

# Annual Report and Accounts 2017/18

Health Education England  
(Executive Non-Departmental Public Body)



Developing people  
for health and  
healthcare



**Health Education England**  
(Executive Non-Departmental Public Body)

**Annual Report and Accounts 2017/18**

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# Foreword from our Chairman and Chief Executive



As momentum builds towards the NHS's 70th birthday, it remains a source of pride to those who work in it and those who are served by it.

Yet, there's no doubt that the next 70 years are clouded with uncertainty - new technology, pharmaceutical advances, genetic engineering and emergent evidence based medical and nursing practice requires us to develop new ways of working with an aging population, that will have more complex co-morbidities, be more aware of their care needs and have growing expectations of what the care system should deliver.

Tomorrow's NHS, indeed, the whole health and care system now needs more. It needs us to move beyond fixing problems as they arise to anticipating them, planning for them, and stopping them before they become problems. In December 2017, Health Education England (HEE) was proud to take a huge step towards that future through leading the publication and subsequent consultation on Facing the Facts, Shaping the Future, the draft workforce strategy on behalf of the NHS system.

The consultation saw a huge amount of interest from across the health and care system; we received a large number of organisational responses, over 400 individuals attended regional consultation events and more than a thousand individuals participated in the online workshop. We're grateful to all our stakeholders who took the time to read the draft strategy and provide their thoughts, views and perspectives - all of which will be taken into account as we move towards publishing the final strategy in summer 2018.

Mental health remains a key priority for HEE and we were delighted this year to agree a workforce plan with our partners that offers a framework to help local healthcare systems deliver the Five Year Forward View for Mental Health, setting out the workforce that is required to deliver the more proactive and preventative approach committed to by the government. It commits HEE to growing this crucial workforce, whilst maintaining and improving existing services, and realising the potential of our current workforce.

Never has there been a more important time to invest in leadership development - from supporting

and developing our current leaders to enthusing and inspiring our leaders of the future. This year we welcomed Peter Homa as the new chairman for the NHS Leadership Academy, bringing a wealth of front-line knowledge and leadership experience after nearly four decades with the NHS. His knowledge and experience will be invaluable as we further develop the Leadership Academy, including a major expansion of the general management training scheme.

We have made fantastic progress in creating new roles to help build the capacity and capability of the health and social care workforce, allowing high quality care to be delivered to a diverse and ageing population. In 2017 we brought 2,000 nursing associates into training. The role was not 'dreamed' up - it followed a comprehensive national review, including feedback from patients, leaders, students, and what came through loud and clear was how important it was to have a 'bridging' role between a healthcare assistant and registered nurse. This role is being well received and we already know it has the endorsement of leading senior figures in the system.

We don't know what the NHS will look like in ten years' time, but we do know we need to produce people and systems that are responsive to change. Across 2017/18 we worked with the Higher Education Funding Council for England on a bidding process to allocate 1,500 training places and select sites for new medical schools across the country that will deliver the next generation of doctors. This is great news for patients as studies show that doctors tend to stay in areas where they train so it means more doctors for the region. The 25% increase in places shows a commitment to a sustainable future home-grown medical workforce, will give more people from diverse backgrounds the chance to become a doctor and help future recruitment to shortage specialties.

Thanks to a whole range of innovative schemes, led by HEE and others in excellent collaboration with partners such as the Royal College of General Practitioners, the highest number of trainees since the NHS began chose general practice as a career. We were also proud to announce the expansion of our scheme to place GP trainees into areas that have previously been under-doctored, so that these communities will benefit from increased investment.

# Foreword from our Chairman and Chief Executive *continued*



Our Health Careers team continues to support people in education and at all stages of their career to discover more about the 350+ health roles that are available, and how to get in and get on. As well as piloting a project with 50 English primary schools to help students' understanding of the NHS, its careers and challenge gender stereotypes of its professions, the team have attended major national conferences to help school children explore different healthcare roles.

We know that a motivated, included and valued workforce helps deliver high quality patient care, increased patient satisfaction and better patient safety and we're passionate that employees from black and minority ethnic (BME) backgrounds have equal access to career opportunities and receive fair treatment in the workplace.

Although not a requirement of HEE as an arm's-length body, we monitor our progress against a number of indicators of workforce equality as set out in the Workforce Race Equality Standard, including a specific indicator to address the low numbers of BME board members across the organisation. We still have significantly more work to do, but there is some encouraging feedback - in 2016, 11.6% of our workforce were from BME communities, whilst this year it has increased to 12.4%. In addition, 7.6% of BME staff are in band 8,9 or Executive Senior Manager (ESM) posts.

This year is the first time we have produced a gender pay gap report for the organisation. We remain committed to consistency, fairness, transparency and equal treatment for all of our staff and are undertaking specific actions such as reviewing our recruitment policies and processes and supporting return to work following maternity leave.

HEE also moved 36 places up the Stonewall Wall Equality Index from 2016 to 2017. The Index is the definitive benchmarking tool for employers to measure their progress on lesbian, gay, bi and trans inclusion in the workplace. We are now ranked 312th out of 434 employers which shows real progress and is a reward for the efforts of many people across the organisation to make HEE a more inclusive workplace.

Health Education England remains committed to ensuring the best patient care through having the right

workforce, with the right skills, values and behaviours in the right place at the right time in the right numbers. None of our achievements would have been possible without our dedicated staff and our partners in the ALBs, higher education, royal colleges and regulators - and, of course, patients and learners, who are at the heart of what we do. Working collaboratively with both national and regional partners to deliver on shared priorities has been key to our success. Particular initiatives that come to mind from 2017/18 have been the draft Workforce Strategy (see page 30) plus two regional examples: in the east of England, HEE has been working closely with Public Health England as part of the East of England Population Health System partnership to improve workforce intelligence for the Cancer Alliances across Midlands and East; in the south, Leadership Academy colleagues from HEE, working with the pilot joint regional directors of NHS England and NHS Improvement across the south east and south west, have agreed to the scope and establishment of talent management boards for the regions.

The coming year, in which we see the NHS turn 70, promises to be an exciting and challenging one for HEE. We will continue to unwaveringly uphold the values of the NHS Constitution and ensure they are writ large through the work we do so that we will continue to deliver for the NHS, its patients and staff. HEE stands ready for the challenges that lie ahead.



**Sir Keith Pearson JP DL**  
Chairman



**Professor Ian Cumming OBE**  
Chief Executive



## Overview

The purpose of this overview is to provide a concise summary of HEE's work, its purpose, the key risks to the achievement of our objectives and how we have performed during 2017/18. The accounts are prepared on a going concern basis. More details can be found in accounting policy note 1.02 of the Annual Accounts on [page 77](#).

## Our purpose

Making sure that patients receive the best quality care across the NHS, the independent sector and public health is at the heart of everything we do at HEE. We fund the highest quality education and training at both undergraduate and postgraduate levels - resulting in world class health professionals working together for the benefit of patients. Our total operating expenditure is £4.9 billion.

We are an Executive Non-Departmental Public Body (NDPB) and an arm's-length body (ALB) of the Department of Health and Social Care. Our role is to provide system-wide leadership and oversight for workforce planning, education and training across England. Working both nationally and regionally with our ALB partners and our four Local Education and Training Boards (LETBs), we aim to improve health and care for the communities we serve, achieving what is possible with the levers we have available. Stakeholder engagement and partnership working with our Sustainability and Transformation Partnerships (STPs) and Local Workforce Action Boards (LWABs) are key to our success.

As well as planning for and training our future workforce, we are committed alongside employers and other stakeholders to the development of our current workforce.

Created with our staff and other stakeholders, five objectives underpin our work:

- **Thinking and leading** - we will lead thinking on new workforce policy solutions in partnership with the Department of Health and Social Care - and others as appropriate - to support high quality and sustainable services.
- **Analysing and influencing** - we will use high quality data, evidence, advice and workforce expertise to influence the delivery of NHS priorities.
- **Changing and improving** - we will design and respond positively to innovative recruitment, retention, development and transformation initiatives locally, regionally and nationally which change and improve NHS services and quality of care.
- **Delivering and implementing** - we will deliver high quality education and training, implement our Mandate and support partner-led programmes to improve the quality of care and services.
- **Focusing on tomorrow** - we will strategically focus on the future including new roles and pathways to the professions and helping the NHS workforce embrace new technology.

Our system-wide strategy for health and social care services, Facing the Facts, Shaping the Future, was published for consultation in December 2017. Following input from a wide range of people and organisations with an interest in health and care, we will be publishing the final version in summer 2018, [see page 30](#) for more details, or visit <https://hee.nhs.uk/our-work/workforce-strategy>

Our business model is to provide strategic leadership and develop policy nationally, but deliver tailored solutions nationally, regionally, locally - or, increasingly, internationally. To find out more, [see page 33](#).



## Statement on performance from our Chief Executive

The NHS and social care is undergoing significant change to meet the changing needs of patients. Health Education England has been responding to these changes and remains committed to delivering high quality education and training to support the NHS.

In response to a shifting policy landscape as outlined in the 2015 Comprehensive Spending Review, undergraduate education for nurses and allied health professionals (AHPs) has been reformed, with student loans replacing the undergraduate education commissioning process previously led by HEE.

Although HEE's role has changed during 2017, we remain committed to enabling the NHS to have the right people, with the right skills, values and behaviours in the right place, at the right time. This overview outlines some of the work that HEE has been leading during 2017/18 to meet that aspiration.

The workforce strategy consultation document Facing the Facts, Shaping the Future outlines a strategy for developing and transforming the NHS workforce to meet the patient needs of the future. HEE is managing the consultation on behalf of the wider NHS and continues to play a central role in supporting local and national organisations in making decisions about their workforce priorities through data, analysis and forecasts.

HEE also continues to grow its focus on the current workforce, supporting initiatives around recruitment, retention, return to practice, workforce development and transformation to make a difference to the frontline quickly and effectively. We deliver this in partnership with other arm's-length bodies (ALBs) and local organisations, through Local Education and Training Boards, Sustainability and Transformation Partnerships and Local Workforce Action Boards (LWABs).

We are proud that we do what we say we will do and have a strong track record of delivering on our commitments, as set out in our Mandate from Government. In 2016, we delivered the first trainee nursing associates and increased numbers in training during 2017/18 in response to demand from the system. This new role will sit alongside existing nursing care support workers and registered nurses to deliver hands-on care for patients, but will also provide a new

career path for those already working in our NHS with an ambition to become registered nurses.

In primary care, our partnerships with NHS England and the Royal College of General Practitioners are delivering significant results for patients with a record number of GP trainees, in addition to the new physician associates, playing a key role in meeting our primary care priorities.

HEE has continued to deliver, despite undergoing significant change to transform working practices and reduce operating costs during 2017/18. Although these are challenging times, we are proud to work with the providers of NHS services and other organisations including professional bodies, local authorities and higher education providers to look at how we can do things differently to meet growing demands.

This report reflects our achievements to March 2018, but, as ever, the new year has brought new challenges and objectives. For full details, take a look at HEE's Business Plan 2018/19 at [www.hee.nhs.uk](http://www.hee.nhs.uk)

**Professor Ian Cumming OBE**  
Chief Executive

## Performance summary



### Monitoring performance delivery

A key enabler to monitoring our performance, identifying risks to delivery and celebrating our successes is the quarterly Integrated Performance Report (IPR).

The IPR provides an overview of:

- delivery of Business Plan priorities, Mandate commitments and significant programmes of work;
- the performance of corporate functions and commissioning activity; including more qualitative measures from staff and trainee surveys;
- exception reports related to areas of under-performance, identifying the key issues and actions being put in place to mitigate risk.

The report is multi-layered and includes a dashboard that enables drill down at both National and Regional levels. The 2017/18 dashboard is comprised of five domains:

### Commitments and programmes

This section of the dashboard illustrates HEE's delivery against key Mandate and Business Plan deliverables using a traffic light RAG system to demonstrate progress. The data to inform this dashboard is derived from the corporate Portfolio Management system.

### Investments and training uptake

This section relates to HEE funded training activity and includes targets and activity relating to:

- Medical recruitment fill rates
- Leadership Academy enrolments
- Returning to nursing practice
- Clinical endoscopists training
- Health care professionals trained in obstetric ultrasound

### Trainee and learner management

This section of the dashboard includes quality metrics relating to trainee and learner management such

## Performance summary

as Code of Practice compliance and Trainee doctor revalidations. Historically, this section also included progress against Apprenticeships starts and Care Certificates. Care Certificates are no longer included within the dashboard as this responsibility now resides with HEIs.

### Quality and outcomes

The current metrics reported in this section of the dashboard are derived from annual surveys and therefore are not reported each quarter to avoid repetition. These metrics include: National Student Survey and GMC Training Survey. Further metrics are being reviewed with the Quality Team for 2018/19 reporting.

### Corporate governance and management

This section of the dashboard includes a range of metrics that reflect HEE's compliance to a range of corporate metrics including: a summary of HEE's main risks; response times to Public and Parliamentary Accountability requests; Staff attendance and Staff retention rates; Mandatory training compliance.

HEE maintains a metrics handbook that details the data sources, frequency and metric definitions for each of the metrics published in the dashboard.



This handbook is regularly reviewed and updated as new metrics are added (or retired). The report and dashboard are used by HEE's internal Finance and Performance Group, as well as the Performance Assurance Committee, to develop a deeper understanding of where HEE is performing well, and where there are challenges, to enable constructive challenge and agree priorities for action.

Following review within these forums, the performance report is updated with additional intelligence and shared with our Board and the Department of Health and Social Care to provide assurance over delivery and facilitate discussion on any performance-related issues.

As many of HEE's in-year deliverables are linked to wider programmes of work, HEE underpins these programmes with a robust Portfolio and Programme Management framework that not only focusses on the delivery and reporting against programmes but also the professional development of staff in project and programme delivery roles and developing resources and networks across traditional organisational boundaries.

For each of the key programmes of work and Business Plan priorities an Executive Sponsor and Senior Responsible Officer (SRO) is appointed. The SRO is either at Board or Director level and is accountable for delivery. If any significant concerns are identified, these are included on HEE's Corporate Risk Register and are then subject to further exception and progress reporting.

The report is continually evolving and developing to reflect HEE's changing role within the education and training environment and is a key enabler to inform performance-related discussions and ensure we are on track to deliver a workforce fit for today and for the future.

HEE continues to manage its performance within the ongoing constraints of a flat cash settlement from the DHSC. The forward funding model is of reducing funding for commissioned degree courses through the university sector. Our performance monitoring arrangements must continue to ensure the funding reductions match the activity changes to manage financial risks.

## Performance summary

### Delivery of Business Plan and Mandate Priorities

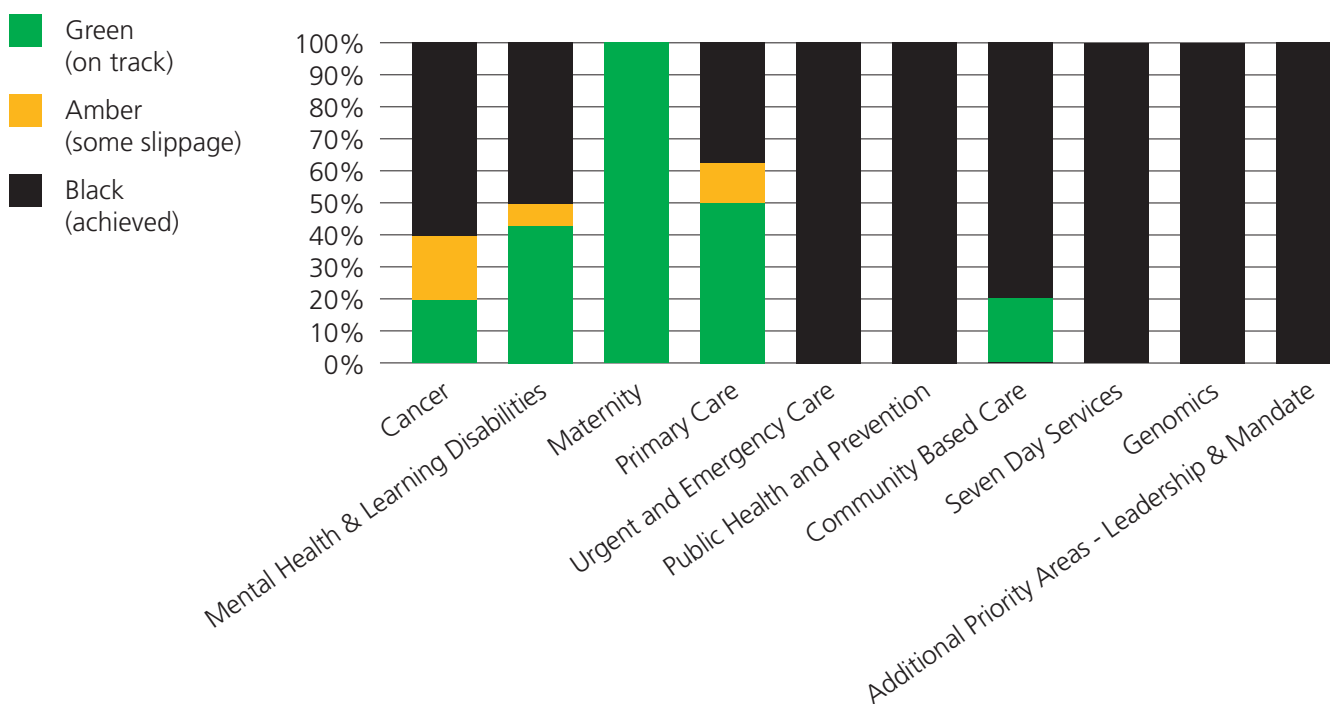
All the Business Plan and Mandate commitments have been reviewed in depth and those deemed appropriate for routine reporting mapped onto HEE's Integrated Performance Report (IPR) and accompanying dashboards. Progress against each

commitment is rated using a traffic light system.

In 2017/18 there were 67 commitments mapped to the performance framework and 96% (64) have either been delivered or are on-track for delivery. A summary of progress against the 67 deliverables is illustrated in Chart 1 below.

### Chart 1. Mandate and Business Plan deliverables by RAG status and domain

Quarter 4 2017/18 Mandate and Business Plan deliverable RAG status by domain (% stacked)



Overall HEE has performed well against its Business Plan and Mandate commitments and an overview of each of the main programmes of work is included within the next section, outlining key successes and challenges during 2017/18.

HEE uses the detailed information from its portfolio, to generate exception reports for deliverables, that have been amber rated by the relevant Senior Responsible Officer, to be reviewed in detail by the Finance and Performance Group. As at March 2018, there were three Business Plan and Mandate commitments identified as having risks to delivery: these are clinical endoscopists; the development of the physician associate role in general practice; and mental health.



## Performance summary

### Cancer programme - clinical endoscopists

Currently 105 individuals are in training, or have completed training. Considerable work is taking place at both a national and regional level to ensure that the target of 200 is achieved in 2018, as part of the longer-term target of 400 by 2020.

### Development of the physician associate (PA) role in general practice

HEE has committed to train physician associates to support the cross system target to deliver 1,000 PAs in primary care by 2020. HEE is commissioning PA training programmes of two-year duration. With HEE support, the educational institutes offering the programme have expanded their intakes. These activities are aligned to increase PAs working in

primary care to 1,000 by 2020, with up to 32 courses having opened or intending to open within the next 12 months. HEE has agreed a national PA funding model to deliver equity and consistency across England. The model will also incentivise PAs choosing primary care as a career destination.

### Mental health

HEE is working on the publication of a careers in mental health narrative. The publication, which was originally scheduled for delivery by winter 2017 has been delayed due to the late publication of the mental health workforce plan. A revised delivery date of March 2019 has been set and the programme board is working with local careers leads to take forward this work.



## Performance analysis

**This section considers in more depth HEE's delivery against the key priorities identified in the 2017/18 Business Plan and Mandate.**

### Performance and risk management

HEE's approach to risk management ensures there are linkages between performance metrics and risk, with read-across from performance matrix RAG (red, amber, green) ratings to the corporate, regional and directorate risk registers where delivery is reported as uncertain. These are managed and escalated in line with the agreed risk management policy for HEE.

### Cancer care

Cancer care is one of the Five Year Forward View's key priorities - focusing on prevention, earlier diagnosis, better treatment and living with cancer. Having access to more skilled staff in the right areas is key to delivering on that strategy.

December 2017 saw the launch of the Cancer Workforce Plan that was developed in partnership with NHS England and our Five Year Forward View partners. It sets out a delivery plan that ensures the NHS in England has the right numbers of skilled staff to provide high quality care and services to cancer patients at each stage in their care - from accurate early diagnosis and treatment, to living with cancer and end of life care.

The plan responds to the independent Cancer Taskforce which set out a strategy to radically improve diagnosis, longer term quality of life and experiences for people who are affected by cancer in England. In the area of diagnostics, we have achieved significant traction with sonography workforce developments, agreeing the positioning and scope of a new workforce.

In 2017/18 we secured agreement with the Royal College of Radiologists and the Society and College of Radiographers to pursue national Advanced Clinical Practitioner (ACP) standards for reporting radiographers. There is more detail on Advanced

Clinical Practitioners here: <https://www.hee.nhs.uk/our-work/advanced-clinical-practice>

### Caring at the End of Life

High quality, personalised and compassionate end of life care cannot be delivered without staff who have the training support and expertise to deliver it. We know there are many clinicians and care staff in the NHS who deliver care in this way on a daily basis, supporting patients, their families and carers, but our commitment also recognises that effecting real change means ensuring training in end of life care extends beyond those clinical specialities and care settings focused on its delivery to become a more fundamental part of training for all health and care professionals.

