



*National Institute for  
Health and Clinical Excellence*

# Annual Report and Accounts 2009/10



**National Institute for Health and  
Clinical Excellence  
(Special Health Authority)**

**Annual Report and Accounts 2009/10**

Presented to Parliament pursuant to Paragraph 6 (3), Section 232, Schedule 15 of  
the National Health Service Act 2006

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# CHAIRMAN'S AND CHIEF EXECUTIVE'S FOREWORD

After nearly a decade of expansion, the National Health Service is taking a long, hard look at how it can continue to increase the quality of care it provides against a backdrop of tightening budgets. NICE has a key role to play in helping it do so.

Contributing to the quality and productivity of the NHS has always been part of the role of NICE. We are in the business of sorting out what is effective – from both clinical and cost standpoints – from what is not. It is not simply about cutting costs. We provide clear, authoritative evidence-based information for those that commission and provide care to ensure not only that the money they spend improves health for their communities, but also – just as importantly – that they do not spend money on ineffective care.

During 2009/10 we produced 13 clinical guidelines, 17 technology appraisals, advice on the use of 42 interventional procedures and guidance on four public health topics. Following our guidance is the best possible way for organisations to deliver quality care for patients, and we show service providers how they can best spend their resources.

We have also reviewed what we offer the NHS and wider public health community in the light of an imminent tightening of resources. We have talked to people in the NHS about what they need from us so we can plan changes to the way in which we develop and present our advice, and make access to it easier. From identifying specific recommendations that can save money, to advice on reconfiguration to support disinvestment from clinically ineffective services, we have a range of products and services to help realise savings that can be reinvested into patient care.

In the short term, we have increased the profile of our cost-saving recommendations, which in recent years add up to many millions of pounds of savings across a range of clinical practice, freeing up resources and capacity that can be used for other services.

We are particularly proud of the success of NHS Evidence, launched in April 2009. This exciting new service provides web access to all the best clinical evidence, non-clinical evidence and best practice, including recommendations on improving productivity. Over 10 million searches have already been carried out by users, and more than 5,000 healthcare professionals have registered to personalise their version of the site. As well as access to accredited guidance from NICE and other providers, NHS Evidence includes about 200 examples of cost-saving changes in the nature and delivery of clinical practice. Changes in the care of patients with strokes, for example, can reduce both deaths and lengths of hospital stays.

Our guidance continues to have an international reputation and profile, reflected in requests for advice from our consultancy arm, NICE International, from Turkey, Colombia, Georgia, China and elsewhere.

In addition to our guidance, new initiatives started this year are also playing a key role in helping the NHS improve quality and productivity. Consultation has taken place on the new Quality Standards due to be published later in 2010. These will provide a set of concise, measurable statements about high-quality care to be used by professionals, providers and patients. We are also now responsible for setting the clinical and cost-effectiveness indicators for the Quality and Outcomes Framework, the incentive scheme for general practice. And we are ready to start our

new medical technologies programme, which will provide much-needed advice on the effectiveness of new devices and diagnostics, paving the way for a more uniform and joined-up approach to their use in the NHS.

This substantial increase in our work and outputs would not be possible without the dedicated support of our stakeholders – NHS colleagues, patient organisations or our committee and board members – and our staff. It is once again our duty and our pleasure to thank them for their commitment and dedication to their work, to NICE, to the NHS and to the health of the nation.

More information about our work during 2009/10 is available on our website:

<http://review2009-10.nice.org.uk>

**Professor Sir Michael Rawlins** Chairman

**Sir Andrew Dillon CBE** Chief Executive

# OVERVIEW

## WHO WE ARE

NICE is an independent organisation responsible for providing national guidance on treatments and care for those using the NHS in England, Wales and Northern Ireland, and on effective public health interventions in England. Some of our guidance is also used by the NHS in Scotland. Through NHS Evidence, we also provide support for decision-makers across health and social care and a process for quality assuring sources of information.

In 2009/10, we published 13 new clinical guidelines, 17 technology appraisals, and guidance on 42 interventional procedures and four public health topics. NICE also published five commissioning guides and 20 implementation uptake reports to assess compliance with guidance across the NHS. NICE reports its performance to the Department of Health and the Board using a balanced scorecard.

Professor Sir Michael Rawlins is Chairman and Sir Andrew Dillon CBE is Chief Executive.

## WHAT WE DO

### CENTRE FOR CLINICAL PRACTICE

The Centre for Clinical Practice develops and maintains high quality, evidence-based, cost effective clinical guidelines. These give a range of users easily accessible information on the treatment and care of people with specific diseases and conditions within the NHS.

### CENTRE FOR PUBLIC HEALTH EXCELLENCE

The Centre for Public Health Excellence produces public health guidance based on the best available evidence of effectiveness and cost effectiveness for the NHS, local government, the education sector and other audiences whose activities impinge on the health of the public, preventing disease and promoting health.

### CENTRE FOR HEALTH TECHNOLOGY EVALUATION

The Centre for Health Technology Evaluation develops guidance on the use of new and existing medicines, treatments and procedures within the NHS. In addition to its guidance-producing activities, the Centre is responsible for the Patient Access Scheme Liaison Unit and the Scientific Advice programme, and it hosts the NICE Topic Selection Programme.

### NHS EVIDENCE

NHS Evidence is a service provided by NICE to improve use of, and access to, evidence-based information about health and social care. It includes access to a range of evidence-based information – primary research, summarised evidence, reports and practical evidence-based tools to support implementation. A formal programme accredits external guidance producers. The service also provides specialist information commissioned through 28 ‘specialist collections’, and contract management to support the British National Formulary. It also provides procurement for journals and books on behalf of the ten strategic health authorities.

### SUPPORT FOR IMPLEMENTATION OF NICE GUIDANCE

The role of the Implementation directorate is to lead the support provided to key audiences and organisations, within and beyond the NHS, to maximise uptake of all types of guidance issued by NICE. The directorate aims to motivate and encourage change in practice through working through other organisations’ systems within the NHS and partner organisations, provide practical support and monitor uptake of the recommendations to inform future work. It develops quality indicators for primary care and quality standards for a range of settings and audiences related to care pathways or service areas.

To see all NICE guidance and how we develop our recommendations visit: [www.nice.org.uk](http://www.nice.org.uk)



## WHERE DOES NICE GUIDANCE APPLY?

### ENGLAND

Clinical guidelines  
Technology appraisals  
Interventional procedures  
Public health guidance

### SCOTLAND

Technology appraisals\*  
Interventional procedures  
\*With advice from NHS Quality Improvement Scotland

### NORTHERN IRELAND

Clinical guidelines\*  
Technology appraisals\*  
Interventional procedures  
\*With advice from the Department of Health, Social Services and Public Safety

### WALES

Clinical guidelines  
Technology appraisals  
Interventional procedures

## HOW WE WORK

NICE works with experts from the NHS, local authorities and others in the public, private, voluntary and community sectors, as well as patients and carers. We make independent decisions in an open, transparent way, based on the best available evidence, and we include input from experts and interested parties.

The NHS is committed to enabling the public to influence the development and delivery of services. NICE has, from the outset, actively encouraged the involvement of patients, carers and the public (organisations and individuals) in the development and implementation of our guidance. Our Citizens Council provides a public perspective on NICE decision-making processes. We have broadened opportunities for public scrutiny of our decisions by holding meetings of our advisory bodies in public.

## PROMOTING OUR WORK

The work we do is seldom out of the public eye and we use many ways to engage and interact with the wider world.

- The NICE annual conference in December 2009 focused on 'Innovation and value', attracting more than 800 delegates.
- In 2009/10 the NICE exhibition stand visited 31 events around the UK. In addition, members of the NICE team spoke

at more than 70 conferences around the UK, Europe and further afield.

- Throughout 2009/10, press interest in our work remained high. Our communications team actively engaged with the print, broadcast and online media providing more detailed explanations for our recommendations, particularly where they challenge the expectations of patients, professionals and producers.
- Our enquiry handling team responded to more than 12,000 calls, letters and emails in 2009/10 on a range of topics, including how we work and how we make recommendations. Just under half of all the enquiries received were from healthcare professionals in the NHS who are using NICE guidance in their daily work, and a third were from members of the public who wanted to know more about our recommendations.
- Our website provides information about all of NICE's different work programmes including free access to all NICE guidance and implementation tools to help people use it. In 2009/10 there were almost 9 million visits to our website.

## LEGAL CHALLENGES TO NICE GUIDANCE

We faced two judicial reviews in 2009/10, with challenges to our 2008 guidance on the use of abatacept for the treatment of rheumatoid

arthritis and our guidance on the use of a number of drugs to prevent osteoporotic fractures.

The High Court judgement rejected the appellant's claims that the consultation process during the appraisal on the use of abatacept for the treatment of rheumatoid arthritis was unfair and that the criteria used in the decision-making process breached the EU Transparency Directive.

In December 2009 leave was sought to overturn an earlier ruling of the High Court, which had upheld our guidance on the use of a number of drugs to prevent osteoporotic fractures. It was argued that we had failed to adequately explain why we had regarded a post-hoc subgroup analysis of the drug, strontium ranelate (Protelos), as unreliable. This decision had limited the use of strontium ranelate to patients who are at high risk of osteoporotic fractures or who are unable to tolerate alendronate, another recommended drug.

The Court of Appeal did not rule that we had necessarily made the wrong decision, but it found that we should have done more to explain our decision on this post-hoc study. We are looking again at this evidence and will consider whether the original guidance needs to be changed.

