NICE National Institute for Health and Care Excellence

National Institute for Health and Care Excellence

Annual Report and Accounts 2016/17

HC 63

National Institute for Health and Care Excellence (Non-Departmental Public Body)

Annual Report and Accounts 2016/17

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Chair's and Chief Executive's foreword

Eighteen years after NICE was first established, the range and reach of the guidance, standards and information that we publish has never been greater.

Our contribution to the NHS reflects the increasing complexity of the treatments and services available, with new gene therapies beginning to emerge, alongside algorithm-driven digital tools, for diagnosis, treatment and decision support. Our advice for the social care system is designed to help commissioners and providers focus their resources on interventions that can achieve the best outcomes, and to help service users decide what they need. And we are continuing our work with Public Health England to support the prevention agenda to tackle the big challenges of obesity, diabetes and alcohol misuse. Our public health guidance helps those in local government prioritise their resources on interventions that can achieve better outcomes in the short term, as well as through longer-term investment.

The choices facing those who provide and use health and care services are becoming ever more complex and sometimes bewildering. This complexity makes the need for NICE, with our experience in interpreting the evidence, and in balancing uncertainty with an ambition to provide access to the best new options for treatment and care, even more important. We are leading efforts to help cut through this complexity and more actively involve people in making decisions about their care through the Shared Decision-Making Collaborative, which has now set out recommendations and an action plan, in order to encourage a shared decision making culture in health and social care.

Much is changing around us in health and social care. New structures and different ways of delivering services, including ones that are binding health and social care closer together, mean that we are collaborating ever more closely with other national agencies and with the new local initiatives, including the devolved health and social care communities that are beginning to emerge. We have embraced these changes through our membership of the Arm's-Length Body Board and its associated programme groups, continuing links with five of the NHS England Vanguards, and through the work of our local Implementation Consultants.

In common with the rest of the public sector, NICE is operating in challenging circumstances. We are working through a phased reduction in our resources, but with an ambition to maintain the broad shape of our programmes. One of the ways in which we are doing this is by merging our 3 main guideline programmes, clinical, public health, and social care into a single Centre for Guidelines. Most of our clinical and public health topics have been completed or are in development, and so the task for the future is to make sure they remain up to date. In contrast, our social care guidelines library is still being developed.

Although our core funding is reducing, we are attracting new income from other sources, in the health and care sector and elsewhere. In April 2016, NICE took on responsibility for reviewing all drugs in the Cancer Drugs Fund and all newly licensed cancer drugs, with funding provided by NHS England. We are also providing NHS

England with evidence-based briefings to support its national commissioning decisions, and with advice and support for the new digital Improving Access to Psychological Therapies (IAPT) programme. And our Scientific Advice Programme, working with our Office for Market Access, provides important, fee for service opportunities for life sciences companies to develop compelling value propositions and to navigate the sometimes complex pathways into the NHS for their products.

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

Professor David Haslam CBE Chair
Sir Andrew Dillon CBE Chief Executive

PERFORMANCE REPORT

OVERVIEW

This section describes the role and structure of NICE, explains what we do and lists our achievements in 2016/17.

WHO WE ARE

NICE was set up in 1999 to help reduce variation in the availability and quality of NHS treatments and care. We provide national guidance and advice to promote high-quality health, public health and social care. We also produce quality standards, performance metrics and a range of information services for those providing, commissioning and managing services across the spectrum of health and social care.

In April 2013, we were established in primary legislation, becoming a non-departmental public body (NDPB), under the Health and Social Care Act 2012. As an NDPB, we are accountable to our sponsor department, the Department of Health, but operationally we are independent of government. Our guidance and other recommendations are made by independent committees.

The NICE Board sets our strategic priorities and policies, with day-to-day decision-making the responsibility of the Senior Management Team, led by the Chief Executive. Professor David Haslam is Chair and Sir Andrew Dillon is Chief Executive. The ways in which NICE identifies risk and manages issues that affect the delivery of our strategic objectives are described in the governance statement on page 25.

WHERE DOES NICE GUIDANCE APPLY?

The way NICE was established in legislation means that our guidance is officially England-only. However, we have agreements to provide certain NICE products and services to Wales, Scotland and Northern Ireland. Decisions on how our guidance applies in these countries are made by the devolved administrations, which are often involved in and consulted on the development of NICE guidance.

WHAT WE DO

CENTRE FOR GUIDELINES

This centre was formed in 2016 from the merger of the 3 main guideline programmes in clinical practice, public health and social care. The Centre for Guidelines develops clinical guidelines on the appropriate treatment and care of people with specific diseases or conditions, for people working in the NHS. Public health guidelines are aimed at health and social care practitioners, commissioners and managers with responsibility for health improvement in the NHS, local authorities, schools, and public, private and voluntary sectors. Social care guidelines are for commissioners and providers of personal care services, at home and in residential care.

CENTRE FOR HEALTH TECHNOLOGY EVALUATION

Through its Technology Appraisals, Medical Technologies, Diagnostics and Interventional Procedures programmes, the Centre for Health Technology Evaluation develops guidance and advice on the use of new and existing treatments within the NHS. The guidance and advice produced covers medicines, medical devices, diagnostic techniques and surgical procedures. It is also responsible for guidance on highly specialised technologies, which provides recommendations on the use of new and existing highly specialised medicines and treatments.

From July 2016, new arrangements for the Cancer Drugs Fund were adopted providing a more flexible approach for the way that NICE appraises and evaluates cancer drugs. The

new system is the product of partnership working between NHS England, NICE, Public Health England and the Department of Health.

The centre is also responsible for the Patient Access Scheme Liaison Unit, NICE Scientific Advice and the Office for Market Access, and hosts the NICE topic selection programme. The centre includes the Science Policy and Research Programme, which helps to improve the methods that NICE uses to develop guidance and encourages partners to commission research relevant to our work.

HEALTH AND SOCIAL CARE DIRECTORATE

This directorate is responsible for developing a range of products, including quality standards for health, public health and social care. It also develops and supports opportunities for people who use services to become involved in NICE's work. In 2016, the Medicines and Prescribing Programme moved into the directorate from the Centre for Guidelines, and the programme for developing for public health and social care guidelines transferred into the Centre for Guidelines.

Medicines and Technologies Programme

This programme carries out the following functions:

- Producing evidence summaries, guidance, key therapeutic topics, medicines awareness services and quality assurance to support NICE's contract to provide the British National Formulary (BNF) and BNF for Children (BNFC) to prescribers working in the NHS and other organisations that provide NHS-commissioned care.
- Developing implementation and educational materials to support the use of medicines, such as decision aids. Field-based regional technical advisers support a community of 70 associates. They promote high-quality, safe and cost-effective prescribing and medicines optimisation in line with NICE guidance within local health economies. They cover northern England and Northern Ireland; the midlands, east of England and Wales; south of England and the Channel Islands; and London.
- Supporting the adoption of selected medical and diagnostic technologies across the NHS. This includes providing clinicians, professionals, managers and other decision-makers with resources as part of their quality improvement programmes. The team also develops uptake metrics and informs the organisation on the implementation and use of NICE guidance and standards.
- Publishing resource impact assessments for all forms of NICE guidance. This includes assessing the budget impact of medicines appraised by NICE.

Quality and Leadership Programme

This programme carries out the following functions:

- Developing quality standards for health, public health and social care. These aim to drive quality improvement and identify and validate indicators for measuring processes and outcomes across health and care.
- Publishing evidence-based treatment pathways in mental health. These provide implementation guidance and referral to treatment waiting time standards for providers and commissioners.
- Managing our Evidence Search Student Champion Scheme. This is a peer-to-peer, 'train the trainer' programme. It aims to increase the uptake and use of evidence-based resources and guidance.
- Supporting our strategic engagement with key external organisations and coordinating cross-organisation functions that relate to the Health and Social Care Directorate. This includes support for medical revalidation, topic selection and NICE Pathways.

Public Involvement Programme

The public involvement programme develops and supports NICE's patient, carer and public involvement activities. The public involvement programme works across NICE to ensure that there are opportunities for lay people and the organisations that support them to participate

meaningfully in NICE's activities, and that those opportunities are appropriately supported.

System Engagement Programme
This programme carries out the following functions:

- External engagement with the health and care system through the NICE field team. It consists of 9 members based throughout England and Northern Ireland. The team's role is to help managers and staff across health and social care settings to improve the quality of care and outcomes; increase value; and deliver sustainable health economies through the implementation and uptake of NICE guidance, quality standards and advice. The team maintains regular contact with NHS organisations, local authorities and other health, public health and social care providers through campaigns and targeted visits, alongside routine and opportunistic engagement activities.
- Support for identifying and publishing 'shared learning' examples, plus endorsement and accreditation of external resources.
- Providing the NICE Fellows and Scholars Programme, which recognises the achievement and potential of health and care professionals. It contributes to their professional development, and fosters a growing network of individuals linked to NICE who will help to improve the quality of care.
- Supporting the implementation of NICE guidance, providing a lead role in developing selected key national strategic relationships. There is a focus on working with national partners to encourage their involvement in the promotion and appropriate use of NICE products in the system.

EVIDENCE RESOURCES DIRECTORATE
This directorate is made up of the digital services and information resources teams, and is responsible for managing all of NICE's digital and information requirements. The directorate also now includes a team supporting NICE's interface with international interest in NICE's content, activities and processes.

Digital services
The digital services team manages NICE's digital services in line with our digital strategy. This includes the maintenance and improvement of existing digital products and services and the delivery of new digital products and services. Our digital services consist of the NICE website, NICE Pathways, the NICE syndication service, NICE Evidence Services and guidance development services, which support internal guidance development processes.

Information resources
Information resources is made up of 2 teams:

- The guidance information services team supports NICE programmes by providing systematic literature searching and quality assurance of searches developed by external contractors. This team also ensures the continuing development of NICE's information function and its corporate library services.
- The evidence information services team procures and contract manages commissioned content (evidence-based journals and bibliographic databases) on behalf of Health Education England and makes this available through OpenAthens. The team also manages the suite of services known as NICE Evidence Services and provides information management expertise to the evidence needs of NICE, delivering a portfolio of evidence surveillance and updating services.

NICE Evidence Services
NICE Evidence Services are a suite of services available through the NICE website that provide internet access to high-quality authoritative evidence and best practice.

NICE Evidence Services consist of:

- Evidence search, which provides free, open access to selected and authoritative evidence in health, social care and public health.
- Healthcare Database Advanced Search (HDAS), which is aimed at the expert user and provides access to an extensive set of journals and bibliographic databases. These are procured and managed by NICE and funded by Health Education England. The HDAS service is being redeveloped to improve its performance and stability as well as the user experience.
- Clinical Knowledge Summaries (CKS), which provide primary care practitioners with access to evidence-based guidance on over 330 key conditions presenting in primary care.
- BNF microsite, which provides open access to BNF and BNFC content across the UK.
- Evidence-awareness services, which provide weekly and daily email services, to help busy professionals keep up to date with important new evidence related to medicines.

UK PharmaScan

UK PharmaScan is a secure horizon-scanning database with over 175 registered pharmaceutical companies recording information on new medicines in development. It provides up-to-date information such as clinical trial and regulatory information to national horizon-scanning groups and approved NHS organisations. NHS England uses UK PharmaScan as its primary source of horizon-scanning information on new medicines.

Intellectual property and content business management

The Intellectual Property (IP) and Content Business Management team manages the range of activities involved in granting permissions to use NICE's IP and content, either with the NICE UK Open Content Licence or international licences. It also responds to enquiries from international organisations and governments that wish to learn about NICE processes and activities and use NICE content.

COMMUNICATIONS DIRECTORATE

The communications directorate is responsible for raising awareness of our work among key audiences and external partners, and for protecting and enhancing our reputation by using the most effective channels. The directorate manages the issuing and dissemination of NICE guidance, runs the NICE website and handles press and public enquiries.

The directorate is made up of a number of teams: external relations, which includes media relations, events and exhibitions, public affairs and stakeholder relations; corporate communications, which includes the NICE website, enquiry handling, internal communications and audience insight; and publishing, which includes an editorial function and digital publishing.

We deliver a full suite of multi-channel communications activities, telling the story of NICE's work and role through our website, which averages more than 3 million page visits each month; social and traditional media; speaking engagements; exhibitions and conferences; internal platforms; public affairs; and stakeholder engagement.

We provide a timely, responsive service to approximately 1,000 enquiries every month from health and care professionals, patient groups, charities, parliamentarians and members of the public. In the past year, we developed a new social media strategy and launched our Facebook page. Our Twitter following grew to 121,000, and we reached new and younger audiences through Snapchat. We publish and share blogs twice a week. The videos we produce and publish on YouTube saw a near 200% increase in views to 14,400 in 2016.