To enable this aspect of the Government's Choice Commitment, while meeting the Ambitions for Palliative and End of Life Care (EoLC) in 2017/18, HEE has:

- Launched the person-centred care competency framework to support the ongoing work around EoLC and the EoLC competency framework - launched March 2017. This will be joined by communication skills and relationship building elearning in summer 2018.
- We have also launched a guide to asset-based working in education and training. Asset-based approaches are those that encompass and involve the whole community including the public, volunteers and voluntary sector, patients and carers. The End of Life Care Core Skills Education and Training Framework also supports asset-based approaches. You can read more on this at: <https://www.hee.nhs.uk/our-work/end-life-care>
- HEE have also worked with the General Medical Council (GMC), Nursing and Midwifery Council (NMC) and other partners to ensure EoLC is reflected in curricula.

End of life care is also an integral part of workforce planning within the overall support for Sustainability and Transformation Partnerships (STPs) and each region of HEE has an EoLC plan.

## Performance analysis

### Mental health

In the mental health workforce plan, HEE, in partnership with other ALBs and charities, set out plans to enable one million extra people to access mental health services by 2021. *Stepping Forward to 2020/21: Mental Health Workforce Plan for England* set out a high-level road map and reflects the additional staff required to deliver the transformation set out in the Five Year Forward View for Mental Health. The plan has been developed by HEE, together with its NHS partners, the Royal College of Psychiatrists and other experts in the field of mental health services. The comprehensive workforce plan outlines how the system will meet the diverse needs of mental health patients across the country and the mental health challenges set out in the FYFV. You can read more here: <https://hee.nhs.uk/our-work/mental-health>

The NHS will need more than 21,000 more mental health staff to increase patient access to services and simply adding more training posts will not be enough, due to attrition and other factors and so increased investment in the development and re-skilling of existing staff is vital.

A range of recommendations needed to transform the mental health workforce/system have been put forward to include:

- improved access to services at an earlier stage;
- access to services seven days a week, 24 hours a day;
- delivering services in a more integrated way. For example, integrated primary care-based clinics serving long-term conditions and depression and anxiety;
- embedding mental health services into the NHS, through better data, improved investment in research and improving local leadership to deliver the best outcomes.

### Case study

#### Innovations in London's mental health workforce

*Stepping Forward to 2020/21: the mental health workforce plan for England* was launched by HEE in 2017 to address workforce challenges in mental health care. Our regional teams have supported this work at a local level: in London, the regional implementation plan was launched in January 2018, shaped by extensive stakeholder engagement.

Our London region is supporting numerous innovations in this field. The Serenity Integrated Mentoring model brings together the police and community mental health services to support people who are regularly detained under Section 136 of the Mental Health Act. Section 136 is used by police officers (with support from health professionals) if they believe that somebody is suffering from mental illness and needs immediate care. The joined-up approach has significant benefits to individuals, their families and communities, and has also reduced numbers of Section 136s and their associated costs.

Another successful area of work in London is the Perinatal Mental Health Champions model. Twenty percent of women experience mental health problems during the perinatal period; in five percent of cases, this is moderate to severe. The Champions are ambassadors in their areas, receiving two days training and subsequently providing awareness training for their colleagues. To date, HEE has funded training for around 150 champions across London.



## Performance analysis

### Older People's Mental Health

HEE is working with NHS England's National Clinical Director Older People's Mental Health and Dementia to commission a competency framework due for completion in summer 2018. This work is now underway, a desktop review of existing competencies has begun and we have held focus groups of professionals and service users.

### Intellectual Disability

HEE is delivering an intellectual disability programme through a workforce partnership with Skills for Care and Skills for Health.

We are leading Transforming Care Partnerships (TCPs) to progress workforce and education strategies and plans, including:

- providing expert advice guidance and support to TCPs at a local, regional and national level;
- co-producing eleven workforce strategies and strategy summaries;
- increasing intelligence on the intellectual disability workforce through a bespoke workforce data collection and analysis.

HEE is also co-chairing the Transforming Care Delivery Board Workforce Subgroup, supporting a series of task and finish groups including learning disability nursing, AHPs and learning disability psychiatrists to address key barriers, challenges and strategic issues.

In 2017/18, we also worked on the development of products and resources to address workforce availability, capacity and capability, including positive behaviour support awareness sessions and an Intellectual Disability Forensic Skills and Competency Framework.





## Performance analysis



### Maternity

The Maternity Programme is delivering Mandate commitments in:

- workforce transformation;
- modelling the potential future supply of workforce as part of a stocktake, assessing our supply forecasts against demand forecasts from the service which should incorporate the altered workforce requirements of new service design;
- commissioning work to train 200 health professionals in ultrasound scanning in the third trimester of pregnancy by mid-2018.

The programme is working in partnership with key stakeholders to deliver the ambition for maternity services outlined in *'Better Births'* and is contributing to the Secretary of State for Health and Social Care's ambition to half the rate of stillbirths by 2025.

### Maternity Safety Training Fund (MSTF)

To date there have been 26,126 training places delivered as a direct result of the MSTF. A high

proportion of these programmes have been delivered on a multi-professional basis, giving the opportunity for teams who work together to learn together.

### Maternity workforce interim report

In August 2017, the Maternity Transformation Workforce Interim Report was produced by HEE with key partners. The report provides an assessment of the current maternity workforce within the NHS in England. Work is now underway to develop the Maternity Workforce Delivery Plan which will assess the workforce requirement to deliver the Better Births ambition up to 2021.

### Maternity support worker scoping report

A project was established to develop the role of the maternity support worker (MSW). To inform the development of this work, HEE commissioned the Royal College of Midwives to deliver a scoping report. The aim of the scoping exercise was to review the current position of maternity support workers in England with regards to current duties, progression and development, current training, role of MSWs within current service/staffing models, key challenges and barriers for future development and areas of good practice. This was delivered in December 2017.

### Obstetric ultrasound

To address the workforce shortage and increasing demand for obstetric ultrasound (with a focus on third trimester scanning), the programme has been commissioned to deliver 200 additional trained healthcare professionals in third trimester obstetric ultrasound by mid-2018. There are currently 79 trainees in programmes across England with a number of cohorts running until October 2018.

### Labour ward leaders

This year HEE commissioned the Royal College of Midwives to develop and run leadership training workshops for Labour Ward coordinators and focussing on empowering teams to work together effectively within a culture of openness, safety and cooperation. This work was shortlisted for a Health Service Journal Award.

## Performance analysis

### Primary care

GP specialty recruitment in 2017 resulted in 3,157 places filled into GP training, a new record for England. This is the highest ever number of people entering GP training in NHS history. Our continued investment in GP training through a wide range of initiatives and programmes aims to keep the training numbers growing year on year.

Investment in multidisciplinary training hubs - called in some areas Community Education Provider Networks - has continued. Training hubs have created momentum, to a point where they are delivering tangible outcomes, not just in support of the GP Forward View, but in the context of planning for the wider health and social economy. A national Key Performance Indicator template has been developed to monitor training hub activity. This has shown significant increases in student nurse placements, apprenticeships and nurse mentors.

### Case study

#### Training hubs transforming primary care in the south

HEE's teams in the south have been instrumental in the growing network of training hubs helping to transform the primary care workforce across the region.

The Five Year Forward View highlighted the vital role primary care plays at the heart of the NHS, and Community Education Provider Networks (CEPNs) - as they are known in the south - are increasingly innovating to meet workforce challenges.

Focusing on multi-professional training, a sustainable workforce and supporting new roles and models of care, they are helping to meet the rising demand and growing complexity of patient need.

The Bristol, North Somerset and South Gloucestershire CEPN, for example, has trained over 100 healthcare associates to support stroke prevention and set up training for care staff to give them confidence in undertaking common medical tasks.

Within the Wessex CEPN, the development of increased numbers of nurse mentors and student nurse placements has resulted in the number of

newly qualified nurses undertaking their first post in primary care rising from 0 to 15 in three years. They have also worked with partners to develop a Guidance Document for Non-Medical Prescribers Employed in Primary Care.

In the Thames Valley, CEPNs are supporting new roles in primary care that will increase capacity, for example, by facilitating 11 undergraduate student physician associate placements in General Practice and setting up training for 100 care navigators.

Similarly, CEPNs in Kent, Surrey and Sussex have supported the upskilling of administrative staff to support GPs in tasks such as telephone triage, document management and processing of lab results to free up GP time. They have also developed innovative learning resources such as the *Stop Look Care* booklet aimed at healthcare support workers.

By developing professional peer networks, increasing training, up-skilling the current workforce and promoting excellent leadership, CEPN networks across the south are making real improvements in patient care.

## Performance analysis

In 2017, campaign work continued to target Foundation Year 2 doctors, encouraging young medics into General Practice. We have been focussing on the flexibility of portfolio careers by introducing the strapline 'One career, endless opportunities. Choose GP'.

Through the Targeted Enhanced Recruitment Scheme, 133 training places were filled for 2017 out of a total of 144 vacancies, equating to a 92% fill rate, up from 86.1% in 2016. Following an announcement by the Secretary of State for Health and Social Care, HEE has decided to expand the scheme further in 2018, with 250 posts being made available.

We also continue to support delivery of workforce transformation as set out in the GP Forward View. For example, implementing an education and training programme to support increases in clinical pharmacists in general practice. We have also been working hard to deliver a number of elements of the General Practice Nursing ten-point action plan. This plan sets out the changes required to improve recruitment and retention and encourage the return of nurses to general practice. For more information, visit <https://www.hee.nhs.uk/news-blogs-events/news/general-practice-nursing-ten-point-action-plan>

### Medical education reform

In 2017/8, we have reviewed the Annual Review of Competency Progression (ARCP) process and publishing a detailed report with recommendations to improve the system for doctors in training and elements of the wider workforce. The review process required extensive engagement with both learners and educators and so embedded a collaborative style of working with key system partners which will be invaluable as the wider medical education reform programme progresses. The report is available here: <https://hee.nhs.uk/our-work/annual-review-competency-progression>

There has also been continuing progress with the Enhancing Junior Doctors' Working Lives agenda, including significant progress with study budget reform; flexible training; recruitment; supported return to training; length of placement; and whistleblowing. For more information, visit: <https://hee.nhs.uk/our-work/doctors-training/enhancing-working-lives>

The medical education reform work programme has also been key in promoting the role of the wider workforce and the 'Blue Triangle' model for ensuring that medical rotas are filled to ensure the delivery of excellent patient care. There is more on the 'Blue Triangle' model here: <https://www.hee.nhs.uk/sites/default/files/documents/ARCP%20Review%20-%20Enhancing%20training%20and%20the%20support%20for%20learners.pdf>



### Workforce transformation

The Medical Associate Professions (MAPs) programme has been supporting the primary care workforce and specifically the Mandate deliverable of 1,000 physician associates (PAs) in primary care by 2020. We have been driving towards statutory regulation for PAs and developing a career framework and further professional identity, so this project has made a significant contribution towards development of the PA role and meeting the target.

The project has also supported the Urgent and Emergency Care agenda as MAP roles, such as PAs, work in these environments. The Royal College of Emergency Medicine has been a key stakeholder in the project. Putting a case forward for regulation, developing the career framework and working to improve understanding of the roles, will have a large impact on the quality of the individual professionals and help to increase the size of the workforce.

## Performance analysis

### Case study

#### Physician associate ambassadors in midlands and east

HEE is committed to investing in the growth of the physician associate (PA) workforce. The PA ambassador project aims to test the potential for PA ambassadors to support cross-region and national workforce development. It also offers experienced PAs an opportunity to broaden their existing scope of practice by adding a strategic element to a traditionally clinical role.

PA ambassadors will:

- Work with employers, HEE, other PA ambassadors, course providers and stakeholders, to develop workforce integration strategies.
- Support and provide education, training and Continuing Professional Development (CPD) guidance to employers across primary and secondary urgent, acute and emergency care settings.
- Develop a professional support network for PA graduates in their early years.
- Communicate and work with key stakeholders, including the Faculty of PAs at the Royal College of Physicians.
- Provide workforce planning advice, capture PA numbers and case studies across HEE's midlands and east region and advise on workforce supply solutions where appropriate.

The programme began in November 2017, with 12 ambassadors in post across primary and secondary care settings. This is the first known vertical career development opportunity in the UK for PAs. Primary and secondary care workforce planners need assistance in understanding the benefits of emerging clinical roles like PAs and innovative programmes like the ambassador project will respond to this.

#### Pharmacy workforce

The draft Workforce Strategy and Five Year Forward View set out HEE's ambition for the pharmacy workforce. Pharmacists and pharmacy technicians are a vital part of the workforce and must be trained to work across community, primary and urgent care sectors in new and flexible care models within multidisciplinary teams. The programme is clear about the need for a sustainable supply of a clinical pharmacy workforce.

The programme aligns with HEE's strategic aim to transform pre-registration and post-registration pharmacy education and training, ensuring pharmacists have the flexibility, skills and values required in an increasingly complex health and care system. This will ensure new staff will be ready to work in the transformed system.

We have the responsibility for delivering the elements of the pharmacy workforce plan to ensure pharmacists and pharmacy technicians play an increasingly visible and expanded role in improving outcomes and value from medicines for patients. This work is part of a broader HEE agenda to enable workforce transformation across the NHS to support locally delivered integrated care models.

The experiences of the Pharmacy Competency Panels have been key to inform the work of the multi-professional 'blue triangle' group, which is looking to develop an Annual Review of Competence Progression-type process for advanced care practitioners.

E-portfolios were implemented this year across the majority of HEE commissioned pre-registration trainee pharmacist places (hospital placements). There was also partial uptake from community sector partners such as Celesio (Lloyds) and Boots. A total of 519 trainees are using the e-portfolio in phase two of the pilot: 247 trainees from community pharmacy and 272 from the hospital sector within the north and midlands and east. Our pharmacy e-portfolio workstream is keen to link with the national junior doctors' e-portfolio HOROUS system to have a multi-professional e-portfolio solution.



## Performance analysis



### Urgent and emergency care

#### Paramedic Evidence-based Education Project (PEEP)

In March, the Health and Care Professions Council ratified the recommendation that the threshold level of qualification for entry to the register for paramedics be changed to degree level.

We have agreed a national paramedic education funding model which included consulting on this model with the 10 ambulance services. This is the culmination of four years' work leading a review of the PEEP Report. We have invested £5.25M through ambulance trusts to support the upskilling of paramedics to a degree level educational pathway.

HEE has commissioned a third cohort of the paramedic pre-degree pilot and extended the independent evaluation to ensure that the outcomes from the pilot are expertly captured and reported. We have also commissioned a first cohort of the Specialist and Advanced Rotating Paramedic Pilot across four ambulance trusts, aimed to relieve the pressures on both GP practices and ambulance services. A Feasibility Evaluation and Health Economics Evaluation has been commissioned to assess the impact and benefits of the model. You can read more here: <https://hee.nhs.uk/news-blogs-events/news/paramedic-pilot-launched-help-deliver-right-response-first-time>

The Paramedics Education and Training project is key to supporting the aims of the Urgent and Emergency Care Review by extending the knowledge and skills of paramedics. This is empowering the workforce to treat more patients in their communities rather than take them to hospital.

#### Integrated Urgent Care / NHS 111 Workforce Development Programme

This project is a joint programme of work between NHS England and HEE, established in April 2015 and planned to run for three years. The overarching aim is to support the development of the optimal NHS 111/ Integrated Urgent Care call centre workforce for the future. This work has been an excellent example of partnership working between ALBs. It published the IUC/ NHS111 WDP Blueprint and launched nine of the ten 'blueprint' products at the national Calling NHS 111: *Optimising the IUC Workforce* conference in London on 6th March 2018 to over 250 delegates from providers, commissioners and NHS organisations. The programme was a finalist at the November 2017 Health Service Journal Awards.

#### Public health and prevention

Working closely with Public Health England, HEE's population health and prevention team has supported the delivery of Mandate priorities through improvements in the education and training of the core public health workforce and the wider public health workforce - which includes healthcare workers - to prevent ill health and support people to live healthier lives.

In March, the team held their first population health and prevention conference *Building capacity and capability to deliver population health and prevention agendas: Health Education England's role in prevention*, hosting 175 delegates from a wide range of organisations.

#### Public Health Practitioner Development

As part of our commitment to the development of Public Health Practitioners across England, a network was established to facilitate work with the regions and local teams to set up or continue with development programmes. We supported the wider system with the

## Performance analysis

digitisation of the public health skills and knowledge framework (PHSKF) and public health apprenticeships.

### Making Every Contact Count (MECC)

In 2017/18 we have continued to support delivery of MECC by funding eight local and regional events over the year to support further embedding of MECC across the system. We have maintained successful digital channels, including a Facebook community of practice.

### Public Mental Health

This year we have continued delivery of the action plan for mental health prevention and promotion courses, working with Public Health England (PHE) and the Royal Society for Public Health to deliver and evaluate the Connect 5 Emotional Wellbeing brief intervention Train the Trainer programme.

We have also adopted and adapted the Five Ways to Wellbeing content for elearning for health MECC sessions. An elearning session introducing mindfulness was developed and is now live on the elearning for health website and MindEd. For full details visit <https://www.e-lfh.org.uk/programmes/introduction-to-mindfulness/>

### Antimicrobial resistance

The team successfully ran four regional focus groups involving practice educators that will help shape our approach to antimicrobial resistance in the coming years. The report is available at this link: <https://hee.nhs.uk/our-work/antimicrobial-resistance>  
Publication of the AMR Training Resource Guide this year has received enthusiastic support from many national organisations. The guide is available at: <https://www.hee.nhs.uk/our-work/antimicrobial-resistance>

### Sepsis

2017/18 saw the development of a case-based training guide for clinicians on paediatric sepsis and education in primary care which was launched by the Secretary of State for Health and Social Care, the Rt Hon Jeremy Hunt MP. The toolkit is available at: <http://www.rcgp.org.uk/clinical-and-research/resources/toolkits/sepsis-toolkit.aspx>

Clinical Commissioning Groups have been advised by NHS England to reference HEE's learning resources.



### Nursing education - Raising the Bar

A fundamental element of our nursing strategy has been the recognition that the nursing workforce could and should 'raise the bar' at every level and strive to attract a caring and committed workforce who view their role as a lifelong career. The *Shape of Caring: Raising the Bar* programme continued to be implemented at pace through 2017/18 and is now embedded as 'business as usual'. The five key themes of Shape of Caring guide all our work: valuing the care assistant, creating flexible routes into nursing, patient and public involvement, raising standards of post-registration education and excellence in nursing. You can find out more at: <https://hee.nhs.uk/our-work/shape-caring-review>

Alignment of these themes to the deliverables of the Chief Nursing Officer's framework for nurses, midwives and care assistants, Leading Change Adding Value, demonstrates the role of HEE across the system in delivering those requirements.

*Raising the Bar* has provided the foundation for the next phase of the programme, a foundation on which we will develop the four pillars of nurse education: clinical, career progression, research and management and leadership.

## Performance analysis

### Nursing clinical academic careers

A research project, jointly commissioned with the National Institute for Health Research, to identify the factors that enable and inhibit career progression was initiated in early 2017, led by Professor Alison Richardson of the University of Southampton. A draft final report was shared with the Nursing and Midwifery Assurance Committee in January 2018 and will be published in summer 2018.

### Community-based care benefits from nursing associate programme

Developing the right workforce for community-based care is a key task for HEE and its partners. The introduction of the new nursing associate role helps us to value and retain care assistants in the community, providing a clear path to progression from healthcare assistant to registered nurse and beyond. Building on the robust programme of engagement and support during 2016, the team continued to provide help and guidance for the test sites across England during 2017; these expanded from an initial 11 to 35, with the recruitment of 2,000 trainee nursing associates, double the number initially

envisaged. Attrition rates of this cohort are very low at 7%.

An independent and robust evaluation study has continued alongside the test site programme, with a report on the first year of the programme available in summer 2018.

We continued to work with the Nursing and Midwifery Council on plans to regulate the role, and enabling legislation was put before Parliament in February and March 2018.

In November, the team delivered a successful national conference to mark the end of the first year of the trainee nursing associates programme. Over 400 delegates, including trainees and staff from the test sites, patients, partner agencies, senior leaders from HEE and the health minister Philip Dunn came together to showcase the work, share the progress made and celebrate successful partnership working across the system.

In January, HEE embarked on the next recruitment phase, aiming to bring a further 5,000 trainees into the role through the apprenticeship route in 2018.



## Performance analysis

### Apprenticeships and Widening Participation

In 2017/18, HEE has supported trailblazer groups to develop 12 new NHS apprenticeship standards for support staff (level 2-5) and 28 new degree and higher NHS apprenticeship standards (level 6-8). In total, following a scoping exercise of 80 NHS occupations, over 40 apprenticeship standards are now in development.

HEE is working with Leadership Academy colleagues to encourage up-take of the Leadership and Management apprentice standards in the NHS.

HEE's supported internship programme has now recruited 113 students and will continue until July 2018. The focus is now to embed the programme into HEE, ensuring the learning from the pilot year is captured.