# ABOUT NICE

## THE BOARD

The Board's membership in 2009/10 was:

**Professor Sir Michael Rawlins** Chairman

**Dr Margaret Helliwell**<sup>1</sup> Vice Chair

**Mark Taylor**<sup>2</sup> Vice Chair

**Revd Frederick George**<sup>3</sup> Non-Executive Director

**Jenny Griffiths OBE** Non-Executive Director

**Professor David Hunter**<sup>4</sup> Non-Executive Director

**Mercy Jeyasingham MBE** Non-Executive Director

**Professor Rona McCandish** Non-Executive Director

**Andrew McKeon**<sup>5</sup> Non-Executive Director

**Professor Patrick Morrison** Non-Executive Director

**Professor Helen Roberts** Non-Executive Director

**Linda Seymour**<sup>6</sup> Non-Executive Director

**Jonathan Tross CB** Non-Executive Director

**Sir Andrew Dillon CBE** Chief Executive

**Dr Gillian Leng** Deputy Chief Executive and Chief Operating Officer, NHS Evidence

**Professor Peter Littlejohns** Clinical and Public Health Director

**Ben Bennett** Business Planning and Resources Director

1 Vice Chair from 20/05/09

2 End of Non-Exec Services from 30/04/09

3 End of Non-Exec Services from 31/07/09

4 Non-Executive Director from 01/11/09

5 Non-Executive Director from 21/05/09

6 Non-Executive Director from 01/11/09

## BOARD COMMITTEES

### AUDIT COMMITTEE

The Audit Committee provides an independent and objective review of arrangements for internal control within NICE, including risk management. The members of the Audit Committee in 2009/10 were:

**Jonathan Tross CB\*** Non-Executive Director

**Revd Frederick George**<sup>1</sup> Non-Executive Director

**Jenny Griffiths OBE** Non-Executive Director

**Professor Patrick Morrison**<sup>2</sup> Non-Executive Director

**Professor Helen Roberts**<sup>3</sup> Non-Executive Director

**Mark Taylor**<sup>4</sup> Non-Executive Director

\* Chair of the Committee

1 Until 31/07/09

2 Started 30/05/09

3 Started 25/09/09

4 Until 30/04/09

### HUMAN RESOURCES COMMITTEE

The Human Resources Committee agrees, monitors and reviews NICE's human resources strategies and policies. The members of the Remuneration and Terms of Service Committee in 2009/10 were:

**Mercy Jeyasingham MBE\*** Non-Executive Director

**Jenny Griffiths OBE** Non-Executive Director

**Linda Seymour** Non-Executive Director<sup>1</sup>

**Professor Helen Roberts** Non-Executive Director<sup>2</sup>

**Ben Bennett** Business Planning and Resources Director

\* Chair of the Committee

1 Started 4/3/10

2 Until 4/3/10

### REMUNERATION AND TERMS OF SERVICE COMMITTEE

The Remuneration and Terms of Service Committee sets remuneration levels and terms of service for senior staff at NICE, in line with NHS practice. The members of the Remuneration and Terms of Service Committee in 2009/10 were:

**Professor Sir Michael Rawlins** Chairman

**Dr Margaret Helliwell** Non-Executive Director

**Andrew McKeon** Non-Executive Director

**Jonathan Tross CB** Non-Executive Director

## SENIOR MANAGEMENT TEAM

The members of the NICE Senior Management Team in 2009/10 were:

**Sir Andrew Dillon CBE** Chief Executive

**Dr Gillian Leng** Deputy Chief Executive and Chief Operating Officer, NHS Evidence

**Ben Bennett** Business Planning and Resources Director

**Professor Peter Littlejohns** Clinical and Public Health Director

**Dr Carole Longson** Health Technology Evaluation Centre Director

**Professor Mike Kelly** Public Health Excellence Centre Director

**Dr Fergus Macbeth** Clinical Practice Centre Director

**Jane Gizbert** Communications Director

**Val Moore** Interim Implementation Director

## CITIZENS COUNCIL COMMITTEE

The Citizens Council Committee, in consultation with the rest of NICE, decides the questions to be put to the Citizens Council.

The members of the Citizens Council Committee in 2009/10 were:

**Professor Sir Michael Rawlins** Chairman

**Mercy Jeyasingham MBE** Non-Executive Director

**Professor Helen Roberts** Non-Executive Director

**Professor Peter Littlejohns** Clinical and Public Health Director

## INDEPENDENT ADVISORY COMMITTEES

Membership of these committees includes health professionals working in the NHS and people who are familiar with the issues affecting patients and carers. While they may seek the views of organisations that represent healthcare professionals, patients and carers, manufacturers and government, their advice is independent of any vested interest. During 2009/10 they were:

- Interventional Procedures Advisory Committee, chaired by Professor Bruce Campbell
- Public Health Interventions Advisory Committee, chaired by Dr Catherine Law OBE

- Technology Appraisal Committees, chaired by Professor David Barnett CBE (until September 2009), Dr Jane Adam, Dr Amanda Adler, Professor Peter Clark and Professor Andrew Stevens
- Primary Care Quality and Outcomes Framework Indicator Advisory Committee, chaired by Dr Colin Hunter
- NHS Evidence Advisory Committee, chaired by Professor David Haslam
- Medical Technologies Advisory Committee, chaired by Professor Bruce Campbell.

## INDEPENDENT ACADEMIC CENTRES

NICE commissions independent academic centres to review the published evidence when developing technology appraisals guidance.

We currently work with the following organisations:

- 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, Peninsula Medical School, Universities of Exeter and Plymouth
- Southampton Health Technology Assessment Centre (SHTAC), University of Southampton
- West Midlands Health Technology Assessment Collaboration (WMHTAC), Unit of Public Health, Epidemiology and Biostatistics, University of Birmingham.

We also commission independent academic centres to review the published evidence when developing public health guidance. The Centre for Public Health Excellence at NICE in 2009/10 worked with the following organisations:

- Centre for Public Health, Liverpool John Moores University

- London School of Hygiene and Tropical Medicine at the University of London
- Centre for Reviews and Dissemination, University of York
- University of the West of England
- University College, London.

## REVIEW BODY FOR INTERVENTIONAL PROCEDURES

We commission an independent review body to carry out a systematic review when more information is needed before guidance can be developed on an interventional procedure. The review body is a joint venture between the Health Services Research section at the School of Health and Related Research, University of Sheffield, and the Health Services Research Unit at the University of Aberdeen.

## NATIONAL COLLABORATING CENTRES

The National Collaborating Centres (NCCs) develop clinical guidelines for NICE. The NCCs bring together a multidisciplinary development group for each guideline. These groups include patients, healthcare professionals such as nurses and GPs, and technical experts who work together to interpret evidence and draft recommendations. The centres are:

- National Clinical Guidelines Centre (NCGC) for Acute and Chronic Conditions hosted by the Royal College of Physicians
- NCC for Cancer, based at the Velindre NHS Trust
- NCC for Mental Health, run jointly by the Royal College of Psychiatrists and the British Psychological Society
- NCC for Women's and Children's Health, based at the Royal College of Obstetricians and Gynaecologists and the Royal College of Paediatrics and Child Health.

## PUBLIC HEALTH COLLABORATING CENTRES

The Public Health Collaborating Centres (PHCCs) undertake reviews of the evidence and economic analyses for consideration by the Public Health Interventions Advisory Committee (PHIAC) or a programme development group. In 2009/10, the PHCCs were:

- School of Health and Related Research (SchARR), University of Sheffield
- West Midlands Health Technology Assessment Collaboration (WMHTAC), Unit of Public Health, Epidemiology and Biostatistics, University of Birmingham
- Peninsula Technology Assessment Group (PenTAG), Institute for Health Services Research, Peninsula Medical School, Universities of Exeter and Plymouth.

## PARTNERS COUNCIL

The Partners Council has provided a useful forum in which NICE has been able to exchange ideas and discuss future plans with stakeholders. However, NICE has developed a greater range of general and specific ways of reaching stakeholders who regularly contribute to our strategy, policies and guidance. Therefore, at the Board meeting held on 19 May 2010 it was decided to disband the Partners Council and ask the Secretary of State to remove it from NICE's Statutory Instruments.

# MANAGEMENT COMMENTARY

## CURRENT AND FUTURE DEVELOPMENTS

NICE underwent a period of rapid development during 2009/10, expanding a number of its existing programmes and developing new functions. These developments, which will mature during 2010/11, include:

- extending the NHS Evidence service
- developing the clinical dataset in the Quality and Outcomes Framework
- setting national Quality Standards for the NHS
- launching and developing the NICE Fellows and Scholars programme
- initial development of a new medical devices and diagnostics evaluation programme
- increasing clinical practice and public health guidance.

These and other initiatives resulted in NICE's budget rising to £60.5 million in 2009/10 and the total budgeted staffing increased from 277 whole time equivalent (wte) to 435 wte during 2009/10.

Funding for 2010/11 is currently being discussed with the Department of Health, and will be accompanied by a requirement to make significant efficiency gains, for which plans are being put in place.

## FINANCIAL OVERVIEW

The overall position against the revenue budget for 2009/10 was an underspend of £1.9 million. This position is net of some variances on the original plan. There were a number of areas where there was programme slippage, particularly in the Centre for Health Technology Evaluation. This was primarily the result of new activity slippage resulting from delays in the confirmation of additional funding.

Part of the underspend was offset by one-off projects that were approved during the year. These included:

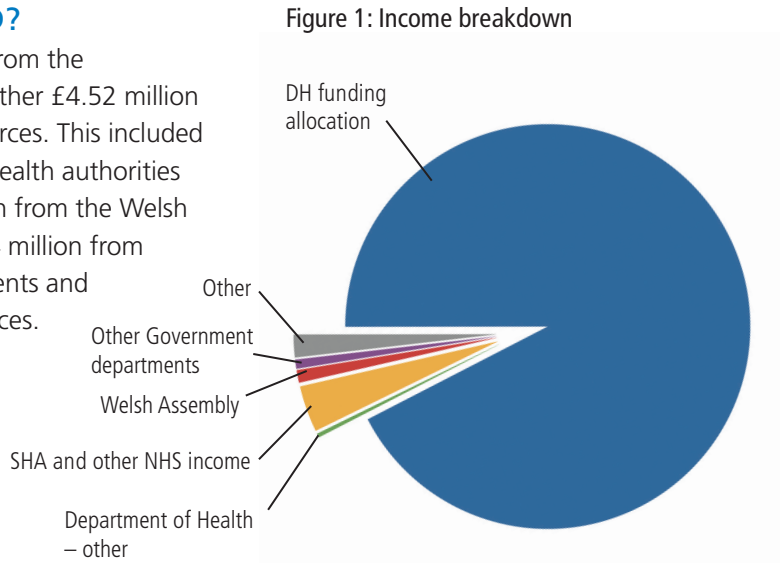
- work on making electronic versions of NICE guidance more accessible
- the development of a pilot Pathways project, which when complete will present all NICE guidance, tools and materials to support its use, along familiar disease and condition pathways
- the production of an additional clinical guideline on autism
- redundancy costs associated with long-term employees seconded to other organisations.

The capital budget of £0.5 million was used to:

- reorganise the London office, creating more meeting rooms and improving the office space
- extend the committee meeting room in the Manchester office
- create more meeting space in the Manchester office.

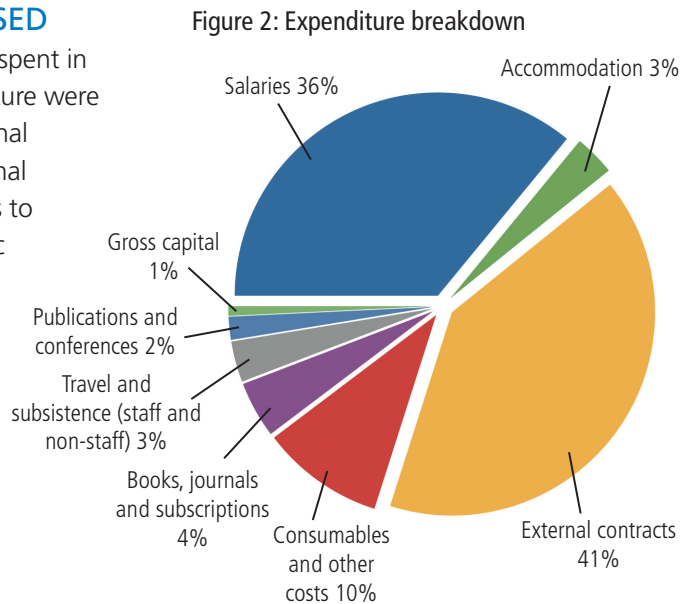
## HOW IS NICE FUNDED?

