NHS Digital

2019-20 Annual Report and Accounts

Information and technology
for better health and care

Health and Social Care Information Centre (HSCIC) Annual Report and Accounts 2019-20

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Contents

Chairman's foreword

Over the past few months, we have faced the most serious public health emergency in a century. Our hearts go out to the families who have lost loved ones and to the clinicians who have witnessed the harrowing effects of the coronavirus (COVID-19).

We all feel the deepest gratitude to the hundreds of thousands of workers – both in the NHS and across society – who have fought this disease.

From the beginning of the pandemic, digital and data technologies have played an important role in understanding the virus and its impact, in protecting members of the public and in helping clinical staff. I am very proud of the expertise, commitment and flexibility shown by our teams as we have worked to develop vital solutions at an unprecedented pace while insisting on the highest standards of usability, reliability, and information governance.

NHS 111 online and the NHS website were critical to preventing the NHS from being overwhelmed in March, to providing the information and guidance people needed and to getting those affected the treatment they required. Traffic on NHS 111 online rose to almost 950,000 sessions a day, but service response times and reliability did not suffer significantly.

Our product development teams worked hard to protect the public and frontline workers. In a matter of days, we built a 'fit note' service on the NHS 111 online platform that allowed people self isolating to get notes without contacting their GPs. We identified those most vulnerable to coronavirus and, by the end of March, nearly a million people were being protected by the government's shielding programme.

In the succeeding weeks, we have delivered a steady stream of new services and provided direct support to help the NHS workforce and local organisations.

We've delivered flags on electronic records to ensure clinicians can see coronavirus related information about patients. We have provided remote working capabilities to help non-frontline workers contribute effectively from home. We worked directly with trusts as they built capacity, inventing new smartcard solutions so that returning clinicians could get to work quickly and providing hardware and network connections as new hospitals opened.

We have helped to moderate the devastating impact of this virus by creating the information needed to fight it. We rapidly assembled linked data sets to provide national early warning to help plan and manage NHS services and have worked quickly with leading research groups to put our comprehensive data sets at their disposal – while ensuring that data protection standards are maintained.

Our experiences over the past months have challenged how we organise our health system, our society, our economy and our lives in ways we could not have anticipated – but they have confirmed one thing we already knew. Digital and data technologies are crucial to the future of our health and care.

Three years ago, we began work to transform NHS Digital into the trusted technology partner the system needed. The past few months have demonstrated beyond any doubt the vital importance of our digital and data services to public health and effective clinical care. They have proved the reliability of our platforms and critical national infrastructure, even under extraordinary stress, and they have demonstrated the flexibility of NHS Digital's teams as we delivered the solutions a rapidly evolving crisis demanded in days rather than weeks.

The fight continues. In the coming months, the work to protect people, support the frontline and inform research will demand the same energy, expertise and commitment we have shown since March. However, I would like, on behalf of the Board, to take this opportunity to thank everybody at NHS Digital and in our partner organisations for what they have done, not only in response to coronavirus but in building and maintaining the infrastructure and capability that has allowed us to fully play our role during this crisis.

Noel Gordon
Chairman, NHS Digital

Chief Executive's introduction

The 2019-20 financial year will be etched in our memories as the year that coronavirus (COVID-19) arrived in England. For the last two months of the business year, February and March 2020, the emergency response to the pandemic consumed NHS Digital.

In the circumstances, the commitment and dedication of our staff has been completely extraordinary. So many of them have worked so many hours to deliver so many services. Saying thank you seems completely inadequate, but I cannot introduce this overview of the year without starting by paying tribute to them.

This crisis affects us and all those we serve on a very personal level as well as through the demands it places on us as an organisation. Sadly, a number of our colleagues and partners have suffered the searing pain of losing loved ones to the virus and many have been separated from loved ones for extended periods of time. Many have been managing complex domestic situations, juggling caring for vulnerable friends and family, educating children at home and living in the confinement imposed by lockdown.

The extent to which we have been called on in recent months is testament to the critical role that NHS Digital plays in the health and care system. One of the most heartening experiences of the last few months has been seeing the new services we have delivered in recent years, as part of the NHS Digital Transformation Programme, being put to such effective use. Our NHS 111 systems, the NHS App, NHS login, our referral and prescribing platforms, our Data Services Platform, our more rigorous framework for primary care IT services, the National Event Management Service and National Record Locator service, NHSmail, our core infrastructure capabilities, our cyber security operations capability, and so many of our other products and services, have proved to be critical and powerful enablers.

Delivery of these robust national products and services has been underpinned by significant strengthening of the core technical capabilities within our organisation, through an extensive transformation programme which has focused on skills development and assessment. We have welcomed strong new talent and we continue to extend our training offering for staff at all levels in the organisation. As the digitisation agenda for the health and care system accelerates over the coming months and years, turbocharged by the experiences during the coronavirus outbreak, we will need to continue to transform and adapt.

In addition to more advanced digital products and platforms, much more sophisticated use of data and analytics are critical to the future of the system. In response to the pandemic, the Department of Health and Social Care gave additional powers to NHS Digital and other organisations, allowing us to access and disseminate data with much greater ease across the system. We leveraged our GP Connect platform to enable 111

providers to insert COVID-19 alerts into GP records and book patients into GP practices and other local COVID-19 care centres. We were able to include 'additional information', including COVID-19 flags, into Summary Care Records so that secondary care providers had immediate access to much greater information about each patient. Perhaps most powerfully, we agreed with the Royal College of General Practitioners and the British Medical Association that we would collect full details of primary care records for the first time and, with their support, use and disseminate those as needed for direct care, planning and research.

This more open sharing of patients' records within the tight security of the health and care system is something we have aspired to for many years and is already having a huge impact o the quality of patient care. The new powers provided are for coronavirus purposes only, but careful and effective operation of these new modalities during thi period will doubtless inform the approach the system takes whe we emerge from the crisis.

It is critical that we operate with extraordinary care with respect to privacy, confidentiality and the ethical handling of patient data at all times, but never more so than under these new arrangements. The historical reticence to share data, which has materially constrained care provision and in many cases had a devastating effect on individual patients, is a legacy of decades of failed technology initiatives, misjudgements in the handling of data and resultant mistrust. This must be the turning point on this journey, for the sake of all patients in England.

Our role as the national data guardian for the system is more critical than ever, as is our ability to make independent judgements about legal and ethical use of NHS data, and our provision of independent statistics for the health and care system.

Our focus, as we look toward a year of ongoing intensity in response to coronavirus, is on serving patients and clinicians across the health and care system through the delivery of world-class digital and data services. Our hope is that we can effectively play our role in fighting this pandemic and, in doing so, can show how these services can dramatically change lives for the better.

Sarah Wilkinson
Chief Executive
NHS Digital

What we did in 2019-20

COVID-19 response

NHS Digital started to redirect activity to support the response to coronavirus (COVID-19) in January 2020.

The scale and scope of the effort was rapidly expanded over the next few months to encompass all of NHS Digital's core delivery areas and to provide support to partners across the system.

This performance report is structured around the objectives and achievements of each of our key delivery directorates in 2019-20 (pages 16-33). Our performance analysis (page 34) and governance statement (pages 64-71) set out our purpose, operating environment and the issues and risks affecting delivery over the past year. In this section, we focus specifically on the response to coronavirus across all parts of the organisation from the beginning of the year.

Our digital channels for citizens have been at the **frontline of the system's response** from the earliest days of the outbreak, with millions of people using the NHS website, NHS 111 online and the NHS App to access information and guidance to self-manage and to find the most appropriate care. This has helped minimise contact that would have spread the virus and has reduced burdens on clinical staff.

Our NHS 111 online platform has acted as a digital 'front door' to the NHS, allowing millions of people to check symptoms, determine whether they need in-person care, and, through integration with NHS 111 telephony, receive clinical call-backs when required. Use of NHS 111 online peaked at almost 950,000 sessions a day in mid-March, about 95 times the average daily volume before the outbreak.

As advice and guidance about the virus evolved, we delivered regular updates to NHS Pathways, the core clinical decision support system that underpins the remote assessment and triage of callers to urgent and emergency care by NHS 111, 999 services and NHS 111 online.

Dedicated coronavirus content on the NHS website was accessed about 80 million times between the start of February and mid-May. This was complemented by a social media campaign that included advice and guidance videos on YouTube, which have been viewed more than 7 million times.

A 'wrapper' was introduced for the NHS App to provide access to the NHS 111 online self-triage functions without requiring identity verification and therefore making these immediately accessible to hundreds of thousands of users. The NHS App was downloaded 1.3 million times between the start of February and mid-May, while 440,000 registrations were completed over the same period. For registered users, with access to the app's full capability, we introduced new functions supporting patient-practice messaging, digital triage and the ability to nominate pharmacies for electronic prescriptions.

A new self-isolation notes service was launched in March, allowing patients to create certificates to inform employers that they are off work due to coronavirus without needing to contact their GP. About 1.3 million notes had been generated by mid-May, significantly reducing the burdens on general practice.

All of these systems' infrastructure was rapidly strengthened in March in response to unprecedented loads and has remained resilient despite subsequent spikes in user volumes. The number of people applying to register on the NHS App increased threefold in mid-March and has remained high. We increased capacity to verify these new users and redeployed staff from across NHS Digital to clear a temporary backlog.

We also **supported remote and collaborative care** and increased access to patient information for clinicians. Additional information from about 50 million patients' GP records – including details about long-term conditions, reasons for prescribing medication, coronavirus status flags, and whether a patient has been advised to shield – is now shared through the Summary Care Record and available to clinicians and other authorised staff outside GP settings including pharmacists, social care professionals and paramedics. This information has been used widely. For example, between 3 April and 26 May, information about shielding status on the Summary Care Record was viewed more than 650,000 times.

We were able to share these details because of the adoption of an implied consent model for the use of some data during the outbreak. This model was not applied for patients who had previously said that their data should not be shared outside their practice.

A national data sharing agreement, in place for the duration of the outbreak, is also supporting record-sharing and appointment booking across GP practices and NHS 111 services through our GP Connect programme. Participating GPs can view the full patient records of people registered with other practices and 111 call centres can make bookings into GP practices and automatically communicate coronavirus information from 111 triage back to GP systems.

Planned work on extending the Electronic Prescription Service (EPS) has been accelerated to reduce patient contact and improve efficiency. Major achievements since the beginning of February have included:

- enabling EPS for over 600 non-GP primary care sites (for example, urgent care), which removed the need for paper prescriptions for about 12,000 community pharmacies
- implementing changes that allowed new medicines to be delivered to vulnerable patients (for example, those in care homes)
- improving identity services so that more than 6,000 locum pharmacists and 200 pharmacy technicians could work across multiple locations
- allowing prescriptions to be easily fulfilled at an alternative location if a nominated pharmacy had to close due to coronavirus

We also supported remote care by:

- speeding up the assurance of video consultation suppliers for primary care, resulting in a nationwide roll-out in under two weeks
- supporting the deployment of Microsoft Teams to 1.2 million users across health and social care for uses ranging from patient consultations, clinical group therapy sessions, antenatal classes, and complex multi-disciplinary team assessments
- enabling the deployment and supporting the implementation of outpatient video consultation capabilities in 183 trusts

We provided infrastructure to **support coronavirus testing**, working with partners to build and deploy a digital platform for new capacity including drive-through centres, roaming test vans and home testing services. Specifically, we built systems to support self-referral, appointment booking, the ordering of home testing kits and the integration of services with the NHS website and NHS 111 online. Support was initially provided for testing essential workers and then expanded to all symptomatic patients.