We have a focus on increasing the number and proportion of individuals with disabilities accessing NHS apprenticeships, and as part of this HEE has established a new steering group with multiple, interested agencies to understand existing activity and provide opportunities for collaboration.

#### Flexible routes into nursing and widening access to pre-registration education

In 2017/18, we developed draft apprenticeship standards through partnership working and consultation for both the nursing associate and registered nurse. Both standards were approved by the Department of Health and Social Care during the year. Degree-level nurse apprenticeships enable people to earn and learn and become a graduate registered nurse while employed, studying part-time and training in a range of placement settings. This route will facilitate the transition from nursing associate to registered nurse. This will both widen the pipeline into registered nursing and extend the career ladder to everyone working in direct NHS patient care. The first registered nurse apprentices began work in 2017.

In September 2017, in partnership with NHS England, we launched an accelerated route into the nursing pilot programme, aimed at high-achieving graduates with a related degree. The first cohort is specialising in mental health and learning disability nursing since these areas need increased support to deal with vacancies.

### Case study

#### Get in, get on, and go further in the north

HEE in the north has been instrumental in supporting the Talent for Care and Widening Participation strategies. These two programmes work together to improve the education, training and development opportunities available to current and future NHS staff. Our work falls under three key themes: get in, get on and go further.

We work with regional and local partners in the north to support apprenticeship, pre-employment and youth engagement schemes, providing a valuable way for people to 'get in' and start their NHS career and 'get on' to be the best they can be.

Apprenticeships are a key part of the strategy and help people learn on the job, both for new starters and for existing staff. Several NHS organisations had their apprenticeship commitment recognised in the finals of the National Apprenticeship Awards, with two NHS trusts in the north in the top 100 apprenticeship employers list: Lancashire Teaching Hospitals NHS Foundation Trust and Northumberland Tyne and Wear NHS Foundation Trust.

On the back of this success we've continued to support the NHS in its apprenticeship journey, with further developments including establishing the Apprenticeship Hub in the north to help organisations maximise their workforce talent through innovative apprenticeship solutions. There's more detail on our website here: <https://hee.nhs.uk/our-work/apprenticeships>



## Performance analysis

### Technology Enhanced Learning (TEL)

The TEL programme has had a very successful year in 2017/18. Within the elearning for healthcare (e-LfH) channel, we have had an increase of over a million launches of elearning sessions, increasing to over 4.75 million on the e-LfH hub alone. The number of active users has grown to over 750,000 supported by new content and a successful social media campaign. The team have delivered over 50 new elearning projects.

The HEE Learning Solution project has leapt forward at pace with the 'alpha' phase being completed and signed off. We have also published the digital capability framework for health and care staff, a significant contribution to the Building a Digital Ready Workforce programme.

The TEL programme has also developed the digital version of the STAR tool, which is the backbone of HEE's strategy for workforce transformation in the Local Workforce Action Boards. For full details visit: <https://hee.nhs.uk/our-work/hee-star>



### Quality and safety

#### Quality Reporting Register

Established in April 2017, the HEE Quality Reporting Register provides assurance to the HEE Executive Team in relation to emerging and escalating educational concerns across the country. The register is presented to the Executive team on a quarterly basis and is populated from four live regional quality risk registers. By combining an education and service perspective on concerning providers, the register enables HEE Quality teams to describe how we are supporting sustainable improvement in the clinical learning environment.

#### National Education and Training Survey (NETS)

The NETS is a national survey relevant for all health care professionals which captures the quality of the learner's experience. The survey has been developed to provide an overview of the quality of placements from a learner perspective, across all learner groups. It will provide a critical source of evidence for standards contained within the HEE Quality Framework as well as for the HEE Quality Dashboard. The NETS will enable good practice to be identified and shared nationally, as well as highlight areas of concern to be addressed.

During 2017, administration, analysis and reporting of the NETS data was tested through running pilots with a variety of learner groups, including GPs, trainee nursing associates, pharmacists, healthcare scientists and medical trainees. The survey will be implemented using a phased approach during 2018/19.

#### HEE Intensive Support Framework (ISF)

The ISF introduces a shared approach to the risk assessment, escalation and mitigation of educational concerns across HEE. The ISF categorises concerns and provides a consistent, national framework, ensuring a focus on local responses and solutions to emerging and escalating concerns. The framework is underpinned by a refreshed Suspension of Postgraduate Medical Training option in relation to the serious concerns policy which enables HEE to work in partnership with professional and system regulators to combine our professional and clinical judgement.

## Performance analysis

### Freedom to Speak Up guardians

HEE has been working with the National Guardian Office to assist in the development of the Freedom to Speak Up Guardian role in secondary care, through supporting the development of training resources. Resources developed throughout 2017/18 have included a Train the Trainer programme, to ensure sustainability moving forward, and the Guardian and Education Guide. The Education guide includes a competency framework, self-assessment toolkit, and self-development guide. There is more information on Freedom to Speak Up guardians here: <http://www.cqc.org.uk/national-guardians-office/content/national-guardians-office>

### Genomics

The HEE Genomics Education Programme (GEP) is a high profile national piece of work which is supporting delivery of the 100,000 Genomes Project and the forthcoming implementation of the NHS Genomic Medicine Service. During 2017/18 the overall target for commissions of the Masters in

Genomic Medicine (579) was delivered across 10 universities in England. To date, some 767 students are either currently undertaking some element of the MSc framework, or have completed it.

GEP has delivered close to 80,000 educational interventions across the current and existing workforce including completions of online learning; informal learning; and registrations to our Massive Open Online Course (MOOC) on Whole Genome Sequencing. This is an annual increase of around 30,000 during 2017/18.

### Working towards seven day services

HEE continues to support the seven day services aspiration of the Five Year Forward View through a range of programmes and deliverables including: medical education reform; supporting junior doctors; upskilling 200 new non-medical endoscopists to help meet revised sonography targets; and development of medical associate roles to support service pressures and reduce agency reliance.



## Performance analysis

### Developing NHS leaders

The NHS Leadership Academy's purpose is to provide expert development that enables leadership across the NHS and its partners. The Academy is part of HEE and it aims to increase the capability and capacity of leaders to create high quality, inclusive and compassionate cultures.

In support of this purpose the Academy has three strategic objectives:

- providing system development that enables service improvement across health and care;
- enabling, convening and supporting whole system talent management;
- providing leadership development interventions that have reach and impact at all levels of the service.

Throughout the last year, the Academy has made progress against all these objectives and increased the capacity and capability of leadership across the NHS:

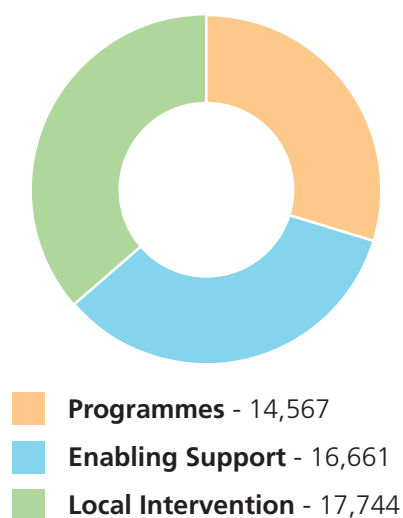
- We have delivered programme-based support for 14,567 participants;
- We have welcomed 439 participants on positive action programmes. These interventions are targeted to support Black, Asian and Minority Ethnic (BAME) colleagues to negotiate obstacles to their progression and influence the system towards inclusion;
- There are now a further 14 graduates from the Aspiring Chief Executive programme, designed in partnership with NHS Improvement and NHS Providers. From the two cohorts of this programme 16 of the 27 participants of the programme thus far are already employed as chief executives in the service or have moved on to more senior roles. Others from the scheme are supported as part of a talent pool ready to take up the most senior and challenging roles in the service;
- 233 have completed, or are currently on, aspiring executive director schemes. This includes 145 participants from the internationally award-winning Nye Bevan programme, and 26 from the Healthcare Leaders Scheme for aspiring senior leaders in the arm's-length bodies. In partnership the Academy also supported uni-professional director level development for aspiring directors of human resources, finance and nursing;

- The Academy has accredited MSc programmes across health and care and, through bursaries, has supported 41 talented colleagues to take part in these programmes to bring learning from the cutting edge of contemporary business school thinking into the NHS;
- Across the ten Local Leadership Academies the Academy has supported the development of system leadership knowledge, skills, attitudes and behaviours. Academy interventions in organisational development, coaching and mentoring, masterclasses, and bespoke programmes have reached 17,744 colleagues and are supporting frontline healthcare organisations and systems to transform ready for the future;
- This year the NHS Leadership Academy has increased to 135 Graduate Management Training Scheme (GMTS) programme which is set to increase to 200 participants per year from next year. This expansion is the first step on a growth pathway that takes the GMTS towards 500 participants per year.

The Network of Academies supported 48,972 enrolments in 2017/18, with 31,228 supported through national programmes and 17,744 through local interventions.

To find out more, visit [www.leadershipacademy.nhs.uk](http://www.leadershipacademy.nhs.uk)

Participants 2017/18





## Performance analysis



### Promoting careers in health

In 2017/18 the Health Careers' team's annual schools competition *Step into the NHS* saw a record 123 schools taking part and an estimated 10,000 students involved. Thousands of young people, careers advisers and parents had the chance to 'have a go' at an NHS career and ask us about working in health at several national careers events, with support from partners including West Midlands Ambulance Service NHS Foundation Trust.

Health Careers' [#Bethedifference](#) campaign aimed to encourage young people to apply for a nursing degree or one in the allied health professions through Clearing. It saw record visits to relevant Health Careers website content and helped with universities seeing the highest-ever number of applications to nursing courses through Clearing.

Health Careers also worked with Jobcentre Plus on a careers in health 'take over' week for job seekers, supported National Careers Week in March and ran its annual [#OpenADoor](#) advent calendar social media campaign in December to highlight a different health career every day.

A pilot project running with primary schools is challenging gender stereotypes of health professions and raising awareness of what the NHS is and the roles available. Students are also being asked to prepare a piece of art, story or poem for exhibition in local hospitals as part of the NHS 70th birthday celebrations.

Development of a bespoke online career tool began in earnest this year in readiness for a launch in summer 2018.

### Social responsibility

HEE's primary focus is to provide and support the future of the NHS and, ultimately, ensure that patients have a world-class health service available to them across the country. Nonetheless, as a public sector organisation, HEE is keen to support and promote worthy causes beyond its statutory responsibilities and particularly those that directly implicate its staff.

Via the Learning and Development Policy, HEE encourages all staff to set aside up to 5 days each year to aid their personal development and also make a difference to their local communities. Under the 'ABCDE' days incentive, staff are encouraged to 'do their bit' by volunteering for a charity of their choice for a day in which they would usually be at work. HEE's charity of the year was the Samaritans, with events taking place monthly to raise funds. This included the 'Let's get down to Quizzness' event in our East of England office, in which staff competed in a HEE themed quiz with all proceeds going to the Samaritans.

In addition to a plethora of charitable activity carried out by HEE's staff throughout the previous year, a particular achievement of note was the Trans Pennine Trail hike undertaken by the HR & OD Team in the autumn of 2017. Several members of the team undertook the challenge in order to raise funds for a colleague whose family was subject to significant life-changing trauma. The hikers completed the north to south trail across 5 days, covering the 70-mile journey from Chesterfield to Leeds, with support from fellow HEE colleagues at intervals along the way.

This was just one of the fundraising events organised by the HR & OD Team for the family. Joscelyn Shaw from the Project Management Office, based in Leeds, ran the Yorkshire Marathon on Sunday 8 October as part of the fundraising activities. In total, over £6,000 was raised.

## Key issues and risks to delivery

HEE's Risk Management Framework was reviewed in July 2017, receiving a Moderate opinion from Internal Audit. In response to Internal Audit recommendations, further work to clarify and embed a framework for considering risk through the lens of the Board's risk appetite took place throughout the year, concluding with the Board agreeing their Risk Appetite Statement and Framework in February 2018. This is now planned to be implemented during 2018/19 at national, directorate and regional levels, alongside a methodology for considering the cumulative effects of risk. It will be supported by an automated data collection system.

Our performance reporting schedule helps to flag emerging risks by highlighting unexpected performance trends. All national and regional teams are required to identify, manage and report risks at the appropriate level and escalate, where appropriate, to the Executive Team to be considered for inclusion in the Corporate Risk Register. The register has been redesigned in-year to show how risks align to the Board's strategic objectives, addressing a recommendation from the Internal Audit Review. HEE's Risk Management Framework, operates at all levels across the organisation, ensuring risks on the register are brought to the attention of Directors, the Executive

Team, the Board and its committees, as appropriate. Our Executive Team reviews the Corporate Risk Register monthly. The register is also considered by our Board bi-annually, and more fully by the Audit and Risk Committee on a quarterly basis. National Directors attend the Audit and Risk Committee to discuss key risks relating to their areas of responsibility and the effectiveness of mitigations. Copies of the register have been provided regularly to our Department of Health and Social Care sponsor team and these have informed their assessment of our organisational progress at our regular accountability review meetings. A copy of the risk register is made accessible to all staff. We have maintained our agreed risk management process consistently. As a result, our corporate risk register is effective in describing our organisational strategic risks.

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

There is more detail on risk management in the Governance Statement on [page 40](#).



## Our strategic direction

### A nationwide workforce strategy for health and social care

In December, HEE and partners launched the consultation on a draft workforce strategy for the NHS and social care in England: Facing the Facts, Shaping the Future. Following consultation, the final strategy will be published - the first overarching workforce strategy for almost 25 years. The consultation closed in March and the response summary will be published in June 2018.

Our work in developing a system-wide workforce strategy this year has been an important development in understanding what more we need to do to secure tomorrow's health service. As around 65% of the NHS' budget is spent on the workforce, this strategy will be crucially important to the quality of future patient care.

The topics on which the consultation focused have stimulated wide-ranging interest and feedback from stakeholders across the system. Many consultation meetings and discussions were hosted by ourselves and partners around England and delegates reported great appetite and enthusiasm for those conversations.

Over 1,100 people joined the online workshop we created to discuss the draft strategy, generating over 1,200 ideas which were voted on thousands of times. We also received almost 200 responses from organisations involved in health and care, including royal colleges, higher education institutions, NHS providers, clinical commissioning groups, local authorities, patient and carer organisations and the independent sector. Analysis of the submissions and feedback is ongoing.

A key element of the draft strategy was the launch of five reviews, including a review of the mental health and well being of NHS staff, led by HEE's chairman Sir Keith Pearson, a review of education in self care, a review of the education and training needs of carers, the preparation of a national volunteering strategy and an independent review of technology, led by Dr Eric Topol. The Topol Review will advise on ways in which technological and other developments (including in genomics, pharmaceutical advances, artificial intelligence, digital and robotics) are likely to

change the roles and functions of all clinical staff over the next two decades to ensure safer, more effective and more personal care for patients. It will also look at the implications of these changes for skills required and therefore the consequences for the selection, curricula, education, training and lifelong learning of current and future NHS staff.

### Framework 15

HEE developed Framework 15 (F15) in 2014 as a strategic framework to guide decision-making. F15 identified the key drivers of change that would impact on future demand for, and supply of, the workforce in England over the next 15 years, including required skills, values and behaviours. Since then HEE has continued to gather and assess evidence to ensure that F15 remains up to date and relevant despite the ever changing health landscape. We are also using this work to support the development of our longer-term thinking including working on the development of the longer-term Cancer Workforce Strategy (Phase 2) and other priority areas, including the Mental Health Workforce Plan for England, launched in August 2017.

The latest information is available at <https://www.hee.nhs.uk/our-work/workforce-strategy>

### Engaging senior stakeholders

HEE is committed to effective engagement with its stakeholders to ensure that the best clinical and professional advice is received for our programmes of work. In 2017, we concluded our standing professional advisory groups in order to focus on seeking cross-profession and patient input on a programme and project-specific basis. The new approach, which began to be implemented in late 2017, is built around the leadership of the Chief Professional Officers. The expertise of the members of the former advisory groups has been retained through their continued involvement in these new arrangements.

The new method of engagement ensures that the right group can be gathered to support a specific requirement at the right time and encourages multi-professional discussion, in line with HEE values. It is recognised however that the interests of

## Our strategic direction

specific professional groups call for slightly different approaches, and for this reason, some regular stakeholder forums are being established with a focus on information sharing at a strategic level. The Medical Education and Training Forum, which held two meetings during 2017/18 is an example of this type of forum.

In 2018/19, the new approach will be further embedded, supporting the work programmes of the Chief Professional Officers, as well as the key priority areas set out in HEE's Business Plan.

### Involving patients through the Patient Advisory Forum

The NHS Constitution and the Five Year Forward View set out a clear message that the NHS should put patients and the public at the heart of everything it does.

The Patient Advisory Forum (PAF), which is a formal subcommittee of the Board, supports HEE's intention to ensure that public, patient and carer voices are at the centre of our work by:

- ensuring that decision-making is influenced by the views of patients and the public;
- providing assurance to the Board that the patient and public voice is at the heart of the education, training and workforce planning process;
- ensuring healthcare staff and students are aware of the valuable role of patients in their education.

The Forum has 18 patient and public voice partners (PPVP) and is co-chaired by Sir Keith Pearson (HEE's Chairman) and Mary Elford, one of HEE's non-executive directors. Six new members joined in October 2017 to make up the full complement. Partners are also members of the four regional LETBs and enable two-way communication between PAF and the LETBs. The Senior Responsible Officer is Lisa Bayliss-Pratt, Health Education England's Chief Nurse and Interim Director, London.

### The work of the PAF

The PAF meets formally four times a year as a whole group, but also operates throughout the year as a virtual network. Individual members are recruited to

programmes of work, projects and other initiatives, such as short-life task and finish groups. HEE staff are also able to seek PAF advice on particular issues. Examples of specific workstreams in which PAF members have been involved this year include the Pharmacy Integration Fund, the community nurse education review and the NHS111 workforce.

An initiative PAF introduced this year allows members to report back on their individual workstreams through a system called 'Closing the Loop'. This not only ensures a focus on outcomes, but also supports good two-way communications and helps to build an understanding across the Forum of HEE's key work.

In the past year, special workshops and seminars were also held, in addition to the quarterly meetings; one of these, held in June, was set up to share and discuss the HEE Mandate and how PAF's work can support its delivery. As a result, a draft PAF workplan for the coming year has been developed which is more closely aligned with corporate objectives and strategy. In February, a workshop was held on the draft Workforce Strategy to allow PAF members to make an informed response to the public consultation.

Quarterly meetings include presentations from HEE programme leads and other senior staff to help PAF develop a strategic overview of the organisation's work. In the past year, topics have included HEE's national programmes, public health and widening access to NHS jobs.

Terri Hobbes, national programmes manager for maternity, explains the impact of PAF input:

*"PAF involvement has been very helpful in providing wise counsel and constructive comment on maternity programme areas and has helped to clarify the maternity workforce analysis produced this year, and set the right direction for the programme. Having a voice for mothers and service users ensures that programme partners focus on how to achieve benefits for patients through what we do, and ensure we are working towards what they really want to improve future maternity care and receive continuity from a highly skilled, multidisciplinary workforce placing the needs of mothers and families at the centre of good practice."*



## Planning for tomorrow and delivering today

The NHS employed clinical workforce comprises 1.15 million individuals working across 240 NHS trusts and 200 clinical commissioning groups, plus other NHS organisations. These are organised into 44 Sustainability and Transformation Partnership footprint areas. The wider workforce providing NHS funded services work across nearly 8,000 GP practices and in other settings including high street pharmacies, local authorities, 'third sector' and independent providers. HEE's role is to work with the system to forecast, plan and deliver the workforce this vast and complex system needs for the future while supporting the development of solutions to current workforce issues.

HEE is now no longer responsible for the numbers of undergraduate health professionals starting their higher education, but retains responsibility for NHS-funded placements and for determining commissions

in postgraduate medical education and some post-registration programmes in other disciplines. At any one time 50,000 doctors are being trained, the majority of whom are also contributing to service delivery. In September 2017, over 88,000 students were on programmes leading to registration as other health care professionals. Thousands are undertaking 'post registration' studies to either equip them for other specific roles, or to enhance their skills and prepare them for the future.

HEE's workforce intelligence function works with Local Workforce Action Boards and national stakeholders to support the development of local and national workforce plans.