The content and digital publishing teams work closely to make sure NICE's guidance and other

products are clear, concise and relevant. We have written meta-descriptions for more than 1,500 guidance products to make them easier to find. We improved the overview pages for all NICE guidelines and quality standards.

NICE Pathways include every single piece of NICE guidance. We have added the entire back catalogue of advice products to NICE Pathways, which include every single piece of NICE guidance in interactive flowcharts.

NICE staff spoke at 160 conferences in the UK and Europe. The NICE events team ran an exhibition stand at 19 events. Audiences ranged from social workers and care home staff, to NHS clinicians and industry representatives.

In July 2016 we held a NICE Forum event attended by 159 delegates from across the health service and industry. The one-day programme included breakout sessions on market access and delivering safe, effective care. In September/October 2016 we ran a series of 4 regional stakeholder engagement events, at which we hosted roundtable discussions about NICE's work.

We listen to what our audiences tell us through a rolling programme of insight work to evaluate and improve our products and services.

BUSINESS PLANNING AND RESOURCES DIRECTORATE

This directorate manages business planning, finance, human resources, corporate governance, information technology services and estates and facilities for NICE. This includes generating income from subletting the London and Manchester offices.

NICE INTERNATIONAL

The NICE International team worked with individual governments or funding agencies supporting local teams to develop local solutions and decision making. In September 2016, the team moved to Imperial College London, with most of the ongoing projects also transferring. The NICE International brand is retained by NICE and our international work will continue with a focus on sharing NICE's methods, insight and expertise with overseas organisations.

HOW WE WORK

NICE works with experts from the NHS, local authorities and others in the public, private, life sciences industries, voluntary and community sectors, as well as people who use health and social care services and carers, to develop recommendations based on the best available evidence.

NICE's guideline topics are referred to us by the Department of Health, NHS England or other government departments. Topics are selected on the basis of a number of factors, including the burden of disease, the impact on resources, and whether there is inappropriate variation in practice across the country. Our guidance is then created by independent advisory committees.

NICE actively encourages the involvement of people who use health and social care services, carers, and the public (organisations and individuals) in the development and implementation of our guidance. The meetings of our advisory bodies are held in public, enabling scrutiny of our decisions.

PERFORMANCE ANALYSIS

OUTPUTS

In 2016/17, NICE produced the following guidance and advice. Annual targets are agreed by the Board, which were achieved by NICE in key areas. More information on the guidance and advice that we produce is included in the 'What we do' section. The way in which NICE monitors performance and manages risks and issues that could affect the delivery of our outputs are described in the governance statement on page 23.

Guidance and advice outputs 2016/17

Outputs	Measure	Target	Planned 2016/17	Actual 2016/17	Cumulative performance
Publish 5 public health guidelines	Publication within year	75%	5	6	120%
Publish 25 clinical guidelines, including updates	Publication within stated quarter	75%	25	24	96%
Publish 2 medicine practice guidelines	Publication within year	75%	2	2	100%
Publish 1 social care guideline	Publication within stated quarter	75%	1	1	100%
Publish 50 technology appraisals guidance (including up to 15 CDF reconsiderations)	Publication within stated quarter	75%	50	53	106%
Publish 35 interventional procedures guidance	Publication within stated quarter	75%	35	25[1]	71%
Publish 6 diagnostics guidance	Publication within stated quarter	75%	6	5	83%
Publish 3 highly specialised technologies guidance	Publication within stated quarter	100%	3	2[2]	66%
Publish 7 medical technologies guidance	Publication within stated quarter	75%	7	5[3]	71%
Publish 36 medtech innovation briefings (MIBs)	Publication within stated quarter	75%	36	38	106%
Submit advice to Ministers on 12 Patient Access Schemes	Publication within stated quarter	75%	12	34	283%
Publish 40 evidence surveillance reviews	Publication within stated quarter	75%	40	44	110%
Publish 20 evidence summaries – new medicines, unlicensed and off-label medicines	Publication within year	80%	20	20	100%
Publish 33 quality standards	Publication within stated quarter	75%	33	37	123%
Publish 1 indicator	Publication within year	100%	1	1	100%
Publish 10 new and updated quality and productivity case studies	Publication within stated quarter	80%	10	7[4]	70%
Publish at least 6 Cochrane quality and productivity commentaries	Publication within stated quarter	80%	6	1[5]	17%
Publish 30 endorsement statements	Publication within stated quarter	80%	30	24	80%

[1] 6 topics were delayed by the end of 2016/17. The Interventional Procedures Programme scheduled a reduced amount of topics in 2016/17 due to a lack of suitable notifications. One additional publication not planned for 2016/17 was published early, in March 2017.
[2] 3 topics were delayed by the end of 2016/17.
[3] 2 topics were delayed by the end of 2016/17.
[4] At the end of 2016/17, 3 quality and productivity case studies were delayed, one of which was published in April 2017. The contract for this work ceased on 31 March 2017.
[5] Only 1 Cochrane quality and productivity study met the development criteria and was published during 2016/17. The contract for this work ceased on 31 March 2017.

FINANCIAL OVERVIEW

ACCOUNTS PREPARATION AND OVERVIEW

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

NICE is an NDPB with the majority of funding coming through grant-in-aid from the Department of Health (78%). The remaining funding comes from other NDPBs (NHS England and Health Education England) and our income generating activities (Scientific Advice, the Office for Market Access and research grants). This funding and how it was used is explained in more detail below.

HOW IS NICE FUNDED?

NICE's total revenue funding from the Department of Health for 2016/17 was £58.5 million. This comprised:

- **£49.4 million administration grant-in-aid funding.** The recurrent baseline funding from the Department of Health was £49.4 million (a reduction of £3.8 million from 2015/16).
- **£8.1 million programme grant-in-aid funding.** This is primarily funding to purchase and distribute the BNF on behalf of the NHS (both in print and digital versions), and to support the medical technologies evaluation programme, in particular the cost of the External Assessment Centres.
- **£1 million ring-fenced depreciation limit.** This is non-cash funding, consistent with funding in 2015/16.

In addition to the revenue resource limit, NICE's capital resource limit was £0.5 million for 2016/17. The total amount of cash available to be drawn down from the Department of Health during 2016/17 was £58 million (made up of administration funding [£49.4 million], programme funding [£8.1 million] and capital funding [£0.5 million]). The actual amount of cash drawn down in 2016/17 was £56.6 million. This was £1.4 million lower than the amount available.

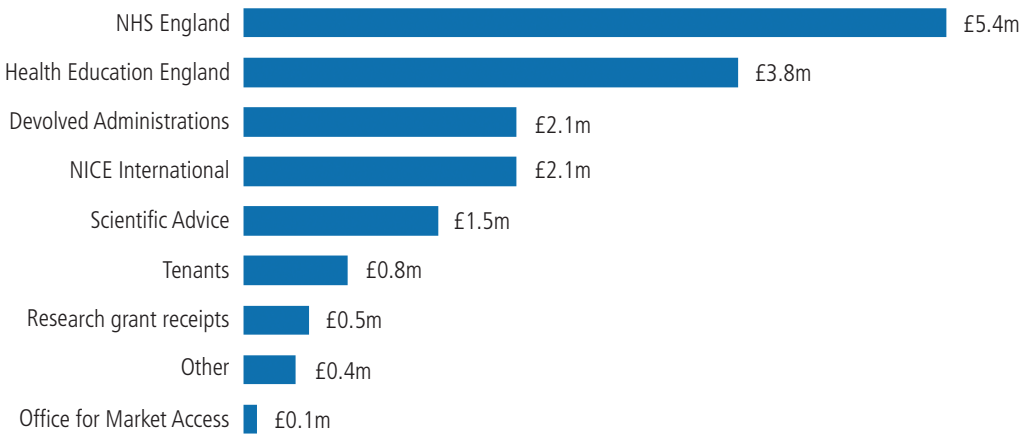
OTHER INCOME

NICE also received £16.7 million operating income from other sources, as follows:

- £3.8 million was received from Health Education England to fund national core content (such as journals and databases) on the NICE Evidence Search website for use by NHS employees.
- £2.1 million was received from the devolved administrations and other Government departments to contribute to the cost of producing NICE guidance and publication of the BNF.
- Trading activities from NICE International, Scientific Advice and the Office for Market Access (OMA) generated £3.7 million gross income and receipts.
- NHS England provided £5.4 million funding for supporting the Cancer Drugs Fund, developing medtech innovation briefings, supporting the Commissioning through Evaluation (CtE) programme, work on evidence-based treatment pathways for mental health and producing commissioning support documents.
- £0.8 million was received from charges to subtenants of the Manchester and London offices.
- £0.9 million was received from other sources, including grants for supporting academic research and recharges for staff seconded to external organisations.

The chart on page 13 shows the breakdown of income received.

Other income (non-grant-in-aid) (£16.7 million)



HOW THE FUNDING WAS USED

Total net expenditure in 2016/17 was £54.6 million (£62.5 million in 2015/16), which resulted in an underspend of £3.9 million against a total revenue resource limit of £58.5 million (see table below).

The £3.9 million (7%) underspend in 2016/17 was caused by a mixture of vacancies throughout the year and savings generated through renegotiation of contracts. General caution exercised by the Board in not committing to new recurrent expenditure, and savings programmes in preparation for further reductions to its grant-in-aid budget in future years has also had an impact.

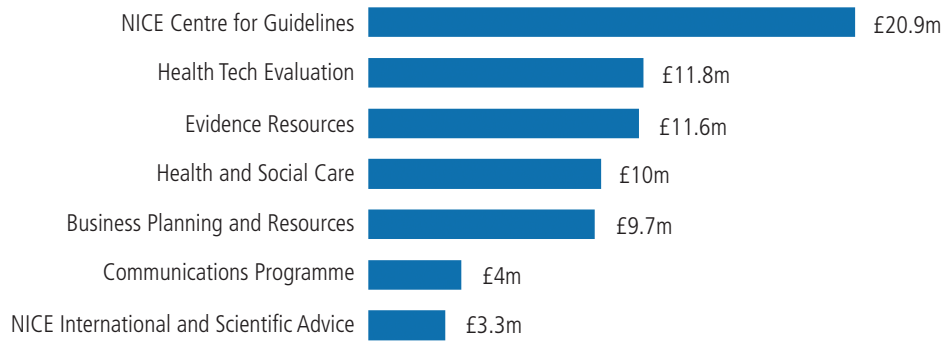
The organisation is structured into 4 guidance and advice-producing directorates and several corporate support functions. The chart on page 14 shows how the gross expenditure is spread across NICE. As part of ongoing efficiencies, and to ensure teams are effectively configured to deliver on future requirements, 2016/17 saw some restructuring of the Health and Social Care, Centre for Guidelines and Communications directorates.

Summary of financial outturn

2016/17 financial outturn	Resource limit £m	Net expenditure £m	Variance £m
Grant-in-aid	57.5	54.0	(3.5)
Depreciation and amortisation	1.0	0.6	(0.4)
Total comprehensive expenditure for the year ended 31 March 2017	58.5	54.6	(3.9)

2015/16 financial outturn	Resource limit £m	Net expenditure £m	Variance £m
Grant-in-aid	62.1	61.6	(0.5)
Depreciation and amortisation	1.0	0.9	(0.1)
Total comprehensive expenditure for the year ended 31 March 2016	63.1	62.5	(0.6)

Gross expenditure by centre and directorate (£71.3 million)



We continue to build closer ties with other NHS organisations such as NHS England who commission our medtech innovation briefings, and Health Education England who fund and contribute to evidence services such as providing access to specialist journals and databases, and supporting the Healthcare Databases Advanced Search (HDAS) tool.

NICE and NHS England worked together to develop a new model for the Cancer Drugs Fund (CDF) and following a 12-week consultation, the CDF was amended and relaunched in July 2016 resulting in a new option for technology appraisal recommendations. In 2015/16 NHS England also requested that NICE support their specialist services policy development process through the creation of the Commissioning Support Programme.

CAPITAL EXPENDITURE

The capital budget during 2016/17 was £0.5 million. Of this £0.18 million was spent on information technology hardware upgrades and £0.16 million on the upgrade of audiovisual equipment to allow for improved and more efficient cross-site working, enabling a reduction in the need for staff travel between sites.

A total of £0.12 million relates to the capitalisation of the Stamp Duty Land Tax on the extension of the Manchester office lease. A small amount was also spent on a minor furniture refit in the Manchester office.

Refurbishment work on the toilets in the Manchester office which was planned for 2016/17 will now start in 2017/18.

BETTER PAYMENT PRACTICE CODE

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

	Number	£000
Total non-NHS bills paid 2016/17	3,527	44,132
Total non-NHS bills paid within target	3,351	43,088
Percentage of non-NHS bills paid within target	95%	97.6%
Total NHS bills paid 2016/17	239	1,942
Total NHS bills paid within target	227	1,908
Percentage of NHS bills paid within target	95%	98.2%

The amount owed to trade creditors at 31 March 2017, in relation to the total billed through the year expressed as creditor days, is 3 days (3 days in 2015/16).