We also **supported the Nightingale hospitals** and other new capacity created across health and social care in response to the virus. Our Access and Logistics Hub helped get the right communications in place for more than 1,000 sites through network migrations and bandwidth upgrades and provided remote access solutions for returning clinicians and other users working from alternative locations. We distributed more than 84,000 physical smartcards and 26,000 smartcard readers and a new, virtual smartcard solution was introduced to reduce contamination risk and support authentication in virtual desktop infrastructure (VDI) and complex IT ecosystems. 30,000 licenses were bought and are now being introduced across about 50 sites. We are moving to the next stage, which is to increase the number of suppliers for virtual smartcards and to deliver the enhanced digital signatures required for electronic prescribing.

Our Cyber Security Operations Centre provided dedicated cyber security support to the Nightingale hospitals and other priority health and care organisations as phishing and other cyber criminality increased during the crisis. We set up new sources of live intelligence on evolving threats, provided integrated technical and cyber incident support for local organisations involving all the key national agencies, and distributed information and materials to respond to specific areas of risk such as home working and returning staff.

We also established a temporary security operation centre to provide protective monitoring and cybersecurity capabilities, including security incident response, across the cross-departmental effort to deliver testing and contact tracing services.

The **Shielded Patients List** has played a vital role in protecting more than 2 million people who are highly vulnerable to coronavirus. We developed the algorithm, based on criteria defined by the Chief Medical Officer, that underpins the list. It is generated each week and issued to agencies across national and local government responsible for supporting shielded patients. It incorporates feedback from GPs, specialist trusts and self-referral by vulnerable individuals.

NHS Digital has published the algorithm and methodology used to create the list and published aggregated open data and dashboards that show distribution by age, gender and location to support planning and research at local and national level. This can be accessed at https://digital.nhs.uk/dashboards/shielded-patient-list-open-data-set

We have **provided data, analysis, dashboards and tools** to help the health and care system understand the prevalence of infection, manage capacity and plan the response.

To ensure we continue to protect sensitive patient information while rapidly responding to urgent system needs, we have accelerated our data access approvals process and doubled the frequency of the Independent Group Advising on the Release of Data's (IGARD) meetings.

Key contributions from our data services have included:

- providing analysis of the relationships between ethnicity and poorer coronavirus outcomes in black, Asian and minority ethnic (BAME) individuals in response to requests from Health Data Research UK, the Chief Medical Officer and others
- linking National Diabetes Audit data with intensive care data to enable analysis of diabetes as a coronavirus risk factor
- developing a machine learning tool in partnership with researchers at Cambridge University to predict demand for ventilators, beds and equipment in intensive care units
- publishing coronavirus triage information collected from NHS 111, NHS 111 online and 999 services as open data and in dashboards to support self-service planning

At the end of May, responding to a request from the British Medical Association and the Royal College of General Practitioners, we centralised the collection of patients' data from general practice, becoming the single body disseminating GP data for research and planning during the epidemic. This relieved pressure on GPs that were being overwhelmed by complex requests for data, allowed us to ensure that the highest standards of information governance were maintained, and improved the availability of data for researchers.

We have continued to fulfil data requests submitted through the Data Access Request Service (DARS) and have established a separate prioritisation mechanism for high-impact research identified by HDR UK and the National Institute for Health Research (NIHR). For example, we supported the identification of patients for recruitment into the Convalescent Plasma trial led by NHS Blood and Transplant (NHSBT), which is assessing the effectiveness of convalescent plasma for critically ill patients.

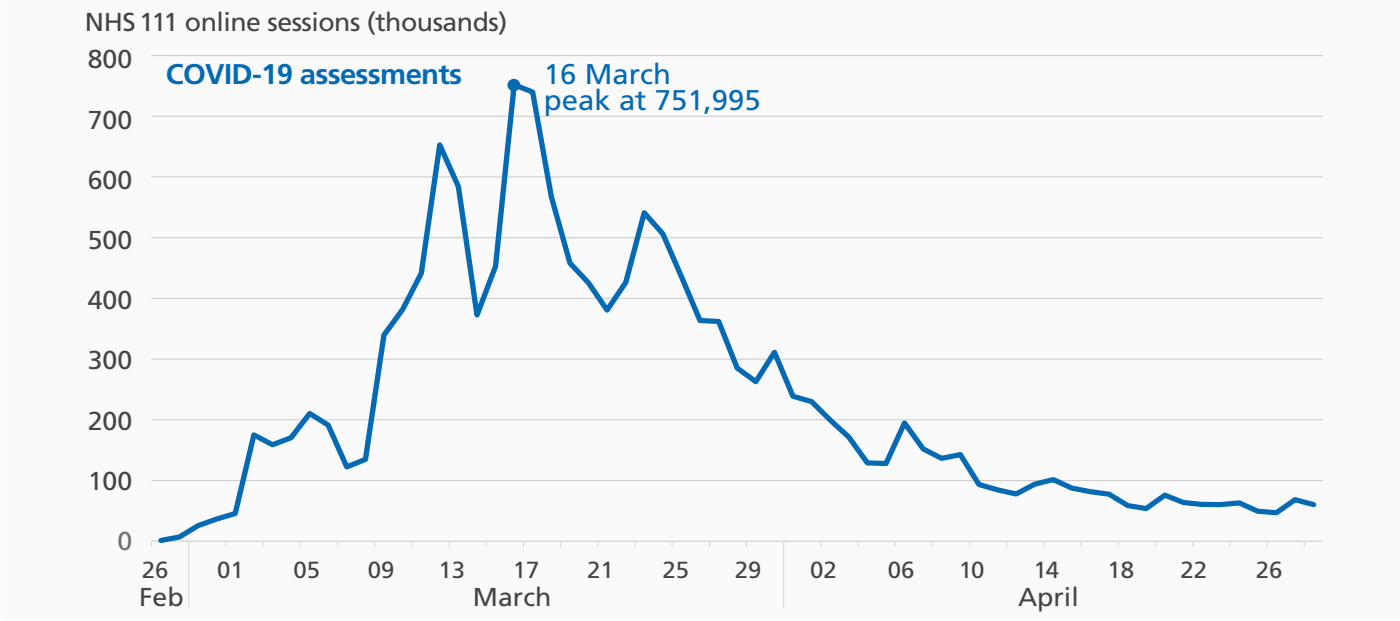
We also provided the research platform, data, information governance, data management, and data analysis expertise to support research prioritised by the National Institute for Cardiovascular Outcomes Research (NICOR) and the British Heart Foundation investigating the impact of the virus on patients with acute coronary syndrome and whether some medicines increased susceptibility. Insights from this work were reported to the Science Advisory Group for Emergencies (SAGE) and NHS England and informed the system's response.

We have developed a Trusted Research Environment to help researchers working on the virus. This is already being used to support cardiovascular work and is being expanded to other research communities.

Our Information Governance team has been a key function throughout the pandemic because complying with data protection law on the use of data is critical to maintaining public trust. Our team provided advice on a wide range of urgent initiatives and issues including provision of coronavirus online isolation notes, the national roll out of GP Connect, the Shielded Patient List, including additional information on the Summary Care Record, using GP data for planning and research, sharing of child protection plan data with school nurses and health visitors, and coronavirus testing for key workers and members of the public. We contributed to the first Control of Patient Information (COPI) notice, new COVID-19 directions and Section 255 requests with the devolved nations, and advised on a large number of urgent and complex data collection, analysis and dissemination requests from across the health and social care system and the science and research communities. This required advice to be provided at pace through a new coronavirus 'Red Team'. We have produced a number of new transparency notices to explain to the public how we are using and sharing their data and we have published examples of what we are doing on our webpages to help keep people informed.

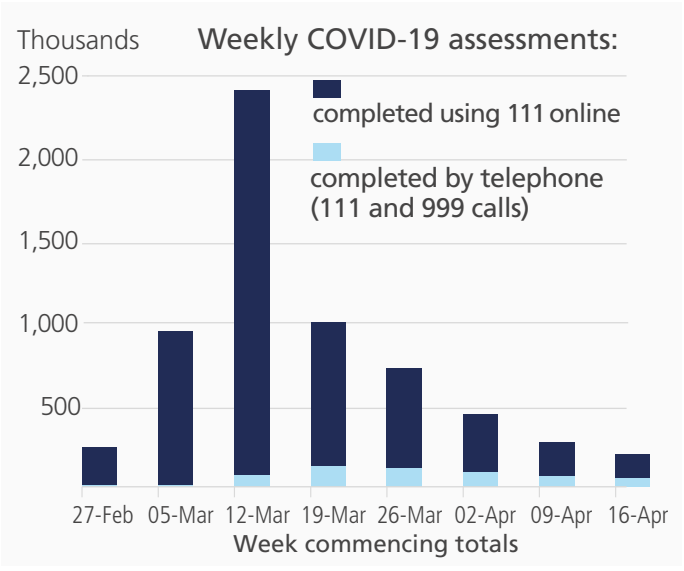
Our coronavirus response has continued into 2020-21 and we are currently working with colleagues across the system to prioritise our portfolio for the coming year.

NHS 111 online has been an important 'digital front door' for citizens seeking care for coronavirus



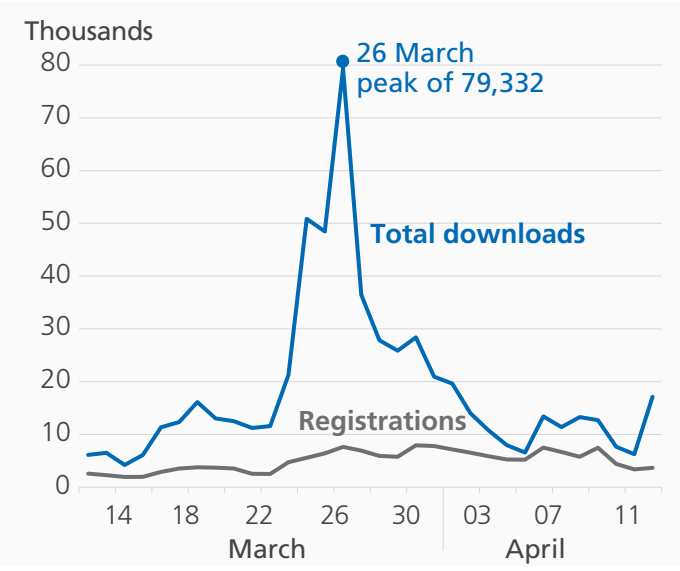
Use of NHS 111 online increased rapidly from the start of March, with total daily sessions peaking at almost 950,000. More than 750,000 assessments on 16 March dealt with potential coronavirus symptoms. There were also spikes on 12 March and 23 March, coinciding with major announcements from the Prime Minister directing citizens to use NHS 111 online to check symptoms. During April, use of the service continued at significantly higher levels than before the virus, as citizens continued to assess potential symptoms.