There is more information here <https://www.hee.nhs.uk/our-work/workforce-planning-intelligence>



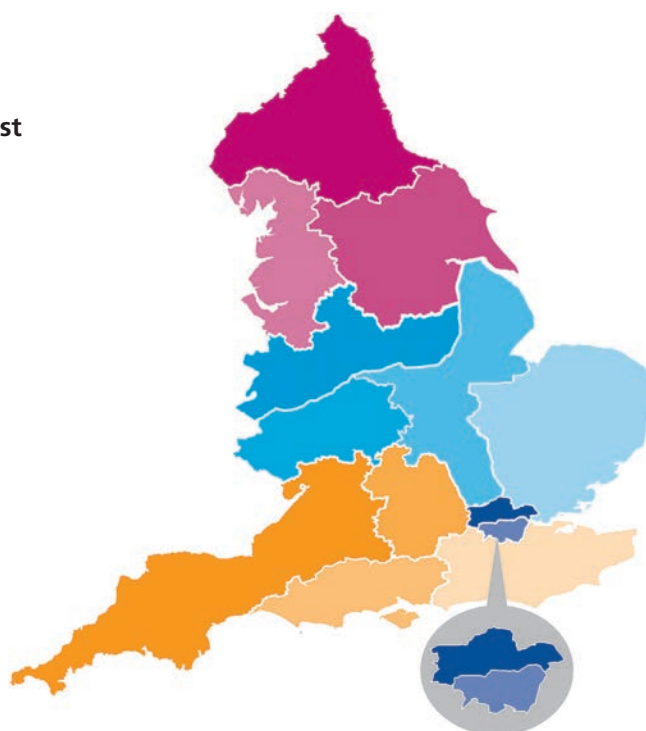
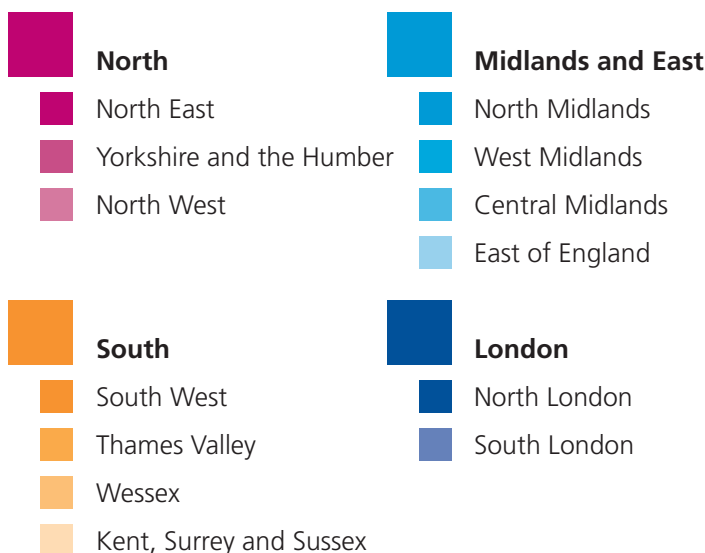


## National, regional and local

HEE is the strategic leader in England for healthcare education and training. We develop policy and deliver on priorities nationally, but we recognise that local conditions need tailored local solutions. Working in partnership to implement Sustainability and Transformation Partnerships (STPs) and the new integrated care systems, our leaders at local level are co-chairing LWABs (Local Workforce Action Boards) that cover every STP area, developing local workforce plans to tackle very specific local workforce challenges.

In 2017/18 our Board took the decision to realign our regional teams, so that the management of our team in Kent, Surrey and Sussex moved to the South region in April 2018. Our four integrated regional teams serve our four Local Education and Training Boards (LETBs): north; south; London; and midlands and east.

There is more information at: [www.hee.nhs.uk/hee-your-area](http://www.hee.nhs.uk/hee-your-area)



### Regional operating model from 1 April 2018

## International impact

Increasingly, HEE is contributing its expertise to healthcare education and training on a global stage. In 2017/18 HEE's international work covered three broad areas:

- Global Learners' Programmes - co-developed 'earn, learn and return' programmes to strengthen the health systems of partner countries overseas, while meeting the short-term staffing requirements of the NHS. More details are available here: <https://hee.nhs.uk/our-work/international-office/global-health-exchange>

- Supporting NHS professionals to work or volunteer overseas, gaining valuable experience and expertise that could support the NHS, while providing clinical or technical input abroad.
- Policy, or technical support, to partner governments, where the expertise of the NHS can be used to support the development of health and care systems overseas.

Recognising the demand from the NHS for the Global Learners' Programmes and other initiatives, HEE plans to invest in and rapidly expand these programmes of work in 2018/19.

## Financial review



Health Education England met all its statutory financial duties determined by Parliament in the 2017/18 financial year. The key financial performance targets achieved were:

- Revenue resource limit - underspend of £36.9 million, equivalent to 0.76% of the total.
- Capital resource limit - underspend of £1.4 million
- Cash limit - £1.4 million under the limit set

Our primary activity remains the commissioning of education and training of future healthcare staff. The largest change during 2017/18 has been the introduction of student loan funding for nursing, midwifery and allied health professional undergraduate courses from the 2017 Autumn intake. We have successfully managed the run-off of the remaining HEE funded tuition and bursary costs in 2017/18 but will need to continue to monitor these costs carefully as they run down over the next three years.

HEE continues to expand its joint working with NHS England with ongoing efforts to increase the number of medical trainees choosing GP as a career, especially in areas of the country where it is hard to recruit. In addition, we have managed a significant collaborative programme of investment in mental health in 2017/18. These innovative programmes have attracted additional income during the financial year. This will continue into 2018/19 alongside other initiatives such as pharmacy training.

HEE's cost base is heavily driven by structured funding commitments for continuing clinical training. We have sought efficiencies in these areas of flexibility:

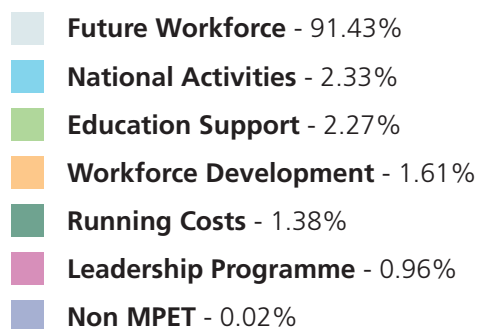
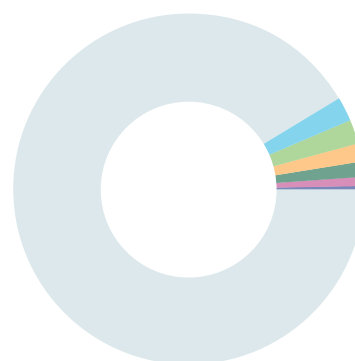
- Our ongoing programme of reductions in Education Support resulted in expenditure reducing from 2.67% of total expenditure to 2.27% in

2017/18 and this will continue to reduce for the next couple of years.

- Our investment in Workforce Development has reduced to balance overall budgets, with local teams prioritising remaining expenditure in areas that support transformation of the workforce. We plan to avoid further reductions in future, with many stakeholders calling for increased investment in the transformation of the existing workforce.
- In line with a 20% reduction in allocation over three years, Running Costs have reduced from 1.45% of total expenditure to 1.38% of total expenditure. HEE successfully completed its restructuring programme initiated in 2016/17 during the year and this will stand us in good stead to meet a reduced target in 2018/19.

HEE works with the Department of Health and Social Care to oversee and improve the system of education tariffs. The emphasis has been on maintaining stability of arrangements in 2017/18. In line with its Mandate, HEE plans to discuss proposals to amend the split of tariff currencies (categories) in 2018/19.

### Net Expenditure 2017/18



## Financial review

### Better payment and late payment reporting requirements

HEE is required to adhere to the Better Payments Practice Code (BPPC). This code requires all public bodies to pay suppliers/other NHS bodies within 30 days of receipt of a valid invoice. Currently the target set by the Department of Health and Social Care is 95%.

HEE's achievement in 2017/18 is as follows:

	Number of bills processed			Value of bills processed		
	Total number processed	Number within target	% within target	Total value processed	Value within target	% within target
<b>NHS</b>	12,261	11,718	96%	£3,619m	£3,582m	99%
<b>Non-NHS</b>	78,635	74,842	95%	£1,220m	£1,147m	94%



### Sustainability

For the full sustainability report, turn to Appendix 1 on [page 94](#).

**Professor Ian Cumming OBE**  
Chief Executive





## Corporate governance report

### Directors' report

#### Our Board

#### Board members in 2017/18:

##### Non-Executive members

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**Sir Keith Pearson JP DL**  
Chairman

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**Professor David Croisdale-Appleby OBE**  
Non-Executive Director

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**Mary Elford**  
Non-Executive Director

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**Dr Anna van der Gaag CBE**  
Non-Executive Director

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**Jacynth Ivey**  
Associate Non-Executive Director

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**Professor Malcolm Morley OBE**  
Non-Executive Director

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**Sir Stephen Moss**  
Non-Executive Director  
(to 31 March 2018)

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**Kate Nealon**  
Non-Executive Director and Vice Chair

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### Executive members

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**Professor Ian Cumming OBE**  
Chief Executive

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**Steve Clarke**  
Director of Finance  
(to 31 December 2017)

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**Calum Pallister**  
Interim Director of Finance  
(from 1 January 2018)

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**Dr Nicki Latham**  
Director of Performance and Development  
(to 30 November 2017)

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**Professor Wendy Reid**  
Director of Education and Quality  
and Medical Director

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**Professor Lisa Bayliss-Pratt**  
Chief Nurse and Interim Director, London  
(from 1 September 2017)

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### Directors in attendance

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**Rob Smith**  
Director of Workforce Planning and Intelligence

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**Lee Whitehead**  
Director of People and Communications

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**David Farrelly**  
Regional Director, midlands and east

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**Patrick Mitchell**  
Regional Director, south

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**Laura Roberts**  
Regional Director, north

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**Julie Screaton**  
Regional Director, London and south east  
(to June 2017)

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**Therese Davis**  
Acting Director, London and south east  
(July to September 2017)

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## Corporate governance report

### Directors report *continued*

#### Register of Members' Interests

Health Education England is committed to openness and transparency in its work and decision making. As part of that commitment, we maintain and publish a Register of Members' Interests which draws together Declarations of Interest made by our Board members. Our Register of Interests is a public document which is published on our website.

Board members are required to notify and record any interests relevant to their role on the Board. The Register is presented to the Board for review bi-annually and at each meeting of the Board, or its Committees, members are asked to declare any interests in relation to agenda items being considered, abstaining from involvement if required, and to advise the Board Secretary of any new interests which need to be included on the register.

The Register is available online via this page:

<https://www.hee.nhs.uk/about/how-we-work/board-meetings-papers>

During the year Board members considered the importance of the decisions they would be required to take in March 2018 regarding the allocation of additional undergraduate medical school places.

An additional Register of Interests was compiled to ensure absolute openness and transparency at every stage of the decision-making process. This additional register records all Board members' associations with Higher Education Institutions, including undergraduate study, family members in attendance, honorary degrees and paid teaching posts. This information was presented to the Board in December 2017, February 2018 and March 2018.

A copy of the additional register is available at:

<https://www.hee.nhs.uk/sites/default/files/documents/HEE%20Dec%202017.1%20-%20Declaration%20of%20Interests.pdf>

#### Biographies

Biographies of all HEE's Board members are made publicly available. These can be viewed here:

<https://www.hee.nhs.uk/about/how-we-work/our-leaders-structure>

#### Personal data-related incidents

For full details of HEE's approach to information governance and personal data-related incidents, see the Governance statement on [page 49](#) and [Appendix 3](#).

**This report explains the organisation of HEE's governance structures and how they support the achievement of our objectives.**

### Statement of Accounting Officer's responsibility

Under the Care Act 2014, the Secretary of State, with the approval of the Treasury, has directed Health Education England to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Health Education England and of its net resource outturn, application of resources, changes in taxpayers' 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, 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 Secretary of State has appointed the Chief Executive as Accounting Officer of Health Education England. 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 Health Education England's assets, are set out in *Managing Public Money* published by the HM Treasury.

As Accounting Officer, I can confirm that as far as I am aware, there is no relevant audit information of which our auditors are unaware, and that I have taken all necessary steps to make myself aware of any relevant audit information and to establish that our auditors are aware of that information. I have ensured that the Annual Report & Accounts for 2017/18 as a whole are fair, balanced and understandable. I take personal responsibility for the Annual Report & Accounts and the judgments required for determining that they are fair, balanced and understandable.



## Corporate governance report

### Governance Statement 2017/18

This governance statement covers Health Education England's control and management of resources during 2017/18.

#### Context

Health Education England is the people organisation for the NHS. We are responsible for ensuring that our future workforce is available in the right numbers with the necessary skills, values and behaviours to meet patients' needs and deliver high quality care.

This includes providing national leadership for the planning and development of the whole healthcare and public health workforce, as well as promoting high quality education and training that is responsive to the changing needs of patients and communities.

Health Education England was originally established as a Special Health Authority in June 2012 and by the provisions of the Care Act 2014 became a non-departmental public body in April 2015.

Responsibility for the regional delivery of our core functions lies with our Local Education Training Boards (LETBs). In 2016, we reduced the number of our LETBs from 13 to four to align better with the wider system's changing architecture. This change, and its greater focus on the four regions, continues to fulfil HEE's statutory requirement to have LETBs with co-terminous boundaries that cover all of England.

As Sustainability and Transformation Partnership (STP) areas have been introduced, health and care providers, together with ALB leads, have been brought closer together at local level. We have worked with STP leaders to establish Local Workforce Action Boards (LWABs) covering all STPs. This means workforce issues are being dealt with at the right levels by the right partners. HEE is now well placed to operate as the workforce intelligence and data experts of the NHS, driving cross-system changes where these relate to the workforce.

The benefits of effective cross-system working has been illustrated by the publication of *Facing the Facts, Shaping the Future*; a draft health and care workforce strategy for England until 2027. HEE led

and co-ordinated the production of this draft strategy, which was published in December 2017, but it is the product of the whole national system. It addresses cross-system priorities and highlights the benefits of positive collaboration to safeguard delivery of quality patient care. The consultation on this draft strategy ran from December 2017 to March 2018, and attracted extensive whole system feedback which will be used to inform the Workforce Strategy that will be published in summer 2018.

Our Board has been kept fully informed of this and other key system developments that have taken place during 2017/18.

### Government Mandate to Health Education England

Health Education England is accountable, through its Board, to the Secretary of State for Health and Social Care for delivery of the mandate. The mandate reflects the priority objectives of the Government in the areas of workforce planning, education, training and development for which HEE is responsible and is issued annually.

Many of the deliverables in our mandate cannot be delivered by HEE alone, but depend on strong relationships with our NHS delivery partners. To this end, we have continued to work alongside NHS England, Public Health England, NHS Improvement and the Care Quality Commission to progress the NHS Five Year Forward View and support greater alignment between the different statutory bodies at a national and local level to ensure stability of the healthcare system.

In addition, Health Education England has a framework agreement with the Department of Health and Social Care. This defines the critical elements of the relationship between the Department and Health Education England. The document focuses on how we work in partnership to serve patients, the public and the taxpayer, as well as how we both discharge our accountability responsibilities effectively. We are currently in the process of agreeing an updated framework agreement with the Department to cover our working relationship through until 2021.



## Corporate governance report

### Our governance framework

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

Health Education England's system of governance is based on the standard element of a statutory integrated board with a single Accounting Officer and national Executive Directors. In addition, our four LETBs, responsible for overseeing the planning and delivery of our services regionally across England, are constituted as committees of our Board. These have independent Chairs and operate with HEE's regional teams led by Executive Senior Managers.

### Our Board

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

The Board is supported by seven committees (four regional Local Education Training Boards (LETBs), Audit & Risk, Remuneration and Performance Assurance) which underpin the Board's assurance and oversight of the organisation. The committees are part of HEE's formal governance structure and provide the Board with regular reports. This helps the Board to spend a significant proportion of its time on strategic decision-making, whilst giving assurance that effective business decisions are made based on the right information.

Committee Chairs report to the Board following each committee meeting and the Board formally receives the approved minutes of all committee meetings. This ensures the Board is kept informed of how committee responsibilities have been discharged.

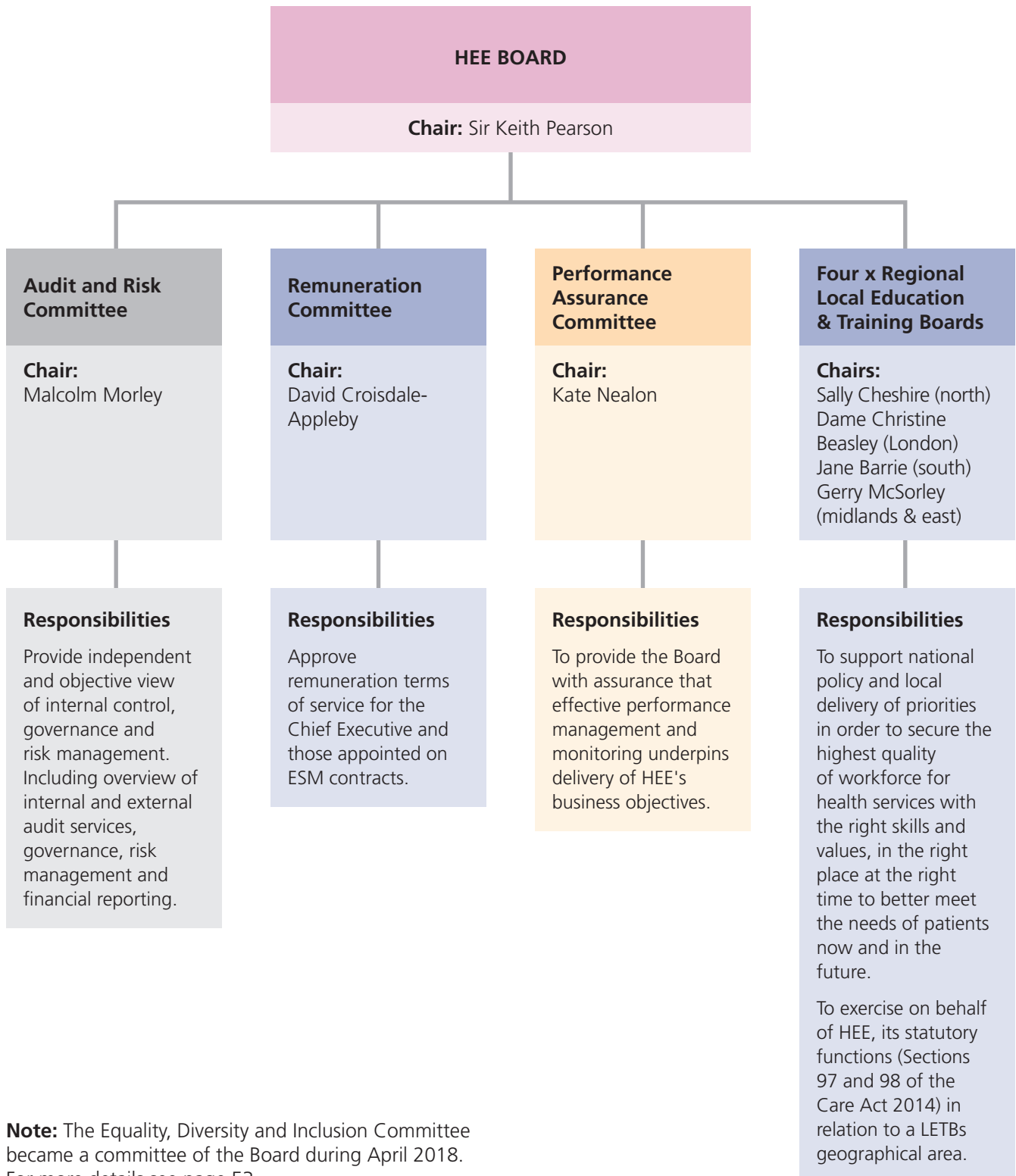
The four LETBs provide the Board with Quarterly Governance Statements and an annual effectiveness review. In addition, a Non-executive Director of the Board is linked to each LETB to ensure continuity of dialogue and information flow between both Board and LETBs.

The Accounting Officer, as well as being a member of the Board, is informed of each committee's activities through discussions with the relevant Chair and lead Executive Directors. The Chair and Accounting Officer reserve and exercise the right to attend all committee meetings.

Our committee structure, details of committee responsibilities and the work carried out in 2017/18 are as shown overleaf.

## Corporate governance report

### Board Committees



**Note:** The Equality, Diversity and Inclusion Committee became a committee of the Board during April 2018. For more details see [page 53](#).

## Corporate governance report

### Audit & Risk Committee

#### Role of the Committee

The Audit & Risk Committee provides independent and objective assurance to the Board on how Health Education England manages its system of internal control, governance and risk management. This includes an overview of internal and external audit services and financial reporting.

#### Committee members

The Committee met six times during the year. The Committee chair is Malcolm Morley.

Additional attendees are invited to attend meetings to assist with Committee business. For 2017/18 these have included:

- Director of Finance;
- Head of Finance Systems;
- Director of People & Communications;
- Director of Performance & Development;
- Head of Internal Audit;
- Director responsible for health at the National Audit Office.

#### Committee business

The Committee has provided regular progress reports to the Board on its key duties which included:

- reviewing the organisation's risk profile and the management and mitigation of current and emerging risks, and ensuring that all corporate risks have an accountable national director and delegated risk owner
- developing the framework for agreeing and implementing HEE's risk appetite
- evaluating the effectiveness of HEE's control environment
- assessing the integrity of HEE's financial reporting and satisfying itself that any significant financial judgements made by management were sound
- considering relevant reports from the Comptroller and Auditor General (NAO) on HEE's accounts and the achievement of value for money
- commissioning and receiving internal audit reports on the adequacy of internal control systems, risk

- management and corporate governance
- reviewing the activities of internal and external auditors, including monitoring their independence and objectivity
- assuring the Board that management responses to internal and external audit recommendations are implemented
- oversight of the organisation's arrangements for counter fraud

#### Planned activities during the coming year

In 2018/19, the Committee will:

- consider areas for review by Internal Audit, approve the 2018/19 plan of work and monitor delivery against that plan and any continuing work from 2016/17;
- continue to receive updates from Directors on outstanding internal audit actions and key risks in their respective Directorates;
- review the plan for delivery of the 2017/18 Annual Report and Accounts;
- review updates from the NAO on progress with their audit work;
- receive reports at each meeting to include consideration of corporate risks, updates to the status of Internal Audit recommendations, financial controls and the management of HEE's legal cases.