FUTURE DEVELOPMENTS

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

Achieving savings of this magnitude will require significant changes to the nature and extent of what we can offer; but we believe that we can nevertheless keep the shape of our offer, combining a range of guidance, standards and indicators with an array of evidence services, adoption support and added value fee-for-service programmes. We have developed a strategic savings programme, which is currently underway.

Looking forward to 2017/18, NICE will continue to work closely with the life sciences industry and Government to develop innovative approaches to evaluating new technologies, through initiatives such as the reformed Cancer Drugs Fund. NICE's dedicated Scientific Advice programme and Office for Market Access provide opportunities for companies to engage with us, as they develop their value propositions.

We intend to work with the London School of Economics' health division on how medicines, medical devices and tests are evaluated for cost effectiveness. In addition both organisations will develop educational courses for the industry and public sector covering the evidence and methods used in health technology appraisal in the UK. We will fast track some drug appraisals, where the products under review offer exceptional value for money, reducing the time to decision to 6 months.

Expectations for the potential of digital interventions and services to transform the delivery of care, improve access and save costs remain high across the health and social care system. In practice however, while the evidence base for digital technologies is improving, it remains limited and the confidence of decision-makers to recommend or fund these technologies continues to be low.

NICE is preparing to help by supporting NHS England to deliver the digital Improving Access to Psychological Therapies (IAPT) pilot programme to identify and support high-priority digital programmes.

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

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 HM Treasury guidance (Managing Public Money, chapter 6).

SOCIAL, COMMUNITY AND ENVIRONMENTAL ISSUES

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

NICE performance, where measurable, is contained in the sustainability report on page 16.

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

SUSTAINABILITY REPORT

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

Monitoring continues in all areas where the carbon impact is most significant, with the aim to make reductions every year. These include:

- electricity/air conditioning usage
- staff and non-staff business travel
- office waste and recycling
- printing the BNF.

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

Energy use has reduced by 8% when compared with 2015/16; this is partly because of excluding the energy used by our tenants in both London and Manchester offices in the calculations. The London office gets meter readings for the floor areas it occupies, which do not include the main plant use, but cover common areas.

Rail travel emissions have decreased by 9.6% as a result of a reduction in rail journeys because of the increased use of the more economical videoconferencing and teleconferencing facilities across sites for meetings. The number of rail journeys fell by 1,158. Air travel has decreased by 48%, which is mainly because of the transfer of NICE International to Imperial College London.

Total paper tonnes for printing has increased by 8% because of increased book-order quantities for the BNF compared to 2015/16. Total cost has also increased by 8% because of this increased quantity and unfavourable exchange rates with the BNF currently printed in Germany.

NICE's performance is summarised in tables and figure on page 17.

- Financial information was not separately available for office estate waste because the cost is included in office cleaning and maintenance contracts, where the element is not differentiated.
- Financial information was not separately available for office estate water use because the cost is included in the overall service charge. There are no other uses of finite resources where the use is material.
- NICE currently has no scope 1 carbon emissions, which are from sources owned by the organisation such as fleet vehicles.

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

Signed: Sir Andrew Dillon, Accounting Officer 22 June 2017

Estimated carbon emissions

	2016/17		2015/16	
Activity	**Outturn**	**Carbon tonnes**	Outturn	Carbon tonnes
Electricity (kWh)	734,810	448	799,039	487
Scope 2[1] total		**448**		487
Rail travel (miles)	2,190,026	166	2,509,701	183
Air travel (miles)	868,432	169	1,447,882	325
Printing (tonnes)	260	782	240	724
Scope 3[2] total		**1,116**		1,232
Total		**1,565**		1,719

[1] Scope 2 emissions relate to energy consumed which is supplied by another party
[2] Scope 3 emissions relate to official business travel paid for by NICE

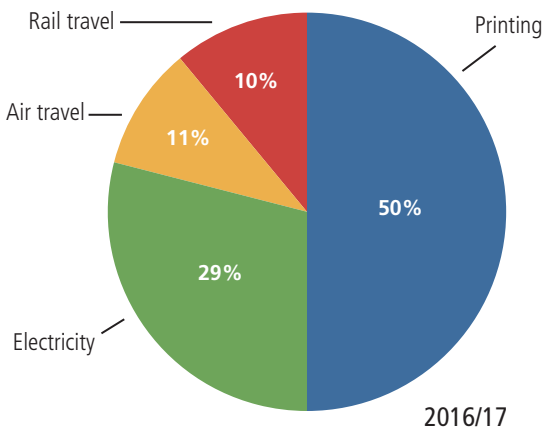
Sustainable development – summary of performance

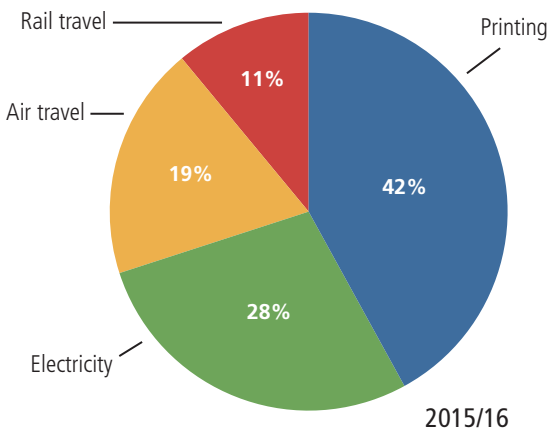
Activity		**2016/17**	2015/16
Business travel including international air travel	Miles	3,058,458	3,957,583
	Expenditure (£)	1,163,207	1,253,175
Office estate energy	Consumption (kWh)	734,810	799,039
	Expenditure (£)	121,973	149,866
Office estate waste	Consumption (kg)	65,042	62,041
Printing	Paper (tonnes)	260	240
	Expenditure (£)	816,016	618,402

Waste

	2016/17	2015/16
Non-recycled (kg)	364	356
Recycled (kg)	64,678	61,685
Total waste (kg)	65,042	62,041
Percentage recycled	99%	99%

Activities contributing to greenhouse gas emissions (carbon tonnes)





ACCOUNTABILITY REPORT

The purpose of the Accountability Report is to meet key accountability requirements. It comprises 3 key sections:

- Corporate Governance Report
- Remuneration and Staff Report
- Parliamentary Accountability and Audit Report.

CORPORATE GOVERNANCE REPORT

The purpose of the corporate governance report is to explain the composition and organisation of NICE's governance structures and how they support the achievement of its objectives. It comprises 3 sections:

- Directors' Report
- Statement of Accounting Officer's Responsibility
- Governance Statement.

DIRECTORS' REPORT

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

During the financial year 2016/17, 6 public meetings of the NICE Board took place. Attendance rates of members are available on page 24 and our website, which also provides biographies of each member.

Since its establishment, the NICE Board has met in public regularly. Through those meetings, the Board has been responsible for taking key strategic decisions about the direction of the organisation, how it will use its resources, and reviewing progress with the delivery of key priorities for 2016/17.

Meetings of the Board are publicised through the NICE website, with reports published before meetings take place. Board meetings are held in public as per the Admissions to Meetings Act. Members of the public are welcome to attend and observe the meetings.

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

Where applicable, directors are members of the NHS Pension Scheme. Please refer to the Remuneration and Staff Report for further details of the scheme.

Register of interests

We maintain a register of interests to ensure potential conflicts of interest can be identified and addressed in advance of Board discussions, which is publicly available. Where potential conflicts exist, they are recorded in the Board minutes, along with any appropriate action taken to address them.

Information on transactions with organisations with whom our directors are connected are detailed in the Related Parties note on page 63.

THE BOARD

The Board's membership in 2016/17 was:

Professor David Haslam CBE Chair
Andrew McKeon Vice Chair
Professor David Hunter[1] Non-Executive Director
Linda Seymour[2] Non-Executive Director
Jonathan Tross CB[3] Non-Executive Director
Bill Mumford[4] Non-Executive Director
Professor Finbarr Martin[5] Non-Executive Director
Professor Tim Irish Non-Executive Director
Dr Rosie Benneyworth Non-Executive Director
Elaine Inglesby-Burke[6] Non-Executive Director
Tom Wright[7] Non-Executive Director
Professor Sheena Asthana[8] Non-Executive Director
Professor Martin R Cowie[9] Non-Executive Director
Professor Angela Coulter[10] Non-Executive Director
Dr Rima Makarem[11] Non-Executive Director
Sir Andrew Dillon CBE Chief Executive
Professor Gillian Leng CBE Deputy Chief Executive and Health and Social Care Director
Professor Carole Longson MBE Health Technology Evaluation Centre Director
Ben Bennett Business Planning and Resources Director

[1] Until 31/10/2016 [2] Until 31/10/2016
[3] Until 31/12/2016 [4] Until 31/7/2016
[5] Until 31/7/2016 [6] From 1/4/2016
[7] From 14/11/2016 [8] From 14/11/2016
[9] From 14/11/2016 [10] From 14/11/2016
[11] From 1/12/2016

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

The committee provides an independent and objective review of arrangements for internal control within NICE, including risk management. The members in 2016/17 were:

Jonathan Tross CB[1] Non-Executive Director
Professor David Hunter[2] Non-Executive Director
Linda Seymour[3] Non-Executive Director
Bill Mumford[4] Non-Executive Director
Dr Rima Makarem[5] Non-Executive Director
Professor Tim Irish[6] Non-Executive Director
Professor Sheena Asthana[7] Non-Executive Director
Elaine Inglesby-Burke[8] Non-Executive Director

[1] Chair of the Committee until 31/12/2016
[2] Until 31/10/2016 [3] Until 31/10/2016 [4] Until 31/7/2016
[5] Chair of the Committee from 1/1/2017
[6] From 20/7/2016 [7] From 24/11/2016 [8] From 16/11/2016

REMUNERATION COMMITTEE

The committee sets remuneration levels and terms of service for senior staff at NICE, in line with NHS practice. Members in 2016/17 were:

Professor David Haslam CBE Chair
Tim Irish Non-Executive Director
Andrew McKeon Non-Executive Director
Jonathan Tross CB[1] Non-Executive Director
Dr Rima Makarem[2] Non-Executive Director

[1] Until 31/12/2016 [2] From 18/1/2017

SENIOR MANAGEMENT TEAM

The members of the Senior Management Team in 2016/17 were:

Sir Andrew Dillon CBE Chief Executive
Professor Gillian Leng CBE Deputy Chief Executive and Health and Social Care Director
Professor Mark Baker Centre for Guidelines Director
Ben Bennett Business Planning and Resources Director
Jane Gizbert Communications Director
Professor Carole Longson MBE Health Technology Evaluation Centre Director
Alexia Tonnel Evidence Resources Director

INDEPENDENT ADVISORY COMMITTEES

Membership of these committees includes healthcare professionals working in the NHS and local authorities, social care practitioners and people who are familiar with the issues that affect those who use health and social care services, their families and carers. The committees seek the views of organisations that represent people who use health and social care services, and professional and industry groups, and their advice is independent of any vested interest. During 2016/17 they were:

- Technology Appraisal Committees, chaired by Dr Jane Adam, Dr Amanda Adler, Professor Andrew Stevens and Professor Gary McVeigh
- Highly Specialised Technologies Committee, chaired by Dr Peter Jackson
- Interventional Procedures Advisory Committee, chaired by Dr Thomas Clutton-Brock
- Diagnostics Advisory Committee, chaired by Professor Adrian Newland CBE
- Medical Technologies Advisory Committee, chaired by Dr Peter Groves
- Public Health Advisory Committees, chaired by Professor John Britton CBE,[1] Professor Susan Jebb OBE, Paul Lincoln OBE, Professor Alan Maryon-Davis, Professor David Croisdale-Appleby OBE, Dr Sharon Hopkins and Dr Tessa Lewis[2]

  [1] Until 8/6/2016 [2] From 1/9/2016
- Clinical Guidelines Update Committees, chaired by Professor Susan Bewley, Professor Damien Longson,[1] Dr Tessa Lewis and Professor Steve Pilling

  [1] Until 24/8/2016
- Indicator Advisory Committee, chaired by Professor Danny Keenan
- Quality Standards Advisory Committees, chaired by Dr Bee Wee, Dr Hugh McIntyre, Professor Damien Longson and Dr Michael Rudolf
- Accreditation Advisory Committee, chaired by Professor Martin Underwood.

  This programme closed to new applications on 30/09/16. The Accreditation Advisory Committee was closed on 31/03/2017. A letter of confirmation informing the stakeholders of this was sent in July 2016.