NHS 111 online relieved pressure on non-emergency telephony services



NHS 111 online has played a crucial role providing readily accessible capacity during periods where NHS 111 telephone services were facing extreme demand. This was especially important in the early phase of the outbreak in March. Thousands of people a day were able to check symptoms and were given advice on self isolating or referred to clinicians for follow-up calls.

The NHS App became an important channel for accessing health services



A new 'wrapper' for the NHS App allowed people to easily access information and guidance as well as NHS 111 online self-triage functions from their mobile devices without registering on the app (see blue line). Registrations also increased significantly through March.

Product Development

Some of the frontline information and guidance services that were central to the NHS's response to coronavirus (COVID-19) had been delivered or significantly developed by NHS Digital within 2019-20.

The **NHS App** was released nationally in April 2019, allowing people to book or cancel GP appointments, order repeat prescriptions, view their GP record, make organ donor registrations, change their preferences about the use of their data, and access health and care advice from NHS 111 online and the NHS website.

NHS App registrations rose rapidly from launch, with about 307,000 people registered and about 117,000 GP appointments booked via the app by February 2020. We worked closely with the suppliers of GP IT systems to achieve 100% coverage and by February all English GP practices had access. In March, the app became central to system response, functioning as one of our key channels for patient support and advice during the coronavirus outbreak less than a year after its initial rollout. There were more than 712,000 registered users at the end of May 2020.

NHS login provides a single login allowing patients to access multiple digital health and social care services including the app. Thirteen services are now using it and more than 50 are in development in our 'sandpit' environment. We're prioritising those that can help in the response to coronavirus.

During the year, we introduced mobile device authentication including fingerprint and facial recognition and improved the registration process. We responded to a 142% increase in identity check requests in March by redeploying NHS Digital employees to temporarily increase manual processing capacity and, in April, we introduced greater automation for iOS users. An average waiting time of about three days in late March was reduced to less than two hours by May. Just over 1.3 million people now have a login and for many it has become a convenient, secure way to access digital healthcare.

The **NHS e-Referral Service** (NHS e-RS), working with NHS login, enabled GPs to email appointment request details to patients, reducing printing and postage costs for GP practices and improving patients' digital experience. The programme moved to a cloud platform during the year (see page 29) and also developed application programming interfaces (APIs) to allow clinicians to view NHS e-RS clinical information and create referrals in their local systems.

Elizabeth Folarin, integrated safeguarding lead at Central and North West London NHS Trust, says the NHS App has transformed her mother's management of her diabetes

The **NHS 111 online** service was an increasingly important feature of the NHS's interface with the public before March 2020. It was used 5.6 million times between April 2018 and March 2019, increasing to 23.4 million times between April 2019 and March 2020. On 16 March alone, there were almost 950,000 user sessions. In February, about 17% of NHS 111 enquiries were digital. That had increased to 80% by the end of March, with up to 87% of all coronavirus triages being carried out online in the second half of March.

We improved the online service's functionality through the year. After a pilot in Cheshire and Merseyside, we rolled out direct referrals from NHS 111 online to pharmacies, helping cut load on NHS 111 call handlers and GPs. During the crisis, we constantly reviewed advice to reflect changing government and clinical guidance and used the service as a platform for some of the most important digital support offered to the public (see page 11).

The coronavirus crisis also dramatically increased the use of the **Electronic Prescription Service** (EPS) as GP practices sought to deliver prescriptions to community pharmacies without a patient having to collect their paper prescription. As a result, we saw greater use of the nominated service, where patients choose which pharmacy should automatically receive and dispense their prescriptions, with usage increasing from 73% in February to 78% in March.

We made two key improvements to EPS during the year. First, we made it possible for controlled drugs in schedules 2 and 3 to be prescribed and dispensed using the system.

About 95% of GP practices can now do this and average use of EPS increased by about five percentage points in practices with this capability. We can also now allow patients to use EPS without having nominated a community pharmacy. We expect average use of EPS to increase to 95% during 2020.

The new GP IT framework **Digital Care Services** was launched in January 2020 and allows GP practices to choose from 69 suppliers offering about 250 IT solutions based on shared, open standards. More than 95% of practices have fully implemented SNOMED CT, a structured clinical vocabulary that supports effective information sharing across electronic systems, and our GP Connect programme has made it much easier for practices using different systems to view each others' records.

The **National Events Management Service** (NEMS), launched in private beta in March 2019, improves the sharing of information about children's contacts with healthcare. Historically, if something important happened to a child – like visiting A&E or changing their GP – it often took time for professionals to find out about it. NEMS records these 'events' securely in real time and allows authorised services to subscribe to updates.

A health visiting service in north-east London reported that health visitors were getting notice of child deaths three to four days earlier in some cases, reducing the risk of families receiving contacts from professionals who had not been informed.

> It gave me peace of mind always having my notes with me on my phone. I could view my blood test results, receive appointment reminders and get week-by-week information on my baby's development.

Sarah Walton, mother of three, Gateshead, on getting access to the Women's Digital Care Record

Service providers can publish 'events' to NEMS (for example, screening tests) and subscribe to information if they are authorised to do so. For example, the eRedbook, which gives parents a digital view of their child's health record, puts information from NEMS in the records it makes accessible to mothers and clinicians. Digital Child Health was the first area of focus for NEMS, but it will be used to transform the sharing of information in other areas of healthcare.

We also worked to get better information to frontline professionals. A pilot run by the **National Record Locator** programme in Liverpool ensured ambulance services were alerted when they were dealing with people with mental health crisis plans, meaning they could get the most appropriate care to patients quickly. More than 61,000 pointers to mental health crisis plans have been uploaded to the system. We plan to use the locator to make a wider range of care information, such as end of life care plans, available to ambulance clinicians and to provide support to other professional groups such as midwives.

We have piloted quick access to patients' **Summary Care Record** application records with the London Ambulance Service. Crews can use fingerprint login on their mobile devices to get a summary of a patient's medical history provided by their GP. As in Liverpool, this informs decision making, helping crews relieve pressure on emergency colleagues, and it improves care.

One London crew said they were able to get vital details about a patient who had suffered a heart attack from the Summary Care Record rather than having to try to get the information from the patient's family.

The NHS Long Term Plan committed us to allowing 100,000 pregnant women access to their **Women's Digital Care Record** by April 2020. We passed that mark in August 2019 and had reached 129,000 by February 2020. Over 60% of women signed up. By 2023-24, all pregnant women will have access. We have developed open standards in the project to encourage the joining up of information across the care pathway. This will allow women to have access to their information through a variety of services that meet their needs.

Ben Glover, a paramedic with the South Central Ambulance Service, says NHS 111 online and the symptom checker tools available in the NHS App will help reduce pressure on services like his

Data Services

We collect data from almost every provider of health and care in the country and process these into more than 200 national data sets. We produce about 300 open-data statistical publications a year that play a crucial role in shaping debate and forming policy and practice in our healthcare system.

In September 2019, we published an indicator of death rates in people with learning disabilities – showing that they were roughly four times more likely to die between 2015–18 than the wider population.

In the same month, we published vaccination statistics showing a fall in routine childhood vaccinations – sparking a national debate about the idea of compulsory vaccinations.

And in December 2019, as part of the Health Survey for England, we published a chapter on the nation's gambling, revealing, for example, that in 2018 as many as 6% of men identified as 'problem' or 'at-risk' gamblers.

Our **data collections** power hundreds of research projects and inform how the health and care system's resources are used. They add up to a concentration of health and care data of unrivalled quality, breadth and comprehensiveness and our mission is to unlock the full potential of this information while reducing the burdens of collection for health and care organisations.

Our new **Data Processing Services** platform, introduced in May 2019, features a new way for NHS organisations to send data to us: the **Strategic Data Collection Service** in the cloud (SDCS Cloud). Instead of requiring smartcard authentication, providers can send submissions over the internet, using secure, two-factor authentication. Our Mental Health Services Data Set was one of the first two data collections to use SDCS Cloud and saw submissions grow by 50% between April 2019 and March 2020. Many mental health providers don't have smartcard access and by making it internet-facing we make it much easier for them to contribute.

New interfaces are making it easier to use our data

The **Master Person Service** uses a four-stage algorithm to securely match data by demographics and unique NHS numbers, allowing data to be linked at the patient level and therefore breaking down barriers between national data sets. This cuts burdens by making it unnecessary to provide the same information several times for different collections. It also releases the huge potential of linked data to support medical research, system planning and innovation. In parallel, we have implemented a de-identification solution that removes identifiable information systematically and automatically from data – and we continue to ensure that data is only linked when we are legally required and empowered to do so.

Our **Data Access Environment**, also introduced in May 2019, provides a secure, online portal for specifically authorised users to work with our data. Only users who have proved a legal basis can access it and they only access the information they have been authorised to see. However, within the portal, researchers get a much more capable and flexible service, including remote access and a suite of analysis and visualisation tools. Because it is cloud-based, the platform allows users to adjust the computing power available to them, turning up the dial when dealing with advanced queries of large data sets. In 2019-20, we gave government and local authority public health teams access to non-sensitive Hospital Episode Statistics data through the Data Access Environment. We will be rolling out the service to other data sets in the coming year.

We are working with the University of Oxford, Microsoft and IBM to create a new service to transform the assessment of clinical trial feasibility in the UK, called **NHS DigiTrials**. It helps researchers quickly and accurately gather information about possible trial cohorts and will in the future support patient enrolment and communication. Previously, researchers had to gather responses from dozens or hundreds of trusts. NHS DigiTrials allows them to use data held in our central systems to identify suitable participants and ask them whether they want to participate. Launched in September 2019 and supported by the National Institute for Healthcare Research and the Association of Medical Research Charities, it makes the UK a more attractive place to conduct trials, opens new avenues for research and, ultimately, will improve treatment and care.

> NHS DigiTrials will help patients across the length and breadth of England participate in clinical trials. We hope this will see more people gain faster access to new treatments.
>
> Aisling Burnand, Chief Executive, Association of Medical Research Charities, on NHS DigiTrials

Platforms and Infrastructure

We continue to improve our national infrastructure by connecting platforms and applications to support efficient and effective health and care delivery. We enable the development of digital services that support patients from cradle to grave, help clinicians in accessing, analysing and sharing information, and provide the public with relevant and timely health and care information.

The coronavirus response underlined the vital importance of our platforms and infrastructure in creating a stable and secure foundation, which has made agile delivery of new digital services possible.