£55.2 million was received from the Department of Health. A further £4.52 million was received from other sources. This included £2.2 million from strategic health authorities and NHS bodies, £0.6 million from the Welsh Assembly Government, £0.4 million from other Government departments and £1.1 million from other sources.



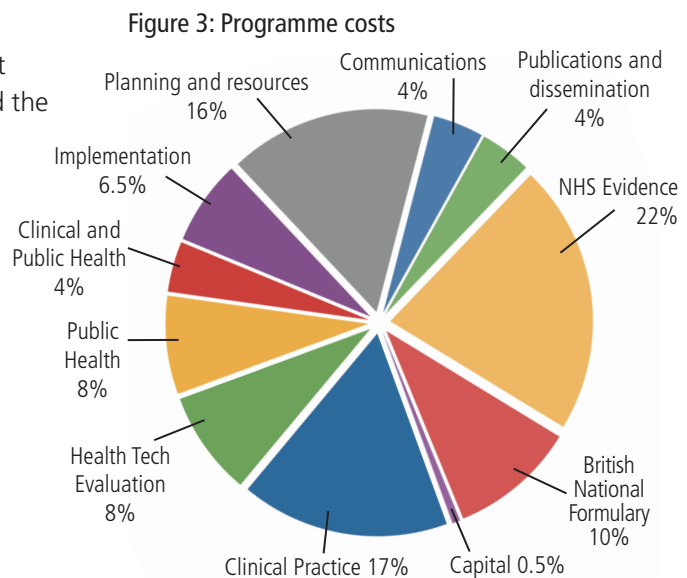
## HOW THE FUNDING WAS USED

Figure 2 shows how the money was spent in 2009/10. The main areas of expenditure were external contracts and salaries. External contracts are in place with the National Collaborating Centres, which help us to produce clinical guidelines and public health guidance; the British National Formulary; and specialist collections to support the work of NHS Evidence.



## PROGRAMME COSTS

Figure 3 shows how the spending was split between the NICE's work programmes and the support functions.



## **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 clients enjoy the benefits of a safe environment. There were ten reportable incidents at work during the year which were risk assessed and appropriate action taken. No days were lost due to injury at work.

## **EMPLOYEE INVOLVEMENT**

We work closely with our staff to inform them of important developments and to involve them in the development of policy and strategy. Arrangements for doing so include a Staff Involvement Forum and formal consultation on major changes. Internal communication is maintained by team briefings, monthly all-staff meetings and regular updates and newsletters.

## **SUSTAINABLE DEVELOPMENT**

We developed a Sustainable Development Action Plan in 2007. A staff committee was formed to meet targets and to consider further environmental issues relevant to NICE's activities.

We are working to reduce our carbon footprint and contribute to strategies that reduce carbon emissions. As well as a cycle-to-work scheme, we recycle paper, ink cartridges, telephones and plastic. In 2009/10, 77% of waste was recycled, which exceeded target by 50%.

We have signed up to the 10:10 campaign with the aim of reducing our carbon footprint by 10%.

## **EQUALITY AND DIVERSITY**

We are committed to promoting equality and eliminating unlawful discrimination. We have an Equality and Diversity policy and an equality scheme that ensures compliance with all relevant legislation and practice. All staff are required to attend equality and diversity training every 3 years.

We are also committed to ensuring that all sections of society have the opportunity to be considered for the appointments we make and therefore operate a Guaranteed Interview scheme for disabled applicants. As well as being fair, we believe that the quality of those appointed will improve if we are able to draw from the widest possible pool of talent available.

We make reasonable adjustments for employees with a disability – for example, with flexible working arrangements, working from home and adaptations to the working environment.

We also have flexible working arrangements in place that are over and above the legislative requirements under current employment legislation.

We produce an equal opportunities report each year for the Secretary of State for Health that systematically monitors adherence to employment legislation on equality and diversity.

## **FREEDOM OF INFORMATION**

NICE has complied with its responsibilities to disclose information under the Freedom of Information Act, including charging for such information, where necessary, in accordance with Treasury guidance.

## **SICKNESS ABSENCE**

During 2009/10 the percentage of days lost due to sickness was 1.39% (2008/09: 2.85%).

*Further information about NICE and its activities is available on our website: [www.nice.org.uk](http://www.nice.org.uk)*



## BETTER PAYMENT PRACTICE CODE – MEASURE OF COMPLIANCE

	Number	£000
Total non-NHS bills paid 2009/10	8,623	40,684
Total non-NHS bills paid within target	<u>8,181</u>	<u>37,594</u>
Percentage of non-NHS bills paid within target	<u>94.9%</u>	<u>92.4%</u>
Total NHS bills paid 2009/10	129	1,948
Total NHS bills paid within target	<u>94</u>	<u>1,508</u>
Percentage of NHS bills paid within target	<u>72.9%</u>	<u>77.4%</u>

### STATUTORY FRAMEWORK

The accounts for the year up to 31 March 2010 have been prepared in accordance with the direction given by the Secretary of State for Health in accordance with the NHS Act 2006 and in a format determined by the Department of Health with the approval of the Treasury.

NICE was established as the National Institute for Clinical Excellence on 26 February 1999 as a Special Health Authority to become operational on 1 April 1999. On 1 April 2005 the National Institute for Health and Clinical Excellence was established, which incorporated the functions of the Health Development Agency, which had been disestablished on 31 March 2005. Founding legislation includes the National Health Service Act 1977 c49, S.I. 1999/220, S.I. 260 and S.I. 2005/497.

NICE is required to produce an annual report on its activities and finances to the Secretary of State for Health and the Welsh Assembly Government.

### INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Following an announcement in the 2007 budget and an amendment in 2008, government bodies were required to adopt International Financial Reporting Standards (IFRS) in full from 1 April 2009 and were also required to restate 2008/09 accounts using IFRS to provide comparative information. Details of the effect IFRS has had on the 2008/09 accounts can be seen in note 20 of the accounts. NICE has successfully made the transition to IFRS.

### OTHER INFORMATION

NICE is not aware of any incidents during the year related to loss or unauthorised disclosure of protected personal data.

### AUDITORS

The accounts have been audited by the Comptroller and Auditor General in accordance with the National Health Service Act 2006. The Audit Certificate can be found on pages 25– 26.

The Comptroller and Auditor General is Amyas CE Morse. His address is:

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

### AUDIT ASSURANCE

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 that 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.

Signed

Sir Andrew Dillon CBE  
Chief Executive and Accounting Officer

Dated 9 June 2010

# REMUNERATION REPORT

The remuneration of the Chair and non-executive directors is set by the Secretary of State for Health.

The salaries of the three consultant clinicians are subject to direction from the Secretary of State and the remuneration of the Chief Executive is subject to approval by the Department of Health. The remuneration of the senior managers detailed in the table on page 18 is set by the Remuneration and Terms of Service Committee.

The financial information contained in this Remuneration Report has been audited. Information on NICE's remuneration policy and the membership of the Remuneration and Terms of Service Committee can be found on page 9 and has not been audited.

## PERFORMANCE APPRAISAL

For all senior managers below executive director level, NICE complies with – and follows the procedures as set out in – the NHS National Terms and Appraisal of Service (Agenda for Change). A personal objective-setting process is managed by the line managers. This links into the annual appraisals and review process and supports the Knowledge and Skills Framework.

Executive directors take the lead on this process within the areas they are responsible for. They are also subject to performance review, in line with the Very Senior Managers' Pay Framework.

## TERMS AND CONDITIONS: THE NICE CHAIR AND NON-EXECUTIVE DIRECTORS

For the Chair and non-executive members of NICE the terms and conditions are laid out below.

### 1. STATUTORY BASIS FOR APPOINTMENT

The Chair and non-executive members of special health authorities hold a statutory office under the National Health Service Act 1977. Their appointment does not create any contract of service or contract for services between them and the Secretary of State or between them and NICE.

### 2. EMPLOYMENT LAW

The appointment of the Chair and non-executive members of NICE are not within the jurisdiction of Employment Tribunals. Neither is there any entitlement for compensation for loss of office through employment law.

### 3. REAPPOINTMENTS

The Chair and non-executive members are eligible for reappointment at the end of their period of office, but they have no right to be reappointed. The Appointments Commission will usually consider afresh the question of who should be appointed to the office. However, the Appointments Commission is likely to consider favourably a second term of appointment without competition for people whose performance has been appraised as consistently good during their first term. If reappointed, further terms will only be considered after open competition, subject to a maximum service of 10 years with the same organisation and in the same role.

### 4. TERMINATION OF APPOINTMENT

Regulation 5 of the NHS Regulations sets out the grounds for terminating an appointment. A Chair or non-executive member may resign by giving notice in writing to the Secretary of State or the Appointments Commission. Their

appointment will also be terminated if, in accordance with regulations, they become disqualified for the post. In addition, the Appointments Commission may terminate the appointment of the Chair and non-executive members 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 member 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 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 no longer be in the interests of the health service for the appointee to continue in office. The list is not exhaustive or definitive; the Appointments Commission 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 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 Appointments Commission that an appointment is discontinued.

## **5. REMUNERATION**

Under the Act, the Chair and non-executive members 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.

## **6. CONFLICT OF INTEREST**

NHS boards are required to adopt the Codes of Conduct and Accountability (see [www.dh.gov.uk](http://www.dh.gov.uk)). 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 that is available to the public.

## **7. INDEMNITY**

NICE is empowered to indemnify the Chair and non-executive members against personal liability that they may incur in certain circumstances while carrying out their duties.

## **TERMS AND CONDITIONS: NICE EXECUTIVE**

### **1. 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.

### **2. TERMINATION OF APPOINTMENT**

An executive director has to give 3 months notice. NICE will give an executive director 6 months' notice for any substantive reason other than incapacity. In the case of incapacity, NICE will give 6 months' notice once sick pay allowances have been exhausted.

There is no provision for compensation included in NICE's annual accounts for the early termination of any executive director's contract of service.

