chief Executive & Director	Visiting professor	0.0	768.8	0.0	0.0
Medicines Discovery Catapult, Innovate UK	Prof. Carole Longson MBE	Executive Director	Non-Executive Director	13.0	0.0	0.0	0.0
Public Health England	Prof. Gillian Leng CBE	Deputy Chief Executive & Director	Spouse - Executive Director	0.0	2.8	0.0	0.0
RAE Consulting	Prof. Sheena Asthana	Non-Executive Director	Spouse - Director	0.0	5.4	0.0	0.0
Royal College of Physicians (Faculty of Public Health)	David Hunter	Non-Executive Director	Hon Member	178.2	3,424.6	33.8	0.0
Royal Society of Medicine	Prof. Gillian Leng CBE	Deputy Chief Executive & Director	Trustee and Honorary Librarian	0.0	6.8	0.2	0.0
Salford Royal NHS Foundation Trust	Elaine Inglesby-Burke CBE	Non-Executive Director	Executive Director of Nursing	0.0	7.9	0.7	0.0
St George's University of London	Dr Rima Makarem	Non-Executive Director/Audit chair	Independent Council Member	0.0	72.5	0.0	0.0
University College London Hospitals	Dr Rima Makarem	Non-Executive Director/Audit chair	Non-Executive Director	0.0	40.6	0.0	0.0
Greater Manchester Mental Health	Damien Longson [1]	Membership of 3 NICE committees	Spouse of NICE Executive Director	0.0	24.6	0.0	0.0
National Institute for Health Research (grant co-applicant)				0.9	0.0	0.0	0.0

1 Although Damien Longson is not a Board Member or senior manager of NICE, his membership on 3 of NICE's committees could be regarded as significant and we have therefore included him in this disclosure.

16 Events after the reporting period

In accordance with requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

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

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