### Remuneration Committee

The Remuneration Committee's primary aim is to approve the appropriate remuneration and terms of service for the Chief Executive, Directors and other Executive Senior Managers. In addition, the Committee considers some issues, such as calculation and scrutiny of termination or special payments, in relation to all staff employed by Health Education England.

#### Committee members

The Committee met five times during the year. The Committee Chair is David Croisdale-Appleby

Additional attendees are invited to attend meetings to assist with Committee business. For 2017/18 these have included:

- Director of HR & OD

## Corporate governance report

### Committee business

Over the year the Committee has received reports assuring it about the implementation of the revised Department of Health and Social Care and arm's length bodies Executive and Senior Manager (ESM) pay framework and approved decisions relating to the targeted allocation of consolidated and non-consolidated pay awards to this group of senior staff for the financial year.

Additionally, the Committee has considered and endorsed HEE's Clinical Excellence Awards and considered matters on Gender Pay Gap reporting across the organisation.

### Planned activities during the coming year

During the coming year, the Committee will make decisions regarding the Chief Executive's annual appraisal and pay and any issues pertaining to National Directors and others on the ESM pay framework.

### Performance Assurance Committee

The Performance Assurance Committee's primary function is to provide the HEE Board with assurance that effective performance management and monitoring underpins delivery of our business objectives. The Committee will also highlight to the Board any performance-related issues which would benefit from the Board's consideration and strategic input.

### Committee members

The Committee met four times during the year. The Committee Chair is Kate Nealon.

Additional attendees are invited to attend meetings to assist with Committee business. For 2017/18 these have included:

- Director of Finance
- Director of Performance & Development
- Head of Corporate Affairs

### Committee business

Over the year the Committee has received reports

assuring it about HEE's performance management framework and considered the LETB Effectiveness Reviews, making recommendations to the HEE Board on assurance ratings.

### Planned activities during the coming year

During the coming year, the Committee will review its future focus, considering options to enhance its oversight of performance and how it assures itself on behalf of the Board that effective performance management and monitoring underpins delivery of our business objectives. It will continue to consider LETB Effectiveness Reviews and make recommendations to the HEE Board on LETB assurance ratings.

### Local Education & Training Boards

The overall aim of Health Education England (HEE) and its Local Education & Training Boards (LETBs) is to support national policy and local delivery of priorities to secure the highest quality of workforce for health services with the right skills and values, in the right place at the right time to better meet the needs of patients now and in the future. LETBs work as part of HEE to inform national strategy and priorities and play a crucial role in bringing together providers covering the whole local health economy to review and agree local workforce priorities and the quality of education and training, applying scrutiny to and approving local plans.

There are four regional LETBs which cover the whole of England, they are:

- North: Chair, Sally Cheshire
- Midlands & East: Chair: Gerry McSorley
- London: Chair, Dame Christine Beasley
- South: Chair, Jane Barrie

In October 2017, the HEE Board approved a change to the boundaries of the South and London LETBs. Following stakeholder engagement there was a recommendation made that the Kent, Surrey & Sussex area be moved from the London LETB to be aligned with the South LETB. The approved change aligned the HEE regional footprints with those of NHS England and NHS Improvement and to reflect the NHS and Social Care landscape following the introduction of STPs and Local Workforce Action Board's (LWABs).



## Corporate governance report

In line with the requirements of the Care Act 2014, HEE must formally appoint its LETBs annually, and in doing so, be assured that each is capable of fulfilling the LETB appointment criteria as defined in the LETB Assurance Framework. The LETB Assurance Framework employs the four developmental domains of the One HEE Development Framework:

- Developing a shared vision
- Aligning structures, systems and processes to our shared vision
- Bringing our values to life
- Developing an improvement-driven culture

During 2017/18 each LETB submitted an annual effectiveness review for 2016/17 to demonstrate ongoing progress against those developmental domains. The Board approved assurance ratings for each LETB as Moderate. When considering the Effectiveness Reviews, the HEE Board confirmed that it was satisfied that a further LETB appointment criterion was fulfilled - that essential LETB membership requirements are met. These comprise: Chair, Regional Director, Regional Director of Education and Quality, Regional Head of Finance plus as specified in legislation, a minimum of three members with clinical expertise; one from a profession regulated by the Medical Act 1983, one from a profession regulated by the Nursing and Midwifery Order 2001, and one from another regulated profession - with provider representation in line with requirements also.

Throughout the year the LETBs have:

- represented and advocated for local needs within the national context;
- advised on the development and transformation of the whole health, care and public health workforce so that those staff deliver the best possible care and outcomes possible;
- engaged collaboratively with local and national stakeholders to support, monitor and evaluate the development of a confident, competent, multi-professional workforce, fit for the changing landscape and able to meet the needs of patients and service users;
- identified and agreed local priorities for education and training to ensure security of supply of the skills and people providing health and public health services;

- informed the planning and commissioning of education and training on behalf of the local health community in the interests of sustainable, high quality service provision and health improvement;
- gained assurance of the effective delivery against local and national priorities and compliance with the relevant governance framework, including local management of risk within a robust assurance framework; and
- assured and promoted continuous improvements in the quality and outcomes of education and training.

In addition, the Board agreed on 20 March 2018 that a further committee, the Equality, Diversity and Inclusion Committee will become part of HEE's formal governance structure from 1 April 2018. This committee will provide a strategic role to ensure that HEE considers priority areas for equality, diversity and inclusion. It will also provide assurance to the Board regarding HEE's compliance with equality legislation and initiatives, such as the Stonewall Workplace Equality Index, Workforce Race Equality Standard, Workforce Disability Equality Standard and the goals set out in the Equality Diversity System.

In addition to their attendance at Board and committee meetings, Non-executive Directors have a well-developed programme to support their role as custodians of good governance. Kathleen Nealon operates as both Vice Chair and Senior Independent Director, supporting the Chair by acting as an intermediary with other Directors and overseeing specific non-executive portfolio responsibilities. Individual Non-executive Directors have allocated responsibility for oversight of specific regions and key work streams, including leadership and quality initiatives.

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

## Corporate governance report

I have reviewed Health Education England's corporate governance arrangements against the requirements of the *Corporate governance in central government departments: Code of Good Practice*. I am satisfied that the relevant principles and provisions are reflected by the arrangements we have in place, that there have been no departures from the Code, and that we continue to introduce measures to strengthen our governance overall.

### Board effectiveness

2017/18 has been another year of change for HEE and the scrutiny of the Health Education England Board was vital during this time, helping to provide assurance that good governance continued to support our work and underpinned the change management processes we went through. Non-executive Directors provided essential constructive challenge to assist with this objective and have overseen the application of key organisational improvements in 2017/18. The Board's Effectiveness Review confirmed that members felt they were provided with sufficient information to enable it to function well. The data provided is subject to thorough scrutiny and review by both Executive and Board committee channels and is constantly refined to ensure it develops with organisational needs.

The Board is responsible for holding the Executive Directors to account. One of the ways it achieves this is through regular performance management reports and reviewing plans and progress against them.

Our Performance Assurance Committee has continued to add an additional layer of robust governance to our performance management process. During the year effectiveness reviews for the four LETBs, in line with the requirements of the LETB Assurance Framework, concluded for the 2016/17 period. Overall, all LETBs received a Moderate assurance rating for 2016/17. This assurance rating recommendation was made by the Performance Assurance Committee and was considered to accurately reflect the steady progress made by LETBs since their inception. The LETB Assurance process, and the evidence of the effectiveness reviews, was used to demonstrate that LETB appointment criteria were assured across England. On this basis, the Board was able to sanction the re-authorisation of the four regional LETBs with confidence. Since August 2016,

LETB Chairs have worked with Regional Directors and stakeholders locally to ensure our revised LETB arrangements remain effective. Quarterly Governance Statements from each LETB have continued to augment assurance to the Board on LETB progression. The Performance Assurance Committee has also reviewed and recommended to the Board changes to the application of the LETB Assurance Framework for 2017/18. These were approved in December 2017.

The Board is provided with comprehensive finance reports and receives an integrated performance report. These are informed by dedicated Finance & Performance meetings held with all Executive Directors. These meetings were chaired by the Director of Finance up to 31 December 2017 and the Regional Director for Midlands & East thereafter. In addition, the Performance & Assurance Committee scrutinises all finance and performance reports, as well as the minutes of Finance & Performance meetings. The robustness of this approach was particularly important throughout a period where two of our original Executive Board members left the organisation, helping to ensure the Board continued to receive the standard of information it requires to maintain effective oversight of the organisation.

Additionally, over the course of the year to date, the Board has been instrumental in putting in place the process for the competitive allocation of the second phase of additional medical student places across medical schools in England. On 8 March 2018, the Board considered the recommended portfolio and approved their recommendation to the Board of the Higher Education Funding Council for England. Further, the Board advised on the development of HEE's Organisational Development Plan and consequently approved its roll-out across the organisation; directing a number of property matters pertaining to HEE's strategic objectives for estates management; challenging the organisation to change the future shape of data presented in the submission to the Workforce Race Equality Standard, and influencing the content and direction of the Workforce Strategy consultation document.

In April 2017, the Board conducted a self-assessment effectiveness review of its own performance. The findings from this were considered in a Board development session held in June 2017. The Board

## Corporate governance report

deferred implementation of change until these could be considered alongside the findings and recommendations of the internal audit review of HEE's governance, to enable the outputs of both reviews to be combined into a single action plan. The internal audit review report on HEE's governance was received in March 2018, and gave a substantial audit opinion. The Board is now pressing ahead with measures that will strengthen HEE's governance still further relating to: succession planning; training and development for Non-executive Directors; and improving assurance on progress towards implementation and activity relating to any recommendations agreed, approved or endorsed by the Board.

### Appointments to the Board

Board members bring a range of complementary skills and experience in areas such as the patient and public voice, finance, governance and health policy, as well as ensuring that HEE's statutory duty to include a medical professional, registered nurse and allied health professional amongst its board membership is met. New appointments take account of the skills the Board already has and recognise where the areas in which knowledge could be strengthened. The Chair and non-executive directors are appointed by the Secretary of State for Health; executive members are appointed by the Board.

In August 2017, the Secretary of State approved further terms of appointment for Sir Stephen Moss and Professor David Croisdale-Appleby OBE. Both these second terms of appointment were made for a three-year period, commencing 1 September 2017. However, Sir Stephen Moss chose to resign from the Board with effect from 31 March 2018.

On 20 February 2018, the Non-Executive Directors of the Board approved the appointment of Calum Pallister, Interim Director of Finance and Lisa Bayliss-Pratt, Chief Nurse into the two voting Executive Member vacancies which had arisen owing to the retirement of Steve Clarke, Director of Finance (31 December 2017) and the acceptance of voluntary redundancy by Nicki Latham, Director of Performance & Development (30 November 2017). The appointment of individuals already operating at the highest levels of responsibility within HEE helped to ensure efficient continuity of the Board's effectiveness.

### Register of Members' Interests

Full details are available at page 38 and the register can be viewed at:

<https://www.hee.nhs.uk/about/how-we-work/board-meetings-papers>

### Board meeting transparency

Health Education England is committed to transparency and holds regular board meetings in public. Board papers of those meetings are published online at:

<https://www.hee.nhs.uk/about-us/how-we-work/our-leaders-structure/board-meetings-papers>

In addition, arrangements exist to publish the agendas and papers of any private board meetings, one year after the meeting has occurred, provided this does not infringe commercial or other confidentiality considerations. The Vice Chair & Senior Independent Director reviews these papers with the Board Secretary to determine their suitability for publication.

### Board diversity

As of 31 March 2018, Health Education England's Board had seven Non-executive Directors, four males and three females, all were white. There was one Associate Non-executive Director, a BME female. Of the six members of HEE's Executive Team that attended the Board, both voting and non-voting, four were male and two female, all were white.

### Other responsibilities

The Health Education England Board has previously considered the recommendations of the Harris Review and its cautionary findings on the delegation of statutory functions. Appropriate guidance has been provided to our senior management to make certain we remain compliant in this area and this will be monitored as we move forward. Our Executive Team composition, which includes Regional Directors, helps us to maintain focused oversight in this area.

Health Education England recognises the importance of having adequate quality assurance in place for all

## Corporate governance report

analytical work. We are aware of the recommendations of Sir Nicholas Macpherson's review of quality assurance of government models and will continue ongoing work in this field to ensure robust levels of assurance are in place for our business-critical models, such as those used for national workforce planning.

We are also cognisant of our need to support the Secretary of State for Health's duty to manage health inequalities. Through our annual National Workforce Plan, Health Education England has ensured that provision was made for investment in the public health and wider workforce to help deliver both local and national priorities designed to reduce health inequalities.

During 2016/17, Health Education England worked with NHS England and other leadership bodies on the development of cross-NHS guidance for managing conflicts of interest. The Board has agreed a Managing Conflicts of Interest policy that aligns with cross-system guidance and we will continue to monitor developments to ensure it remains fit for purpose.

### Whistleblowing

We understand the need for openness and transparency that has been highlighted in recent years. In line with recommendations from the *Freedom to speak up?* Review led by Sir Robert Francis QC, we have focused on whistleblowing as a key priority. We have a 'Raising Concerns at Work' policy for the whole organisation. Access to guidance and support materials via our intranet and staff portal has been provided to all employees.

HEE is also listed as a prescribed person under whistleblowing legislation, meaning individuals can make disclosures to us rather than their employer provided the concerns they wish to raise fall within our remit. As a Prescribed Person, HEE is required to address relevant concerns raised by individuals or to signpost whistleblowers to the correct organisation to assist with their concerns if these fall outside our remit. Our Executive team has agreed governance arrangements that ensure the raising of concerns will continue to receive dedicated support.

Following a judgment by the Court of Appeal in May 2017, junior doctors were granted new whistleblowing protection. The ruling meant both

NHS Trusts and HEE could properly be considered employers if they both determine substantially the terms open to action through the normal employment tribunal process. HEE had previously agreed with the British Medical Association (BMA) new contractual routes for junior doctors to bring whistleblowing claims to us, which would require action to be taken in the High Court.

Subsequently, in May 2018, HEE accepted this ruling. As the agreement with the BMA demonstrated, HEE has always supported the rights of junior doctors to raise concerns with us without detriment. We are committed to ensuring that junior doctors see no barriers to making protected disclosures to us. This latest development gives further clarity on that point and helps simplify the process for those raising concerns as normal employment procedures that protect whistle-blowers will apply.

### Risk management

HEE's Risk Management Framework was reviewed by Internal Audit in July 2017, receiving a moderate audit opinion. In response to audit recommendations, further work to clarify and embed a framework for considering risk through the lens of the Board's risk appetite took place throughout the year. This work concluded in February 2018 when the Board agreed a Risk Appetite Statement and Framework. This will be implemented, alongside a methodology for considering the cumulative effects of risk, in 2018/19 at national, directorate and regional levels, and will be supported by an automated data collection system.

All national and regional teams are required to identify, manage and report risks at the appropriate level and escalate, where appropriate, to the Executive Team to be considered for inclusion in the Corporate Risk Register. The register has been redesigned in-year to show how risks align to the Board's strategic objectives, addressing a recommendation from the internal audit review. HEE's risk management framework operates at all levels across the organisation, ensuring risks are brought to the attention of Directors, the Executive Team, the Board and its committees as appropriate. Our Executive Team reviews our corporate risk register monthly. The register is also considered by our Board bi-annually, and more fully by the Audit



## Corporate governance report

& Risk Committee on a quarterly basis. National Directors attend the Audit & Risk Committee to discuss key risks relating to their areas of responsibility and the effectiveness of mitigations. Copies of the register have been provided regularly to our Department of Health and Social Care sponsor team and these have informed their assessment of our organisational progress at our regular accountability review meetings. A copy of the risk register is made accessible to all staff. We have maintained our agreed risk management process consistently. As a result, our corporate risk register is effective in describing our organisational strategic risks.

We continue to apply and develop specific programme and project management standards across the range of our business activities to make sure they are managed consistently to further reduce the incidence of risk. Our most critical risk (red-rated on our corporate risk register at year-end 2017/18) related to:

Implementation of the Trainee Information System (TIS) nationally; the risk is that the programme may not be able to deliver a viable TIS product. Individual risk elements relate to recruitment difficulties, local take-up of the new system and the financial consequence of having to continue using the Intrepid system. These are being mitigated by: dedicated HR recruitment support to ensure necessary recruitment is expedited; increased engagement and communication to support rollout, and considering an extension of the Intrepid contract.

In addition, HEE's corporate risk register featured a number of lower-rated risks relating to the recruitment of sufficient high-quality trainees to meet future NHS workforce requirements. Individually, none of these risks were classed as critical. Going forward, HEE's introduction of a more robust risk methodology planned for 2018/19 will enable us to assess non-critical risks cumulatively and ensure better aggregated analysis.

### Information Governance

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

Senior Responsible Information Officer (SIRO): Lee Whitehead, Director of People and Communications is designated as our SIRO, with responsibility for managing information risk and the protection and safeguarding all information assets.

Caldicott Guardian: Professor Wendy Reid, Director of Education and Quality and Medical Director is designated as our Caldicott Guardian, with responsibility for confidentiality of personal data and information sharing.

Data Protection Officers: these have been appointed to inform and advise the organisation and its employees about their obligations to comply with the General Data Protection Regulations (GDPR). Our Data Protection Officers will monitor compliance with the GDPR, other data protection laws and internal data protection activities, advise on data protection/privacy impact assessments, train staff and conduct internal audits to check progress and identify risk.

Our Information Governance Steering Group (IGSG) coordinates all activity relating to the Information Governance Toolkit (IGT). The IGT draws together the legal rules and central guidance set out by Department of Health and Social Care policy, as a single standard set of requirements. HEE is required to complete the IGT via self-assessments and provide evidence-based information to support our compliance evaluation. Our annual IGT submissions continue to demonstrate year on year progress.

Additionally, we have continued work to strengthen our information governance arrangements by introducing a new national Information Governance Team. This team provides consistent specialist advice and guidance to the whole of HEE, regarding all aspects of information handling and incident management, to enhance compliance with national standards and policies to reduce information security risk.

We are actively on the path to compliance with the requirements of the General Data Protection Regulation (GDPR), which came into force on 25 May 2018. GDPR will strengthen and unify data protection for individuals replacing the previous Data Protection directive. We recognise that it will require organisations to be more accountable for their use of personal data.

## Corporate governance report

Our recent internal audit report on GDPR preparedness gave us a moderate assurance rating. We have addressed the report's recommendations to augment our preparedness arrangements. These have included the establishment of two IGSG sub-groups to cover Records Management and GDPR. These groups will help to prepare HEE for the changes ahead, ensuring due diligence and formal governance underpin the monitoring of our compliance with new legal obligations. However, as with all public sector organisations, HEE is still awaiting elements of guidance on the GDPR and our efforts are focused on those areas of compliance we are able to directly influence at the present time.

HEE manages its information risks using a centralised Information Asset Management System (IAMS). This records our information assets, information flows associated with those assets and automates risk outcomes. The system provides alerts and reports to those accountable and responsible for information assets ensuring we manage information risk effectively. The IAMS provides evidence-based information to aid IGT and GDPR compliance. A review of the system is scheduled to assess the impact of organisational change and staff movement.

Cyber security workshops are available to all staff across the organisation, designed to enhance staff awareness on cyber security, information risk and incident management reporting. Additionally, the content of the workshops has been recorded and made accessible to all staff on our Intranet.

Our most recent internal audit reports on Information Governance and Cybersecurity gave moderate assurance on current arrangements. Both reports, however, acknowledged that our control measures are improving and this trend has been maintained throughout 2017/18, supported by the consolidation of both IG and ICT resource to form dedicated national teams.

HEE was not affected by the global ransomware attack of 12 May 2017 as recommended software fixes had been applied. Our ICT service continues to apply security updates consistently across the organisation to minimise the risk of cyber-attacks. ICT has also conducted internal phishing exercises to ensure that staff are familiar with basic information security protocols.

HEE reported three incidents via the Serious Incident Requiring Investigation (SIRI) reporting tool. One of these incidents was subsequently reduced to a near miss following investigation. The second related to a third-party supplier whose systems were affected by ransomware. The third incident concerns the processing of patient information and remains under investigation at this time. All incidents were reported to the Information Commissioner's Office (ICO); the ICO confirmed no further action was necessary for the first two, and we are currently awaiting feedback on the third.

In the period 1 April 2017 to 31 March 2018, 87 information governance incidents were recorded (incidence shown below using IG Toolkit incident classifications). All incidents were discussed by our IG Steering Group, allowing lessons learned to be identified and mitigating controls to be applied.

Full details are at Appendix 3 on [page 97](#).

We recognise that there is further work required to reduce information incidents to a minimum. Our national Information Governance Team will lead on raising staff awareness, monitor and audit information handling activities to ensure our business operations are underpinned by the application of sound governance.