## SALARIES AND ALLOWANCES – SENIOR MANAGERS’ REMUNERATION

Name	Title	2009/10			2008/09		
		Salary (bands of £5,000) £000	Other remuneration (bands of £5,000) £000	Benefits in kind (rounded to the nearest £000)	Salary (bands of £5,000) £000	Other remuneration (bands of £5,000) £000	Benefits in kind (rounded to the nearest £000)
Prof Sir Michael Rawlins	Chair	60 to 65	nil	nil	60 to 65	nil	nil
Mark Taylor (1)	Vice Chair	0 to 5	nil	nil	5 to 10	nil	nil
Dr Margaret Helliwell (2)	Vice Chair	5 to 10	nil	nil	5 to 10	nil	nil
Revd Frederick George (3)	Non-Executive Director	0 to 5	nil	nil	5 to 10	nil	nil
Mercy Jeyasingham MBE	Non-Executive Director	5 to 10	nil	nil	5 to 10	nil	nil
Prof Helen Roberts	Non-Executive Director	5 to 10	nil	nil	5 to 10	nil	nil
Jenny Griffiths OBE	Non-Executive Director	5 to 10	nil	nil	5 to 10	nil	nil
Jonathan Tross CB	Non-Executive Director	10 to 15	nil	nil	10 to 15	nil	nil
Prof Rona McCandlish	Non-Executive Director	5 to 10	nil	nil	5 to 10	nil	nil
Prof Patrick Morrison	Non-Executive Director	5 to 10	nil	nil	5 to 10	nil	nil
Andrew McKeon (4)	Non-Executive Director	5 to 10	nil	nil	5 to 10	nil	nil
Prof David Hunter (5)	Non-Executive Director	0 to 5	nil	nil	nil	nil	nil
Linda Seymour (6)	Non-Executive Director	0 to 5	nil	nil	nil	nil	nil
Prof Shah Ebrahim (7)	Non-Executive Director	nil	nil	nil	5 to 10	nil	nil
Sir Andrew Dillon CBE	Chief Executive	190 to 195	nil	nil	190 to 195	nil	nil
Dr Gillian Leng (9)	Deputy Chief Executive & Chief Operating Officer, NHS Evidence	150 to 155	nil	nil	85 to 90	nil	nil
Dr Gillian Leng (10)	Implementation Director & Deputy Chief Executive	nil	nil	nil	60 to 65	nil	nil
Prof Peter Littlejohns	Clinical & Public Health Director	170 to 175	nil	nil	175 to 180	nil	nil
Dr Fergus Macbeth (8)	Clinical Practice Centre Director	160 to 165	nil	nil	75 to 80	nil	nil
Dr Carole Longson	Health Technology Evaluation Centre Director	130 to 135	nil	nil	115 to 120	nil	nil
Prof Michael Kelly	Public Health Excellence Centre Director	110 to 115	nil	nil	105 to 110	nil	nil
Ben Bennett	Business Planning and Resources Director	120 to 125	nil	nil	115 to 120	nil	nil
Jane Gizbert (11)	Communications Director	105 to 110	nil	nil	55 to 60	nil	nil
Val Moore (12)	Interim Implementation Director	95 to 100	nil	nil	55 to 60	nil	nil
Dr Mercia Page (13)	Clinical Practice Centre Director	nil	nil	nil	5 to 10	nil	nil
Louise Fish (14)	Communications Director	nil	nil	nil	5 to 10	nil	nil

(1) End of Non Exec Services from 30/04/09  
(2) Vice Chair from 20/05/09  
(3) End of Non Exec Services from 31/07/09  
(4) Non Executive Director from 21/05/09  
(5) Non Executive Director from 01/11/09  
(6) Non Executive Director from 01/11/09

(7) End of Non Exec Services from 31/12/08  
(8) Director of Clinical Practice Centre from 29/09/08  
(9) Added responsibility of Chief Operating Officer, NHS Evidence, from 01/08/08  
(10) Released responsibility of Implementation Director from 31/08/08

(11) Director of Communications from 15/09/08  
(12) Interim Director of Implementation from 01/09/08  
(13) Left 20/04/08  
(14) Left 18/04/08

## PENSION BENEFITS – SENIOR MANAGEMENT

Name	Title	Real increase in pension at 60 (bands of £2,500) £000	Lump sum at aged 60 related to real increase in pension (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2010 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2010 (£5,000) £000	Cash Equivalent Transfer Value at 31 March 2010 £000	Cash Equivalent Transfer Value at 31 March 2009 £000	Real increase in Cash Equivalent Transfer Value	Employer's contribution to growth in CETV	Employer's contribution to stakeholder pension
Sir Andrew Dillon CBE Prof Peter Littlejohns	Chief Executive Clinical & Public Health Director	0 to 2.5 0 to 2.5	0 to 2.5 2.5 to 5	75 to 80 65 to 70	235 to 240 195 to 200	1,808 1,473	1,719 1,378	88,806 94,098	62,165 65,869	0 0
Dr Gillian Leng (9) & (10)	Deputy Chief Executive and Chief Operating Officer, NHS Evidence Health Technology Evaluation Centre Director	(0 to 2.5)	(0 to 2.5)	35 to 40	110 to 115	699	669	30,218	21,153	0
Dr Carole Longson	Evidence Health Technology Evaluation Centre Director	0 to 2.5	5 to 7.5	10 to 15	40 to 50	265	210	54,517	38,162	0
Prof Michael Kelly	Public Health Excellence Centre Director	0 to 2.5	0 to 2.5	45 to 50	135 to 140	1,091	1,022	69,420	48,594	0
Ben Bennett	Business Planning and Resources Director	0 to 2.5	5 to 7.5	35 to 40	115 to 120	726	661	65,210	45,647	0
Dr Fergus Macbeth (8)	Clinical Practice Centre Director	2.5 to 5	7.5 to 10	75 to 80	225 to 230	0	0	0	0	0
Jane Gizbert (11) & (15)	Communications Director	0 to 2.5	0 to 2.5	0 to 5	0	37	12	25,392	17,775	0
Val Moore (12)	Interim Implementation Director	5 to 7.5	15 to 17.5	30 to 35	90 to 95	550	431	118,869	83,208	0

(8) Director of Clinical Practice Centre from 29/09/08

(9) Added responsibility of Chief Operating Officer, NHS Evidence, from 01/08/08

(10) Released responsibility of Implementation Director from 31/08/08

(11) Director of Communications from 15/09/08

(12) Interim Director of Implementation from 01/09/08

(15) The pension figures provided by the NHS Pension Agency for 2008/09 were incorrect.

## 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. A CETV is a payment made by a Pension Scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the Pension Scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the Scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## REAL INCREASE IN CETV

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

Signed

Sir Andrew Dillon CBE  
Chief Executive and Accounting Officer

9 June 2010

# ACCOUNTS 2009/10

## STATEMENT OF THE BOARD'S AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the National Health Service Act 2006, the Secretary of State has directed the National Institute for Health and Clinical 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 resource outturn, recognised gains and losses and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State, 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 has appointed the Chief Executive of the National Institute for Health and Clinical 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.

Signed  
Sir Andrew Dillon CBE  
Accounting Officer

# STATEMENT ON INTERNAL CONTROL 2009/10

## 1. SCOPE OF RESPONSIBILITY

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 while safeguarding the public funds and the departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in 'Managing Public Money'.

NICE works closely with its sponsor branch at the Department of Health and the Welsh Assembly Government and there are arrangements in place for regular performance monitoring and review.

## 2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in NICE for the year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

NICE's Assurance Framework includes the identification and documentation of risks that are drawn from the business planning processes. These are monitored through Senior Management Team meetings, the Audit Committee and by the Board.

## 3. CAPACITY TO HANDLE RISK

The Audit Committee deals with risk management. It oversees the operation of the risk management processes and receives reports on specific risk issues as they arise. The Senior Management Team acts as the risk management group and reviews the risk register. Managers are required to consider risk issues in the formal annual business planning processes and also in relation to any changes that arise during the year. They receive appropriate support and guidance in this from the Governance Manager. When unforeseen adverse events occur NICE has processes in place to carry out a retrospective review of the causes so that the underlying risks can be identified and reassessed, and appropriate management action taken.

## 4. THE RISK AND CONTROL FRAMEWORK

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 is designed to manage risk to a reasonable level rather than to eliminate all risks.

Risk management assessment is carried out annually by the Senior Management Team as part of the business planning process. Key risks and handling strategies are included in the business plan and reported to the Board. These are reviewed quarterly by the Audit Committee and are informed by the work of internal and external audit. Resources required to enable implementation of the plan are fully considered by the Senior Management Team and assigned a priority within the overall constraints of the resources available.

Where appropriate, local risk registers are maintained within programmes and significant issues escalated through the reporting process for Senior Management Team and Audit Committee scrutiny.



A separate risk assessment exercise was carried out to establish the Board's assurance framework and to identify areas of organisational risk. This included a review of NICE's systems, equipment, policies, premises and information governance.

These assessment exercises resulted in a prioritised risk management register highlighting the key controls in place and assurances on those controls. This was reported to the Audit Committee. The minutes of the meetings of the Audit Committee are received by the Board at its public meetings.

NICE's internal auditors have assessed the risk maturity of NICE as 'risk managed' – an enterprise-wide risk management approach that considers risk at the highest level but could be further embedded in decision making.

Control measures are in place to ensure that NICE's obligations under equality, diversity and human rights legislation are complied with and these have been reported to, and approved by, the Board.

The work that Government has done on best practice to ensure the security of personal data held by Government departments and arms' length bodies has been reported to the Audit Committee and the Board.

NICE does not handle sensitive personal data in medical records as part of its general functions. Where other sensitive personal information is held it is not usual for it to be transferred on portable media and it is closely controlled within the systems that process it.

NICE is implementing guidance from the Department of Health on information governance on a risk-assessed basis, which will be reported to the Audit Committee and Board. Board-level responsibility for the management of information risk rests with the Business Planning and Resources Director,

who is the Senior Information Risk Officer. All significant information risks are included in the risk register and reported to the Senior Management Team and Audit Committee.

Policies and procedures for managing the security of personal data are being reviewed in light of guidance from the Department of Health and these will underpin the standards for information governance. Staff have been reminded of what to be alert for in the handling of sensitive personal data as defined by the Department of Health and training will be provided for key personnel as required.

There have been no Serious Untoward Incidents involving sensitive personal data in the past year and the overarching information risk is considered low.

IT governance, as part of corporate governance, has delivered on NICE's business needs to date. Further work will be undertaken to strengthen our long-term IT strategy to support our information governance standards and to reflect future needs as NICE expands.

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

Carbon Reduction delivery plans are in place. NICE is participating in the 10:10 initiative and has committed itself to aiming for a reduction in its carbon emissions of 10% during 2010. Progress is monitored and reported to the Board.

## 5. REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the managers who have responsibility for the development and maintenance of the internal control framework and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The effectiveness of the system of internal control has been subject to review by our internal auditors who, in liaison with the external auditors, plan and carry out a programme of work that is approved by the Audit Committee, to review the design and operation of the systems of internal financial control. Where weaknesses have been identified these are reported to the Audit Committee and an action plan agreed with management to implement the recommendations agreed as part of this process.

Sir Andrew Dillon CBE  
Chief Executive

9 June 2010

# THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of National Institute for Health and Clinical Excellence (NICE) for the year ended 31 March 2010 under the National Health Service Act 2006. These comprise the Net Expenditure Account, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## RESPECTIVE RESPONSIBILITIES OF THE BOARD, CHIEF EXECUTIVE AND AUDITOR

As explained more fully in the Statement of the Board and Chief Executive's Responsibilities, the Board and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

## OPINION ON REGULARITY

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

## OPINION ON FINANCIAL STATEMENTS

In my opinion:

- the financial statements give a true and fair view of the state of NICE's affairs as at 31 March 2010 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Health Service Act 2006 and the directions issued thereunder by the Secretary of State for Health with the approval of HM Treasury.