Our **Spine platform** remains the backbone for NHS service delivery, providing secure access to core products including 65 million Summary Care Records (SCRs) and over 90 million Patient Demographic Service records. August 2019 marked five years since the Spine was brought in house to NHS Digital. In this time, it has saved the NHS more than £150 million.

Today, the Spine processes 3,500 messages per second, links to 28,000 IT systems, supports 21,000 care organisations and gives data access to over half a million NHS professionals each day. Despite the increased data storage capacity demands this year (up 27%) it has remained exceptionally reliable, 24 hours a day, 365 days per year, with zero down time required.

We have also applied world-class product design, engineering and software development skills to transform key digital services with our system partners. During 2019-20, this included:

The **Data Processing Services platform** (see page 23) enables us to collect, process and access data in a smarter, more efficient way, using leading privacy technology. By moving the data to secure cloud technology, we reduce potential security risks associated with storing data across separate systems.

“

I was immediately able to find out that the patient had a mental health crisis plan and then find the right people to help him. I didn’t have to dispatch an ambulance.

Jason Larkin, North West Ambulance Service, on the National Record Locator

Staff have faster and more reliable connections after University Hospital Plymouth NHS Trust moved to the Health and Social Care Network (HSCN)

We have also introduced a de-identification process that protects patient privacy by removing the identifiable information from a patient's record so it can be safely used for research and planning. All information is encrypted in transit and when stored. This leads to faster access to better linked data and provides valuable insight. It drives research into the prevention and treatment of diseases and supports the planning and management of services and therefore the sustainability of the NHS.

The **National Events Management Service** (see page 19) allows patient-centric event messages to be published from one system and distributed to other subscriber systems in a timely manner. Digital Child Health went first in March 2019, which included the ability for Spine to send Patient Demographic Service events such as changes of address or GP, birth and death notifications to child health organisations, health visiting services and approved national app providers. An 'Explicit Subscriptions API' was developed to allow users to subscribe to specific events for a patient under their care, using their unique NHS number. In October 2019, a 'Publish API' was created to help third-party suppliers provide information on events such as newborns' hearing tests and physical examinations.

The **National Record Locator** (see page 20) permits authorised users to find specific patient records that are held on different health care systems. We have connected the information held in acute trusts, mental health providers, ambulance services, primary care, social care, public health (drug or alcohol) services and the voluntary sector, so that care pathways can be designed around patients' needs. We are empowering health and care professionals with faster access to vital information, saving time and improving service delivery.

We are also responding to the government's **Internet First** vision by prioritising internet access to key national services and platforms. All new applications will be developed for, and run on, a public cloud service, improving interoperability through adherence to open data and technology standards. We are using the new Health and Social Care Network implementation (see page 31) as a secure bridge from our current private network to an internet-facing one and we are leveraging commercial arrangements to achieve this vision. An example of this is the discounted access to VMware Cloud on Amazon Web Services announced in May 2019, which will eventually allow NHS Digital to reduce its data centres.

We have also completed the migration of the **NHS e-Referral Service**, which handles 18 million booking referrals a year, and the **NHS 111 Directory of Services**, which provides real-time information about available services and clinicians for patients who need to access medical attention in their community. By continuing to migrate services to the public cloud, we will be able to decommission legacy infrastructure.

In 2019-20, we have started to design and build an **application programming interface (API)** platform, creating new developer resources, APIs and standards that make it easier for the developer community to work with us. We are encouraging partner organisations and the health tech industry to leverage our data using new open APIs. Our first Patient Demographics Service API is in beta testing, with further APIs planned to go live in 2020-21.

Our strategy is to accelerate the digital transformation of the NHS by unlocking the potential of our technology platforms, improving access to data and driving the growth of a diverse, innovative and competitive digital health and care sector.

Live Services and Cyber Security

Our Live Services and Cyber Security directorate is responsible for managing more than 100 active services for the NHS and care system, including vital systems like the NHS Spine, the Health and Social Care Network, the Summary Care Record application and NHSmail.

Throughout the year, we provided safe, fast and reliable access that health and care staff and members of the public could rely on. We achieved 99.99% average availability across all services.

What does that mean in practice? Every day, about 1 million items were processed by the Electronic Prescription Service, an average of 68,000 appointment bookings were made via the NHS e-Referral Service and 35 million transactions were sent through the NHS Spine, the core infrastructure that allows secure communication across healthcare IT systems in England.

Summary Care Records containing key information from patients' GP records were viewed 25,000 times a day by authorised clinicians. Every day, our systems processed about 282,000 unique smartcard logins, giving clinicians access to secure applications on the NHS Spine.

The Child Protection - Information Sharing system, which flags vulnerable children to social care and health teams, issued an average of 400 alerts a day and an average of 10 million emails were sent via NHSmail. About 3,000 babies were registered each day by our Patient Demographic Service, helping to begin the cradle to grave care, both digital and in person, that they will receive from the NHS throughout their lives.

Our **Health and Social Care Network** (HSCN) team enabled the migration of national services and 68% of the legacy N3 estate onto HSCN, as well as managing the end-to-end service. We completed the introduction of HSCN's Advanced Network Monitoring internet gateway, which provides essential security protection for the NHS, and we certified 19 service providers on HSCN. Each provider must pass a rigorous technical, security and service management assessment and our compliance function continually monitors their performance, taking action to rectify issues or improve services where required.

We also made significant progress in improving the **cyber preparedness** of both national and local systems across the NHS over the past year. Our Cyber Associates Network, launched in April 2019, now has over 1,000 members from more than 700 organisations across health and care.

The associates not only share information and best practice through the network but are directly involved in the development of national services through focus groups, workshops and feedback surveys, ensuring we provide products and services that are relevant and support their needs.

In February 2020, we rolled out NHS Secure Boundary to a number of organisations including the York Teaching Hospital NHS Foundation Trust. We aim to move all relevant NHS organisations to the system over the next two years. It's a centrally funded, free-to-use perimeter security solution that blocks threats as internet traffic moves into or out of networks. While giving local managers the information and tools they need to better manage their own cyber security risk, it also allows our Data Security Centre to identify malicious content within encrypted traffic and to respond quickly and at scale to emerging risks.

The latest operating system (Windows 10) has been installed on 846,000 devices across the NHS and we have also provided 1,376,000 centrally-funded Microsoft Defender Advanced Threat Protection (ATP) licenses. Windows 10 is important because it provides better threat resistance, data protection and device security and ATP adds an extra layer of security. It integrates with NHS Secure Boundary, helping to prevent local incidents and feeding information to the Data Security Centre.

We are protecting NHSmail users by blocking about 96,000 compromised or insecure passwords a month and we've reduced the number of passwords people have to remember by automatically synchronising the NHS directory and local directories. New functionality will also automatically update NHSmail systems when people join or leave the NHS or move jobs within the system, reducing burden for local teams but also ensuring that only the right people have password access.

Our Cyber Security Operations Centre provides local and national network monitoring, incident response and threat intelligence and collaborates with other national cyber security bodies such as the National Cyber Security Centre to continuously improve protection.

It blocked an average of 21 million malicious threats a month in 2019-20. We introduced a cyber aptitude test to drive the recruitment of the best analysis and security talent and we began work on breaking down silos of information by consolidating security information and event management (SIEM) systems on a single, cloud-based platform. The maturity of the centre improved by 40% between 2018 and 2019, measured against the Carnegie Mellon Cyber Security Model.

To ensure that security is factored into the design of new technologies and systems being developed by NHS Digital, we also established a Cyber Design Authority to provide business-wide security standards and the governance to enforce them.

A new, easier-to-use version of our Data Security Protection Toolkit (DSPT) won in the data and information security category at the Public Sector Paperless Awards in July 2019. This online self-assessment tool allows local organisations to measure their performance against the latest data security standards. More than 4,000 published their DSPT assessment in 2019-20. We also brought together a suite of support services in the cyber security support model (CSSM) to help organisations with on-site assessments, risk frameworks, operational readiness, threat remediation and workforce training. We ran more than 134 training sessions for boards, offered a variety of training packages for staff, and launched a new national cyber security campaign, Keep IT Confidential, to educate the NHS about the direct impact of data and cyber security on patient care.

Our **Information Governance** team were a critical function during the coronavirus outbreak (see page 14). Earlier in the year, we were successful in a bid to participate in the Information Commissioner's Office (ICO) Sandbox and have been working with the ICO team on the privacy aspects of a central mechanism for collecting and managing patient consents for the sharing of their healthcare data for secondary uses, including medical research and regulated clinical trials. They have also been working with the ICO on the development of GDPR Article 40 Codes of Practice for the health sector, and the NHS Digital team is leading more detailed work on this during 2020-21 through the newly established Health and Social Care Information Governance Panel.

Shane Martin, Network Manager at York Teaching Hospital NHS Foundation Trust, said NHS Secure Boundary provided a vital extra layer of security that would have cost tens of thousands of pounds a year to buy

Performance analysis

These accounts have been prepared under a direction issued by the Secretary of State for Health in accordance with the Health and Social Care Act 2012 and the 2019-20 Government Financial Reporting Manual issued by HM Treasury, as interpreted for the health sector by the Department of Health and Social Care Group Accounting Manual.

The accounting policies contained in the Financial Reporting Manual apply the International Financial Reporting Standards (IFRS) as adopted and interpreted for the public sector context. The accounts comprise a statement of financial position, a statement of comprehensive net expenditure, a statement of cash flows and a statement of changes in taxpayers' equity, all with related notes.

The accounts have been prepared on a going concern basis. The funding provided for 2020-21 has been largely agreed and, while the short term is expected to be challenging, we have undertaken appropriate measures such as the Org2 restructuring to meet changing requirements.

2019-20 delivery performance

NHS Digital is a non-departmental public body and the majority of our income is grant-in-aid funding from the Department of Health and Social Care. Most of this – £349 million out of a total of £531 million – is used to run and maintain critical services for the health and care system. Over the past year, we continued to deliver high-quality services with excellent levels of availability. These included:

- network and infrastructure services used by health and social care organisations
- digital applications that help members of the public, clinicians and health and social care organisations
- the collection, analysis and dissemination of data and the provision of a range of data-related services to the system
- the Cyber Security Operations Centre for the health and care system

Our performance against our service and change programme commitments is regularly reviewed by our Board and at monthly executive management team meetings. This oversight is supported by a performance report, which is produced monthly and includes key performance indicators covering all aspects of service and programme delivery.