INDEPENDENT ACADEMIC CENTRES AND INFORMATION-PROVIDING ORGANISATIONS

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

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

We commission independent academic centres to support advance evidence synthesis in the development of clinical guidance. The Centre for Guidelines in 2016/17 worked with the following organisation:

- Technical Support Unit, University of Bristol.

We also commission independent academic centres to review the published evidence when developing public health guidance. In 2016/17, the Public Health and Social Care Centre worked with the following organisations:

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

EXTERNAL ASSESSMENT CENTRES

The 4 External Assessment Centres are independent academic units retained to work with the Centre for Health Technology Evaluation on projects related to the work programmes on medical devices, diagnostics and interventional procedures. The centres are:

- Birmingham and Brunel Consortium, University of Birmingham
- CEDAR, Cardiff and Vale University Health Board
- King's Technology Evaluation Centre (KiTEC), King's College London

- Newcastle and York Consortium, Newcastle upon Tyne Hospitals NHS Foundation Trust.

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. During 2016/17 the centres were:

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

SOCIAL CARE COLLABORATING CENTRE

In January 2013, NICE appointed the Social Care Institute for Excellence (SCIE), and its 4 partner organisations, to support the development, implementation and dissemination of social care guidelines and quality standards. The collaborating centre is known as the NICE Collaborating Centre for Social Care, and SCIE's partner organisations are:

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

PERSONAL DATA RELATED INCIDENTS

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

The Statement of Accounting Officer's Responsibilities and the Governance Statement outline the responsibilities of the Accounting Officer and how NICE is governed.

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

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

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

- observe the Accounts Direction issued by the Secretary of State for Health, 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 Care Excellence as the Accounting Officer for NICE. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NICE's assets, are set out in the Government Financial Reporting Manual published by HM Treasury.

As Chief Executive and Accounting Officer, I confirm that

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

GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of corporate governance and internal control that supports the achievement of NICE's business and strategic plans while safeguarding the public funds and the departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

THE GOVERNANCE FRAMEWORK OF THE ORGANISATION

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

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

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

The management structure of NICE consists of a Board of 10 non-executive and 4 executive members with a balance of skills and experience appropriate to its responsibilities which provides leadership and strategic direction for the organisation. The Board is collectively accountable, through the Chair, to the Secretary of State for Health for the strategic direction of NICE, for ensuring a sound system of internal control through its governance structures, and for putting in place arrangements for securing assurance about the effectiveness of that system.

The Non-Executive Directors are appointed by ministers. Executive and Non-Executive Directors have an annual review of their performance. The outcome of the reviews undertaken in 2016/17 confirmed members were performing well and able to contribute effectively to the Board. In April 2016 the Board reviewed the outcome of a Board effectiveness review undertaken by the internal auditors which concluded that the NICE Board is effective in undertaking its role and adopts a forward thinking and strategic viewpoint.

Public Board meetings consider reports on strategic issues facing NICE and its performance against business targets. In addition, the Board reviews finance reports, reports from Board committees, the business plan, project-specific papers on major developments, and reports from all directors on activity within their departments. Papers are reviewed by the Senior Management Team before submission to the Board to ensure they are of a high standard. The Board's position on these papers is recorded in the minutes which are published on the NICE website.

The attendance at the public Board meetings is outlined in the table on page 24.

The Board held a strategy day meeting in October 2016 which focused on 2 themes: the current state of NICE's relationships with key partners, and the immediate challenges facing

Attendance at board meetings

Member	18 May 2016	20 July 2016	21 September 2016	16 November 2016	18 January 2017	15 March 2017
NON-EXECUTIVE DIRECTORS						
David Haslam	P	P	P	P	P	P
Professor Sheena Asthana	n/a	n/a	n/a	P	P	P
Dr Rosie Benneyworth	P	P	P	A	P	P
Professor Angela Coulter	n/a	n/a	n/a	A	P	P
Professor Martin Cowie	n/a	n/a	n/a	P	P	A
Professor David Hunter	P	P	P	n/a	n/a	n/a
Elaine Inglesby-Burke	P	A	P	P	P	A
Professor Tim Irish	P	P	P	P	A	P
Dr Rima Makarem	n/a	n/a	n/a	n/a	P	P
Finbarr Martin	P	P	n/a	n/a	n/a	n/a
Andy McKeon	P	P	P	P	P	P
Bill Mumford	P	A	n/a	n/a	n/a	n/a
Linda Seymour	P	P	P	n/a	n/a	n/a
Jonathan Tross	P	P	P	P	n/a	n/a
Tom Wright	n/a	n/a	n/a	P	P	A
EXECUTIVE DIRECTORS						
Sir Andrew Dillon	P	A	P	P	P	P
Ben Bennett	A	P	P	P	P	P
Professor Gillian Leng	P	P	P	P	P	P
Professor Carole Longson	P	P	P	P	A	P
DIRECTORS IN ATTENDANCE						
Professor Mark Baker	P	P	P	P	P	P
Jane Gizbert	P	P	P	P	P	A
Alexia Tonnel	P	P	P	P	P	P
P = present A = apologies						

NICE, including the savings programme in place, in order to deal with the reduction in funding from the Department of Health.

The Department of Health regularly assesses the extent to which NICE meets its statutory obligations at quarterly accountability meetings and has been satisfied with the outcome. In addition, NICE has an annual accountability review with the relevant minister. This too has been satisfactory. The report of the Triennial Review of NICE in 2015 made 14 recommendations and progress in implementing these has been considered at each public Board meeting. NICE has either addressed these recommendations or incorporated them into business objectives as ongoing activities. One action, to investigate the possibility of benchmarking functions with international comparators, will be completed by the end of 2017.

Management actions to support the attainment of NICE's policies, aims and objectives while safeguarding public funds are discharged by the Senior Management Team, which provides regular reports to the Board to enable it to meet its responsibilities. The Senior Management Team supports the Board by:

- developing strategic options for the Board's consideration and approval
- preparing an annual business plan
- delivering the objectives set out in the business plan through delegation of specific responsibilities and active business management
- preparing and operating a set of policies and procedures that have the effect of both motivating and realising the potential of NICE staff
- designing and operating arrangements to secure the proper and effective control of NICE's resources
- constructing effective relationships with partner organisations at a national level, in health and social care, and with the life sciences and social care industries
- identifying and mitigating the risks faced by NICE.

The Board is supported by 2 committees – the Audit and Risk Committee and the Remuneration Committee.

The function of the Audit and Risk Committee is to provide independent and objective review of arrangements for internal control, including risk management. It supports the Board in securing efficiency and effectiveness in the way NICE goes about its work.

The Audit and Risk Committee meets quarterly and has received reports from internal audit in a range of areas. In 2016/17 it has considered reports on key financial controls, strategic financial management, payroll, contract management, risk management and assurance, and technology appraisal appeals. The first 5 received an opinion of 'moderate assurance', while the technology appraisals appeals audit received an opinion of 'substantial assurance'.

The committee considered management's response to the audit reports, and the recommendations which included strengthening documentation, and improvements to training. The committee reviewed the Head of Internal Audit's annual assurance report, which concluded, on the basis of these audits, an opinion of 'moderate assurance'. Progress in implementing agreed actions from internal audit reports is reported to the Audit and Risk Committee. The minutes from the committee are reported to the Board at its public meetings.

The Remuneration Committee is responsible for ensuring that a policy and process for performance review and remuneration of the Chief Executive, executive directors and centre directors are in place.

Taking all the above factors into account, I am satisfied that the governance structure complies with the Code of Practice for Corporate Governance in Central Government Departments insofar as it is relevant to NICE.

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 has been in place at NICE for the year ended 31 March 2017 and up to the date of approval of the annual report and Accounts, and accords with HM Treasury guidance. The NICE 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 and Risk Committee and by the Board.

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 a continuous process designed to identify and prioritise the risks to the achievement of departmental 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.

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

Directors consider risk issues in the annual business planning processes and also in relation to any changes that arise during the year. 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.

The Senior Management Team review the risk register each quarter before consideration by the Audit and Risk Committee. This review takes account of the ongoing identification and evaluation of risks by directors, and considers handling strategies and required policies to support the process of internal control. In doing so they consider the resources available, the complexity of the task, external factors that may impact on the work of NICE and the level of engagement required with partners and stakeholders. Risks are continually assessed in the context of current circumstances and NICE's strategy for responding to the reduction of funding in the period up to 2020.

The risk management policy, which includes the risk appetite statement, has been comprehensively reviewed and updated this year by the Senior Management Team and Board. The risk appetite statement informs the acceptance of an appropriate level of risk for any given business objective. Our high public profile is an additional consideration in assessing reputational risk. The level of transparency of our methods and processes and the extent of public scrutiny are essential to the robustness and credibility of our guidance and advice but this needs to be balanced against the importance of maintaining robust standards of information security.

The risk assessment process identified the following risks to be managed in the medium to long term. The approach to mitigating these is also summarised below.

The positioning of NICE as a positive element in relation to the development of the life sciences industry in the UK

The mitigating actions include active participation in the development of the Government's life sciences strategy, offering a positive vision of NICE as an enabler for life sciences companies and their products to enter the UK health and care system. We seek to promote the totality of NICE's offer with the

Government, with evidence of its impact in the health and care system, and align our work with the ambitions and capacities of the health and care system while ensuring that our methods and processes retain their objectivity.

The case for evidence-based products within the health and social care system is diluted causing NICE to lose visibility and impact

We work closely with our departmental sponsor and other health arm's-length bodies to contribute to influencing national policy and ministerial decisions, also engaging with other central Government departments, through the What Works initiative and HM Treasury on the use of evidence to inform policy in health and social care. We monitor the use of evidence by the other national agencies and identify opportunities for applying our skills and experience to enhance our offer and to avoid substitution or duplication.

NICE guidance and standards do not adequately take account of resource constraints in the health and care system making their implementation too challenging or relevant

We ensure that the way we develop guidance is aligned with and takes account of financial circumstances of the health and care system, as shown by the recent changes made in conjunction with NHS England to the technology appraisal and highly specialised technologies programmes.

The strategic financial plan fails to deliver the significant reductions expected in NICE's direct Department of Health funding

Savings plans to deliver NICE's agreed financial plan are confirmed and monitored by the Senior Management Team (SMT). Change programmes are monitored by a planning group that includes human resources, finance and operational resources. The plan includes both making savings and securing alternative sources of income. Progress is reviewed by the SMT and at the bi-monthly public Board meetings.

We are unable to put in place arrangements to recover income to cover the costs of the technology appraisal and highly specialised technologies programmes, at all or on the planned schedule

This is an area of focus for the Board and Senior Management Team. A contingency plan to address the financial shortfall will be implemented if it is not possible to recover this income.

In April 2017 the Audit and Risk Committee agreed an annual report to the Board where the assessment of the committee, based on the totality of the work presented to it, including but not exclusively the internal and external audit work, is that control and governance processes are well designed and managed.

INFORMATION GOVERNANCE

NICE does not handle sensitive personal data from medical records as part of its general functions so the risk to patient information is low. 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 guided by official guidance on information governance from relevant bodies, including NHS Digital, on a risk-assessed basis, and this is reported to the Audit and Risk 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 Owner. Anonymised health and social care data received from NHS Digital is managed in accordance with a dedicated process manual.

Information risks are considered as part of the risk assessment process, and any such risks reported to the Senior Management Team

and Audit and Risk Committee accordingly. Policies and procedures for managing the security of personal data are reviewed in light of best practice guidance and relevant standards are applied to underpin information governance. Staff have been reminded of what to be alert for when handling information and all staff are required to undertake annual information governance training.

Further work will be undertaken to strengthen our information technology controls to support our information governance standards and to reflect future needs. This includes completion of a 3-year digital strategy to support various aspects of information management at NICE. An information risk assessment is completed each year and reported to the Audit and Risk Committee for review.

SIGNIFICANT ISSUES

There have been no significant lapses in information governance arrangements or serious untoward incidents relating to sensitive information that required escalation outside of NICE management structures.

REVIEW OF THE EFFECTIVENESS OF GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL

As Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of corporate governance and internal control. My review 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.

I have been advised on the implications of the result of my review by the Board and the Audit and Risk Committee, and a plan to ensure continuous improvement of the systems 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 and Risk Committee to review the design and operation of the systems of corporate governance and internal financial control. Where areas for improvement have been identified, these are reported to the Audit and Risk Committee and an action plan agreed with management to implement the recommendations agreed.

In 2016/17 internal audit completed 6 assessments. These included assessments on key financial controls, strategic financial management, payroll, contract management, risk management and assurance, and technology appraisal appeals. All of these assessments provided an opinion of substantial or moderate assurance.

NICE has adhered to the requirements on publishing information on any highly paid and/or senior off-payroll appointments, and has passed to the Department of Health accurate data and disclosures to this end. Measures are in place to ensure that NICE's obligations under equality, diversity legislation and progress has been reported to the Board. The Head of Internal Audit has concluded that the Board can take moderate assurance that NICE has adequate and effective systems of control, governance and risk management in place.