## OPINION ON OTHER MATTERS

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the National Health Service Act 2006 and the directions made thereunder by the Secretary of State with the approval of HM Treasury; and
- the information given in the Management Commentary within the Annual 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
- the financial statements are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

## REPORT

I have no observations to make on these financial statements.

Amyas CE Morse  
Comptroller and Auditor General  
National Audit Office  
157–197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

Date

# FINANCIAL STATEMENTS 2009/10

## NET EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2009/10 £000	2008/09 £000
<b>Expenditure</b>			
Staff costs	3	21,785	15,688
Depreciation & amortisation	4	472	287
Other expenditures	4	<u>37,815</u>	<u>29,638</u>
		<u>60,072</u>	<u>45,613</u>
<b>Income</b>			
Income from activities	5	(4,515)	(3,818)
Other income	5		
		<u>(4,515)</u>	<u>(3,818)</u>
<b>Net expenditure</b>		55,557	41,795
Cost of capital	4	<u>56</u>	<u>65</u>
		<u>56</u>	<u>65</u>
<b>Net expenditure after cost of capital charge and interest</b>		<u>55,613</u>	<u>41,860</u>

The notes at pages 31 to 53 form part of these accounts.

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2010

	Notes	31 March 2010 £000	31 March 2009 £000	1 April 2008 £000
<b>Non-current assets</b>				
Property, plant and equipment	7	1,980	2,121	1,731
Intangible assets	7	267	242	19
Non-current receivables	8	0	134	264
<b>Total non-current assets</b>		<b>2,247</b>	<b>2,497</b>	<b>2,014</b>
<b>Current assets</b>				
Trade and other receivables	8	1,616	987	2,374
Other current assets	8	1,489	1,443	1,718
Financial assets		0	0	0
Cash and cash equivalents	9	175	229	599
<b>Total current assets</b>		<b>3,280</b>	<b>2,659</b>	<b>4,691</b>
<b>Total assets</b>		<b>5,527</b>	<b>5,156</b>	<b>6,705</b>
<b>Current liabilities</b>				
Trade and other payables	10	(2,564)	(2,068)	(3,288)
Other liabilities		0	(18)	(5)
<b>Total current liabilities</b>		<b>(2,564)</b>	<b>(2,086)</b>	<b>(3,293)</b>
<b>Non-current assets less net current liabilities</b>		<b>2,963</b>	<b>3,070</b>	<b>3,412</b>
<b>Non-current liabilities</b>				
Provisions for liabilities and charges	11	(1,349)	(1,086)	(1,860)
Other payables		0	(13)	(58)
<b>Total non-current liabilities</b>		<b>(1,349)</b>	<b>(1,099)</b>	<b>(1,918)</b>
<b>Assets less liabilities</b>		<b>1,614</b>	<b>1,971</b>	<b>1,494</b>
<b>Taxpayers' equity</b>				
General fund		1,525	1,869	1,381
Revaluation reserve		89	102	113
		<b>1,614</b>	<b>1,971</b>	<b>1,494</b>

The 1 April 2008 balances include those of the NHS Library for Health for comparison; however, the NHS Library for Health was only transferred from NHSIII to NICE on 1 April 2009.

The notes at pages 31 to 53 form part of these accounts.

The financial statements were approved by the Board on 4 June 2010 and signed by

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2010

		2009/10	2008/09
	Notes	£000	£000
<b>Cash flows from operating activities</b>			
Net surplus after cost of capital and interest		(55,613)	(41,860)
Adjustments for non-cash transactions	4	946	315
(Increase)/Decrease in trade and other receivables		(541)	1,792
Increase/(Decrease) in trade and other payables		703	(1,333)
Use of provisions	11	(54)	(730)
<b>Net cash outflow from operating activities</b>		<u>(54,559)</u>	<u>(41,816)</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	7	(496)	(585)
Purchase of intangible assets	7	(141)	(39)
<b>Net cash outflow from investing activities</b>		<u>(637)</u>	<u>(624)</u>
<b>Cash flows from financing activities</b>			
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts		(58)	0
<b>Net financing</b>		<u>(55,254)</u>	<u>(42,440)</u>
<b>Net Parliamentary funding</b>		55,200	42,070
<b>Net increase/(decrease) in cash equivalents in the period</b>		<u>(54)</u>	<u>(370)</u>
<b>Cash and cash equivalents at the beginning of the period</b>		<u>229</u>	<u>599</u>
<b>Cash and cash equivalents at the end of the period</b>		<u>175</u>	<u>229</u>

The notes at pages 31 to 53 form part of these accounts.

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2010

	General fund £000	Revaluation reserve £000	Total reserves £000
Balance at 31 March 2008	2,042	113	2,155
Transfer of NLH from NHSIII to NICE	263		263
Changes in accounting policy	(127)		(127)
	<u>(797)</u>		<u>(797)</u>
Restated balance at 1 April 2008	<u>1,381</u>	<u>113</u>	<u>1,494</u>
<b>Changes in taxpayers' equity for 2008/09</b>			
Transfer of NLH from NHSIII to NICE	202		202
Non-cash charges – cost of capital	65		65
Transfers between reserves	11	(11)	
Net expenditure for the year	<u>(41,860)</u>		<u>(41,860)</u>
<b>Total recognised income and expense for 2008/09</b>	<b><u>(41,582)</u></b>	<b><u>(11)</u></b>	<b><u>(41,593)</u></b>
Funding from Department of Health	<u>42,070</u>		<u>42,070</u>
<b>Balance at 31 March 2009</b>	<b>1,869</b>	<b>102</b>	<b>1,971</b>
<b>Changes in taxpayers' equity for 2009/10</b>			
Non-cash charges – cost of capital	56		56
Transfers between reserves	13	(13)	0
Net expenditure for the year	<u>(55,613)</u>		<u>(55,613)</u>
<b>Total recognised income and expense for 2009/10</b>	<b><u>(55,544)</u></b>	<b><u>(13)</u></b>	<b><u>(55,557)</u></b>
Funding from Department of Health	55,200		55,200
<b>Balance at 31 March 2010</b>	<b><u>1,525</u></b>	<b><u>89</u></b>	<b><u>1,614</u></b>



# NOTES TO THE ACCOUNTS

## 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the 'Government Financial Reporting Manual' (FReM) issued by HM Treasury. The accounting policies contained 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 ACCOUNTING CONVENTION

This account is prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

### 1.2 ACQUISITIONS, MERGERS AND DISCONTINUED OPERATIONS

Activities are considered to be 'acquired' only if they are acquired from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one NHS body to another. Such transfers are accounted for using merger accounting in accordance with FReM. The prior year comparatives are restated as appropriate so that it appears that the entity has always existed in its present form. The National Library for Health transferred to NICE from the NHS Institute for Innovation and Improvement on 1 April 2009.

### 1.3 INCOME

Income is accounted for applying the accruals convention. The main source of funding for NICE is Parliamentary grant from the Department of Health from Request for Resources within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which the cash is received.

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 Department of Health, NHS Quality Improvement Scotland and the Welsh Assembly. It includes both income appropriated-in-aid and income to the Consolidated Fund which HM Treasury has agreed should be treated as miscellaneous income. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

### 1.4 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.

### 1.5 CAPITAL CHARGES

The treatment of fixed assets in the account is in accordance with the principal capital charges objective to ensure that such charges are fully reflected in the cost of capital. The interest rate applied to capital charges in the financial year 2009/10 was 3.5% (2008/09 3.5%) on all assets less liabilities, except for cash balances with the Office of the Paymaster General (OPG), where the charge is nil.

### 1.6 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.

### 1.7 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 one year and have a cost, individually or as a group, equal to or greater than £5,000
- ii Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred

- iii Property, plant and equipment assets which are capable of being used for more than one 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, or
  - 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 historical cost. Surplus intangible assets are valued at the net recoverable amount.

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

#### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment assets are stated at the lower of replacement cost and recoverable amount. On initial recognition they are measured at cost (for leased assets, fair value) including any costs such as installation directly attributable to bringing them into working condition. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

- i Operational equipment is valued at net current replacement costs through annual uplift by the change in the value of the GDP deflator. Equipment surplus to requirements is valued at net recoverable amount.
- ii Leasehold improvement assets in the course of construction are valued at current cost, using the index as for land and buildings. These assets include any assets under the control of a contractor.
- iii All adjustments arising from indexation and revaluations are taken to the Revaluation Reserve.

These falls in value result from the adoption of ideal conditions as the basis for depreciated replacement cost valuations.

Due to the current economic climate and the negative pressure on prices, no indexation was applied to any asset class during 2009/10.

### **c. Depreciation and amortisation**

Depreciation is charged on each individual fixed asset as follows:

- i Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets
- ii Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives
- iii Assets under construction are not depreciated
- iv Leasehold improvements are depreciated over 10 years
- v Each equipment asset is depreciated evenly over the expected useful life:
 

Furniture	10 years
Office, information technology and other equipment	3–5 years

### **1.8 STOCKS AND WORK IN PROGRESS**

The net realisable value of publication stocks is nil. NICE has no other stocks or work in progress.

### **1.9 LOSSES AND SPECIAL PAYMENTS**

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

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

### **1.10 RESEARCH AND DEVELOPMENT**

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly

defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the Net Expenditure Account on a systematic basis over the period expected to benefit from the project. It should be revalued on the basis of current cost. The amortisation charge is calculated on the same basis as used for depreciation, i.e. on a quarterly basis.

### **1.11 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.

### **1.12 LEASES**

Where substantially all risks and rewards of ownership of a leased asset are borne by NICE, the asset is recorded as a tangible fixed asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease. The interest element of the finance lease payment is charged to the Net Expenditure Account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the Net Expenditure Account on a straight-line basis over the term of the lease.

### **1.13 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 discount rate of 2.2% in real terms.

### **1.14 FINANCIAL INSTRUMENTS**

#### **Financial assets**

Financial assets are recognised on the Statement of Financial Position when NICE becomes party to the financial instrument contract or, in the case of trade debtors, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are initially recognised at fair value.

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

#### ***Financial assets at fair value through Net Expenditure Account***

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

#### ***Held to maturity investments***

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity, and there is a positive intention and ability to hold to maturity. After initial recognition, they are held at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

#### ***Available for sale financial assets***

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

#### ***Loans and receivables***

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

Fair value is determined by reference to quoted market prices where possible, otherwise by valuation techniques.

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

At the Statement of Financial Position date, NICE assesses whether any financial assets, other than those held at 'fair value through Net Expenditure Account' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

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

### **Financial liabilities**

Financial liabilities are recognised on the Statement of Financial Position when NICE becomes party to the contractual provisions of the financial instrument or, in the case of trade creditors, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Financial liabilities are initially recognised at fair value.

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

### ***Financial liabilities at fair value through Net Expenditure Account***

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

### ***Other financial liabilities***

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

## 2. ANALYSIS OF NET EXPENDITURE BY SEGMENT

The Audit Committee acting on behalf of the Board has determined that the primary segmental reporting format is based on the nature of activity and also the internal reporting structure and reporting content.