These demonstrated consistently high levels of delivery. Specifically:

- our live services achieved average availably of 99.99%, with 'fix times' and response times within target
- our data services increased the range, completeness and accuracy of collections, our publications continued to meet the highest statistical standards, and our data dissemination processes improved the flow of data while maintaining close oversight of the use and protection of data
- the Cyber Security Operations Centre met service targets, improved support for the health and care system and ensured robust internal cyber and information security
- we delivered a portfolio of change programmes including the national release of the NHS App, the introduction of the Data Processing Platform, a new Digital Care Services framework to improve GP IT and important improvements to NHS login, NHS 111 online and the NHS e-Referral Service

Funding and income

The grant-in-aid allocated in the year amounted to £531 million. We also receive income from a range of activities and services including:

- the development of informatics-related systems
- the design and management of clinical audits
- the hosting, management and development of IT systems for the NHS
- providing contact centre services
- extracting data and disseminating it to customers, inside and outside the NHS
- providing training

Income from these activities and services in 2019-20 was £43.5 million, an increase on the £33.6 million generated in 2018-19. Most of our significant invoiced income is supported by agreed work packages and is on a time and materials basis. In accordance with IFRS 15, some £0.8 million (2018-19: £3.4 million) of income was not recognised in the year but will be recognised in 2020-21 when signed agreements are in place. Most income is generated through NHS England, the Department of Health and Social Care and Public Health England.

Expenditure

Staff costs remained similar to 2018-19 at £188.2 million. The actual salary costs reduced by £13.1 million as a result of the implementation of the Org2 restructuring programme. This was largely offset by increases in the NHS Pension employer contribution rates and a reduced amount of headcount capitalisation.

Operating expenditure increased by £6 million, with increases in externally managed IT services being partly offset by reductions in work packages and travel costs. There was a significant increase in depreciation and amortisation as a result of the increase in capital expenditure in recent years.

A summary of capital expenditure is as follows:

	2019-20 £000	2018-19 £000
Internally and externally developed software	52,011	47,701
Development expenditure	14,175	23,684
IT hardware, including desktop and corporate infrastructure	6,036	2,442
Software licences, including desktop and corporate infrastructure licences	21,603	120
Refurbishments, fitting out new office space and furniture	6,932	2,519
Net book value of disposals	(1,846)	(217)
Total	**98,911**	**76,249**

The development of the informatics transformation programmes continues to increase the asset base of the organisation. A significant proportion of the new software and development expenditure has been created internally, with the value of internal time capitalised amounting to £13.2 million (2018-19: £17.6 million). We have invested in new cloud IT services, software applications and started the fit out of the new Leeds 'hub' which is due to open in 2021.

Inflationary pressures on our growing level of non-current assets have become more material. In particular, own staff capitalised expenditure has been impacted by the AfC pay awards following many years of low increases.

Consequently, we have applied a revaluation to all non-current assets from 1 April 2019 using a mix of Office for National Statistics indices, actual pay awards and assessments of other supplier increases, with the exception of software licences, where indexation has been applied up to 31 March 2019; indexation for the year to 31 March 2020 was not applied to software licences due to late changes to the index and the impact being immaterial. The revaluation impact at 31 March 2020 is an increase in net book value of £6.9 million.

Other non-current receivables includes software licences where the subscription period is greater than a year. These have not been revalued.

Current assets and liabilities

Contract receivable balances amount to £13.7 million (31 March 2019: £6.4 million). This is a significant increase and is largely due to the invoicing of certain programmes of work late in the year.

Prepayments under one year amounts to £12.3 million (31 March 2019: £11.6 million), while 'contract receivables not yet invoiced' amounts to £1.6 million (31 March 2019: £0.5 million), which represents work completed but not yet invoiced.

We seek to comply with the Better Payments Practice Code (BPPC) by paying suppliers within 30 days of receipt of an invoice. The percentage of non-NHS invoices paid within this target amounted to 99.1% (31 March 2019: 99.1%). The days outstanding at 31 March 2020 reduced to 9.2 days from 13.3 days at 31 March 2019, reflecting a higher than normal volume of invoices processed in March 2019.

Auditors

These accounts have been audited by the Comptroller and Auditor General, who has been appointed under statute and is responsible to Parliament. The audit fee for 2019-20 was £115,000, which was unchanged from 2018-19. The audit fee only includes audit work. No additional payments were made.

The Accounting Officer has taken all steps to ensure she is aware of any relevant audit information and to ensure that NHS Digital's auditors are aware of that information. To the best of the Accounting Officer's knowledge, there is no relevant audit information of which NHS Digital's auditors are unaware.

The internal audit service during the financial year was provided by the Department of Health and Social Care Group Internal Audit Service.

Sustainability

The importance of sustainability climbed the local, national and international agenda during the year. Since the first NHS Digital Sustainability Development Plan in 2017, we have made good progress in implementing local NHS Digital objectives, including efficiency improvements in our estate and through smarter working. This has delivered annual reductions of about 15% in gas and electricity consumption in our buildings, a 20% cut in water use and a 20% fall in business travel mileage.

The adoption of smarter working practices across NHS Digital, and in our interactions with partners, has accelerated markedly since March 2020, during the initial period of the COVID-19 response. This was forced upon us and was necessary to continuing our work, but it has helped us move to more efficient working patterns and uses of technology.

Similarly, the forced acceleration of digital collaboration as a result of the pandemic is enabling wider sustainability benefits. For example, the deployment of Microsoft Teams across the healthcare system through NHSMail has promoted more flexible and sustainable working practices at scale immediately. The benefits of this should endure. The rapid growth of our digital services at scale – such as the NHS App, greater use of online services such as NHS 111 online, the extension of electronic prescribing to a dispenser of the user's choice, and support for the deployment of remote collaboration and consultation services across the healthcare system – is also creating a significant and positive sustainability impact.

A critical contribution to sustainability is made by more efficient and effective use of our infrastructure services. We have made initial steps in optimising our on-premise data centre consumption by moving some of NHS Digital's

workloads to the Crown Hosting co-location services, which are much more efficient, and also by adopting more public cloud-based services. In the coming year, we will take a more strategic stance in optimising the use of both local organisations' infrastructure and their cloud-based solutions. We will work with other NHS partners to drive the optimisation of infrastructure consumption and efficiency across the health and social care technology arena. A revised sustainability effort is being mobilised from NHS Digital and will include work across our Networks and Infrastructure teams, as well as our technology suppliers, to mobilise a strategy and plan for the health and social care system.

Exit from the European Union

We have continued to review the implications of the UK's exit from the European Union in collaboration with other health and care bodies. The potential risks identified included impacts on the supply and hosting of data, our supply chain, organisational costs and workforce recruitment and retention. We have taken appropriate steps to mitigate these.

Sarah Wilkinson
Chief Executive
7 July 2020

Accountability report

Corporate governance report

This section explains the external framework and internal systems of monitoring and control that help us define our objectives and ensure we achieve them.

Our constitution is set out in Schedule 18 of the Health and Social Care Act 2012. An Accounting Officer Memorandum sent by the Department of Health and Social Care (DHSC) Principal Accounting Officer to our Chief Executive describes the formal arrangements that underpin our existence.

Our governance

NHS Digital is a non-departmental public body led by a board and four board committees. All of these committees are chaired by non-executive directors.

The Board is supported operationally by the Core Executive Management Team (EMT). The Executive Management Team is responsible for communicating and delivering the strategy agreed by the Board. It is chaired by the Chief Executive and meets regularly. Action points and decisions are disseminated to all staff through the corporate intranet.

We are led by a board consisting, at 31 March 2020, of three executive, nine non-executive (including the Chair) and two 'ex-officio' members. These arrangements comply with the requirements of the Health and Social Care Act 2012, which stipulates that the Board should have at least six non-executive directors and not more than five executive members.

The Board

The Board supports the Chief Executive, who is the Accounting Officer and is accountable to both the Secretary of State for Health and Social Care and to Parliament for the performance of the organisation and for maintaining high standards of probity in the management of public funds.

Collectively, the Board has responsibility for ensuring that NHS Digital complies with all statutory and administrative requirements and for the appropriate use of public funds allocated to it. Details of the conduct of the Board and the roles and responsibilities of its members are set out in the Board Terms of Reference, which are derived from our Corporate Governance Manual. These include our Standing Orders, Standing Financial Instructions and Scheme of Delegation. All of these documents are reviewed annually and are available to the public.

The powers retained and exercised by the Board include:

- agreeing our vision and values, culture and strategy within the policy and resources framework agreed with the Department of Health and Social Care
- agreeing appropriate governance and internal assurance controls, especially in relation to financial and performance risks
- approving business strategy, business plans, key financial and performance targets and the annual accounts
- ensuring sound financial management and value for money
- supporting the Executive Management Team and holding it to account
- ensuring that we comply with any duties imposed on public bodies by statute

A Register of Members' Interests, drawing together declarations of interest made by all Board members, is open to public scrutiny and is published on the NHS Digital website as part of the Board papers that can be found on the 'Our Leadership and Governance' section of the NHS Digital website. Details of related-party transactions are set out in Note 17 of the Accounts on page 105 of this report. Biographies of the Board are on page 109.

The Chair and non-executive directors are appointed by the Secretary of State for Health and Social Care. The Chief Executive is appointed by the Board and other executive officers are appointed by the Chief Executive. Executive membership is agreed by the Board.

Changes to the Board's membership during the year were:

- Robert Shaw, the Deputy Chief Executive, left on 31 December 2019
- Dr Amir Mehrkar was appointed as acting Chief Medical Officer on 1 April 2019 and resigned on 30 September 2019
- Professor Jonathan Benger was appointed as acting Chief Medical Officer on 18 November 2019. He is seconded from the University Hospitals Bristol for a period of 18 months

In addition, Pete Rose was appointed as Deputy Chief Executive and Managing Director of IT Operations on 4 May 2020.

On 31 March 2020, the Board included two male executive directors and one female, with seven male non-executives and two females.

Each non-executive director supports a particular aspect of the organisation's work. Their responsibilities and contract arrangements are as follows:

	Start date	End Date	
Noel Gordon†	1 June 2016	31 August 2020	Chair of the Board and the Talent, Remuneration and Management Committee and Investment Committee
Dr Marko Balabanovic*	1 January 2017	31 December 2020	Leads on innovation, emerging technologies, partnerships and technology transfer
Daniel Benton	1 January 2017	31 December 2020	Leads on IT delivery excellence, operational transformation and technology strategy
Professor Soraya Dhillon	1 January 2017	31 December 2020	Leads on clinical safety and governance, e-channels and diversity and inclusion
Professor Sudhesh Kumar*	1 January 2017	31 December 2020	Leads on big data, the research sector, clinical informatics, medtech and life sciences
John Noble	1 July 2018	30 June 2021	Leads on information and cyber security and chairs the Information and Cyber Security Committee
Deborah Oakley	1 July 2018	30 June 2021	Leads on assurance and risk and chairs the Audit and Risk Committee
Rob Tinlin*	1 January 2017	31 December 2020	Leads on integrated care, digitising social care, change management and organisational development
Balram Veliath	1 July 2018	30 June 2021	Leads on culture, values and stakeholder relations

† Noel Gordon's original contract ended on 31 May 2020 but was extended to 31 August 2020.

* The original contracts were for a period of three years ending on 31 December 2019 but have been extended during the year to 31 December 2020.

During 2019-20, six statutory public meetings were held and there were a further two business meetings.