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

Signed

Sir Andrew Dillon
Chief Executive and Accounting Officer

22 June 2017

REMUNERATION AND STAFF REPORT

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

SENIOR STAFF REMUNERATION

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

The salaries of the staff employed on NHS conditions and terms of service are subject to direction from the Secretary of State for Health, and 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 31 is set by the Remuneration Committee, based on Department of Health payscale guidance for executive senior managers.

The information contained in the tables of the Remuneration Report has been audited. Information on NICE's remuneration policy can be found on page 30 and the membership of the Remuneration Committee can be found on page 19 and has not been audited.

PERFORMANCE APPRAISAL

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

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

SUMMARY AND EXPLANATION OF POLICY ON DURATION OF CONTRACTS, AND NOTICE PERIODS AND TERMINATION PAYMENTS

Terms and conditions: Chairs and non-executives

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

Statutory basis for appointment

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

Employment law

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

Reappointments

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

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

Termination of appointment

Regulation 5 of the NHS Regulations sets out the grounds for terminating an appointment. A Chair or Non-Executive Director may resign

by giving notice in writing to the Secretary of State for Health or the Department of Health. Their appointment will also be terminated if, in accordance with regulations, they become disqualified for the post. In addition, the Department of Health may terminate the appointment of the Chair and Non-Executive Directors on the following grounds:

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

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

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

Remuneration

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

Conflict of interest

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

Indemnity

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

TERMS AND CONDITIONS: NICE EXECUTIVE

Basis for appointment

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

Termination of appointment

An executive director has to give 3 months' notice. NICE will normally 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 need for 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 (SUBJECT TO AUDIT)

		2016/17				2015/16			
Name	Title	Salary (bands of £5,000)	Benefit/ expenses (taxable) total to nearest £100	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)	Salary (bands of £5,000)	Benefit/ expenses (taxable) total to nearest £100	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)
		£000	£000	£000	£000	£000	£000	£000	£000
Prof David Haslam CBE	Chair	60 to 65	nil	nil	60 to 65	60 to 65	nil	nil	60 to 65
Dr Margaret Helliwell (1)	Vice Chair	nil	nil	nil	nil	5 to 10	nil	nil	5 to 10
Jonathan Tross CB (2)	Non-Executive Director	5 to 10	nil	nil	5 to 10	10 to 15	nil	nil	10 to 15
Andrew McKeon (3)	Non-Executive Director	5 to 10	nil	nil	5 to 10	5 to 10	nil	nil	5 to 10
Prof Rona McCandlish (4)	Non-Executive Director	nil	nil	nil	nil	5 to 10	nil	nil	5 to 10
Prof David Hunter (5)	Non-Executive Director	0 to 5	nil	nil	0 to 5	5 to 10	nil	nil	5 to 10
Linda Seymour (5)	Non-Executive Director	0 to 5	nil	nil	0 to 5	5 to 10	nil	nil	5 to 10
Prof Finbarr Martin (6)	Non-Executive Director	0 to 5	nil	nil	0 to 5	5 to 10	nil	nil	5 to 10
Bill Mumford (6)	Non-Executive Director	0 to 5	nil	nil	0 to 5	5 to 10	nil	nil	5 to 10
Prof Timothy Irish	Non-Executive Director	5 to 10	nil	nil	5 to 10	5 to 10	nil	nil	5 to 10
Dr Rosie Benneyworth	Non-Executive Director	5 to 10	nil	nil	5 to 10	0 to 5	nil	nil	0 to 5
Prof Martin Cowie (7)	Non-Executive Director	0 to 5	nil	nil	0 to 5	n/a	n/a	n/a	n/a
Prof Sheena Asthana (7)	Non-Executive Director	0 to 5	nil	nil	0 to 5	n/a	n/a	n/a	n/a
Prof Angela Coulter (7)	Non-Executive Director	0 to 5	nil	nil	0 to 5	n/a	n/a	n/a	n/a
Tom Wright (7)	Non-Executive Director	0 to 5	nil	nil	0 to 5	n/a	n/a	n/a	n/a
Dr Rima Makarem (8)	Non-Executive Director	0 to 5	nil	nil	0 to 5	n/a	n/a	n/a	n/a
Elaine Inglesby-Burke (9)	Non-Executive Director	5 to 10	nil	nil	5 to 10	n/a	n/a	n/a	n/a
Sir Andrew Dillon CBE (10)	Chief Executive	185 to 190	nil	nil	185 to 190	185 to 190	0.1	nil	185 to 190
Prof Gillian Leng CBE	Deputy Chief Executive and Health and Social Care Director	180 to 185	nil	52.5 to 55	235 to 240	180 to 185	nil	72.5 to 75	255 to 260
Prof Carole Longson MBE	Health Technology Evaluation Centre Director	125 to 130	nil	42.5 to 45	170 to 175	125 to 130	nil	30 to 32.5	155 to 160
Ben Bennett	Business Planning and Resources Director	115 to 120	3.1	45 to 47.5	165 to 170	115 to 120	3	20 to 22.5	140 to 145
Jane Gizbert	Communications Director	105 to 110	nil	37.5 to 40	145 to 150	105 to 110	nil	32.5 to 35	140 to 145
Alexia Tonnel	Evidence Resources Director	120 to 125	nil	45 to 47.5	165 to 170	115 to 120	nil	42.5 to 50	160 to 165
Prof Mark Baker	Clinical Practice Centre Director	115 to 120	nil	nil	115 to 120	115 to 120	nil	nil	115 to 120

No performance pay and bonuses or long-term performance pay and bonuses were paid to any Board member in 2016/17 or 2015/16.

(1) Left 31/12/2015. No longer vice chair. (2) Left 31/12/2016. Full year equivalent remuneration £10k-£15k. (3) Vice chair from 1/1/2016. (4) Left 31/3/2016. (5) Left 31/10/2016. Full year equivalent remuneration £5k-£10k. (6) Left 31/7/2016. Full year equivalent remuneration £5k-£10k. (7) Started 14/11/2016. Full year equivalent remuneration £5k-£10. (8) Started 1/12/2016. Full year equivalent remuneration £10k-£15k. (9) Started 1/4/2016, remuneration is paid to Salford Royal NHS Foundation Trust. (10) No longer an active member of the NHS Pension Scheme.

PENSION BENEFITS – SENIOR MANAGEMENT (SUBJECT TO AUDIT)

Name	Title	Real increase/ (decrease) in pension at age 60 (bands of £2,500)	Real increase/ (decrease) in pension lump sum at age 60 (bands of £2,500)	Total accrued pension at age 60 at 31 March 2017 (bands of £5,000)	Lump sum at age 60 related to accrued pension at 31 March 2017 (bands of £5,000)	Cash equivalent transfer value at 31 March 2016	Cash equivalent transfer value at 31 March 2017	Real increase in cash equivalent transfer value
		£000	£000	£000	£000	£000	£000	£000
Sir Andrew Dillon CBE (1)	Chief Executive	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Prof Gillian Leng CBE	Deputy Chief Executive and Health and Social Care Director	2.5 to 5	5 to 7.5	55 to 60	170 to 175	1,131	1,214	83
Prof Carole Longson MBE	Health Technology Evaluation Centre Director	0 to 2.5	5 to 7.5	25 to 30	75 to 80	481	532	51
Ben Bennett	Business Planning and Resources Director	0 to 2.5	5 to 7.5	45 to 50	145 to 150	942	1,009	67
Jane Gizbert (2)	Communications Director	0 to 2.5	nil	15 to 20	nil	202	238	36
Alexia Tonnel (2)	Evidence Resources Director	0 to 2.5	nil	10 to 15	nil	82	106	24
Prof Mark Baker	Clinical Practice Centre Director	n/a	n/a	n/a	n/a	n/a	n/a	n/a

(1) No longer an active member of the NHS Pension Scheme. At 31 March 2014, total accrued pension at age 60 was £85–90k and lump sum was £255–260k.
(2) No lump sum for senior managers who only have membership in the 2008 Section of the NHS Pension Scheme.

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

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

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

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

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

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

The banded remuneration of the highest-paid director in NICE in the financial year 2016/17 was £185k–190k (2015/16: £185k–£190k). This was 4.5 times (2015/16: 4.5) the median remuneration of the workforce, which was £41,373 (2015/16: £40,964). In 2016/17, no employees (2015/16: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £9k to £183k (2015/16, £8k–£182k).

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

Other information about pay includes:
- The highest-paid director received a pay award equivalent to 1% of NICE's average Executive Senior Manager (ESM) remuneration. The pay increase did not change the salary band of this director.
- Other executive senior managers also received an inflationary pay award equivalent to 1% of the average ESM remuneration, with no bonuses being made during 2016/17.
- Median pay has increased by 1% from 2015/16, in line with national uplifts of 1% to pay bands.
- Incremental pay progression was applied, under Agenda for Change terms and conditions.
- Staff numbers have increased from 613 in 2015/16 to 617 in 2016/17; the cost and composition of permanent and other staff can be seen in the tables on page 34.

This information has been audited.

STAFF NUMBERS AND RELATED COSTS (SUBJECT TO AUDIT)

	2016/17			2015/16		
	Permanently employed staff £000	**Other £000**	**Total £000**	Permanently employed staff £000	Other £000	Total £000
Salaries and wages	26,046	2,409	28,455	25,337	2,883	28,220
Social security costs	2,902	0	2,902	2,299	0	2,299
Employer pension contributions	3,447	0	3,447	3,363	0	3,363
Termination benefits	290	0	290	56	0	56
	32,685	2,409	35,094	31,055	2,883	33,938
Less recoveries in respect of outward secondments	(92)	0	(92)	(40)	0	(40)
Total net costs	32,593	2,409	35,002	31,015	2,883	33,898

In order to align our reporting with that of the Department of Health, the remuneration of Non-Executive Directors are no longer included within the salaries disclosure, and have instead been included within operating expenditure. Conversely, termination benefits are now included within this disclosure rather than operating expenditure. The 2015/16 figures have been restated to reflect these changes, salaries and wages reduced by £149k and an additional line created for the £56k in termination benefits.

Average number of persons employed

The average number of whole-time equivalent persons employed (excluding non-executive directors) during the year was as follows:

	Permanently employed staff number	**Other number**	**2016/17 Total number**	2015/16 Total number
Directly employed	**595**	**22**	**617**	613

PENSIONS

Our employees automatically become members of the NHS Pension Scheme when they join NICE unless they choose to opt out. The NHS Pension Scheme is an unfunded, multi-employer benefit scheme. Individual NHS bodies are therefore unable to identify their shares of the underlying scheme assets and liabilities.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This uses an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017 is based on valuation data as at 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The scheme regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the scheme actuary and appropriate employee and employer representatives as deemed appropriate.

The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

For 2016/17, employers' contributions were payable to the NHS Pension Scheme at the rate of 14.3% of pensionable pay (14.38% for 2017/18). These costs are shown in the NHS pension line of the table above. The scheme's actuary reviews employer contributions, usually every 4 years and now based on Her Majesty's Treasury (HMT) Valuation Directions, following a full scheme valuation. The latest review used data from 31 March 2012 and was published on the Government website on 9 June 2014.

The NHS Pension Scheme provides defined benefits, which are summarised below. This is an illustrative guide only, and is not intended to detail all the benefits provided by the schemes or the specific conditions that must be met before these benefits can be obtained (see table on pages 36–37).

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

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 2 years' service they can preserve their accrued NHS pension for payment when they reach retirement age.

Retirements because of 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 2016/17 (2015/16: nil).

Redundancies and terminations
During 2016/17, there were 4 redundancies/terminations, totalling £383k (2015/16: 14 cases at £1,493k).

Feature or benefit	NHS staff (Practice and approved employer staff)		Practitioners (NHS medical and ophthalmic practitioners)		All NHS workers and approved employer staff
Scheme	1995	2008	1995	2008	2015
Member contributions	–	–	–	Tiered contribution rates	–
Type of scheme	**Final salary** based on the best of the last 3 years' pensionable pay	**Final salary** based on the average of the best 3 consecutive years within the last 10 years	**Earnings Accrual.** The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	**Earnings Accrual.** The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	**Career Average Re-valued Earnings** based on a proportion of pensionable earnings in each year of membership
Pension	A pension worth 1/80th of pensionable pay per year and pro rata for any part year of membership	A pension worth 1/60th of reckonable pay per year and pro rata for any part year of membership	A pension based on 1.4% of total uprated earnings	A pension based on 1.87% of total uprated earnings	A pension worth 1/54th of each year's pensionable earnings, revalued at the beginning of each following scheme year in line with a rate set by HM Treasury plus 1.5% while in active membership
Retirement lump sum	3 times pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	3 times pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value
Normal pension age	60 (55 for Special Class/MHO)	65	60	65	Equal to an individual's state pension age or age 65 if that is later
Maximum age	75	75	75	75	75
Maximum membership	Non-special Class/MHO 45 years in total. Special class/MHO 40 years at age 55 and 45 years overall	45 years		45 years	No limit
Minimum pension age	50 if joined before 6/4/2006 and not had a break of 5 years or more. Otherwise 55	55	50 if joined before 6/4/2006 and not had a break of 5 years or more. Otherwise 55	55	55

Guide to the NHS pension scheme (cont.)