NICE comprises two operating segments:

- Core NICE which is principally responsible for the production of guidance. This segment also includes NICE's back-office functions such as HR, Finance and IT, as well as NICE's overheads such as rent, rates, electricity etc.
- NHS Evidence which provides a website of a range of information from comprehensive sources.

There is no cross-charging between Core NICE and NHS Evidence in relation to back-office functions or overheads.

	<b>NHS Evidence</b>	<b>Core NICE</b>	<b>Total 2009/10 £000</b>
Gross expenditure	20,289	39,839	<b>60,128</b>
Income	(2,294)	(2,221)	<b>(4,515)</b>
<b>Net expenditure</b>	<u>17,995</u>	<u>37,618</u>	<u><b>55,613</b></u>

The assets contained in the Statement of Financial Position are not reported on a segmental basis.

### 3. STAFF NUMBERS AND RELATED COSTS

	2009/10 Total £000	Permanently employed staff £000	Other £000	2008/09 Total £000
Salaries and wages	19,245	14,672	4,573	13,728
Social security costs	1,301	1,301		1,087
Employer contributions to NHSPA	1,859	1,859		1,557
Other pension costs	0	0		31
	<b>22,405</b>	<b>17,832</b>	<b>4,573</b>	<b>16,403</b>
Less recoveries in respect to outward secondments	(620)	(620)		(715)
<b>Total net costs</b>	<b>21,785</b>	<b>17,212</b>	<b>4,573</b>	<b>15,688</b>

#### PENSIONS COST

Past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions)

The Scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme's assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contribution Scheme: the cost to the NHS body of participating in the Scheme is taken as equal to the contributions payable to the Scheme for the accounting period.

The Scheme is subject to a full actuarial valuation every four years (until 2004, every five years) and an accounting valuation every year. An outline of these follows:

#### *a) Full actuarial (funding) valuation*

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the Scheme (taking into account its recent demographic experience), and to recommend the contribution rates to be paid by employers and Scheme members. The last such valuation, which determined current contribution rates, was undertaken as at 31 March 2004 and covered the period from 1 April 1999 to that date. The conclusion from the 2004 valuation was that the Scheme had accumulated a notional deficit of £3.3 billion against the notional assets as at 31 March 2004.

In order to defray the costs of benefits, employers pay contributions at 14% of pensionable pay and most employees had up to April 2008 paid 6%, with manual staff paying 5%.

Following the full actuarial review by the Government Actuary undertaken as at 31 March 2004, and after consideration of changes to the NHS Pension Scheme taking effect from 1 April 2008, his Valuation Report recommended that employer contributions could continue at the existing rate of 14% of pensionable pay, from 1 April 2008, following the introduction of employee contributions on a tiered scale from 5% up to 8.5% of their pensionable pay depending on total earnings. On advice from the Scheme Actuary, Scheme contributions may be varied from time to time to reflect changes in the Scheme's liabilities.

#### *b) Accounting valuation*

A valuation of the Scheme liability is carried out annually by the Scheme Actuary as at the end of the reporting period by updating the results of the full actuarial valuation.

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

The valuation of the Scheme liability as at 31 March 2010, is based on detailed membership data as at 31 March 2008 (the latest midpoint) updated to 31 March 2010 with summary global member and accounting data.

The latest assessment of the liabilities of the Scheme is contained in the Scheme Actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) Resource Account, published annually. These accounts can be viewed on the NHS Pensions website. Copies can also be obtained from The Stationery Office.

### **c) Scheme provisions**

In 2008/09 the NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

#### **ANNUAL PENSIONS**

The Scheme is a 'final salary' scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service. With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as 'pension commutation'.

#### **PENSIONS INDEXATION**

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

#### **AVERAGE NUMBER OF PERSONS EMPLOYED**

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

	<b>2009/10 Total number</b>	<b>Permanently employed staff number</b>	<b>Other number</b>	<b>2008/09 number</b>
Directly employed	<b>390</b>	336	54	297
Other				
<b>Total</b>	<b>390</b>	<b>336</b>	<b>54</b>	<b>297</b>

#### **Retirement due to ill health**

This note discloses the number and additional pension costs for individuals who retired early on ill-health grounds during the year. There was no retirement during 2009/10.

#### **LUMP SUM ALLOWANCE**

A lump sum is payable on retirement which is normally three times the annual pension payment.

#### **ILL-HEALTH RETIREMENT**

Early payment of a pension, with enhancement in certain circumstances, is available to members of the Scheme who are permanently incapable of fulfilling their duties or regular employment effectively through illness or infirmity.

#### **DEATH BENEFITS**

A death gratuity of twice their final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

#### **ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)**

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

#### **TRANSFER BETWEEN FUNDS**

Scheme members have the option to transfer their pension between the NHS Pension Scheme and another scheme when they move into or out of NHS employment.

#### **PRESERVED BENEFITS**

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

#### **COMPENSATION FOR EARLY RETIREMENT**

Where a member of the Scheme is made redundant they may be entitled to early receipt of their pension plus enhancement, at the employer's cost.

## 4. PROGRAMME COSTS

	Notes	2009/10 £000	2008/09 £000
Non-cash items:			
Depreciation		367	272
Amortisation		105	14
Capital charges interest		56	65
(Profit)/loss on disposal		101	8
Provisions provided for in year	11	317	(44)
Unwinding of discount on provisions	11	0	0
		<b>946</b>	<b>315</b>
Rentals under operating leases		1,719	1,408
Auditor's remuneration: audit fees*		54	57
Premises & fixed plant		2,644	1,286
Transport and moveable plant		24	9
External contractors		24,354	21,845
Publications and conferences		1,105	990
Establishment expenses		4,681	3,853
Supplies and services – general		2,816	228
		<b>38,343</b>	<b>29,991</b>

\*No non-audit fees were charged



## 5. RECONCILIATION

### 5.1 Reconciliation of expenditure to resource limit

	2009/10 £000	2008/09 £000
Net expenditure	55,613	41,860
Prior period adjustment	0	0
<b>Net resource outturn</b>	<b>55,613</b>	<b>41,860</b>
<b>Revenue resource limit</b>	<b>57,464</b>	<b>41,968</b>
<b>Underspend against limit</b>	<b>1,851</b>	<b>108</b>

### 5.2 Reconciliation of capital expenditure to capital resource limit

	2009/10 £000	2008/09 £000
Gross capital expenditure	457	749 *
NBV of assets disposed	101	8
<b>Net capital resource outturn</b>	<b>356</b>	<b>741</b>
<b>Capital resource limit</b>	<b>500</b>	<b>800 *</b>
<b>Underspend against limit</b>	<b>144</b>	<b>59</b>

\* The 2008/9 figures do not include the transfer of assets from NHSIII

## 6. OPERATING INCOME ANALYSED BY CLASSIFICATION AND ACTIVITY

	2009/10 Total £000	2008/09 Total £000
Income from Strategic Health Authorities	1,839	2,034
Income received from National Assembly for Wales	600	600
Income received from Northern Ireland Assembly	179	175
Other NHS income	238	118
Department of Health income	187	72
Income received from Scottish Parliament	121	118
Income from other government departments	135	0
Income received from NHS Connecting for Health	90	0
Income received from NHS Institute for Innovation and Improvement	43	200
Income for Cancer Reform Strategy	0	225
Income from sale of services	889	207
Publications income	132	61
Reimbursement of travel costs	48	0
Royalties	14	7
Income from sales of goods	0	1
<b>Total</b>	<b>4,515</b>	<b>3,818</b>

## 7. FIXED ASSETS

### 7.1 Intangible assets

	<b>Software licences £000</b>
<b>Cost or valuation</b>	
At 1 April 2009	298
Additions – purchased	<b>130</b>
Disposals	<b>(9)</b>
<b>At 31 March 2010</b>	<b>419</b>
<b>Amortisation</b>	
At 1 April 2009	56
Charged during the year	<b>105</b>
Disposals	<b>(9)</b>
<b>At 31 March 2010</b>	<b>152</b>
<b>Net book value at 31 March 2010</b>	<b>267</b>
	£000
<b>Cost or valuation</b>	
At 1 April 2008	76
Additions – purchased	39
Disposals	(19)
Transferred in from NHSIII	202
<b>At 31 March 2009</b>	<b>298</b>
<b>Amortisation</b>	
At 1 April 2008	57
Charged during the year	14
Disposals	(15)
Transferred in from NHSIII	0
<b>At 31 March 2009</b>	<b>56</b>
<b>Net book value at 31 March 2009</b>	<b>242</b>

## 7.2 Property, plant and equipment

### 2009/10

	Tenants leasehold improvement £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Payments on account and assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2009	1,137	261	430	1,039	169	3,036
Additions – purchased	229	6	69	23	0	327
Disposals	(118)	0	(135)	0	0	(253)
Reclassification	169	0	0	0	(169)	0
<b>At 31 March 2010</b>	<b>1,417</b>	<b>267</b>	<b>364</b>	<b>1,062</b>	<b>0</b>	<b>3,110</b>
<b>Depreciation</b>						
At 1 April 2009	125	151	201	438	0	915
Charged during the year	130	41	89	107	0	367
Disposals	(36)	0	(116)	0	0	(152)
Reclassification	0	0	0	0	0	0
<b>At 31 March 2010</b>	<b>219</b>	<b>192</b>	<b>174</b>	<b>545</b>	<b>0</b>	<b>1,130</b>
<b>Net book value at 31 March 2010</b>	<b>1,198</b>	<b>75</b>	<b>190</b>	<b>517</b>	<b>0</b>	<b>1,980</b>
Net book value at 31 March 2009	1,012	110	229	601	169	2,121
<b>Asset financing</b>						
Owned	1,198	75	190	517	0	1,980
Finance leased	0	0	0	0	0	0
<b>Net book value</b>	<b>1,198</b>	<b>75</b>	<b>190</b>	<b>517</b>	<b>0</b>	<b>1,980</b>

Property, plant and equipment are valued using indices. No indexation was applied in 2009/10. No assets were donated during 2009/10.