### Review of internal controls

The year 2017/18 has been a challenging one. We have had to negotiate a change to our commissioning role, a reduction in our running costs and manage the impact of place-based planning emerging from the NHS Five Year Forward View. In addition, the Comprehensive Spending Review (CSR) announced in November 2015, required us to reduce our overall running costs by 30% owing to a reduced administration allocation, as well as seek to cut our education support costs by 30% by 2020 to free resource for other priorities.

To address these challenges, we held a formal consultation with staff and trade union partners between March -June 2017. We also worked with staff and stakeholders to develop revised corporate objectives to ensure that any resource reductions were framed properly. These objectives related to

## Corporate governance report

HEE's system role in: thinking and leading, analysing and influencing, changing and improving, delivering and implementing and focusing on tomorrow. The consultation focused on delivering necessary efficiencies whilst improving our delivery and performance in a changing landscape. We asked staff to comment on whether proposals supported greater alignment across regions, and between regional and national functions, as well as supporting wider system changes.

Through this process, and using the feedback we received from staff, we have realised the opportunity to strengthen HEE as a single statutory organisation - one that targets its resource on the way forward and living within our means. In October 2017, the Board agreed HEE's Organisational Development Plan. This features a renewed focus on our values and behaviours, provides clarity on our way forward and will help to ensure our streamlined organisation will remain fit for purpose to deliver our objectives.

Post-consultation, our regional delivery model is now cemented. This means we can avoid unnecessary duplication across the organisation to ensure we remain operationally and financially sustainable. In addition, we have further consolidated staff resource across national supporting functions: HR, Communications, Finance, Procurement, IT, IG and Corporate Governance to ensure we deliver those services consistently against clear governance standards that are communicated and understood by the whole of HEE.

As Accounting Officer for Health Education England, I am responsible for reviewing the effectiveness of the system of internal control. In this, I have been informed by the findings of our internal auditors, as well as managers in the organisation with responsibility for the development and maintenance of a robust internal control framework. In preparing the Governance Statement for 2017/18, I have also been informed by the findings of the National Audit Office. In addition, I have been advised on the effectiveness of the arrangements in place by our Board, the Audit & Risk Committee and the Executive Team.

Assurance has been provided to the Board by its Committees: Audit & Risk, Performance Assurance,

Remuneration, and the four LETBs with matters flagged to the Board as required. The effectiveness of our system of internal control has been reviewed by the Audit & Risk Committee, which has received a range of reports, including those from both Internal and External Audit.

Health Education England's internal audit service is provided under a Government Internal Audit Agency framework contract, through the Health Group internal audit function. Comprehensive action plans are agreed to address all audit report recommendations. During 2017/18, we introduced an online management system which enables action owners to provide their own updates; these then form the basis of a comprehensive update report provided at each Audit & Risk Committee meeting.

There were nineteen specific audits included in our 2017/18 Internal Audit Plan. Eighteen reviews were completed in-year. Of these, all reports received to date had moderate assurance ratings, with the exception of the reports on Non-Payroll Staff and Governance; the former received a limited assurance rating. A range of actions has been agreed to reinforce policies on length of agency engagements, management of seconded staff and use of the TRAC system (used to manage HR recruitment processes) to target improvement of controls. Our governance arrangements received a substantial assurance rating, indicating very positive progress.

Our Head of Internal Audit's overall opinion for 2017/18, assessing HEE's governance, risk and control arrangements, is that moderate assurance is provided that adequate and effective systems are in place. Overall, my review confirms that Health Education England has a generally sound system of governance that supports the achievement of our aims, policies and objectives. We are committed to continued progress with our organisational governance arrangements. We have negotiated many changes in 2017/18 without adverse effect and we remain well-placed to continue our effective partnership working and maintain a disciplined use of resources.

**Professor Ian Cumming OBE**  
Chief Executive

## Remuneration and staff report

### The development of HEE and our people

Enabling our staff to deliver HEE's overall business strategy is our key priority. In 2017/18 we embarked upon an organisation-wide change programme focused both on delivering the cost reductions required of HEE under the Chancellor's 2015 Comprehensive Spending Review (CSR) and on implementing a new operating model to deliver HEE's revised corporate objectives within the changing NHS landscape:

- Thinking and leading
- Analysing and influencing
- Change and improving
- Delivering and implementing
- Focusing on tomorrow

We agreed a set of People Objectives following an audit of our culture and behaviors undertaken by our internal auditors and we developed our organisational development (OD) plan using these in order to help move the organisation forward at the end of the restructure process. Our priorities have been the following areas of development activity:

- Providing clarity of HEE's purpose, vision, values and behaviours for our staff and managers
- Clarifying roles and responsibilities at all levels
- Improving our induction and on-boarding of staff
- Changing our approach to our talent management and development
- Improving the visibility and accessibility of HEE's senior leaders.

### HEE Partnership Forum

We have maintained positive relationships with our trade union representatives and worked closely with them - in particular as key partners on the organisational change programme that ran from February 2017 all the way through to the end of December. Our Partnership Forum met on a quarterly basis during 2017/18, with more frequent meetings of a smaller sub-group set up to oversee the CSR change programme. The Forum includes representation from members of our Executive Team and the HR & OD team, alongside national officers and HEE staff representatives from the following recognised trade unions:

- BDA
- BMA
- RCN
- UNISON
- Unite

UNISON hosted HEE's second Social Partnership conference on 10 January 2018, which was attended by members of the Executive team along with national and local trade union representatives from within HEE. We were delighted to welcome external speakers from the Trades Union Congress (TUC) and NHS Employers, alongside speakers from HEE, as part of the agenda for the day.

The Partnership Forum has set up a Policy Working Group, that meets on a 6-week cycle. The purpose of the group is to ensure that a comprehensive set of HEE HR policies is developed and kept under review. The group met regularly throughout 2017/18 and the most significant piece of work was a completely revised organisational change policy which was used to manage all of the CSR change programme from June to December 2017.

HEE has a directly employed workforce of 2490 staff. We use nationally determined NHS Terms and Conditions of Service (Agenda for Change) for the majority of our staff, and the national contracts and terms for medical and dental (M&D) and executive and senior manager (ESM) staff for the remainder.

### Remuneration

During 2017/18 we continued to work with DHSC, ALB and staff-side colleagues in all matters regarding our pay policy. We are clear about the need for continued pay restraint in the NHS.

HEE's Remuneration Committee has formal responsibility, on behalf of the Board, for the oversight and agreement of senior staff salaries in accordance with the agreed terms of reference. All of our appointments and arrangements for determining the salaries of our senior staff are carried out in accordance with the processes set by our colleagues in the DHSC and, where required, with the approval of the Department's Remuneration Committee. David Croisdale-Appleby, Non-Executive Director, chaired the Committee throughout 2017/18.



## Remuneration and staff report

### Equality, Diversity and Inclusion

Health Education England is committed to the values of equality, diversity and inclusion (EDI). The EDI agenda remains an important priority for the Board and Executive, particularly through the leadership of Jacynth Ivey (Associate Non-Executive Director) and Lisa Bayliss-Pratt (Chief Nurse).

Jacynth and Lisa lead the EDI Committee, established as a Board sub-group, which is working to give assurance that EDI is being furthered across HEE's functions. The Committee also has accountability for ensuring that HEE demonstrates compliance with the Equality Act 2010 and Public Sector Equality Duty.

AHEAD (Advancing HEE's Equality and Diversity) Groups have been introduced with responsibility for ensuring that all HEE regions are engaged in the EDI agenda. HEE's regional chairs and directors are committed to leading the work that the groups will deliver, locally and regionally, to support the national agenda.

Whilst we have made progress, we recognise that we need a clear vision for the journey ahead. A roadmap is in development that will set out the direction towards achieving HEE's EDI objectives:

- an employer of choice, with a workforce that is sensitive to the diversity of the communities that it serves;
- an organisation that takes an inclusive approach to developing policies and programmes; and,
- a system leader, which recognises the role it can play in advancing EDI within the wider health and social care sector.

In the longer term, HEE will produce a strategy that will sustain our work on diversity and inclusion.

We continue to demonstrate our support for the NHS Workforce Race Equality Standard (WRES) and have submitted our latest data to NHS England, reporting our performance in relation to the WRES indicators, which focus on workforce diversity, staff experience, and Black and Minority Ethnic (BAME) representation at Board level. This data will be included in a summary report that NHS England is producing.

HEE is covered by the legal duty to annually produce a gender pay gap report. Our first report on the HEE workforce, with data as at March 2017, is available at: <https://www.hee.nhs.uk/about/corporate-information>

HEE has also received its ranking for the Stonewall Workplace Equality Index 2017. The Index is a benchmarking tool which reviews progress that organisations have made in a 12 month period. We can report that we have moved up 36 places in the Index and are now ranked 312th out of 434 employers from a range of sectors. While we acknowledge that there is more to further advance our ranking, this progress does give an indication of the interventions that we have taken over the past 12 months to support an inclusive workplace.

We have also worked with Stonewall, and the LGBT Foundation, to develop e-learning resources to support health and social care staff in understanding the Sexual Orientation Monitoring Information Standard (SOM), which was introduced in October 2017. The SOM aims to achieve a more consistent and inclusive approach to monitoring the sexual orientation of adult patients and service users. <https://www.e-lfh.org.uk/programmes/sexual-orientation-monitoring-information-standard/>

We recognise the Government's goal of supporting more disabled people get into employment. In line with our ambition of becoming an employer of choice, in 2017 we achieved Level 1 of the Disability Confident employment scheme, which demonstrates our commitment to recruit, support and develop disabled people. By building a reputation as a Disability Confident employer we believe we can positively change workplace attitudes, behaviors and cultures.

Recognising the ambition to have a workforce that is sensitive to the diversity of the communities that we serve we regularly review our workforce profile. As at March 2018, the gender breakdown of our staff is 1583 female and 907 male. Of our non-executive directors, four are female and four are male; of our executive directors three are female, six are male. Within our senior staff (Agenda for Change Bands 8d and 9), 387 female and 444 male.

## Remuneration and staff report

### Health and Wellbeing

The health and wellbeing of our staff is a key focus for the HEE Board and our senior managers. In 2016/17, HEE's annual staff survey was based on the Workplace Wellbeing Charter and the results provided a helpful analysis of the areas that we need to concentrate on. We aim to keep staff well and support them if they become unwell. EEF is used for occupational health advice and our staff also have access to a confidential Employee Assistance Programme which is available 24 hours a day, seven days a week.

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

To strengthen our commitment to the working lives of our staff, HEE has been successful in securing a number of important alliances and accreditations including Tommy's Pregnancy at Work and Working Families.

The overall sickness absence rate for 2017/18 has remained low at 2.05%.

	2016/17	2017/18
<b>Days available during the period (full time equivalent)</b>	683,668	656,344
<b>Days lost due to sickness during that period</b>	15,395	13,473
<b>Sickness absence rate</b>	2.25%	2.05%
<b>Average sick days per WTE</b>	5.1 days	4.6 days

### Pay Median - Fair Pay Disclosure (subject to audit)

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

The banded remuneration of the highest paid director in the organisation in the financial year 2017/18 was £220,000-£225,000 (2016/17, £210,000 to £215,000).

Remuneration ranged from £7,065 to £276,208. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments.

It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2016/17	2017/18
<b>Band of highest paid Director (£000s)</b>	210-215	220-225
<b>Median Total</b>	41,373	41,787
<b>Remuneration Ratio</b>	5.2	5.3

The above disclosure includes all staff employed by HEE on a permanent, agency or interim worker basis. The calculation of higher paid director remuneration includes the cash value of any benefits in kind.

There are a number of individuals employed by HEE whose full-time equivalent salary exceeds the higher paid director.

## Remuneration and staff report

### Promoting the NHS Constitution

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

The NHS Constitution sets out seven key principles, which are underpinned by core NHS values. They are derived from extensive discussions with staff, patients and the public. They are as follows:

1. The NHS provides a comprehensive service, available to all;
2. Access to NHS services is based on clinical need, not on individual's ability to pay;
3. The NHS aspires to the highest standards of excellence and professionalism;
4. The NHS aspires to put patients at the heart of everything it does;
5. The NHS works across organisational boundaries and in partnership with other organisations in the interest of patients, local communities and the wider population;
6. The NHS is committed to providing best value for taxpayers' money and the most effective and sustainable use of finite resources;
7. The NHS is accountable to the public, communities and patients that it serves.

The NHS Constitution Delivery Group, which is chaired by David Farrelly, has been established to ensure continual improvement against our delivery of NHS constitution standards and behaviours and to maintain best practice in instilling the NHS values and behaviours through all aspects of our work. The group will develop a place to deliver a number of objectives and an annual timeline of events and reviews to ensure momentum is maintained and monitored throughout the year.

The group focuses on the following key points:

- To promote the NHS Constitution and values through all activities and interactions with stakeholders;
- To establish best practice across HEE and develop tools and processes for adoption and spread across the four regions;
- To establish methods of promoting the NHS constitution and values through HEIs, in particular, in all student facing activities;
- To ensure the benefits of the NHS constitution and values is identified in all programme and supporting PIDs and through Mandate delivery mechanisms;
- To ensure that the NHS Constitution is central to the emerging Workforce Strategies and plans arising from STPs and through LWABs; and
- To develop Constitution champions across HEE, recommending celebration events and rewards to recognise best practice by living the NHS values through our staff, students and educators.

### Respect for human rights

Over and above our statutory responsibilities, and in accordance with the principles of the NHS Constitution, HEE is committed to respecting and promoting the human rights of all NHS staff, stakeholders and our business partners, as well as the patients of the NHS and those within the communities in which we operate. In order to achieve this ambition, we are constantly striving to maintain the highest standards of quality in all of our work and in the employment and learning environments that we support and provide.

## Remuneration and staff report

### Statement on audit compliance

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

### Remuneration Committee

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

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

The committee's remit includes:

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

HEE's Remuneration Committee is chaired by David Croisdale-Appleby, Non-Executive Director and is comprised of all the non-executive directors. The Committee met on five occasions during 2017/18 in order to discharge its duties in relation to the above terms of reference. A report of each meeting is provided to the subsequent public Board meeting, and copies of the full minutes of the meetings are provided to all of the non-executive directors. The Committee is supported by the Board Secretary and the Head of Human Resources and Organisational Development.

Attendance at Remuneration Committee is available on [page 96](#).

### Clinical Excellence Awards

HEE manages a local Clinical Excellence Award (CEA) process. This process is overseen by the Remuneration Committee and each year's process is agreed by the Committee in advance of live applications. Submissions are considered by the CEA panel, whose membership is comprised of independent lay representatives alongside HEE staff.

In 2017, the CEA panel reviewed each application and made a recommendation to the Remuneration Committee to approve awards for 5 members of staff. These awards were approved on 30 May 2017.

### Pay Review Bodies

HEE has worked closely with the Office of Manpower Economics (OME) in order to submit reports to the NHS Pay Review Body and the Doctors' and Dentists' Pay Review Body, as part of its national process of gathering evidence from interested parties to inform the recommendations for 2018/19. HEE was also pleased to be able to attend to submit oral evidence to both Review Bodies at the Request of the OME.

The production of each report is managed by the HR & OD team, with the support and input of the Directorate of Workforce and Planning.



## Remuneration and staff report

### Off payroll engagements

Reform of legislation underpinning the off-payroll regulation known as IR35 came into effect from 1 April 2017. The key change under these regulations is the need for HEE to determine the employment status of all off-payroll workings and to make pay overs directly to HMRC where appropriate.

The tables below presents the information required for HEE from 1 April 2017 to 31 March 2018 for those engaged for more than £245 per day and for a period lasting longer than six months.

	Number
<b>Number of existing engagements as of 31 March 2018</b>	5
<b>Of which:</b>	
<b>Number that have existed for less than one year at the time of reporting</b>	4
<b>Number that have existed between one &amp; two years at the time of reporting</b>	1
<b>Number of new engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018</b>	5
<b>Of which:</b>	
<b>Number assessed as caught by IR35</b>	0
<b>Number assessed as not caught by IR35</b>	5
<b>Number engaged directly (via PSC contacted to the entity) and are on the departmental payroll</b>	0
<b>Number of new engagements reassessed for assurance during the year</b>	17
<b>Number of engagements that saw a change to IR35 status following the consistency review</b>	88

HEE had no off-payroll engagements of board members, and/or senior officials with a significant financial responsibility between 1 April 2017 and 31 March 2018.

### Expenditure on consultancy

HEE did not incur any consultancy expenditure in 2017/18 or 2016/17.

### Salaries and allowances

Those identified within the annual report are those senior staff and non-executive directors who make up the organisational governing body - the HEE Board. This is as per the Department of Health and Social Care's guidance on annual reports for 2017/18 which states that those listed should be:

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



## Remuneration and staff report

### Director's Remuneration - Single Total Figure of Remuneration (subject to audit)

Name	Title	(a) Salary (bands of £5,000)		(b) Non-cash benefits including taxable expenses to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) All pension-related benefits (bands of £2,500)		(a to d) TOTAL (bands of £5,000)	
		2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
		£000s		£		£000s		£000s		£000s	
<b>Mr S Clarke</b>	Director of Finance (to 31/12/17)	155-160	<b>115-120</b>	200	<b>100</b>	5-10	<b>Nil</b>	Nil	<b>Nil</b>	160-165	<b>115-120</b>
<b>Mr C Pallister</b>	Interim Director of Finance (from 1/1/18)	N/A	<b>30-35</b>	N/A	<b>400</b>	N/A	<b>Nil</b>	N/A	<b>20-22.5</b>	N/A	<b>50-55</b>
<b>Prof. I Cumming</b>	Chief Executive	195-200	<b>200-205</b>	8,400	<b>9,100</b>	5-10	<b>10-15</b>	30-32.5	<b>Nil</b>	245-250	<b>220-225</b>
<b>Prof. L Bayliss-Pratt</b>	Chief Nurse and Interim Director, London (from 1/9/17)	115-120	<b>130-135</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	115-120	<b>130-135</b>
<b>Dr N Latham</b>	Director of Performance and Development (to 30/11/17)	130-135	<b>175-180</b>	Nil	<b>Nil</b>	5-10	<b>Nil</b>	30 - 32.5	<b>55-57.5</b>	170-175	<b>235-240</b>
<b>Prof. W Reid</b>	Director of Education and Quality and Medical Director	140-145	<b>140-145</b>	Nil	<b>Nil</b>	35-40	<b>35-40</b>	5-7.5	<b>5-7.5</b>	180-185	<b>185-190</b>
<b>Mr L Whitehead</b>	Director of People and Communication	130-135	<b>135-140</b>	4,300	<b>5,700</b>	5-10	<b>Nil</b>	32.5-35	<b>32.5-35</b>	175-180	<b>170-175</b>
<b>Mrs J Screaton</b>	Director, London and South East (to 16/6/17)	130-135	<b>25-30</b>	200	<b>100</b>	5-10	<b>Nil</b>	22.5-25	<b>2.5-5</b>	160-165	<b>30-35</b>
<b>Ms L Roberts</b>	Director, North	120-125	<b>120-125</b>	100	<b>100</b>	5-10	<b>Nil</b>	Nil	<b>Nil</b>	125-130	<b>120-125</b>

*continued overleaf*



## Remuneration and staff report

### Director's Remuneration - Single Total Figure of Remuneration (subject to audit) *continued*

Name	Title	(a) Salary (bands of £5,000)		(b) Non-cash benefits including taxable expenses to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) All pension-related benefits (bands of £2,500)		(a to d) TOTAL (bands of £5,000)	
		2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
		£000s		£		£000s		£000s		£000s	
<b>Mr R Smith</b>	Director of Workforce Planning and Intelligence	135-140	<b>140-145</b>	800	<b>Nil</b>	Nil	<b>5-10</b>	90-92.5	<b>20-22.5</b>	230-235	<b>170-175</b>
<b>Mr P Mitchell</b>	Director, South	135-140	<b>135-140</b>	Nil	<b>Nil</b>	Nil	<b>5-10</b>	37.5-40	<b>5-7.5</b>	175-180	<b>145-150</b>
<b>Mr D Farrelly</b>	Director, Midlands and East	120-125	<b>120-125</b>	200	<b>100</b>	Nil	<b>5-10</b>	135-137.5	<b>5-7.5</b>	255-260	<b>135-140</b>
<b>Ms T Davis</b>	Acting Director, London and South East (from 1/7/17-30/9/17)	N/A	<b>30-35</b>	N/A	<b>Nil</b>	N/A	<b>Nil</b>	N/A	<b>12.5-15</b>	N/A	<b>45-50</b>

### Prior years arrears of pay:

<b>Prof I Cumming</b>	Chief Executive	N/A	<b>15-20</b>	N/A	<b>Nil</b>	N/A	<b>Nil</b>	N/A	<b>Nil</b>	N/A	<b>15-20</b>
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*continued overleaf*

## Remuneration and staff report

### Director's Remuneration - Single Total Figure of Remuneration (subject to audit) *continued*

#### Disclosures

Mr S Clarke retired from his post on 31st December 2017 and the salary for 2017/18 disclosed above is for the period 1 April to 31 December 2017. The full salary for the year was £155,000 - £160,000.

Mr C Pallister took up the post of Acting Director of Finance from 1/1/18 and the salary for 2017/18 disclosed above is for that period. The full salary for the year was £130,000 - £135,000.