Feature or benefit	NHS staff (Practice and approved employer staff)		Practitioners (NHS medical and ophthalmic practitioners)		All NHS workers and approved employer staff
Actuarially reduced early retirement	Yes	Yes	Yes	Yes	Yes
Late retirement	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	Late retirement factors applied to all pension earned until retirement
Pensionable re-employment following payment of pension	Only available to eligible members who retire from active membership following ill-health retirement who rejoin before age 50	Yes if eligible	Only available to eligible members who retire from active membership following ill-health retirement who rejoin before age 50	Yes if eligible	Yes if eligible
Partial retirement	No	Yes	No	Yes	Yes
Ill health tier 1	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up pension paid without reduction
Ill health tier 2	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age	Tier 1 plus an enhancement of 2/3rds of prospective membership to normal pension age	Tier 1 plus an enhancement of 1/2 of prospective pension to normal pension age
Increasing your pension	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250

MHO = mental health officer

EXIT PACKAGES

Exit package cost band	Number of compulsory redundancies	Cost of compulsory redundancies £000	Number of other departures agreed	Cost of other departures agreed £000	Total number of exit packages	Total cost of exit packages £000
<£10,000	0 (0)	0 (0)	1 (8)	8 (34)	1 (8)	8 (34)
£10,000 - £25,000	1 (3)	22 (50)	2 (6)	35 (90)	3 (9)	57 (140)
£25,000 - £50,000	1 (1)	28 (28)	0 (0)	0 (0)	1 (1)	28 (28)
£50,000 - £100,000	0 (5)	0 (368)	0 (0)	0 (0)	0 (5)	0 (368)
£100,000 - £150,000	1 (2)	137 (265)	0 (0)	0 (0)	1 (2)	137 (265)
£150,000 - £200,000	1 (1)	153 (171)	0 (0)	0 (0)	1 (1)	153 (171)
>£200,000	0 (2)	0 (487)	0 (0)	0 (0)	0 (2)	0 (487)
Totals	**4 (14)**	**340 (1,369)**	**3 (14)**	**43 (124)**	**7 (28)**	**383 (1,493)**

Figures in brackets are 2015/16.

There were no special payments agreed for any of the departures.

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pension Scheme. Exit costs in this note are accounted for in full in the year of departure. Where NICE has agreed early retirements, the additional costs are met by NICE and not by the NHS Pensions Scheme. This disclosure reports the number and value of exit packages agreed within the year.

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

Exit package breakdown

Exit package cost band	Number of agreements	Total value of agreements £000
Voluntary redundancies including early retirement contractual costs	0	**0**
Mutually agreed resignations (MARS) contractual costs	0	**0**
Early retirement in the efficiency of service contractual costs	0	**0**
Contractual payments in lieu of notice (1)	3	**43**
Exit payments following Employment Tribunals or court orders	0	**0**
Non-contractual payments requiring HMT approval (2)	0	**0**
	3	**43**

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

(1) Any non-contractual payments in lieu of notice are disclosed under 'non-contractual payments requiring HMT approval' in the above table.

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

No non-contractual payments were made to individuals where the payment value was more than 12 months of their annual salary.

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

The information on exit packages has been audited.

HEALTH AND SAFETY

We are committed to adhering to the Health and Safety at Work Act 1974 and other related requirements to ensure that staff and visitors enjoy the benefits of a safe environment. There were 2 accidents and 7 incidents reported during the year, which were risk assessed and appropriate action taken. There were 2.5 days lost because of an injury at work during 2016/17.

EMPLOYEE CONSULTATION

NICE is committed to consulting and communicating effectively with employees. NICE has policies in place to ensure that, for all changes that affect the organisation there is open, honest and consistent 2-way consultation with UNISON and staff representatives. Information about proposed change, its implications and potential benefits are communicated clearly to all staff, who are encouraged to contribute their own ideas and to voice any concerns with their managers.

Also, all policy development for employment policies is carried out in partnership with trade union representatives at NICE.

NICE believes that communication with employees is essential and all consultation and changes, including policies, are published on the intranet, and detail is provided to staff through the weekly NICE newsletter. Monthly staff meetings are held on both sites for all staff to attend. These are chaired by the Chief Executive to enable high levels of communication and consultation.

EQUALITY AND DIVERSITY

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

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

To ensure equal opportunities for disabled employees, NICE is committed to making reasonable adjustments to working conditions or to the physical working environment where this would help overcome the practical effects of a disability. NICE provides support to enable workers with a disability to participate fully in meetings and training courses. NICE also offers an interview to all disabled applicants who meet the essential shortlisting criteria for a post in accordance with the Employment Services '2 ticks' scheme, and makes reasonable adjustments to the recruitment process where requested and where practical.

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

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

Mean pay by gender (as at 31 March 2017) can be seen in tables on page 40. Another table on page 40 details the gender by staff group, and the figure shows the gender distribution through the various pay bands (as at 31 March 2017).

Median and mean pay by gender

	Median	Mean
All workers	41,373	46,120
Female	41,373	44,154
Male	41,373	49,818

Mean pay analysed by type and location of worker

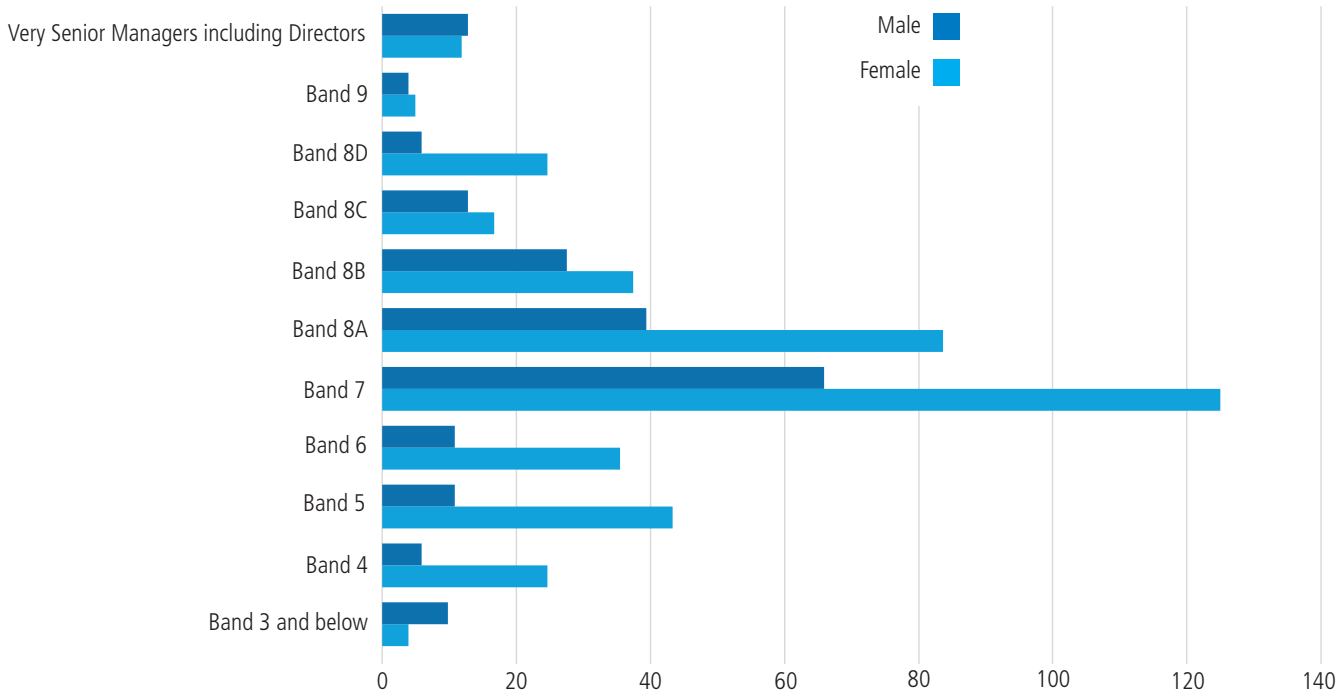
	On payroll	London	Manchester	Home
Location / type	44,902	54,158	41,406	45,548
Female	44,392	54,317	40,793	43,577
Male	45,924	53,848	42,553	54,309

	Agency	London	Manchester
Location / type	82,483	0	82,483
Female	24,241	0	24,241
Male	100,680	0	100,680

Gender by staff group (includes agency workers)

	Female	Male
Organisation	65%	35%
Director	57%	43%
Senior manager	61%	39%
Other staff	69%	31%
Non-executive director	44%	56%

Gender by pay band for employed staff



REVIEW OF TAX ARRANGEMENTS OF PUBLIC SECTOR APPOINTEES – OFF-PAYROLL ENGAGEMENTS

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

During 2016/17, 11 off-payroll engagements left NICE. Assurance was received from all engagements.

All existing off-payroll engagements have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Number of existing engagements as of 31 March 2017	**10**
Of which the number that have existed:	
for less than 1 year at the time of reporting	0
for between 1 and 2 years at the time of reporting	2
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
number that have existed for 4 or more years at the time of reporting	8

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	0
Number of the above which include contractual clauses giving NICE the right to request assurance in relation to income tax and National Insurance obligations	0
Number for whom assurance has been requested	0
Of which:	
assurance has been received	0
assurance has not been received	0
engagements terminated as a result of assurance not being received	0

For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2016 and 31 March 2017	
Number of off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	0
Total number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure should include both off-payroll and on-payroll engagements.	7

SICKNESS ABSENCE

During the period January to December 2016, the number of days lost as a result of sickness by full-time equivalent employee was 4.4 days, or 2% (2015: 2.03%). The Department of Health considers the annual figures to be a reasonable proxy for financial year equivalents.

EFFECTIVENESS OF WHISTLEBLOWING ARRANGEMENTS

NICE has in place a Whistleblowing Policy, which was updated in line with NICE's periodic review processes, and approved by the Board at the public Board meeting in September 2015. The Audit and Risk Committee oversees the application of the policy and receive periodic reports on its application. During 2016/17, we continued to increase communication with staff about whistleblowing, to raise the profile and understanding of the policy. This included a dedicated article in our quarterly magazine NICE Times, and improving the information for staff on the NICE intranet site NICE Space. There were no reported cases of whistleblowing at NICE in 2016/17.

EXPENDITURE ON CONSULTANCY

During the year NICE spent £29k on consultancy, for which permission was obtained from the Department of Health (£nil in 2015/16).

PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT

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

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

The information in this section of the report has been audited.

LOSSES AND SPECIAL PAYMENTS
NICE did not have any losses or special payments that meet the disclosure requirements.

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

REMOTE CONTINGENT LIABILITIES
As at 31 March 2017, NICE has no remote contingent liabilities.

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

Signed

Sir Andrew Dillon
Chief Executive and Accounting Officer

22 June 2017

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

I certify that I have audited the financial statements of the National Institute for Health and Care Excellence for the year ended 31 March 2017 under the Health and Social Care Act 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in that report as having been audited.

RESPECTIVE RESPONSIBILITIES OF THE BOARD, ACCOUNTING OFFICER AND AUDITOR

As explained more fully in the Statement of the Board and Chief Executive's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Health and Social Care Act 2012. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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

In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

OPINION ON REGULARITY

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

OPINION ON FINANCIAL STATEMENTS

In my opinion:

- the financial statements give a true and fair view of the state of the National Institute for Health and Care Excellence's affairs as at 31 March 2017 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health

and Social Care Act 2012 and Secretary of State directions issued thereunder.

OPINION ON OTHER MATTERS

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Health and Social Care Act 2012; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH I REPORT BY EXCEPTION

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

REPORT

I have no observations to make on these financial statements.

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

29 June 2017

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**2016/17 Total £000**	2015/16 Total £000	
Income from sale of goods and services	6	**(3,820)**	(3,494)	*
Other operating income	6	**(12,912)**	(9,166)	*
Total operating income		**(16,732)**	(12,660)	
Staff costs (before recoveries of outward secondments)	3	**35,094**	33,938	*
Purchase of goods and services	3	**34,508**	38,729	*
Depreciation and impairment charges	3	**650**	909	
Provisions expense	3	**995**	1,542	
Other operating expenditure	3	**49**	0	
Total operating expenditure		**71,296**	75,118	
Comprehensive net expenditure for the year ended 31 March 2017		**54,564**	62,458	

There was no other comprehensive expenditure for the year ended 31 March 2017.