Members of the public may attend and observe. Papers and previous minutes are made available on the NHS Digital website (www.digital.nhs.uk/about-nhs-digital) in advance of the meetings. In addition, there are private meetings of the Board at which items of a commercial or confidential nature that cannot be discussed in public are tabled.

As well as standing agenda items on the governance and performance of our organisation, the statutory meetings discussed a range of topics including, exceptionally:

- enabling world-class clinical trials using national NHS Data
- the approach to updating NHS Pathways
- the action plan for the coronavirus pandemic
- progress on the social care agenda
- the risks and potential impact of the internal transformation programme (Org2)
- the impact of the creation of NHSX to oversee the strategy, policy and the commissioning of digital solutions
- the potential impacts of Brexit

Members of the Board use the business meetings for board development and to consider strategic issues within the organisation and in the broader digital environment. These in-depth meetings include additional senior operational staff.

Some key issues discussed during 2019-20 included:

- the development of corporate strategy
- the development of the Board and its effectiveness
- information governance
- strategic risk
- the future vision for NHS Digital
- GP data and IT

In accordance with the corporate governance code for central government departments issued by HM Treasury, an external review was undertaken during the year to assess the effectiveness of the Board. The facilitator collated responses from all board members, which were anonymised.

The report and recommendations were considered at the 13 March meeting of the Board. The main themes emerging from the review were:

- board leadership: non-executive directors, with executive directors, to continue engaging actively with partners and providers to extend NHS Digital's insight and influence on technical and data strategy across the system
- the Board's effectiveness as a team: Board to ensure that it optimises its value-add overall in the context of NHS Digital's remit for 2020-21
- ensuring a healthy culture: Board to continue its work to actively ensure a healthy culture and high levels of staff engagement to support the delivery of NHS Digital's strategic objectives

The Board will review its progress against these recommendations toward the end of 2020-21.

The Board committees

The Board has established four committees with responsibility for providing an independent view to the Chief Executive and the Board on:

- audit and risk
- information assurance and cyber security
- talent, remuneration and management
- investment assurance

Day-to-day operational matters are managed through the Executive Management Team.

A standing item on the Board's agenda allows the chairs of committees to report on their deliberations. The minutes of the Board's committees (other than those of the Talent, Remuneration and Management Committee) are circulated to board members after they are ratified.

The delegated responsibilities of each committee are described below.

The Audit and Risk Committee (ARC) – Chair: Deborah Oakley

Provides an independent view to the Chief Executive and the Board of the organisation's internal controls, operational effectiveness, governance and risk management. This includes an overview of internal and external audit services, risk management and counter fraud activities.

The committee is authorised to investigate any activity within its terms of reference and to seek any information that it requires from any employee. It is able to seek legal or independent professional advice and secure the attendance of external specialists.

The key areas of activity in 2019-20 included, exceptionally:

- regular review of the strategic risk register and risk appetite
- review of preparations for EU exit
- several strategic risk 'deep dives' including: organisational restructuring, clinical risk, technical architecture and supplier capacity and capability
- clinical governance process and implementation
- review of risks in respect to the coronavirus pandemic
- treatment of IR35 taxation

The Information Assurance and Cyber Security Committee (IACSC) – Chair: John Noble

The committee has representation from across government, including the Department of Health and Social Care. It is responsible for ensuring that there is an effective cyber security information assurance function that meets recognised industry and government standards and provides appropriate independent assurance to the Chief Executive and the Board.

The IACSC reviews the work of the Data Security Centre and considers the implications of management responses to its work. It monitors other significant internal and external cyber assurance functions. It is authorised to investigate activities within its terms of reference and all employees are directed to co-operate with its requests for information. It can seek legal or independent professional advice at NHS Digital's expense.

The main areas considered in 2019-20 included:

- review of the Strategic Threat and Risk Assessment report to build a holistic understanding of the threat and risk landscape of the organisation
- the development of key performance indicators to measure system-wide cyber security readiness
- understanding and measuring the cyber readiness of NHS Digital corporate systems provided by third parties
- developing the remit of IACSC to better incorporate information governance assurance and undertaking reviews of current data sharing arrangements
- review of the effectiveness of the coronavirus cyber action plan

The Talent, Remuneration and Management Committee (TRaMCo) – Chair: Noel Gordon

The role of this committee, among a range of staff-related matters, is to:

- make recommendations to the Department of Health and Social Care on the level of the remuneration packages of the Chief Executive and other executive directors within the provisions of the Pay Framework for Executive and Senior Managers (ESM) or successor arrangements
- review and assure the annual performance objectives and targets of executive directors and pay arrangements for other senior managers
- ensure that all matters relating to pay and conditions that require approval from the Department of Health and Social Care Remuneration Committee or other external authority are submitted for approval and that the decisions of those bodies are appropriately implemented
- review and assure workforce and senior management restructuring proposals arising from annual productivity assessments, specific cost reduction plans or capability prioritisation proposals (including workforce risks associated with Org2 restructuring)
- review and make recommendations on the size, composition and structure of the Board, including assessing and making recommendations to the Department of Health and Social Care about the skills, knowledge and experience required from Board appointees

Investment Committee (IC) – Chair: Daniel Benton

The committee assures investment and financial proposals whose value exceeds the delegated authority of the Chief Executive. It consists of two non-executive directors and the Chief Financial Officer. The Director of Assurance and Risk Management, Commercial Director and Product Delivery Director attend as required by the agenda.

The purpose of the committee is to review and assure investment and other financial proposals and to ensure that NHS Digital assumes an acceptable level of delivery risk.

Specifically, the committee ensures that programmes have shown that they:

- have appropriate management and resourcing arrangements, including agreed commercial strategies and risk management
- are technically robust and clinically safe
- are affordable
- have robust proposals for cyber and information security
- have acceptable levels of compliance risk, particularly with respect to information governance and procurement

The Investment Committee has recently considered:

- the reason for single tender applications to extend existing contracts, having challenged the justification in these cases
- investment cases for programmes of work including the Clinical Triage Platform, pharmacy systems claim verification, GP IT Futures, NHS e-Referral Service, NHS.uk campaign and Access to Service Information

Following Investment Committee endorsement, business cases are submitted to the Technology and Data Investment Board hosted by NHS England.

Executive Management Team

The Executive Management Team is responsible for communicating and delivering the strategy agreed by the Board. It is chaired by the Chief Executive and meets regularly. Action points and decisions are disseminated to all staff through the corporate intranet.

Members' attendance at the Board and its committees were as follows:

	Public Board	Board development	ARC	IACSC	TRaMCo	IC
Number of meetings	6	2	5	4	4	10
Executive directors						
Sarah Wilkinson	5/6	2/2	5/5	-	4/4	-
Robert Shaw*	3/4	2/2	3/4	3/3	-	5/7
Carl Vincent	6/6	2/2	5/5	-	-	8/10
Dr Amir Mehrkar*	1/2	1/1	-	-	-	-
Professor Jonathan Benger	3/3	1/1	-	-	-	-
Non-executive directors						
Noel Gordon	6/6	2/2	-	-	4/4	8/10
Dr Marko Balabanovic	5/6	1/2	-	4/4	-	5/10
Daniel Benton	6/6	2/2	5/5	-	-	10/10
Professor Soraya Dhillon	6/6	2/2	-	-	4/4	-
Professor Sudhesh Kumar	6/6	2/2	4/5	-	-	-
Rob Tinlin	6/6	2/2	-	-	3/4	-
John Noble	5/6	2/2	5/5	4/4	-	-
Deborah Oakley	6/6	2/2	5/5	4/4	-	-
Balram Veliath	4/6	1/2	5/5	-	-	-

* Robert Shaw and Dr Amir Mehrkar left NHS Digital during the year.

Remuneration and staff report

Staff numbers and costs

The staff costs and the average number of whole-time equivalent persons are subject to audit:

	2019-20 £000	2018-19 £000
Permanent staff		
Salaries and wages	129,541	142,608
Social security costs	14,473	16,417
Apprenticeship levy	633	681
Employer superannuation contributions - NHS Pension Scheme	24,025	17,778
Employer superannuation contributions - other	545	439
Staff seconded to other organisations	684	1,159
Capitalised employed staff costs	(11,951)	(16,669)
	157,950	**162,413**
Other staff		
Temporary staff	7,688	5,049
Contractors	14,407	10,551
Staff seconded from other organisations	1,063	693
Capitalised other staff costs	(1,267)	(908)
	21,891	**15,385**
Total staff costs	**179,841**	**177,798**
Termination benefits	8,359	11,165
Total staff costs including termination benefits	**188,200**	**188,963**

The average number of whole term equivalent persons employed during the year was:	**2019-20**	**2018-19**
Permanent staff and secondees	2,617	2,891
Temporary staff and contractors	271	192
Total	**2,888**	**3,083**
The average number of whole term equivalent persons employed during the year whose time was capitalised	191	284

There were no amounts spent on staff benefits during the year and there were two early retirements on the grounds of ill health. At the time of preparing the accounts, the accrued pension benefit information for the individuals retired on the grounds of ill health was not available. This will be disclosed in the accounts prepared for the next reporting period.

Exit packages

Total staff termination packages were as follows and are subject to audit:

	2019-20		2018-19	
	Number of compulsory redundancies	Cost of compulsory redundancies £	Number of compulsory redundancies	Cost of compulsory redundancies £
<£10,000	3	16,893	10	58,857
£10,000 - £25,000	31	523,046	44	742,080
£25,000 - £50,000	52	1,940,159	36	1,305,738
£50,000 - £100,000	42	3,128,859	66	4,841,434
£100,000 - £150,000	21	2,380,502	22	2,613,090
£150,000 - £200,000	6	985,081	2	313,333
>£200,000	3	677,788	-	-
Total	**158**	**9,652,328**	**180**	**9,874,532**

There were no voluntary or other redundancies.

Exit packages relate to the first two waves of the organisation's internal restructure and include payments actually made and accrued. The cost of redundancies in 2019-20 include employer's National Insurance contributions amounting to £323,971 on those redundancies not yet paid at 5 April 2020.

Pension information

Most NHS Digital staff are covered by the NHS Pension Scheme (the 1995/2008 scheme and the 2015 scheme).

NHS Pension Scheme

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 pension scheme website at www.nhsbsa.nhs.uk/pensions. Both are unfunded, defined-benefit schemes that cover NHS employers, GP practices and other bodies in England and Wales allowed under the direction of the Secretary of State. 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, whereby the cost to NHS Digital of participating in the 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 Financial Reporting Manual (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 2020 is based on valuation data for 31 March 2019, updated to 31 March 2020, with summary global member and accounting data.

In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2020 at 20.6%.

The 2016 funding valuation was also expected to test the cost of the scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018, the government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

Members can purchase additional service in the NHS Pension Scheme and contribute to Money Purchase Additional Voluntary Contributions run by the scheme's approved providers or by other free-standing additional voluntary contributions providers.