### 2008/09

	Tenants leasehold improvement £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Payments on account and assets under construction £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2008	777	394	456	865	0	2,492
Additions – purchased	360	0	0	181	169	710
Disposals	0	(133)	(161)	(7)	0	(301)
Reclassification	0	0	0	0	0	0
Transferred in from NHSIII	0	0	135	0	0	135
<b>At 31 March 2009</b>	<b>1,137</b>	<b>261</b>	<b>430</b>	<b>1,039</b>	<b>169</b>	<b>3,036</b>
<b>Depreciation</b>						
At 1 April 2008	30	241	238	354	0	863
Charged during the year	95	43	46	87	0	271
Disposals	0	(133)	(161)	(3)	0	(297)
Reclassification	0	0	0	0	0	0
Transferred in from NHSIII	0	0	78	0	0	78
<b>At 31 March 2009</b>	<b>125</b>	<b>151</b>	<b>201</b>	<b>438</b>	<b>0</b>	<b>915</b>
<b>Net book value at 31 March 2009</b>	<b>1,012</b>	<b>110</b>	<b>229</b>	<b>601</b>	<b>169</b>	<b>2,121</b>
Net book value at 31 March 2008	747	153	218	511	0	1,629
<b>Asset financing</b>						
Owned	1,012	110	173	601	169	2,065
Finance leased	0	0	56	0	0	56
<b>Net book value</b>	<b>1,012</b>	<b>110</b>	<b>229</b>	<b>601</b>	<b>169</b>	<b>2,121</b>

<b>7.3 Profit/(loss) on disposal of fixed assets</b>	<b>2009/10</b>	2008/9
	<b>£000</b>	£000
Profit/(Loss) on disposal of intangible fixed assets	<b>0</b>	(4)
Profit/(Loss) on disposal of property, plant and equipment	<b>(101)</b>	(4)
	<b>(101)</b>	(8)

## 8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	<b>2009/10</b>	2008/09	1 April 2008
	<b>£000</b>	£000	£000
<b>Amounts falling due within one year</b>			
Trade receivables	<b>1,616</b>	987	2,374
Prepayments and accrued income	<b>1,489</b>	1,443	1,718
	<b>3,105</b>	2,430	4,092
<b>Amounts falling due after more than one year</b>			
Prepayments and accrued income	<b>0</b>	134	264
	<b>0</b>	134	264

### 8.1 Intra-government balances

	<b>2009/10</b>	2008/09	1 April 2008
	<b>£000</b>	£000	£000
Balances with other central government bodies	<b>1,030</b>	709	1,408
Balances with local authorities	<b>32</b>	0	0
Balances with NHS bodies	<b>0</b>	16	1
Balances with public corporations and trading funds	<b>0</b>	0	0
Subtotal	<b>1,030</b>	725	1,409
Balances with bodies external to government	<b>2,074</b>	1,839	2,947
<b>Total</b>	<b>3,105</b>	2,564	4,356

## 9. CASH AND CASH EQUIVALENTS

	<b>2009/10</b>	2008/09	1 April 2008
	<b>£000</b>	£000	£000
Balance at 1 April	<b>229</b>	0	599
Net change in cash and cash equivalent balances	<b>(54)</b>	229	0
<b>Balance at 31 March</b>	<b>175</b>	229	599
The following balances at 31 March were held:			
Office of HM Paymaster General	<b>175</b>	229	599
Commercial banks and cash in hand	<b>0</b>	0	0
<b>Balance at 31 March</b>	<b>175</b>	229	599

## 10. TRADE PAYABLES AND OTHER LIABILITIES

	2009/10 £000	2008/09 £000	1 April 2008 £000
<b>Amounts falling due within one year</b>			
Trade payables	(768)	(319)	(2,013)
Capital creditors	0	(180)	(54)
Tax and social security	(1)	0	(288)
Accruals and deferred income	(1,795)	(1,587)	(938)
	<b>(2,564)</b>	<b>(2,086)</b>	<b>(3,293)</b>
<b>Amounts falling due after more than one year</b>			
Other payables	0	(13)	(58)
	<b>0</b>	<b>(13)</b>	<b>(58)</b>

### 10.1 Intra-government balances

	2009/10 £000	2008/09 £000	1 April 2008 £000
Balances with other central government bodies	(261)	(151)	(46)
Balances with local authorities	0	0	0
Balances with NHS bodies	(81)	0	(103)
Balances with public corporations and trading funds	(1)	(4)	(48)
	<b>(342)</b>	<b>(155)</b>	<b>(197)</b>
Subtotal			
Balances with bodies external to government	(2,222)	(1,944)	(3,154)
<b>Total</b>	<b>(2,564)</b>	<b>(2,099)</b>	<b>(3,351)</b>

## 11. PROVISIONS FOR LIABILITIES AND CHARGES

	Total £000
Balance at 1 April 2008	1,860
Arising during the year	185
Utilised during the year	(730)
Provisions not required written back	(229)
Unwinding of discount	0
Balance at 1 April 2009	<b>1,086</b>
Arising during the year	<b>577</b>
Utilised during the year	<b>(54)</b>
Provisions not required written back	<b>(260)</b>
Unwinding of discount	<b>0</b>
<b>At 31 March 2010</b>	<b>1,349</b>
<b>Analysis of expected timing of discounted flows</b>	
Within 1 year	(504)
1–5 years	(511)
Over 5 years	(334)

As at 31 March 2010 NICE has made a provision of £300k in respect of legal costs, £278k for redundancies and £771k for deferred lease incentives.

## 12. CAPITAL COMMITMENTS

	2009/10 £000	2008/09 £000
<b>Contracted capital commitments at 31 March 2010 for which no provision has been made</b>		
Property, plant and equipment	0	0
Intangible assets	0	0

## 13. COMMITMENTS UNDER LEASE

### 13.1 Operating leases

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

	2009/10 £000	2008/09 £000
<b>Obligations under operating leases comprise:</b>		
<u>Buildings</u>		
Not later than one year	0	0
Later than one year and not later than five years	1,125	1,101
Later than five years	689	687
	<b>1,814</b>	<b>1,788</b>
<u>Other leases</u>		
Not later than one year	4	9
Later than one year and not later than five years	39	34
Later than five years	0	0
	<b>43</b>	<b>43</b>

### 13.2 Finance leases

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

	2009/10 £000	2008/09 £000
<b>Obligations under finance leases comprise:</b>		
<u>Other leases</u>		
Not later than one year	0	45
Later than one year and not later than five years	0	13
Later than five years	0	0
	<b>0</b>	<b>58</b>

## 14. OTHER FINANCIAL COMMITMENTS

NICE has entered into non-cancellable contracts (which are not leases or PFI contracts) for services. The payment to which NICE was committed during 2009/10 analysed to the period during which the commitment expires is as follows:

	2009/10 £000	2008/09 £000
Not later than one year	1,313	0
Later than one year and not later than five years	160	820
Later than five years	0	0
	<b>1,473</b>	<b>820</b>

## 15. CONTINGENT LIABILITIES

NICE has no contingent liabilities at 31 March 2010.

## 16. LOSSES AND SPECIAL PAYMENTS

	2009/10 Number	2009/10 £000	2008/09 Number	2008/09 £000
<b>Losses</b>	<b>524</b>	<b>48</b>	396	39
<b>Special payments</b>	<b>2</b>	<b>58</b>	1	0

## 17. RELATED PARTY TRANSACTIONS

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

The Department of Health is regarded as a controlling related party. During the year NICE has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department.

No board member, key manager or other related parties has undertaken any material transactions with NICE during the year.

Material transactions are those that exceed £50k or balances at 31 March that exceed £25k.

	Income £000	Expenditure £000
Welsh Assembly Government	600	
Quality Improvement Scotland	121	
Northern Ireland Assembly	179	
East Midlands SHA	167	
NHS Connecting for Health	90	
Velindre NHS Trust		1,003
Liverpool PCT		401
North East SHA	136	
Ashton Leigh & Wigan PCT	258	
South Central SHA	145	
South East Coast SHA	121	
South West SHA	187	
West Midlands SHA	205	
Yorkshire and the Humber SHA	220	
Birmingham Womens NHS FT		101
Department of Health	187	
Moorfields Eye Hospital NHS FT		74
Oxford Radcliffe Hospital NHS Trust		292
Royal Free Hampstead NHS Trust		158
Sheffield Childrens NHS FT		116
University College London Hospitals NHS FT		75
NHS Shared Business Services		83
London SHA (NHS London)	473	

There were no material debtor and creditor balances outstanding for the above related parties at 31 March 2010.

## 18. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS10 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.

## 19. FINANCIAL INSTRUMENTS

IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Because of the way special health authorities are financed, NICE is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which IFRS 7 mainly applies. NICE has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing NICE in undertaking its activities.

### **LIQUIDITY RISK**

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

### **CREDIT RISK**

Because the majority of NICE's income comes from contracts with other public sector bodies, NICE has low exposure to credit risk. The maximum exposure as at 31 March 2010 are in receivables from customers, as disclosed in the debtors' note.

### **CURRENCY RISK**

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

### **INTEREST-RATE RISK**

NICE's financial assets and 100% of its financial liabilities carry nil or fixed rates of interest. NICE is not, therefore, exposed to significant interest-rate risk. The following table shows the interest-rate profile of NICE's financial assets and liabilities:



## Financial assets

Currency	Total	Floating rate	Fixed rate	Non-interest bearing
	£000	£000	£000	£000
<b>At 31 March 2010</b>				
Sterling	175	0	175	0
Other	0	0	0	0
<b>Gross financial assets</b>	<b>175</b>	<b>0</b>	<b>175</b>	<b>0</b>
<b>At 31 March 2009</b>				
Sterling	229	0	229	0
Other	0	0	0	0
Gross financial assets	229	0	229	0

## Financial assets by category

Assets as per Statement of Financial Position	2009/10	2008/09
	£000	£000
<u>Current</u>		
Trade and other receivables	1,616	987
Other current assets	1,489	1,443
Cash and cash equivalents	175	229
	<b>3,280</b>	<b>2,659</b>
<u>Non-current</u>		
Receivables	0	134
	<b>0</b>	<b>134</b>

## Financial liabilities by category

Liabilities as per Statement of Financial Position	2009/10	2008/09
	£000	£000
<u>Current</u>		
Trade and other payables	(2,564)	(2,068)
Other liabilities	0	(18)
	<b>(2,564)</b>	<b>(2,086)</b>
<u>Non-current</u>		
Provisions for liabilities and charges	(1,349)	(1,086)
Other payables	0	(13)
	<b>(1,349)</b>	<b>(1,099)</b>

## Foreign currency risk

NICE has negligible foreign currency income or expenditure.

## Fair values

The fair values and the carrying values of NICE's financial assets and liabilities do not differ as no indexation or discounting are appropriate.

## 20. EXPLANATION OF TRANSITION TO IFRS

### OVERVIEW OF IFRS RECONCILIATIONS

For all periods up to and including the year ended 31 March 2009, NICE prepared its annual report and accounts in accordance with UK GAAP. For the year ended 31 March 2010, NICE is required to prepare its annual report and accounts in accordance with IFRS.

Accordingly, these accounts have been prepared in compliance with IFRS applicable for periods beginning on or after 1 April 2009 in conjunction with the interpretation of IFRS for the public sector as detailed in the I FReM. The significant accounting policies meeting these requirements are described in note 1. In preparing these accounts, NICE has started from a Statement of Financial Position at 31 March 2008, NICE's date of transition to IFRS. Detailed reconciliations of income and expenditure for the year ended 31 March 2009 and Statement of Financial Position at 1 April 2008 and 31 March 2009 under IFRS to the results and financial position previously reported under UK GAAP are set out in note 20.1 and 20.2

### IFRS ADJUSTMENTS

The adjustments that have been made to the figures previously reported under UK GAAP are explained below:

#### *IAS 19 Employee Benefits*

Under IAS 19 an accrual was made to recognise holiday pay.