* In order to align our reporting with that of the Department of Health, the remuneration of Non-Executive Directors is no longer included within staff costs and has instead been included within purchase of goods and services. Conversely, termination benefits are now included within staff costs rather than purchase of goods and services. The 2015/16 figures have been restated to reflect these changes – Non-Executive Directors costs were £149,000 and termination benefits were £56,000. The 2015/16 operating income figures have been restated as prior year income from the Office for Market Access (£1,000), plus publications and royalties income (£134,000) has been reclassified from other operating income to income from sale of goods and services.

The notes at pages 50 to 64 form part of these accounts.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	**Total 31 March 2017 £000**	Total 31 March 2016 £000
Non-current assets			
Property, plant and equipment	7	**2,419**	2,556
Intangible assets	7	**86**	127
Total non-current assets		**2,505**	2,683
Current assets			
Trade and other receivables	8	**2,670**	2,330
Other current assets	8	**2,249**	1,725
Cash and cash equivalents	9	**2,200**	6,379
Total current assets		**7,119**	10,434
Total assets		**9,624**	13,117
Current liabilities			
Trade and other payables	10	**(2,713)**	(7,710)
Provisions for liabilities and charges	11	**(1,095)**	(1,245)
Total current liabilities		**(3,808)**	(8,955)
Total assets less current liabilities		**5,816**	4,162
Non-current liabilities			
Provision for liabilities and charges	11	**(828)**	(1,210)
Total non-current liabilities		**(828)**	(1,210)
Total assets less total liabilities		**4,988**	2,952
Taxpayers' equity			
General fund		**4,988**	2,952
		4,988	2,952

The notes on pages 50 to 64 form part of these accounts.

The financial statements were approved by the Board on 21 June 2017 and signed by

Sir Andrew Dillon, Accounting Officer 22 June 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**Total 31 March 2017 £000**	Total 31 March 2016 £000
Cash flows from operating activities			
Net operating cost		**(54,564)**	(62,458)
Adjustments for non-cash transactions	3	**1,645**	2,451
(Increase)/decrease in trade and other receivables	8	**(864)**	1,027
Increase/(decrease) in trade and other payables	10	**(4,997)**	2,473
Use of provisions	11	**(1,527)**	(719)
Net cash outflow from operating activities		**(60,307)**	(57,226)
Cash flows from investing activities			
Purchase of property, plant and equipment	7	**(472)**	(305)
Purchase of intangible assets	7	**0**	(24)
Net cash outflow from investing activities		**(472)**	(329)
Cash flows from financing activities			
Net grant-in-aid from Department of Health		**56,600**	60,500
Net increase/(decrease) in cash equivalents in the period		**(4,179)**	2,945
Net increase/(decrease) in cash equivalents in the period		**(4,179)**	2,945
Cash and cash equivalents at the beginning of the period	9	**6,379**	3,434
Cash and cash equivalents at the end of the period	9	**2,200**	6,379

The notes on pages 50 to 64 form part of these accounts.

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	General fund [1] £000
Balance at 1 April 2015	4,910
Changes in taxpayers' equity for 2015/16	
Grant-in-aid funding from Department of Health	60,500
Comprehensive net expenditure for the year	(62,458)
Balance at 1 April 2016	2,952
Changes in taxpayers' equity for 2016/17	
Grant-in-aid funding from Department of Health	56,600
Comprehensive net expenditure for the year	(54,564)
Balance at 31 March 2017	**4,988**

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

Notes to the accounts

1. ACCOUNTING POLICIES

The Annual Report and Accounts have been prepared and issued by NICE, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with the Health and Social Care Act 2012. The financial statements have been prepared on an accruals basis in accordance with the 2016/17 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NICE for the purpose of giving a true and a fair view has been selected. The particular policies adopted by NICE are described below. They have been consistently applied in dealing with items that are considered material to the accounts.

1.1 GOING CONCERN

NICE's status changed on 1 April 2013 from that of a special health authority to a non-departmental public body (NDPB). All the functions transferred to the new organisation. Following the Government's Spending Review in 2015/16, the Department of Health (DH) has confirmed funding of NICE will continue. It is therefore considered appropriate to prepare the 2016/17 financial statements on a going concern basis.

1.2 INCOME

Income is accounted for applying the accruals convention. Operating income is income which relates directly to the operating activities of NICE. It principally comprises fees and charges for services provided on a full-cost basis to external customers, but it also includes other income such as that from the Department of Health, the devolved administrations (Wales, Scotland and Northern Ireland), NHS England and Health Education England. It includes both income appropriated-in-aid and income to the Consolidated Fund that HM Treasury has agreed should be treated as miscellaneous income. NICE receives grants from other UK and overseas Government departments, philanthropic organisations and development banks. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

Other funding

The main source of funding for NICE is grant-in-aid funding from the Department of Health, from request for resources within an approved cash limit, and is credited to the general fund. Grant-in-aid funding is recognised in the financial period in which the cash is received.

1.3 TAXATION

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

1.4 EMPLOYEE BENEFITS

Short-term employee benefits

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

1.5 NON-CURRENT ASSETS

a. Capitalisation

All assets falling into the following categories are capitalised:

i Intangible assets where they are capable of

being used for more than 1 year and have a cost, individually or as a group, equal to or greater than £5,000.

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

iii Property, plant and equipment assets which are capable of being used for more than 1 year, and which:
- individually have a cost equal to or greater than £5,000
- collectively have a cost of at least £5,000, and an individual cost of more than £250, where the assets are functionally interdependent, and had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control, 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 amortised historical cost as a proxy for market value in existing use given the immaterial balance. The accounts are therefore materially consistent with the FReM. Surplus intangible assets are amortised and valued at the net recoverable amount. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition, and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment (PPE) are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at depreciated historic cost as this is considered to be not materially different from fair value.

The carrying values of PPE assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

c. Depreciation and amortisation

Depreciation and amortisation are charged on each fixed asset as follows:

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

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

iii Assets under construction are not depreciated.

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

v Each equipment asset is depreciated evenly over the expected useful life:

Furniture	10 years
Office, IT and other equipment	3–5 years.

1.6 FOREIGN EXCHANGE

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

1.7 LEASES

All operating leases and the rentals are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the lease. NICE has no finance leases.

1.8 PROVISIONS

NICE provides for legal or constructive obligations that are of uncertain timing or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows have been discounted using HM Treasury's short-term discount rate of –2.70%, (up to 5 years), –1.95% for medium term (5–10 years) and –0.8% for long-term provisions (over 10 years).

1.9 PENSIONS

Past and present employees are covered by the provisions of the 2 NHS Pensions Schemes. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions

Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

1.10 KEY AREAS OF JUDGEMENT AND ESTIMATES

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

1.11 CASH AND CASH EQUIVALENTS

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

1.12 EARLY ADOPTION OF STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The following have not been adopted early in these accounts:

- IFRS 9 Financial Instruments: The effective date is for accounting periods beginning on, or after 1 January 2018.
- IFRS 14 Regulatory Deferral Accounts: The standard will be adopted in the FReM once it has received EU adoption (which is still to be decided) but is not applicable to NHS bodies.
- IFRS 15 Revenue from Contracts with Customers: application date on or after 1 January 2018 but not yet adopted in the 2017/18 FReM.
- IFRS 16 Leases: The effective date is 1 January 2019, but not yet adopted by FReM issued.

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

2. ANALYSIS OF NET EXPENDITURE BY SEGMENT

NICE operates 3 reportable operating segments that meet specified criteria as defined within the scope of IFRS 8 (Segmental Reporting) under paragraph 13, where each reportable segment accounts for either 10% of the reported income, surplus/deficit or net assets of the entity.

The largest reportable segment is for the core activities of NICE, funded mainly through grant-in-aid from the Department of Health. NICE also receives income and funding from other sources, notably from the devolved administrations (Wales, Scotland and Northern Ireland), NHS England and Health Education England. Note 6 provides a detailed breakdown of income received to support NICE activities.

NICE International has been established for approximately 10 years, operating on a fee-for-service basis. Philanthropic organisations such as the Bill & Melinda Gates Foundation and the Rockefeller Foundation provided a significant amount of funding to the NICE International programme during 2016/17, resulting in receipts totalling 12.5% of total income (17.9% in 2015/16). The NICE International team moved to Imperial College London in September 2016 with most of the ongoing projects also transferring. The NICE International brand is retained by NICE and our international work will continue with a focus on sharing NICE's methods, insight and expertise with overseas organisations and governments. However, the total income generated by NICE International is expected to be much lower in 2017/18 compared to previous financial years.

The Scientific Advice programme was launched by NICE in 2009, providing fee-for-service consultation to pharmaceutical and biotech companies on product development plans. It operates on a full cost recovery basis and receives no exchequer funding. This has now become an established programme within NICE, with dedicated resources. In 2016/17 it accounted for 9.2% (8.6% in 2015/16) of operating income (excluding grant-in-aid) received and is therefore shown as a separate reporting segment below.

2016/17	**NICE £000**	**Scientific Advice £000**	**NICE International £000**	**Total £000**
Gross expenditure	67,964	1,138	2,194	71,296
Income	(13,101)	(1,547)	(2,084)	(16,732)
Net expenditure	**54,863**	**(409)**	**110**	**54,564**
Segment net assets (at 31 March 2017)	**4,071**	**641**	**276**	**4,988**

2015/16	**NICE £000**	**Scientific Advice £000**	**NICE International £000**	**Total £000**
Gross expenditure	71,745	1,065	2,308	75,118
Income	(9,301)	(1,096)	(2,263)	(12,660)
Net expenditure	62,444	(31)	45	62,458
Segment net assets (at 31 March 2016)	2,334	232	386	2,952

With the agreement of the Department of Health sponsor department the net assets of the 3 operating segments are to be held separately within the general fund.

3. OPERATING COSTS

	Notes	**2016/17 £000**	2015/16 £000
Staff costs (before recovery of outward secondments)	4	**35,094**	33,938
National Collaborating Centres		**9,909**	10,786
British National Formulary		**5,277**	5,197
External contractors		**4,886**	5,432
Medical Technology external assessment centres		**3,020**	2,993
Healthcare library services		**3,550**	4,268
Premises and fixed plant		**3,031**	2,838
Rentals under operating leases		**1,753**	1,815
Establishment expenses		**2,456**	2,988
Supplies and services: general		**195**	1,904
Education, training and conferences		**381**	458
Auditor's remuneration: audit fees*		**50**	50
Non-cash items:			
Depreciation	7	**609**	846
Amortisation	7	**41**	63
Provisions (sum of arising in year, prior year unused and change in discount rate)	11	**995**	1,542
		1,645	2,451
Interest		**49**	0
Total		**71,296**	75,118

* No non-audit fees were charged.

In order to align our reporting with that of the Department of Health, the remuneration of Non-Executive Directors are no longer included within the salaries disclosure, and have instead been included within establishment expenses. Conversely, termination benefits are now included within staff costs rather than establishment expenses.
The 2015/16 figures have been restated to reflect these changes, staff costs reduced by £149k for Non-Executive Directors costs and increased by £56k for termination benefits. Establishment expenses have been increased by £149k and reduced by £56k as the contra entries. Following a review on how we report the expenditure incurred on the Medical Technology External Assessment Centres, we have excluded internal recharges which has reduced the 2015/16 expenditure by £445k. The contra entry is recorded in Establishment costs. Both categories have been restated for 2015/16.

4. STAFF COSTS

	2016/17			2015/16		
	Permanently employed staff £000	**Other £000**	**Total £000**	Permanently employed staff £000	Other £000	Total £000
Salaries and wages	26,046	2,409	28,455	25,337	2,883	28,220
Social security costs	2,902	0	2,902	2,299	0	2,299
Employer pension contributions	3,447	0	3,447	3,363	0	3,363
Termination benefits	290	0	290	56	0	56
	32,685	2,409	35,094	31,055	2,883	33,938
Less recoveries in respect of outward secondments	(92)	0	(92)	(40)	0	(40)
Total net costs	32,593	2,409	35,002	31,015	2,883	33,898

In order to align our reporting with that of the Department of Health, the remuneration of Non-Executive Directors are no longer included within the salaries disclosure, and have instead been included within operating expenditure. Conversely, termination benefits are now included within this disclosure rather than operating expenditure. The 2015/16 figures have been restated to reflect these changes, salaries and wages reduced by £149k and an additional line created for the £56k in termination benefits.

Please also see the Remuneration and Staff Report, page 34.