Employees who do not wish to join the NHS Pension Scheme can opt to join the National Employment Savings Trust (NEST) scheme. This is a stakeholder pension scheme based on defined contributions. The minimum combined contribution is currently 8% of qualifying earnings, of which the employer must pay 3%. Employees can choose to pay more into the fund, subject to a current cap of £4,700 per annum. Nine NHS Digital employees were members of the NEST Scheme during 2019-20.

The Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and other Pension Scheme, known as 'alpha', are unfunded multi-employer defined benefit schemes. NHS Digital is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012.

Details can be found in the resource accounts of the Cabinet Office at
www.civilservicepensionscheme.org

For 2019-20, employer's contributions of £498,510 were payable to the PCSPS (2018-19: £431,697) at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions, usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a Partnership Pension Account, which is a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. No employees have opted for the Partnership Pension Account.

Off-payroll engagements

As part of the 'Review of Tax Arrangements of Public Sector Appointees', published by the Chief Secretary to the Treasury on 23 May 2012, we are required to publish (via the Department of Health and Social Care) information about the number of off-payroll engagements that are in place and where individual costs exceed £245 per day.

	Number
Number of existing engagements as of 31 March 2020	69
Of which, the number that have existed:	
for less than one year at the time of reporting	24
for between one and two years at the time of reporting	43
for between 2 and 3 years at the time of reporting	1
for between 3 and 4 years at the time of reporting	1
for 4 or more years at the time of reporting	-

The table below shows all new off-payroll engagements between 1 April 2019 and 31 March 2020 that were for more than £245 per day and lasted for more than six months:

	Number
Number of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	132
Of which:	
The number assessed as caught by IR35	125
The number assessed as not caught by IR35	7
Number engaged directly (via a Personal Service Company contracted to NHS Digital) and are on the payroll	-
Number of engagements reassessed for consistency or assurance purposes during the year	26
Number of engagements that saw a change to IR35 status following the consistency review	21

	Number
Off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	4
Total number of individuals on-payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year.	15

We are committed to maintaining in-house capacity but it is recognised that, with a significant element of our activity being project based, with peaks and troughs in requirements, making the best use of the temporary labour market is essential. Many of our programmes require specialist input on a temporary basis and it is not always cost-effective to permanently recruit such skills.

The total cost of temporary labour increased in the year to £23.1 million, compared to £16.3 million in 2018-19, as we brought in specialist resources to assist in the development of our major programmes.

We continue to improve our assurance processes to ensure we categorise all engagements in line with best practice.

Diversity, equality and inclusion

Our three key strategic priorities for equality, diversity and inclusion guide our action plans and day-to-day interactions with our employees, and have executive director level accountability across the business.

We aim to create and maintain a diverse and representative workforce at NHS Digital.

We are striving to create a working environment that values difference and fosters an inclusive workplace culture. We want to build a culture in which employees from all backgrounds can give their best, are treated fairly, are valued for their contributions, and can progress in their careers. We regularly review our people management policies to reflect changes and support all colleagues to develop. We make sure that policies are inclusive for people with different protected equality characteristics and we consult widely, including with the unions and the equality and diversity networks.

The gender distribution in NHS Digital for each Agenda for Change equivalent grade is provided below:

		2019-20		2018-19	
Agenda for Change equivalent grades		**Male**	**Female**	**Male**	**Female**
Directors		6.5	3.8	7.6	2.1
Senior managers	9	47.0	15.6	45.2	15.7
	8d	73.6	42.9	86.6	41.2
Managers	8c	184.7	103.0	205.4	111.6
	8b	307.1	154.3	330.8	162.9
	8a	381.1	248.0	410.7	274.2
Other staff	7	268.8	243.1	312.2	229.5
	6	132.2	159.2	150.9	200.9
	5	165.8	181.2	152.1	183.2
	4	69.4	82.2	63.6	91.9
	3	5.6	2.3	4.1	2.4
	2	2.7	0.8	5.3	1.3
	Net secondees	6.3	1.0	1.6	(9.5)
Total (full-time equivalent)		**1650.8**	**1237.4**	**1776.1**	**1307.4**

There has been no significant change in the gender or grade split of our workforce in the year. 57% of staff are male (2018-19: 58%).

Our most recent workforce report described the make-up of our organisation at 31 March 2019. It reported that 40.6% of people joining NHS Digital were women and that 46.5% of internal promotions were earned by women.

Our gender pay gap for the reporting period to March 2020 was:

Mean gender pay (hourly rate)	2020	2019
Women	£23.62	£22.78
Men	£26.49	£26.19
Gap between the mean salaries of women and men	**10.8%**	**13.0%**

Median gender pay (hourly rate)	2020	2019
Women	£22.39	£21.69
Men	£25.51	£24.79
Gap between the median salaries of women and men	**12.3%**	**12.5%**

NHS Digital has a significant gender pay gap among full-time staff. This is slightly below the public sector median of 10.7% and mean of 12.1%, which are based on Office for National Statistics provisional data for October 2019.

The main factor contributing to this pay gap is that men occupy more senior pay bands than women. Men are also more likely to receive the recruitment and retention premiums attached to certain roles and premiums for on-call work.

About 12.7% of our workforce in 2019-20 were from Black, Asian and Minority Ethnic (BAME) backgrounds, broadly the same as in 2018-19. About 38% of our job applicants were from BAME backgrounds, an increase from the previous year of 21%, and about 25% of appointments were made to BAME candidates. People from BAME backgrounds make up about 12.3% of the UK's working population.

The percentage of staff declaring a disability was 4.8%, marginally higher than last year. About 18% of the UK's working age population and 9.2% of people in employment have a disability.

About 2.7% of our workforce describe their sexual orientation as LGBT+ while 69.8% say they are heterosexual. 27.5% of staff chose not to share this information.

About 42.3% of our staff are aged between 46 and 65. This proportion has grown slightly since our first report in 2016 and there has been a decrease in the number of staff aged 26-35.

About 33% of our workforce have not shared details about their religious beliefs but, from the information available, there has been little change in the composition of our workforce on this measure in recent years. About 34% are Christian, 13% follow other religions, and 19% describe themselves as being atheist.

We publish an annual Diversity and Inclusion Workforce Report. The 2018-19 report is available at: https://digital.nhs.uk/our-workforcedemographics and includes details of our gender pay gap for this period. Our 2019-20 report is scheduled for publication in autumn 2020.

During the year, our staff networks continued to grow and worked hard to ensure all our people's voices were heard, implementing a programme of well-received events to celebrate and raise awareness of difference and diversity, including Purple Light Up, International Women's Day and Interfaith Week.

Trade union facility time

We work in partnership with trades union representatives on all matters affecting our employees to ensure an effective and successful organisation. Regular Joint Negotiation and Consultation Committee meetings are held to allow discussion, consultation and negotiation on employment-related matters.

Staff members are permitted time to engage in appropriate trades union activities. Details are below:

Relevant union officials	
Number of employees who were relevant union officials during the period	25
Full time equivalent (FTE) employee number	2,617

Percentage of time spent on facility time:	**Number of employees**
0%	-
1-50%	25
51%-99%	-
100%	-

Percentage of NHS Digital's pay bill spent on facility time:	
Total cost of facility time	147,106
Total pay bill (excluding termination costs)	169,901,000
Percentage of the total pay bill spent on facility time	0.1%

Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours	5.0%

Consultancy

The total spend on consultancy, as defined by HM Treasury guidance, was £1,394,000.

Sickness absence

During 2019, 13,512 (2018: 15,240) working days were lost due to sickness absence. This represented 5.0 (2018: 5.2) working days per employee. These figures are based on calendar years, not financial years, and were centrally produced from the Electronic Staff Record. Average sickness absence for 2019 was 2.2% (2018: 2.4%).

Community and social responsibility

We have a special leave policy that allows staff to take paid leave for public duties (for example, magistrate, school governor and reserve forces roles). We have also developed work experience and placement programmes for schools, colleges and universities near our offices.

We support the government's objective of eradicating modern slavery and human trafficking and our statement is published on our website at:

https://digital.nhs.uk/about-nhs-digital/corporate-information-and-documents/nhs-digital-slavery-and-human-trafficking-statement-for-2018-19

Health and safety

During the coronavirus outbreak, we protected our workforce and supported the effort to suppress infections in the communities in which we operate. We sought to ensure safe working environments at our offices from the early stages of the epidemic and supported working from home for the large majority of our workforce in line with government guidance. We introduced flexible working arrangements to allow our staff to fulfil their caring responsibilities and protect themselves and provided staff with information and equipment to protect their health and safety while working from home.

We have legal responsibilities for the health, safety and welfare of our employees and for all people using our premises. We comply with the Health and Safety at Work Act (1974) and operate a Health and Safety Committee under the Safety Representatives and Safety Committee regulations (1977). Training on fire-related health and safety is mandatory and there are online learning packages available for other health and safety topics, including manual handling and working with visual display equipment.

Salaries and pensions of senior management

The remuneration and pension disclosures relating to board members and the core Executive Management Team in post during 2019-20 and 2018-19 are detailed in the tables below and are subject to audit. The figures provided consist of basic pay, performance pay, pension benefits and benefits in kind. They do not include employer pension contributions or the cash equivalent transfer value of pensions.

		Appointment date	Resignation date	Salary (bands of £5,000)	Performance pay (bands of £5,000)
Board directors					
Sarah Wilkinson	Chief Executive			190-195	5-10
Robert Shaw	Deputy Chief Executive and Senior Information Risk Owner		31-Dec-19	135-140	5-10
Carl Vincent	Chief Finance Officer			135-140	5-10
Amir Mehrkar[5]	Senior Clinical Lead	01-Apr-19	30-Sep-19	45-50	-
Jonathan Benger[1]	Chief Medical Officer	18-Nov-19		40-45	-
Martin Severs	Chief Medical Officer and Caldicott Guardian		28-Feb-19	-	-
Senior managers					
Ben Davison[2]	Executive Director, Product Development	20-Jan-20		50-55	-
Thomas Denwood	Executive Director, Data, Insights and Statistics			130-135	5-10
Nic Fox	Chief Commercial Officer	15-Nov-19		45-50	-
Jackie Gray	Executive Director, Information governance	14-Jan-19		145-150	-
James Hawkins	Head of the Audit and Risk Directorate	01-Dec-19		40-45	5-10
Julie Pinder	Chief People Officer	01-Apr-19		125-130	0-5
Jeremy Rashbass	Head of Disease Registers	01-Nov-19		75-80	-
Wendy Clark	Executive Director, Product Development	10-Sep-18	29-Nov-19	95-100	-
Michael Kay[3]	Chief Commercial Officer	17-Apr-18	15-Nov-19	140-145	-
Mark Stock[4]	Executive Director, Assurance and Risk Management	05-Mar-19	28-Nov-19	80-85	-
Ken Baker	Chief People Officer		31-Dec-18	-	-
Sean Walsh	Head of Regions, Professions and Org2		05-Nov-18	-	-

1. Jonathan Benger is seconded from the University Hospitals Bristol NHS Foundation Trust. The costs relate to charges net of employer national insurance and pension charges.
2. Ben Davison is a workpackage contractor with his costs representing the day rate charged less non-recoverable VAT.
3. Michael Kay was a contractor and his salary was calculated based on the day rate he received from the recruitment agency less non-recoverable VAT.
4. Mark Stock was seconded from PwC with the costs being that charged less non-recoverable VAT.
5. Amir Mehrkar left in December 2019 as part of the Org2 restructure and received a termination payment of £75,625.