#### *IAS 17 Leases*

The benefits of Lease Incentives are recognised as a reduction over the lease term.

### IFRS RECLASSIFICATION

#### *IAS 1 Presentation of Financial Statements*

Under IFRS, the current and non-current components of trade and other receivables/payables, provisions and deferred income are required to be shown separately. This was not a requirement under UK GAAP.

#### *IAS 7 Cash Flow Statement*

The IFRS cash flow statement is presented in a different format from that required under UK GAAP, with cash flows split into three categories – operating activities, investing activities and financing activities. The change in presentation has no net impact on NICE's underlying cash flows.

### 20.1 Reconciliation of expenditure at 1 April 2009

	Restated UK GAAP £000	IFRS Reclassification £000	IAS 19 Employee benefits £000	IAS 17 Leases £000	IFRS £000
Programme cost	45,728		46	(96)	45,678
Operating income	(3,818)				(3,818)
Net expenditure	<u>41,910</u>	<u>0</u>	<u>46</u>	<u>(96)</u>	<u>41,860</u>

The UK GAAP column represents the restated results (taking into account the transfer of the National Library for Health to NICE) under UK GAAP in IFRS format.

## 20.2 Reconciliation of Statement of Financial Position at 1 April 2008

	IFRS Adjustments				IAS 17 Leases £000	IFRS £000
	Restated UK GAAP £000	IFRS Reclassification £000	IAS 19 Employee benefits £000			
Property, plant and equipment	1,731					1,731
Tangible assets	19					19
Non-current receivables	0	264				264
<b>Total non-current assets</b>	<b>1,750</b>	<b>264</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,014</b>
Trade and other receivables	4,356	(1,982)				2,374
Other current assets	0	1718				1,718
Cash and cash equivalents	599					599
<b>Total current assets</b>	<b>4,955</b>	<b>(264)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,691</b>
<b>Total assets</b>	<b>6,705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,705</b>
Trade and other payables	(3,166)	5	(127)			(3,288)
Other liabilities	0	(5)				(5)
<b>Total current liabilities</b>	<b>(3,166)</b>	<b>0</b>	<b>(127)</b>	<b>0</b>	<b>0</b>	<b>(3,293)</b>
<b>Non-current assets less net current liabilities</b>	<b>3,539</b>	<b>0</b>	<b>(127)</b>	<b>0</b>	<b>0</b>	<b>3,412</b>
Provisions for liabilities and charges	(1,063)			(797)		(1,860)
Other payables	(58)					(58)
<b>Total non-current liabilities</b>	<b>(1,121)</b>	<b>0</b>	<b>0</b>	<b>(797)</b>	<b>(1,918)</b>	
<b>Assets less liabilities</b>	<b>2,418</b>	<b>0</b>	<b>(127)</b>	<b>(797)</b>	<b>1,494</b>	
<b>Taxpayers' equity</b>						
General fund	2,305	0	(127)	(797)		1,381
Revaluation reserve	113					113
	<b>2,418</b>	<b>0</b>	<b>(127)</b>	<b>(797)</b>	<b>1,494</b>	

The UK GAAP column represents the restated results (taking into account the transfer of the National Library for Health to NICE) under UK GAAP in IFRS format.

## Reconciliation of Statement of Financial Position at 31 March 2009

	IFRS Adjustments				IFRS £000
	Restated UK GAAP £000	IFRS Reclassification £000	IAS 19 Employee benefits £000	IAS 17 Leases £000	
Property, plant and equipment	2,121				2,121
Tangible assets	242				242
Non-current receivables	0	134			134
<b>Total non-current assets</b>	<b>2,363</b>	<b>134</b>	<b>0</b>	<b>0</b>	<b>2,497</b>
Trade and other receivables	2,564	(1,577)			987
Other current assets	0	1,443			1,443
Cash and cash equivalents	229				229
<b>Total current assets</b>	<b>2,793</b>	<b>(134)</b>	<b>0</b>	<b>0</b>	<b>2,659</b>
<b>Total assets</b>	<b>5,156</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,156</b>
Trade and other payables	(1,926)	31	(173)		(2,068)
Other liabilities	0	(18)			(18)
<b>Total current liabilities</b>	<b>(1,926)</b>	<b>13</b>	<b>(173)</b>	<b>0</b>	<b>(2,086)</b>
<b>Non-current assets less net current liabilities</b>	<b>3,230</b>	<b>13</b>	<b>(173)</b>	<b>0</b>	<b>3,070</b>
Provisions for liabilities and charges	(385)			(701)	(1,086)
Other payables	0	(13)			(13)
<b>Total non-current liabilities</b>	<b>(385)</b>	<b>(13)</b>	<b>0</b>	<b>(701)</b>	<b>(1,099)</b>
<b>Assets less liabilities</b>	<b>2,845</b>	<b>0</b>	<b>(173)</b>	<b>(701)</b>	<b>1,971</b>
<b>Taxpayers' equity</b>					
General fund	2,743	0	(173)	(701)	1,869
Revaluation reserve	102				102
	<b>2,845</b>	<b>0</b>	<b>(173)</b>	<b>(701)</b>	<b>1,971</b>

The UK GAAP column represents the restated results (taking into account the transfer of the National Library for Health to NICE) under UK GAAP in IFRS format.

## **IFRSs, AMENDMENTS AND INTERPRETATIONS IN ISSUE BUT NOT YET EFFECTIVE, OR ADOPTED**

IAS8, accounting policies, changes in accounting estimates and errors, require disclosures in respect of new IFRSs, amendments and interpretations that are, or will be applicable after the reporting period. There are a number of IFRSs, amendments and interpretations that have been issued by the International Accounting Standards Board that are effective for financial statements after this reporting period. The following have been considered as relevant and have not been adopted early by NICE:

### ***IFRS 9 financial instruments***

A new standard intended to replace IAS 39. The effective date is for accounting periods beginning on, or after 1 January 2013.

### ***IAS 7 statements of cash flow***

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

### ***IAS 17 leases***

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

### ***IAS 24 related party disclosures***

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2011.

### ***IAS 36 impairment of assets***

Amendments to the existing standard. The effective date is for accounting periods beginning on, or after 1 January 2010.

None of these new or amended standards and interpretations are likely to be applicable or are anticipated to have a future material impact on the financial statements of NICE.

In addition, the following are changes to the FReM, which will be applicable for accounting periods beginning on 1 April 2010:

### ***Chapter 8 impairments***

Adaption of IAS 36 impairment of assets.

### ***Chapter 11 income and expenditure***

Removal of cost of capital charging.

None of these changes to the FReM are anticipated to have a future material impact on the financial statements of NICE.

## 21. MACHINERY OF GOVERNMENT

The Darzi report, 'High Quality Care for all', published in June 2008, recommended the establishment of NHS Evidence. Subsequently the National Institute for Health and Clinical Excellence (NICE) was asked to set up, host and run NHS Evidence from 1 April 2009. As part of the process of establishing NHS Evidence the functions of

the National Library for Health, which was hosted by the NHS Institute for Innovation and Improvement were transferred to NICE. The transfer took place on 1 April 2009. The annual recurring resource allocation of £7.9m was transferred together with 18.5 wte staff.

### 21.1 Net expenditure account for the year 31 March 2009

	Notes	2008/09		Total
		Core NICE £000	NLH changes £000	£000
Programme costs	a	35,553	10,125	<b>45,678</b>
Operating income	a	(1,593)	(2,225)	<b>(3,818)</b>
<b>Net expenditure</b>		<b>33,960</b>	<b>7,900</b>	<b>41,860</b>

### 21.2 Statement of financial position as at 31 March 2009

	Notes	2008/09		Total
		Core NICE £000	NLH changes £000	£000
Property, plant and equipment	b	2,064	57	<b>2,121</b>
Intangible assets	c	40	202	<b>242</b>
Non-current receivables	d	0	134	<b>134</b>
Total non-current assets		<b>2,104</b>	<b>393</b>	<b>2,497</b>
Receivables	e	987	0	<b>987</b>
Cash and cash equivalents		229	0	<b>229</b>
Other		1,313	130	<b>1,443</b>
Total current assets		<b>2,529</b>	<b>130</b>	<b>2,659</b>
<b>Total assets</b>		<b>4,633</b>	<b>523</b>	<b>5,156</b>
Payables	f	(2,023)	(45)	<b>(2,068)</b>
Other		(18)	0	<b>(18)</b>
Total current liabilities		<b>(2,041)</b>	<b>(45)</b>	<b>(2,086)</b>
Non-current payables	g	0	(13)	<b>(13)</b>
Provisions		(1,086)	0	<b>(1,086)</b>
Total non-current liabilities		<b>(1,086)</b>	<b>(13)</b>	<b>(1,099)</b>
<b>Total liabilities</b>		<b>(3,127)</b>	<b>(58)</b>	<b>(3,185)</b>
<b>Total assets less total liabilities</b>		<b>1,506</b>	<b>465</b>	<b>1,971</b>
General fund		1,404	465	<b>1,869</b>
Revaluation reserve		102	0	<b>102</b>
<b>Total taxpayers' equity</b>		<b>1,506</b>	<b>465</b>	<b>1,971</b>

**Statement of financial position as at 1 April 2008**

		Core NICE £000	NLH changes £000	Total £000
Property, plant and equipment	b	1,629	102	1,731
Intangible assets	c	19	0	19
Non-current receivables	d	0	264	264
<b>Total non-current assets</b>		<u>1,648</u>	<u>366</u>	<u>2,014</u>
Receivables	e	1,502	872	2,374
Cash and cash equivalents		599	0	599
Other		1,718	0	1,718
<b>Total current assets</b>		<u>3,819</u>	<u>872</u>	<u>4,691</u>
<b>Total assets</b>		5,467	1,238	6,705
Payables	f	(2,371)	(917)	(3,288)
Other		(5)	0	(5)
<b>Total current liabilities</b>		<u>(2,376)</u>	<u>(917)</u>	<u>(3,293)</u>
Non-current payables	g	0	(58)	(58)
Provisions		(1,860)	0	(1,860)
<b>Total non-current liabilities</b>		<u>(1,860)</u>	<u>(58)</u>	<u>(1,918)</u>
<b>Total liabilities</b>		<u>(4,236)</u>	<u>(975)</u>	<u>(5,211)</u>
<b>Total assets less total liabilities</b>		<u>1,231</u>	<u>263</u>	<u>1,494</u>
General fund		1,118	263	1,381
Revaluation reserve		113	0	113
<b>Total taxpayers' equity</b>		<u>1,231</u>	<u>263</u>	<u>1,494</u>

- (a) Expenditure incurred and income received relating to NLH
- (b) Finance lease asset relating to hosting services
- (c) Two capitalised software licences
- (d) Prepayment greater than one year
- (e) Prepayment less than one year
- (f) Payable less than one year relating to finance lease asset for hosting services
- (g) Payable greater than one year relating to finance lease asset for hosting services

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