Mrs J Scream left her post on 16 June 2017 and the salary for 2017/18 disclosed above is for the period 1 April to 16 June 2017. The full salary for the post was £120,000 - £125,000.

Dr N Latham left her post on 30th November 2017 and the salary disclosed above is for the period 1 April to 30 November. This includes redundancy pay and pay in lieu of notice. The full salary for the year was £130,000 - £135,000.

Professor L Bayliss-Pratt took on an additional post of Regional Director from 1st September.

Professor I Cumming opted out of the Pension scheme on 31/3/2017.

We have included an additional disclosure relating to arrears of pay backdated to June 2012, paid in 2017/18 of £15,000 - £20,000.

The remuneration figures for 2016/17 have been restated to include the cash value of any benefits in kind received per the FReM guidance, previously not included.





## Remuneration and staff report

### Non-Executive Director's Remuneration - Single Total Figure of Remuneration (subject to audit)

Name	(a) Salary (bands of £5,000)		(b) Non-cash benefits including taxable expenses to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) All pension-related benefits (bands of £2,500)		(a to d) TOTAL (bands of £5,000)	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
	£000s		£		£000s		£000s		£000s	
Ms M Elford	5-10	<b>5-10</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	5-10	<b>5-10</b>
Ms K Nealon	5-10	<b>5-10</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	5-10	<b>5-10</b>
Sir K Pearson	50-55	<b>50-55</b>	100	<b>100</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	55-60	<b>55-60</b>
Professor D Croisdale-Appleby	10-15	<b>5-10</b>	Nil	<b>200</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	10-15	<b>5-10</b>
Sir S Moss	5-10	<b>5-10</b>	100	<b>Nil</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	5-10	<b>5-10</b>
Dr A Van der Gaag	5-10	<b>5-10</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	5-10	<b>5-10</b>
Ms J Ivey	5-10	<b>5-10</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	5-10	<b>5-10</b>
Mr M Morley	5-10	<b>10-15</b>	Nil	<b>100</b>	Nil	<b>Nil</b>	Nil	<b>Nil</b>	5-10	<b>10-15</b>

Professor D Croisdale-Appleby was Acting Audit Committee chair during 2016/17. Mr M Morley took up this post permanently in 2017/18.



## Remuneration and staff report

### Director's Pension Table (subject to audit)

Name	Title	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
		Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2018 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2018 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2017	Real increase in Cash Equivalent Transfer Value	Cash Equivalent Transfer Value at 31 March 2018	Employer's contribution to stakeholder pension
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Mr C Pallister</b>	Interim Director of Finance (from 1/1/18)	0-2.5	0	5-10	0	68	2	85	0
<b>Professor W Reid</b>	Director of Education and Quality and Medical Director	0-2.5	2.5-5	65-70	195-200	1,473	N/A	0	0
<b>Mr L Whitehead</b>	Director of People & Communications	2.5-5	-2.5-0	20-25	5-10	226	22	269	0
<b>Mr R Smith</b>	Director of Workforce Planning and Intelligence	0-2.5	5-7.5	55-60	170 -175	1,066	78	1,179	0
<b>Mr P Mitchell</b>	Director, South	0-2.5	2.5-5	55-60	165-170	1,027	64	1,121	0
<b>Mr D Farrelly</b>	Director, Midlands and East	0-2.5	-2.5-0	40-45	105-110	700	33	758	0

*continued overleaf*

## Remuneration and staff report

### Disclosures

No CETV (column g) is disclosed for Professor W Reid, as she was over the usual retirement age at 31 March 2018.

### Payments to past Directors (subject to audit)

Mr S Clarke (previously Director of Finance) was paid £23,674 for the period 1 January to 31 March 2018 for his role providing temporary support to the new Director of Finance and completing a number of projects to ensure operational continuity.



## Remuneration and staff report

### Exit costs (subject to audit)

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies (£)	Number of other departures agreed	Cost of other departures agreed (£)	Total number of exit packages by cost band	Total cost of exit packages by cost band (£)	No. of departures where special payments have been made (No.)	Cost of Special Payment element included in exit packages (£)
<£10,000	3 (2)	18,180 (16,097)	11 (27)	74,217 (181,392)	14 (29)	92,397 (197,489)	-	-
£10,000 - £25,000	11 (3)	210,957 (45,284)	20 (88)	379,002 (1,536,457)	31 (91)	589,959 (1,581,741)	-	-
£25,000 - £50,000	8 (0)	285,276 (0)	19 (78)	665,979 (2,747,687)	27 (78)	951,255 (2,747,687)	-	-
£50,000 - £100,000	13 (3)	925,154 (178,996)	19 (59)	1,463,683 (4,105,525)	32 (62)	2,388,838 (4,284,521)	-	-
£100,000-£150,000			5 (16)	602,910 (1,891,672)	5 (16)	602,910 (1,891,672)	-	-
£150,000-£200,000			3 (7)	480,000 (1,143,999)	3 (7)	480,000 (1,143,999)	-	-
>£200,000					-	-	-	-
<b>Total</b>	<b>35 (8)</b>	<b>1,439,568 (240,377)</b>	<b>77 (275)</b>	<b>3,665,791 (11,606,732)</b>	<b>112 (283)</b>	<b>5,105,359 (11,847,109)</b>	-	-

The comparable figures for 2016/17 are shown in brackets. Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pension Scheme. Exit costs in this note are accounted for in full in the year of departure where there is a legal obligation. Where the organisation has agreed early retirements, the additional costs are met by HEE and not by the NHS Pension Scheme. Ill-health retirement costs are met by the NHS Pension Scheme and are not included in the table. This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period. There were no special payments made within exit packages during 2017/18.

## Remuneration and staff report

Analysis of other departures	Number of departures agreed	Total value of departures agreed
	Number	£000s
Voluntary redundancies including early retirement contractual costs	77 (275)	3,621 (11,607)
Mutually agreed resignations (MARS) contractual costs		
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice	1 (0)	45 (0)
Exit payments following Employment Tribunals or court orders		
Non-contractual payments requiring HMT approval		
<b>Total of exit packages</b>	<b>78 (275)</b>	<b>3,666 (11,607)</b>

The comparable figures for 2016/17 are shown in brackets.

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

HEE had one contractual payment made in lieu of notice.

HEE had no "non-contractual payments requiring HMT approval" above.

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

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



## Remuneration and staff report

### Staff numbers (subject to audit)

The average number of whole-time equivalent persons employed during the year.

	Total	Permanently employed staff	Others
	Number	Number	Number
<b>2017/18</b>	<b>2,129</b>	<b>1,809</b>	<b>320</b>
Of which number engaged on capital projects	-	0	0
2016/17	2,388	1,871	517

### Staff costs (subject to audit)

	Permanently employed staff	Others	2017/18 Total	2016/17 Total
	Number	Number	£000s	£000s
<b>Staff Costs Comprise:</b>				
Wages and salaries	95,353	38,452	<b>133,805</b>	122,214
Social security costs	8,319	0	<b>8,319</b>	8,297
Other pension costs	9,947	0	<b>9,947</b>	9,759
Termination benefit	5,474	0	<b>5,474</b>	11,695
Apprentice Levy	433	0	<b>433</b>	-
<b>Total Gross Pay</b>	<b>119,526</b>	<b>38,452</b>	<b>157,978</b>	151,965
Less income in respect of outward secondments	(341)	0	<b>(341)</b>	(504)
<b>Total net costs</b>	<b>119,185</b>	<b>38,452</b>	<b>157,637</b>	151,461

## Remuneration and staff report

### Pension costs

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

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

#### a) Accounting valuation

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

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

#### b) Full actuarial (funding) valuation

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

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

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

## Remuneration and staff report

### Trade unions and Trade Union Facility Time

HEE supports social partnership and actively promotes trade union membership amongst our staff. We aim to have representatives within each of our 4 regions and national functions, in order to provide support and representation for staff. In addition, trade union representatives play an important role in working with managers and HEE's HR&OD function in developing our employment policies and procedures, and in promoting best practice.

During a period of significant organisational change in 2017, 3 trade union representatives were temporarily released from their usual duties to devote their time to supporting the change process, working alongside HEE's managers and the HR & OD team. They also provided additional support to staff throughout the period of change. Following this, the representatives returned to their usual practice of committing up to 15 hours per month to trade union activity, subject to agreement.

Senior managers within HEE meet regularly with national trade union officials and staff representatives of those unions that have members within our staff. HEE recognises all of the NHS trade unions but works in close partnership with the following trade unions through the national HEE Partnership Forum:

- British Dental Association
- British Medical Association
- Managers in Partnership
- Royal College of Nursing
- UNISON
- UNITE

The Trade Union (Facility Time Publication Requirements) Regulations 2017, which took effect from 1 April 2017, require employers in the public sector, such as HEE, to publish information on trade union 'facility time', which is time granted by employers for staff undertaking recognised trade union activity, as follows.

a) Trade Union representatives - the total number of employees who were trade union representatives during 2017-18;

Number of employees who were relevant union officials during the relevant period	9
FTE employee number	9

b) Percentage of time spent on facility time - the number of employees who were TU representatives employed during the relevant period and who spent either 0%, 1%-50%, 51%-99% or 100% of their working hours on facility time.

Percentage of time	Number of employees
0%	0
1-50%	9
51%-99%	0
100%	0

c) Percentage of pay bill spent on facility time - the percentage of the total pay bill spent on paying employees who were TU representatives for recognised facility time during 2017-18.

The total cost of facility time	£36,228
Total pay bill	£157,978,000
The percentage of the total pay bill spent on facility time.	0.023%

d) Paid TU activities - the percentage of total paid facility time hours spent by employees who were TU representatives during 2017-18 on other paid TU activities (such as internal trade union matters).

Time spent on paid TU activities as a percentage of total paid facility time.	0%
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## Remuneration and staff report

### Combating fraud and bribery

HEE's Director of Finance is the lead director for HEE's anti-fraud and anti-bribery culture. HEE works closely with the Department of Health and Social Care Anti-Fraud Unit and the NHS Business Services Authority Fraud Team. Internal auditors contribute to the strengthening of system controls. HEE's actions against fraud and bribery comprise:

- risk review and staff surveys;
- promoting a culture that aims to prevent fraud and bribery;
- organisation wide policies, for example on gifts and hospitality;
- staff awareness and training;
- investigation and court action, where necessary;
- intelligence sharing with other public sector organisations, including the National Fraud Initiative led by the Cabinet Office.

HEE policies and procedures guide staff in their work and aim to deter fraud, corruption and bribery as HEE delivers its objectives and spends resources allocated by Parliament.

Health Education England's annual report and accounts sets out for Parliament HEE's progress on the delivery of our objectives in 2017/18. This Parliamentary Accountability and Audit Report has been prepared in compliance with the requirements of the Government Financial Reporting Manual and in observance of the Accounts Direction issued to HEE by the Secretary of State for Health and Social Care. This report follows relevant accounting and disclosure requirements and explains any material departures in the accounts. As a public body, we also ensure that we manage our finances as required in Managing Public Money, published by HM Treasury. Working with the National Audit Office, we have fulfilled the audit requirements of an arm's-length body of the Department of Health and Social Care.

## Regularity of expenditure (subject to audit)

### Losses

#### 2017/18

HEE have incurred total losses of £1,833,000 during the year, involving 2,446 individual cases.

These consist of:

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Cash Losses 2,428 totalling £1,830,000, these relate to Bursary overpayments

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Claims Abandoned - 3 cases totalling <£1,000

---

Stores losses - 14 cases totalling £3,000

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Fruitless payments - 1 case totalling <£1,000

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#### 2016/17

HEE have incurred total losses of £848,000 during the year, involving 1,456 individual cases.

These consist of:

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Cash Losses - 1,444 totalling £838,000, these relate to Bursary overpayments

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Claims Abandoned - 3 cases totalling £1,000

---

Stores losses - 7 cases totalling £3,000

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Fruitless payments - 2 cases totalling £6,000

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HEE have not made any special payments during either 2017/18 or 2016/17.

### Fees and charges (subject to audit)

Income arising from fees and charges is immaterial and so disclosure on fees and charges is not applicable.

### Remote Contingent Liabilities (subject to audit)

HEE does not have any remote contingent liabilities and nil in 2016/17.



### Opinion on financial statements

I certify that I have audited the financial statements of Health Education England for the year ended 31 March 2018 under the Care Act 2014. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Health Education England's affairs as at 31 March 2018 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Care Act 2014 and Secretary of State directions issued thereunder.

### Opinion on regularity

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

### Basis of opinions

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

### Responsibilities of the Board and Accounting Officer for the financial statements

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

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Care Act 2014.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Health Education England's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Health Education England's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

### Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to

report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Care Act 2014;
- in the light of the knowledge and understanding of Health Education England and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

### Sir Amyas C E Morse

7 June 2018  
Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London, SW1W 9SP

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2018

	Note	2017/18	2017/18 Admin	2017/18 Programme	2016/17
	£000s	£000s	£000s	£000s	£000s
Staff costs	2	<b>157,978</b>	49,868	108,110	151,965
Operating expenditure	2	<b>4,756,315</b>	16,802	4,739,513	4,916,745
<b>Total operating expenditure</b>		<b><u>4,914,293</u></b>	<b><u>66,670</u></b>	<b><u>4,847,623</u></b>	<u>5,068,710</u>
Operating revenue	3	<b>(124,589)</b>	(471)	(124,118)	(81,633)
<b>Comprehensive net expenditure for the year</b>		<b><u>4,789,704</u></b>	<b><u>66,199</u></b>	<b><u>4,723,505</u></b>	<u>4,987,077</u>

The notes on pages 77-91 form part of these accounts.

## Statement of Financial Position as at 31 March 2018

	Note	31 March 2018 £000s	31 March 2017 £000s
Non-current assets:			
Property, plant & equipment	5	1,210	782
Trade & other receivables	6	311	298
<b>Total non-current assets</b>		<b>1,521</b>	<b>1,080</b>
Current assets:			
Trade & other receivables	6	20,554	35,261
Cash & cash equivalents	7	22,246	13
<b>Total current assets</b>		<b>42,800</b>	<b>35,274</b>
<b>Total assets</b>		<b>44,321</b>	<b>36,354</b>
Current liabilities:			
Trade & other payables	8	(244,087)	(254,988)
Provisions	9	(940)	(19,161)
<b>Total current liabilities</b>		<b>(245,027)</b>	<b>(274,149)</b>
<b>Total assets less current liabilities</b>		<b>(200,706)</b>	<b>(237,795)</b>
Non-current liabilities:			
Provisions	9	(842)	(268)
<b>Total non-current liabilities</b>		<b>(842)</b>	<b>(268)</b>
<b>Total assets less total liabilities</b>		<b>(201,548)</b>	<b>(238,063)</b>
<b>Taxpayers' equity</b>			
General fund		(201,548)	(238,063)
<b>Total taxpayers' equity</b>		<b>(201,548)</b>	<b>(238,063)</b>

The notes on pages 77-91 form part of these accounts. The financial statements on pages 73-91 were approved by the Board on 29 May 2018 and signed on its behalf by:

**Professor Ian Cumming OBE**  
Chief Executive

## Statement of Cash Flows for the year ended 31 March 2018

	Note	2017/18	2016/17
		£000s	£000s
<b>Cash flows from operating activities</b>			
Net operating expenditure		<b>(4,789,704)</b>	(4,987,077)
<b>Adjustments for non-cash transactions</b>			
Depreciation and amortisation	2	<b>200</b>	391
Decrease / (Increase) in trade & other receivables	6	<b>14,694</b>	(11,674)
(Decrease) / Increase in trade & other payables	8	<b>(10,635)</b>	1,440
Capital creditors	8	<b>0</b>	(266)
Provisions utilised	9	<b>(968)</b>	(240)
Provisions converted to accruals	9	<b>(15,342)</b>	0
Provisions reversed unused	9	<b>(2,768)</b>	(806)
Provisions arising	9	<b>1,431</b>	5,863
<b>Net cash outflow from operating activities</b>		<b>(4,803,092)</b>	(4,992,369)
<b>Cash flows from investing activities</b>			
Purchase of for property, plant & equipment	5 & 8	<b>(894)</b>	(210)
<b>Net cash (outflow) from investing activities</b>	8	<b>(894)</b>	(210)
<b>Net cash outflow before financing</b>		<b>(4,803,986)</b>	(4,992,579)
<b>Cash flows from financing activities</b>			
Grant in Aid funding from Department of Health and Social Care		<b>4,826,219</b>	4,992,567
<b>Net increase / (decrease) in cash and cash equivalents</b>	7	<b>22,233</b>	(12)
<b>Cash and cash equivalents at the beginning of the Period</b>		<b>13</b>	25
<b>Cash and cash equivalents at year end</b>		<b>22,246</b>	<u>13</u>

The notes on pages 77-91 form part of these accounts.



## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2018

	<b>General Fund</b>	<b>Taxpayers' Equity</b>
	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April 2016</b>	(243,553)	(243,553)
<b>Changes in taxpayers' equity for 2016/17:</b>		
Comprehensive net expenditure for the year	(4,987,077)	(4,987,077)
Grant in Aid funding from Department of Health and Social Care	4,992,567	4,992,567
<b>Balance at 31 March 2017</b>	(238,063)	(238,063)

	<b>General Fund</b>	<b>Taxpayers' Equity</b>
	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April 2017</b>	(238,063)	(238,063)
<b>Changes in taxpayers' equity for 2017/18</b>		
Comprehensive net expenditure for the year	(4,789,704)	<b>(4,789,704)</b>
Grant in Aid funding from Department of Health and Social Care	4,826,219	<b>4,826,219</b>
<b>Balance at 31 March 2018</b>	(201,548)	<b>(201,548)</b>

The notes on pages 77-91 form part of these accounts.

## Notes to the Accounts

### 1. Statement of accounting policies

#### 1.0 Accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FRM) issued by HM Treasury. The accounts have been prepared in accordance with The Care Act 2014 and Secretary of State direction there under. The accounting policies contained within the FRM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Health Education England (HEE) for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

#### 1.01 Accounting convention

These accounts have been prepared under the historical cost convention.

#### 1.02 Going concern

The financing of HEE is met through Grant in Aid funding provided by the Department of Health and Social Care, which is approved annually by Parliament. The Secretary of State has directed that Parliamentary funding has been voted to permit the relevant activities to continue, this is sufficient evidence of going concern. As a result 2018/19 funding has been agreed for HEE's activities ensuring adequate funding to meet our liabilities; as such the Board of HEE has prepared these financial statements on a going concern basis.

#### 1.03 Critical accounting judgements and key sources of estimation uncertainty

In the application of HEE's accounting policies, management is required to make judgements, estimates and assumptions about the carrying

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

#### 1.03.1 Critical judgements in applying accounting policies

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

#### 1.03.2 Attrition within Higher Education Institutes (HEI) contracts

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

#### 1.03.3 Other metrics on HEI contracts

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

#### 1.03.4 Student bursary estimate

NHS Business Services Authority (NHSBSA) administers the payment of a bursary to qualifying students under the NHS Bursary Scheme. The status and payment award is calculated for each student individually. Due to the timescales involved the payment HEE makes to

## Notes to the Accounts

the NHSBSA includes an element of estimation. The estimate is based upon the HEE/NHSBSA calculation of expected expenditure agreed in March 2018.

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

### 1.04 Revenue

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

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

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

### 1.05 Employee benefits

#### Short-term employee benefits

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

#### Retirement benefit costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers

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

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

### 1.06 Other expenses

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

### 1.07 Property, plant and equipment

#### Recognition

Property, plant and equipment is capitalised if:

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

## Notes to the Accounts

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

### Valuation

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

### Subsequent expenditure

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

### 1.08 Leases

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

#### HEE as lessee

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

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

Where a lease is for land and buildings, the land and

building components are separated and individually assessed as to whether they are operating or finance leases.

### 1.09 Cash and cash equivalents

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

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

### 1.10 Provisions

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

### 1.11 Non-clinical risk pooling

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

## Notes to the Accounts

### 1.12 Contingencies

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

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

### 1.13 Financial assets

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

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

#### Loans and receivables

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

At the end of the reporting period, HEE assesses whether any financial assets, other than those held

at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

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

### 1.14 Financial liabilities

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

#### Other financial liabilities

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

### 1.15 Taxation

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



## Notes to the Accounts

### 1.16 Foreign currencies

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

### 1.17 Losses and special payments

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

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

### 1.18 Statement of operating costs by operating segment

Management has determined that HEE operates as one operating segment with results reviewed by the Chief Executive and the Board as the chief decision makers for the whole organisation.

### 1.19 Accounting standards that have been issued but have not yet been adopted

IFRS16 - Leases was issued in January 2016, but is not due to be adopted until 2019. This will be a replacement for IAS17. HEE are currently reviewing their lease arrangements to assess the impact of this new standard, but it is not expected to make a material change.

IFRS9 - Financial Instruments. This will be a replacement for IAS39. The new standard introduces new classification categories and subsequent measurement requirements for financial assets, as well as the introduction of a new approach for calculating and recognising impairments. The classification and measurement of financial liabilities under IFRS9 remains largely unchanged from the previous standard. This will not be a significant change to HEE.

IFRS 15 - Revenue recognition. This will be adopted by the NHS from April 2018 and provides guidance on accounting for revenue from contracts with customers. The impact to HEE's accounts is not significant.