5. RECONCILIATION

5.1 Reconciliation of net operating cost to net resource outturn

	2016/17 £000	2015/16 £000
Net operating cost	**54,564**	62,458
Net resource outturn	**54,564**	62,458
Revenue resource limit	**58,553**	63,077
(Over)/underspend against limit	**3,989**	619

5.2 Reconciliation of gross capital expenditure to capital resource limit

	2016/17 £000	2015/16 £000
Gross capital expenditure	**472**	329
Net capital resource outturn	**472**	329
Capital resource limit	**500**	500
(Over)/underspend against limit	**28**	171

6. INCOME

	2016/17 £000	2015/16 £000
Income from sale of goods and services		
NICE International	**2,084**	2,263
Scientific Advice	**1,547**	1,096
Publications and royalties	**117**	134
Office for Market Access	**72**	1
	3,820	3,494
Other operating income		
Income from related NDPBs and Special Health Authorities		
NHS England	**5,444**	2,530
Health Education England	**3,839**	3,734
NHS Business Service Authority	**38**	0
Income from devolved administrations	**2,084**	2,088
Other income		
Office sublet income	**806**	418
Research grant receipts	**519**	275
Income received for staff seconded out (note 4)	**92**	40
Reimbursement of travel costs	**17**	20
Contribution to UK PharmaScan costs	**15**	15
Other income	**58**	46
	12,912	9,166
Total	**16,732**	12,660

The 2015/16 amounts have been restated to include the Office for Market Access under income from sale of goods and services – the £1,000 prior year balance was previously included in other income. Further, publications and royalties income has been reclassified from other operating income to income from sale of goods and services.

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

Major funding sources for NICE International in 2016/17 included the International Decision Support Initiative (IDSI), jointly funded by the Bill & Melinda Gates Foundation and the Department for International Development (£1.8m combined) and the Rockefeller Foundation (£0.1m) for the Priority Setting for Universal Health Coverage project. Much of this funding was deferred income from 2015/16, as cash received from these organisations was ring-fenced for specific activity and income is recognised in the accounts when this activity has occurred.

The majority of this income related to the period up to September 2016, at which time the NICE International team moved to Imperial College London. Most projects such as the IDSI project also transferred, although NICE retained several smaller grants. The NICE International brand is retained by NICE and our international work will continue, but total income and funding is expected to be much lower in 2017/18.

Scientific Advice income has grown by 41% in 2016/17. This is mainly as a result of increasing the capacity of the team to enable more projects to be completed. Similar levels of income are forecast for 2017/18.

Income from the Office for Market Access and publications income do not qualify as operating segments under IFRS8 as total receipts are below the required thresholds. The Office for Market Access provides expert advice for the life sciences industry in engaging with the NHS. Launched in 2015/16, the Office for Market Access began generating income in 2016/17, with further growth in income forecast for 2017/18. Publications and royalties income includes royalties and licence fees relating to intellectual property and NICE content, charged in the UK and internationally.

Income from related NDPBs and special health authorities shows the income from other NHS organisations whose parent is the Department of Health.

The funding from NHS England relates to several programmes that NICE delivers or contributes to. In 2016/17, this included activity to support the Cancer Drugs Fund (£2.1m), evidence-based treatment pathways for mental health (£2.0m), supporting the NHS England Commissioning through Evaluation (CtE) programme (£0.6m) and producing evidence summaries and medtech innovation briefings (£0.7m).

Health Education England provided £3.8m in 2016/17 to fund the cost of core content (for example, journals and databases) that is available on the NICE Evidence Search website (available at www.evidence.nhs.uk). The £38,000 from the NHS Business Services Authority was used to distribute copies of the BNF to dentists across the UK.

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

Other income includes receipts from continuing to sublet part of the Manchester office to the Care Quality Commission and Homes and Communities Agency, while from April 2016 the Human Fertilisation and Embryology Authority have been a tenant in the London office. The UK PharmaScan database is hosted by NICE and receives contributions to its running costs from the National Institute for Health Research (NIHR), UK Medicines Information (UKMi), Scottish Medicines Consortium (SMC), NHS England Specialised Services, Northern Ireland Health and Social Care Board and the All Wales Medicines Strategy Group (AWMSG).

NICE also participates in funded academic research, including the IMI 'GetReal' project to incorporate real-life clinical data into drug development (£251,000), the ADAPT-SMART project supporting pathways to medicines access (£88,000) and European Health Technology Appraisal network (EUnetHTA) activities (£118,000) funded by the EU.

7. NON-CURRENT ASSETS

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

All of NICE's assets are owned.

	£000
Cost or valuation	
At 1 April 2015	647
Additions: purchased	24
Disposals	0
At 31 March 2016	671
Amortisation	
At 1 April 2015	481
Charged during the year	63
Disposals	0
At 31 March 2016	544
Net book value at 31 March 2016	127

All of NICE's assets are owned.

7.2 Property, plant and equipment

2016/17

	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2016	3,588	422	1,167	910	6,087
Additions: purchased	120	161	179	12	472
Disposals	(214)	(83)	(33)	0	(330)
At 31 March 2017	**3,494**	**500**	**1,313**	**922**	**6,229**
Depreciation					
At 1 April 2016	2,070	398	809	254	3,531
Charged during the year	321	21	151	116	609
Disposals	(214)	(83)	(33)	0	(330)
At 31 March 2017	**2,177**	**336**	**927**	**370**	**3,810**
Net book value at 31 March 2017	**1,317**	**164**	**386**	**552**	**2,419**
Net book value at 31 March 2016	1,518	24	358	656	2,556

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

2015/16

	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2015	3,553	435	1,056	769	5,813
Additions: purchased	35	0	129	141	305
Disposals	0	(13)	(18)	0	(31)
At 31 March 2016	3,588	422	1,167	910	6,087
Depreciation					
At 1 April 2015	1,495	383	655	183	2,716
Charged during the year	575	28	172	71	846
Disposals	0	(13)	(18)	0	(31)
At 31 March 2016	2,070	398	809	254	3,531
Net book value at 31 March 2016	1,518	24	358	656	2,556
Net book value at 31 March 2015	2,058	52	401	586	3,097

No assets were donated during 2015/16. All of NICE's assets are owned.

In prior years Leasehold improvements were titled Buildings. As NICE does not own any buildings the new title better describes the asset class.

8. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	2016/17 £000	2015/16 £000
Amounts falling due within 1 year		
Trade receivables	**2,670**	2,330
Prepayments and accrued income	**2,249**	1,725
	4,919	4,055

9. CASH AND CASH EQUIVALENTS

	2016/17 £000	2015/16 £000
Balance at 1 April	**6,379**	3,434
Net change in cash and cash equivalent balances	**(4,179)**	2,945
Balance at 31 March	**2,200**	6,379
The following balances at 31 March were held:		
Government Banking Service	**2,200**	6,379
Commercial banks and cash in hand	**0**	0
Balance at 31 March	**2,200**	6,379

10. TRADE PAYABLES AND OTHER LIABILITIES

	2016/17 £000	2015/16 £000
Amounts falling due within 1 year		
Trade payables	**(344)**	(342)
Capital creditors	**(8)**	0
Tax and social security	**(20)**	(21)
VAT	**0**	(1,116)
Accruals and deferred income	**(2,341)**	(6,231)
	(2,713)	(7,710)

The accruals and deferred income for 2015/16 included transactions related to the NICE International team who relocated to Imperial College during 2016/17, the deferred income following the team.

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Total £000
Balance at 1 April 2015	1,632
Arising during the year	1,570
Utilised during the year	(719)
Provisions not required written back	(28)
Balance at 1 April 2016	**2,455**
Arising during the year	**1,061**
Utilised during the year	(1,527)
Provisions not required written back	(122)
Change in discount rate	56
At 31 March 2017	**1,923**
Analysis of expected timing of cash flows	
Within 1 year (period to March 2018)	1,095
1 to 5 years (period April 2018 to March 2022)	143
Over 5 years (period April 2022+)	685

As at 31 March 2017 NICE made a provision of £762k for restructuring cost, £341k in respect to contractual issues, £691k in respect of expected dilapidation and £129k for deferred lease incentives. The dilapidation relates to NICE's contractual liability at the end of the lease to reinstate the premises to the same state as at the start of the lease. The amount of the liability provision represents the current best estimate. Lease incentives are periods of occupation which are rent free. IAS 17 (SIC 15) requires the total value of the lease to be spread over the whole lease period, including the rent-free period. The provision relates to lease incentives already taken but which will be applied to future rental periods. The provisions (excluding deferred lease incentive) have been discounted at –2.7% for short term (up to 5 years), –1.95% for medium term (5–10 years) and –0.8% for long-term provisions (over 10 years).

12. CAPITAL COMMITMENTS

NICE has no contracted capital commitments at 31 March 2017 for which no provision has been made (31 March 2016 £nil).

13. COMMITMENTS UNDER LEASES

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.

	2016/17	2015/16
	£000	£000
Obligations under operating leases comprise:		
Buildings		
Not later than 1 year	**1,620**	1,880
Later than 1 year and not later than 5 years	**5,235**	3,921
Later than 5 years	**2,482**	0
	9,337	5,801
Other leases		
Not later than 1 year	**146**	95
Later than 1 year and not later than 5 years	**151**	101
Later than 5 years	**0**	0
	297	196

Buildings:

NICE leases office space in London and Manchester. The Manchester lease expires December 2027, with a break clause date of December 2024. The rent is due to be reviewed in December 2022.

The London office is sublet from the British Council and expires December 2020 alongside the head lease. The rent review date was December 2014.

Other:

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

13.2 Finance lease

NICE does not hold any finance leases (none in 2015/16).

14. OTHER FINANCIAL COMMITMENTS

NICE has entered into non-cancellable contracts (which are not leases or private finance initiative contracts) for services. The payments to which NICE is committed during 2016/17 analysed by the period during which the commitment expires are as follows:

	2016/17	2015/16
	£000	£000
Not later than 1 year	**364**	347
Later than 1 year and not later than 5 years	**10**	469
Later than 5 years	**0**	0
	374	816

15. RELATED PARTIES

NICE is sponsored by the Department of Health as its parent department, which is regarded as a related party. During the year, NICE has had various material transactions with the Department of Health itself and with other entities for which the Department of Health is regarded as the parent entity. These include NHS England, Health Education England, NHS Business Services Authority, Care Quality Commission, Human Fertilisation and Embryology Authority, NHS trusts and NHS foundation trusts. In addition, NICE has had transactions with other Government departments and central Government bodies. These included the Homes and Communities Agency and the British Council. During the year ended 31 March 2017, no Board members, members of senior management, or other parties related to them have undertaken any material transactions with NICE except for those shown in the table below. It is important to note that the financial transactions disclosed were between NICE itself and the named organisation. The individuals named in the table have not benefited from those transactions.

Related party appointment	NICE board member or senior manager	NICE appointment	Interest	Value of goods and services provider to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
BUPA	Prof Gill Leng	Deputy Chief Executive & Director	Associate Member and member of the Medical Advisory Panel	1.5	0	0	1.5
Cochrane EPOC group	Prof Gill Leng	Deputy Chief Executive & Director	Editor	0	1.6	0	0
Guidelines International Network	Prof Gill Leng	Deputy Chief Executive & Director	Trustee	1.6	9.5	0	0
Kings College London	Prof Gill Leng	Deputy Chief Executive & Director	Visiting professor	0	768.8	0	0
	Prof Tim Irish	Non-Executive Director	Professor and consultant				
Medicines Discovery Catapult, Innovate UK	Prof Carole Longston MBE	Executive Director	Non-Executive Director	13	0	0	0
Public Health England	Prof Gill Leng	Deputy Chief Executive & Director	Spouse Executive Director	0	2.8	0	0
RAE Consulting	Prof Sheena Asthana	Non-Executive Director	Spouse Director	0	5.4	0	0
Royal College of Physicians (Faculty of Public Health)	Prof David Hunter	Non-Executive Director	Honorary member	178.2	3,424.6	33.8	0
Royal Society of Medicine	Prof Gill Leng	Deputy Chief Executive & Director	Trustee and Honorary Librarian	0	6.8	0.2	0
Salford Royal NHS Foundation Trust	Elaine Inglesby-Burke	Non-Executive Director	Executive Director of Nursing	0	7.9	0.7	0
St Georges, University of London	Dr Rima Makarem	Non-Executive Director/Audit Chair	Independent Council Member	0	72.5	0	0
University College London Hospitals	Dr Rima Makarem	Non-Executive Director/Audit Chair	Non-Executive Director	0	40.6	0	0
Greater Manchester Mental Health	Damien Longson (1)	Membership of 3 NICE committees	Spouse of NICE Executive Director	0	24.6	0	0
National Insitute for Health Research (grant co-applicant)				0.9	0	0	0

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

16. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General. There is a possibility of a judicial review, which may result in a financial liability in the form of legal fees. This is of uncertain timing and amount. The financial statements were authorised for issue by the Accounting Officer on the date that they were certified by the Comptroller and Auditor General.

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