## Notes to the Accounts

### 2. Other operating expenditure

	2017/18	2017/18 Admin	2017/18 Programme	2016/17
	£000s	£000s	£000s	£000s
Staff costs				
Wages and salaries	133,805	41,087	92,718	122,214
Social security costs	8,319	2,662	5,657	8,297
Other pension costs	9,947	3,183	6,764	9,759
Termination benefits	5,474	2,636	2,838	11,695
Apprentice Levy	433	300	133	0
<b>Total staff costs</b>	<b>157,978</b>	<b>49,868</b>	<b>108,110</b>	151,965
Training and education activities:				
Future workforce*:				
Undergraduate medical & dental	882,501	0	882,501	892,289
Postgraduate medical & dental	1,867,837	0	1,867,837	1,846,351
Non-medical	1,653,632	0	1,653,632	1,788,308
<b>Total future workforce</b>	<b>4,403,970</b>	<b>0</b>	<b>4,403,970</b>	4,526,948
Workforce development	77,538	0	77,538	112,868
Education support	39,141	0	39,141	50,776
National programmes	107,351	0	107,351	63,169
Leadership programme	36,988	0	36,988	32,749
Other training & education activities	54,333	0	54,333	55,215
HEE chair & non-executive directors	123	123	0	138
Supplies and services	927	167	760	2,816
Establishment	23,095	4,926	18,169	34,910
Premises	25,019	10,502	14,517	21,588
Operating lease rentals	3,025	0	3,025	3,120
Depreciation & amortisation	200	200	0	391
Provisions arising	1,431	0	1,431	8,605
Provision reversed / unused	(2,642)	(22)	(2,620)	(806)
Provisions converted to accruals	(15,342)	0	(15,342)	0
Statutory audit fees (NAO)	180	180	0	180
Internal audit and assurance services	273	272	1	270
Education and training	414	414	0	2,848
Other operating expenses	291	40	251	960
<b>Total other operating expenditure</b>	<b>4,756,315</b>	<b>16,802</b>	<b>4,739,513</b>	4,916,745
<b>Total operating expenditure</b>	<b>4,914,293</b>	<b>66,670</b>	<b>4,847,623</b>	5,068,710

\*The majority of HEE's expenditure is focused on supporting the NHS's workforce for the future. The investment develops the health care professionals of the future. The expenditure includes tuition fees paid to universities for undergraduate programmes and the related bursary support for the individual students. Undergraduate students must gain experience in clinical settings through placements for which placement fees are paid to clinical service providers. In the postgraduate environment salary and further training support is paid for to ensure relevant trainees can achieve full professional registration.

Further analysis of staff costs is included in the staff report at page 66. The line 'provisions converted to accruals' relates to amounts provided for in the prior year and charged against non-pay which were converted to an accrual in 2017/18 as timing became more certain and included in the 'Wages and salaries' line in pay costs.

## Notes to the Accounts

## 3. Operating Revenue

	2017/18	2017/18	2017/18	2016/17
	£000s	Admin	Programme	£000s
	£000s	£000s	£000s	£000s
<b>Revenue from education &amp; training activities:</b>				
NHS England	52,047	198	51,849	13,000
NHS Trusts & Foundation Trusts	2,071	170	1,901	4,148
Department of Health and Social Care	61,630	0	61,630	54,164
NHS other	550	53	497	698
Non - NHS	7,950	17	7,933	6,792
<b>Total revenue from education &amp; training activities</b>	<b>124,248</b>	<b>438</b>	<b>123,810</b>	78,802
<b>Other revenue:</b>				
Income in respect of seconded staff	341	33	308	504
NHS	0	0	0	711
Non-NHS	0	0	0	1,616
<b>Total other revenue</b>	<b>341</b>	<b>33</b>	<b>308</b>	2,831
<b>Total operating revenue</b>	<b>124,589</b>	<b>471</b>	<b>124,118</b>	81,633

This represents all HEE income except the funding it receives as Grant in Aid from the Department of Health and Social Care. HEE do not have any trading income over £1m.

## 4. Financial instruments

As the cash requirements of HEE are met through the Department of Health and Social Care's funding process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with HEE's expected purchase and usage requirements and HEE is therefore exposed to little credit, liquidity or market risk.

## Notes to the Accounts

## 5. Property, plant &amp; equipment

	Buildings excluding dwellings	Assets under construction	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s

## 2017/18

## Cost or valuation:

<b>At 1 April 2017</b>	<b>1,304</b>	<b>301</b>	<b>1,351</b>	<b>226</b>	<b>3,182</b>
Additions	298	0	129	201	628
Transfers	0	(301)	301	0	0
<b>At 31 March 2018</b>	<b>1,602</b>	<b>0</b>	<b>1,781</b>	<b>427</b>	<b>3,810</b>

## Depreciation

<b>At 1 April 2017</b>	<b>1,242</b>	<b>0</b>	<b>1,030</b>	<b>128</b>	<b>2,400</b>
Charged during the year	21	0	136	43	200
<b>At 31 March 2018</b>	<b>1,263</b>	<b>0</b>	<b>1,166</b>	<b>171</b>	<b>2,600</b>
<b>Net book value at 31 March 2018</b>	<b>339</b>	<b>0</b>	<b>615</b>	<b>256</b>	<b>1,210</b>

	Buildings excluding dwellings	Assets under construction	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s

## 2016/17

## Cost or valuation:

At 1 April 2016	1,304	0	1,215	187	2,706
Additions	0	301	136	39	476
<b>At 31 March 2017</b>	<b>1,304</b>	<b>301</b>	<b>1,351</b>	<b>226</b>	<b>3,182</b>

## Depreciation

At 1 April 2016	1,106	0	807	96	2,009
Charged during the year	136	0	223	32	391
<b>At 31 March 2017</b>	<b>1,242</b>	<b>0</b>	<b>1,030</b>	<b>128</b>	<b>2,400</b>
<b>Net book value at 31 March 2017</b>	<b>62</b>	<b>301</b>	<b>321</b>	<b>98</b>	<b>782</b>

## Notes to the Accounts

### 6. Trade & other receivables

	31 March 2018	31 March 2017
	£000s	£000s
<b>Amounts falling due within one year:</b>		
Trade receivables	21,602	35,338
Provision for impairment of receivables	(9,288)	(9,560)
Other receivables	1,219	2,555
Prepayments and accrued Income	7,021	6,928
<b>Total amounts falling due within one year</b>	<b>20,554</b>	<b>35,261</b>

### Amounts falling due after more than one year:

Trade receivables	3,045	2,633
Provision for impairment of receivables	(2,734)	(2,335)
Prepayments and accrued Income	0	0
<b>Total amounts falling due after more than one year</b>	<b>311</b>	<b>298</b>

### 7. Cash & cash equivalents

	31 March 2018	31 March 2017
	£000s	£000s
<b>Balance at 1 April</b>	<b>13</b>	<b>25</b>
Net change in cash and cash equivalent balances	22,233	(12)
<b>Balance at 31 March</b>	<b>22,246</b>	<b>13</b>

### The following balances at 31 March were held at:

Government banking service	22,246	13
Commercial banks and cash in hand	0	0
Short term investments	0	0
<b>Balance at 31 March</b>	<b>22,246</b>	<b>13</b>



## Notes to the Accounts

## 8. Trade &amp; other payables

	31 March 2018	31 March 2017
	£000s	£000s
<b>Amounts falling due within one year:</b>		
NHS payables & accruals	108,253	87,485
Non-NHS payables & accruals - revenue	124,351	141,616
Non-NHS payables & accruals - capital	0	266
National insurance & statutory maternity pay	1,189	1,162
Tax	1,142	1,082
Payments received on account	0	37
Other	9,152	23,340
<b>Total amounts falling due within one year</b>	<b>244,087</b>	<b>254,988</b>

## 9. Provisions

	Total	Redundancy	Other
	£000s	£000s	£000s
<b>Balance at 1 April 2017</b>	<b>19,429</b>	376	19,053
Arising during the year	1,431	0	1,431
Utilised during the year	(968)	(263)	(705)
Converted to accruals	(15,342)	0	(15,342)
Reversed unused	(2,768)	(113)	(2,655)
<b>Balance at 31 March 2018</b>	<b>1,782</b>	<b>0</b>	<b>1,782</b>

## Expected timing of cash flows:

	31 March 2018	31 March 2017
No later than one year	940	19,161
Later than one year and not later than five years	842	268
Later than five years	0	0

Within the 'Other' heading this year is the reversal the University of London VAT provision and backdated rates assessment at Stewart House. Both are included in accruals this year.

## Notes to the Accounts

**10. Commitments under leases**

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

HEE occupies accommodation under varying agreements.

The following note relates to formal leasing arrangements only.

Health Education England as lessee	Buildings	Other	2017/18 Total	2016/17 Total
	£000s	£000s	£000s	£000s
<b>Payments recognised as an expense in year</b>				
Minimum lease payments	2,928	97	3,025	3,120
<b>Total</b>	<b>2,928</b>	<b>97</b>	<b>3,025</b>	3,120
<b>Future commitments payable:</b>				
No later than one year	2,391	40	2,431	2,110
Between one and five years	4,813	16	4,829	4,965
After five years	2,318	0	2,318	3,046
<b>Total</b>	<b>9,522</b>	<b>56</b>	<b>9,578</b>	10,121

**11. Contingent liabilities**

The HEE has the following contingent liabilities.

	31 March 2018	2016/17
	£000s	£000s
<b>Contingent liabilities</b>		
Legal claims	65	890
<b>Net value of contingent liabilities</b>	<b>65</b>	890

The above relates to outstanding legal claims notified to HEE but unlikely to be successful.

## Notes to the Accounts

### 12. Related-party transactions

The compensation paid to key management personnel can be found in the remuneration and staff report on pages 52 to 69. Health Education England is a body corporate established by order of the Secretary of State for Health and Social Care. The Department of Health and Social Care is regarded as a related party. During the year Health Education England has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department, including:

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

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

**Details of related party transactions with directors for 2017/18 are as follows:**

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
<b>Sir Keith Pearson</b>				
Deputy Lord Lieutenant, County of Cambridgeshire	248	0	0	0
Migrant Access / Cost recovery Tsar (Independent Advisor) Department of Health and Social Care	882	61,630	380	500
UK Revalidation Programme Board, General Medical Council	1	42	0	21
Trustee, Nursing Now (a part of the Burdett Trust)	100	0	0	0
<b>Professor Ian Cumming</b>				
Honorary Chair in Leadership, Lancaster University	2,049	4	0	0
University of Nottingham (family member undertaking HEE funded study)	16,123	13,120	0	0
Manchester University Hospitals NHS Foundation Trust (sister is an employee)	43,367	7	647	0
<b>Professor David Croisdale-Appleby</b>				
Visitor for Medical Education, General Medical Council	1	42	0	21
Two posts held - Honorary Professor & Visiting Professor Durham University	35	0	0	0
Three posts held, Department of Health and Social Care	882	61,630	380	500
Visiting Professor of Human & Health Sciences, University of Huddersfield	14,109	0	0	0
Expert Advisor on Health of Older People, National Institute for Health and Care Excellence	4,123	0	0	0
<b>Dr Anna Van Der Gaag</b>				
Visiting Professor, University of Surrey	13,033	0	0	0
Public Appointments Ambassador, Cabinet Office	1	0	0	0

## Notes to the Accounts

Details of related party transactions with directors for 2017/18 *continued*

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
<b>Ms Mary Elford</b>				
Non-Executive Director, East London NHS Foundation Trust	9,884	20	9	7
<b>Professor Lisa Bayliss-Pratt</b>				
Two roles - Honorary research fellow and Professor of Nursing and Inter-professional education, University of Wolverhampton	12,199	3	13	0
Honorary Visiting Professor, City University London	17,148	0	0	0
Professor (University Advisory Panel), University of Coventry	16,881	0	300	0
<b>Sir Stephen Moss</b>				
Non-Executive Director, Derby Teaching Hospitals NHS Foundation Trust	28,339	10	533	10
<b>Professor Wendy Reid</b>				
Consultant Gynaecologist, Royal Free London NHS Foundation Trust	42,367	7	3,146	7
Honorary Professor at QMUL, Barts & Royal London Medical School	7,041	12	114	0
<b>Dr Nicki Latham</b>				
Honorary Visiting Professor, Leeds Beckett University	7,662	0	0	0
<b>Ms Jacynth Ivey</b>				
Non-executive Director, West Midlands Ambulance Service NHS Foundation Trust	4,735	0	361	0
Special Advisor, CQC	7	2	0	0
<b>Mr Steve Clarke</b>				
Associate Non-Executive Director, The Princess Alexandra Hospital NHS Foundation Trust	6,194	10	117	0
<b>Professor Malcolm Morley OBE</b>				
Visiting Senior Fellow, University of Suffolk	7,939	0	0	0
Visiting Professor, Lord Ashcroft Business School, Angila Ruskin University	22,898	0	28	0
Consultant, Prospects Group and subsidiary	32	0	0	0
Visiting Professor, University of Bedfordshire	9,519	8	0	0
<b>Mr Calum Pallister</b>				
Manchester University Hospitals NHS Foundation Trust (wife is an employee)	43,367	7	647	0

## Notes to the Accounts

Details of related party transactions with directors for 2016/17 were as follows:

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
<b>Sir Keith Pearson</b>				
Migrant Access / Cost recovery Tsar (Independent Advisor) Department of Health and Social Care	829	54,164	556	0
UK Revalidation Programme Board, General Medical Council	1	0	0	0
<b>Professor Ian Cumming</b>				
Honorary Chair in Leadership, Lancaster University University of Nottingham	2,155	59	0	59
(family member undertaking HEE funded study)	22,435	50	432	0
Worcestershire Acute Hospitals NHS Trust (wife is an employee) Central Manchester University Hospitals	11,412	13	29	0
NHS Foundation Trust (brother and sister are employees)	44,768	7	140	17
<b>Professor David Croisdale-Appleby</b>				
Visitor for Medical Education, General Medical Council	1	0	0	0
Two posts held, Honorary Professor & Visiting Professor Durham University	6	8	0	0
Three posts held, Department of Health and Social Care	829	54,164	556	0
Visiting Professor of Human & Health Sciences, University of Huddersfield	8,853	0	5	0
Expert Advisor on Health of Older People, National Institute for Health and Care Excellence	3,839	0	0	0
<b>Dr Anna Van Der Gaag</b>				
Visiting Professor, University of Surrey	13,314	0	0	0
Non-Executive Director, Kent, Surrey & Sussex Academic Health Science	0	21	15	0
Public Appointments Ambassador, Cabinet Office	1	0	0	0
<b>Ms Mary Elford</b>				
Non-Executive Director, East London NHS Foundation Trust	11,301	2	53	1
<b>Professor Lisa Bayliss-Pratt</b>				
Two roles, Honorary research fellow and Professor of Nursing and Inter-professional education, University of Wolverhampton	13,565	0	21	0
Trustee, Foundation of Nursing Studies	20	0	0	0
Honorary Visiting Professor, City University London	0	0	177	0
<b>Sir Stephen Moss</b>				
Non-executive director, Derby Teaching Hospitals NHS Foundation Trust	30,997	205	151	0



## Notes to the Accounts

Details of related party transactions with directors for 2016/17 *continued*

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
<b>Professor Wendy Reid</b>				
Consultant Gynaecologist, Royal Free London NHS Foundation Trust	41,839	7	2,298	6
<b>Dr Nicki Latham</b>				
Honorary Visiting Professor, Leeds Beckett University	5,363	0	0	0
<b>Ms Jacynth Ivey</b>				
Non-executive Director, West Midlands Ambulance Service NHS Foundation Trust	8,507	1	1,825	0

**13. Events after the reporting period date**

There are no adjusting events at the time of signing.

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

## Accounts Direction

### **ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR HEALTH AND SOCIAL CARE IN ACCORDANCE WITH SCHEDULE 5, PARAGRAPH 25(2) OF THE CARE ACT 2014.**

1. This direction applies to Health Education England.
2. In accordance with the legislation that establishes Health Education England as an Executive Non-Departmental Public Body, it shall prepare accounts for the year ended 31 March 2016 and for subsequent financial periods. The accounts shall be prepared in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for that financial year, together with any additional disclosure or other requirements as agreed with the Department Of Health.
3. Health Education England shall provide accounts Data, in the format specified by the Department, for the periods 31 March 2016 to enable consolidation of the group wide position.
4. The accounts shall be prepared so as to:
  - a. give a true and fair view of the state of affairs at 31 March 2016 and subsequent financial year ends, and of the net operating costs, recognised gains and losses and cash flows for the financial year then ended; and
  - b. provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirements to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Department of Health.
6. This direction supersedes any previous directions.

Signed by the authority of the Secretary of State for Health

**Andrew Baigent**  
Director, Group Financial Management  
Date 11th March 2016.





## Appendix 1: Sustainability report



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

### **Sustainable Development Management Plan**

HEE has developed a Sustainable Development Management Plan (SDMP). HEE's senior managers have committed to the delivery of the SDMP to ensure that sufficient resources, capability and funding are available. Outcomes from the plan will enable us to measure our performance, achieve a better understanding of the actions that will make the biggest impact and help prioritise our medium and longer term commitments to this agenda.

The SDMP was published in May 2017, following a period of staff consultation and ratification by HEE's Board. The Plan provides a clear roadmap for our members of staff to follow, identifying the approach

we will take to improve the organisation's social, environmental and financial performance. The SDMP is aligned with, and contributes towards, meeting the goals of the wider Sustainable Development Strategy for the NHS, Public Health and Social Care system.

HEE acknowledges the support received from colleagues within the national NHS Sustainable Development Unit (SDU) (<http://www.sduhealth.org.uk/>) in preparing this plan. We are proud to be working alongside, and with the support of, other national partners, including the NHS recognised trade unions and fellow members of the National Cross System Group for Sustainable Development.

### **Carbon**

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

## Appendix 1: Sustainability report

### Waste

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

### Procurement

We continued to act on relevant guidance on supporting sustainability through our procurement activities. The procurement manual and procurement policy both highlight sustainability as an integral part of the procurement process, including:

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

### Priorities for the Future

We have continued to rationalise our estate by applying the Government's estates space utilisation targets and working with Department of Health and Social Care and other arm's-length bodies to maximise the use of available space.

HEE will also continue to utilise and improve on our technology solutions to promote agile working and reduce business travel. We will further embed good practice and continue to work with Department of Health and Social Care and other bodies to promote and contribute to sustainable development.

In addition, we have remained an active participant in the National Cross System Group on Sustainable Development, supporting wider national and cross-government initiatives on sustainability.



## Appendix 2: Attendance at Board and Committee Meetings

	Board Meetings	Audit & Risk Committee	Remuneration Committee	Performance Assurance Committee
<b>Sir Keith Pearson JP DL</b> Chair	9/9	-	5/5	-
<b>Kate Nealon</b> Vice-Chair	9/9	6/6	5/5	4/4
<b>Professor David Croisdale-Appleby OBE</b> Non-Executive Director	9/9	6/6	5/5	-
<b>Mary Elford</b> Non-Executive Director	7/9	-	4/5	-
<b>Dr Anna van der Gaag CBE</b> Non-Executive Director	6/9	-	4/5	4/4
<b>Jacynth Ivey</b> Associate Non-Executive Director	9/9	-	5/5	4/4
<b>Sir Stephen Moss</b> Non-Executive Director	8/9	-	3/5	-
<b>Malcolm Morley OBE</b> Non-Executive Director	8/9	6/6	3/5	-
<b>Professor Ian Cumming OBE</b> Chief Executive	9/9	-	-	-
<b>Professor Lisa Bayliss-Pratt</b> Chief Nurse and Interim Director, London	9/9	-	-	-
<b>Steve Clarke</b> Deputy Chief Executive and Director of Finance (appointed to 31/12/17)	5/5	-	-	-
<b>Dr Nicki Latham</b> Director of Performance and Development (appointed to 30/11/17)	4/4	-	-	-
<b>Rob Smith</b> Director of Workforce Planning and Intelligence	8/9	-	-	-
<b>Professor Wendy Reid</b> Director Education & Quality and Medical Director	8/9	-	-	-
<b>Lee Whitehead</b> Director of People and Communications	6/9	-	-	-
<b>Calum Pallister</b> Interim Director of Finance (appointed 1/1/18)	4/4	-	-	-



## Appendix 3: Information Incidents - 1 April 2017 to 31 March 2018

In the period 1 April 2017 to 31 March 2018, 87 information governance incidents were recorded (incidence shown below using IG Toolkit incident classifications).

Incident Type	Month												Grand Total
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
Disclosed in Error	1	2	2	2	8	5	6	8	6	2		8	50
Lost in Transit		1					3						4
Lost or Stolen Hardware	1	2	2			1	2		3	2	2		15
Lost or Stolen Paperwork		1											1
Other (Fraud attempts)	3		1		1	2	2	1				1	11
Technical security failing (including hacking attempts)		1									1	2	4
Unauthorised access/disclosure								1				1	2
<b>Grand Total</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>9</b>	<b>8</b>	<b>13</b>	<b>10</b>	<b>9</b>	<b>4</b>	<b>3</b>	<b>12</b>	<b>87</b>





## Get in touch

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

[www.hee.nhs.uk](http://www.hee.nhs.uk)

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

[www.twitter.com/nhs\\_healthedeng](http://www.twitter.com/nhs_healthedeng)

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