2019-20			2018-19					
*Pension benefits (bands of £2,500)	Total (bands of £5,000)	Full year equivalent salary (bands of £5,000)	Salary (bands of £5,000)	Performance pay (bands of £5,000)	Benefits in kind (to nearest £100)	*Pension benefits (bands of £2,500)	Total (bands of £5,000)	Full year equivalent salary (bands of £5,000)
45-47.5	245-250	190-195	190-195	5-10	-	40-42.5	240-245	190-195
25-27.5	170-175	165-170	170-175	5-10	-	0	180-185	170-175
32.5-35	180-185	135-140	130-135	-	-	30-32.5	165-170	130-135
10-12.5	55-60	90-95	-	-	-	-	-	-
22.5-25	65-70	105-110	-	-	-	-	-	-
-	-	-	95-100	-	-	-	95-100	140-145
-	50-55	215-220	-	-	-	-	-	-
27.5-30	165-170	130-135	130-135	5-10	-	30-32.5	170-175	130-135
22.5-25	70-75	125-130	-	-	-	-	-	-
32.5-35	180-185	145-150	30-35	-	-	5-7.5	35-40	145-150
7.5-10	55-60	125-130	-	-	-	-	-	-
27.5-30	155-160	125-130	-	-	-	-	-	-
57.5-60	130-135	180-185	-	-	-	-	-	-
20-22.5	115-120	145-150	80-85	-	-	17.5-20	95-100	140-145
-	140-145	215-220	210-215	-	-	-	210-215	215-220
-	80-85	105-110	5-10	-	-	-	5-10	105-110
-	-	-	75-80	-	-	77.5-80	155-160	100-105
-	-	-	70-75	-	4,400	7.5-10	85-90	120-125

There were no benefits in kind in 2019-20. The above remuneration for executive officers include those who are NHS Digital Board members and who attend the core Executive Management Team.

* All benefits in year from participating in pension schemes but excluding employee contributions. These are the aggregate amounts, calculated using the method set out in Section 229 of the Finance Act 2004 (i) and using the indices directed by the Department of Health. See:
https://www.nhs.bsa.nhs.uk/sites/default/files/2019-12/Disclosure_of_Senior_Managers_Remuneration_(Greenbury)_2020-20191211-(V1).pdf

Non-executive director remuneration

				2019-20			2018-19		
		Appointment date	Resignation date	Salary (bands of £5,000)	Total emoluments (bands of £5,000)	Full year equivalent salary (bands of £5,000)	Salary (bands of £5,000)	Total emoluments (bands of £5,000)	Full year equivalent salary (bands of £5,000)
Non-executive directors									
Noel Gordon	Chair			60-65	60-65	60-65	60-65	60-65	60-65
Marko Balabanovic	Non-Executive Director			5-10	5-10	5-10	5-10	5-10	5-10
Daniel Benton	Non-Executive Director			5-10	5-10	5-10	5-10	5-10	5-10
Professor Soraya Dhillon	Non-Executive Director			5-10	5-10	5-10	5-10	5-10	5-10
Professor Sudhesh Kumar	Non-Executive Director			5-10	5-10	5-10	5-10	5-10	5-10
John Noble	Non-Executive Director	01-Jul-18		10-15	10-15	10-15	5-10	5-10	10-15
Deborah Oakley	Non-Executive Director	01-Jul-18		10-15	10-15	10-15	5-10	5-10	10-15
Rob Tinlin	Non-Executive Director			5-10	5-10	5-10	5-10	5-10	5-10
Balram Veliath	Non-Executive Director	01-Jul-18		5-10	5-10	5-10	5-10	5-10	5-10
Sir Ian Andrews	Non-Executive Director		31-Dec-18	-	-	-	5-10	5-10	10-15
Sarah Blackburn	Non-Executive Director		31-Aug-18	-	-	-	5-10	5-10	10-15

No performance pay, benefits in kind or pension-related benefits were paid.

The emoluments of the Chair and the non-executive directors do not include employer national insurance contributions. The total included in note 5 of the accounts does include such contributions.

Remuneration policy

The pay of the executive board directors is set by the Talent, Remuneration and Management Committee based on the recommendations of the Senior Salaries Review Board and is reviewed on an annual basis. NHS Digital operates the NHS Executive and Senior Manager (ESM) pay framework with the approval, where necessary, of the Department of Health and Social Care Remuneration Committee. This includes a job evaluation scheme, administered by the NHS Business Services Authority, and provision for a maximum 5% bonus for not more than the top 25% of performers within the ESM group.

The standard remuneration arrangements for NHS Digital are those provided under the national NHS Agenda for Change (AfC) terms and conditions of employment. This includes a job-evaluation scheme that has been tested and demonstrated to be equality proofed.

Executive directors were normally employed on permanent employment contracts with a six-month notice period and work for NHS Digital full-time. However Dr Amir Mehrkar was part time, and Professor Jonathan Benger is seconded from the University Hospitals Bristol NHS Foundation Trust on a part time basis. If contracts are terminated for reasons other than misconduct, they come under the terms of the NHS compensation schemes.

Pension benefits

Pension benefits were provided through the NHS Pension Scheme.

	Accrued benefits				Cash equivalent transfer values		
	Real increase in pension (bands of £2,500)	Real increase in pension lump sum (bands of £2,500)	Total accrued pension at 31 March 2020 (bands of £5,000)	Lump sum related to accrued pension at 31 March 2020 (bands of £5,000)	CETV at 31 March 2020 (£000)	CETV at 31 March 2019 (£000)	Real increase in CETV (£000)
Sarah Wilkinson	2.5-5	0[1]	5 - 10	0[1]	117	70	18
Robert Shaw	0-2.5	(0-2.5)	75-80	185-190	1,569	1,470	44
Carl Vincent	2.5-5	0[1]	10-15	0[1]	164	122	19
Jonathan Benger	0-2.5	0-2.5	70-75	165-170	1,411	1,246	24
Thomas Denwood	0-2.5	(0-2.5)	25-30	45-50	415	374	13
Wendy Clark	0.2.5	0[1]	0-5	0[1]	51	18	8
Jackie Gray	2.5-5	0[1]	0-5	0[1]	39	7	10
Jeremy Rashbass	2.5-5	7.5-10	70-75	215-220	1,762	1,532	78
Amir Mehrkar	0-2.5	(0-2.5)	10-15	15-20	159	137	3
Nic Fox	0-2.5	0-2.5	25-30	55-60	436	371	15
Julie Pinder	0-2.5	0[1]	0-5	0[1]	38	10	10
James Hawkins	0-2.5	(0-2.5)	25-30	40-45	443	395	7

[1] No lump sum is disclosed as there is no set minimum lump sum within the 2008 or 2015 sections of the NHS Pension Scheme.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former pension scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figure and other pension details include the value of any pension benefit in another scheme or arrangement that the individual transferred to the NHS Pension scheme. They also include any additional pension benefit accrued to the member as a result of them purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

The real increase in CETV reflects the increase effectively funded by the employer. It excludes the increase in accrued pension due to inflation and contributions made by the employee (including the value of any benefits transferred from another pension scheme or arrangements) and uses common market valuation factors for the start and end of the period.

Remuneration of highest paid director compared to the workforce median

The relationship between the remuneration of the highest paid director and the median remuneration of the workforce is subject to audit as follows:

	Highest paid director £000	Range of staff remuneration £	Median pay of the workforce £	Ratio to the median of the workforce
2019-20 excluding pension contributions	190-195	15,800 to 196,521	44,606	4.3
2018-19 excluding pension contributions	190-195	15,404 to 197,396	43,469	4.4

The disclosures above are based on employees' salaries and do not take into account any bonuses or other allowances.

Non-permanent staff remuneration is calculated using the day rate net of irrecoverable VAT, less a deemed employer pension contribution and annualised based on 230 working days.

The increases in staff remuneration and the median pay reflects the 2019-20 NHS Agenda for Change pay award.

Six members of staff received full-time equivalent remuneration in excess of the highest-paid director.

Annual governance statement

NHS Digital is an executive non-departmental public body. We are responsible for setting up and operating systems for the collection, analysis, dissemination and publication of information relating to health services and adult social care and for ensuring citizens' health data is protected.

We develop and operate information and communications systems for health services and adult social care in England and are accountable directly to Parliament for the delivery of the statutory functions described within the Health and Social Care Act 2012 and the Care Act 2014.

The Senior Departmental Sponsor for the Department of Health and Social Care is responsible for ensuring our procedures operate effectively, efficiently and in the interest of the public and the health sector.

Governance framework

Details of our constitution, our operational accountability, our Board and its appointed committees are provided in the Corporate Governance Report on pages 41 to 47. Information about the conduct of the Board and the roles and responsibilities of members are set out in our Corporate Governance Manual, which incorporates the Standing Orders, Standing Financial Instructions and the Scheme of Delegation. This is reviewed and updated annually.

We comply with the best practice described in the corporate governance code for central government departments issued by HM Treasury. Corporate policies are reviewed on a regular basis and are refined as appropriate.

Improving governance and assurance processes across the system

We all have an interest in good governance, both within NHS Digital and with other bodies, including NHSX, as part of the system-wide oversight of national informatics expenditure.

Our role within the wider informatics arena and our relationships with our key partners are clear. We are the main informatics delivery organisation and contribute to, and are held operationally accountable by, the Digital Delivery Board (DDB). Our Chief Executive is a member of DDB and the Deputy Chief Executive and Chief Finance Officer attend. A significant number of our Executive Management Team and senior managers are involved in the development of future plans.

However, the governance arrangements remain under review by NHSX, now that responsibility for informatics strategy and policy, and the commissioning of services and programmes, has transferred to them.

Management assurance

Risk and assurance framework

We have reviewed our corporate risk management framework and methodology during 2019-20 to improve risk data quality and risk management behaviours. Key actions during the year were:

- refreshing our risk management policy
- redefining our strategic risks and risk appetite model
- reviewing our short and long-term risk environment
- refining our risk reporting and escalation framework to ensure that the most significant risks are escalated appropriately and in a timely manner that enables effective risk mitigation
- updating our risk management training approach and supporting materials, including introducing risk master classes for senior leaders
- implementing directorate level and other operational risk dashboards to improve the quality, reliability and accessibility of risk information

Risks and assurance items are reported regularly and escalated through our internal governance structure, with the top strategic and other significant operational risks and issues ultimately being considered by the Executive Management Team, Audit and Risk committee (ARC) and the Board.

The assurance framework operated as intended. In 2020-21, we will further develop our controls, review the linkage between controls and risk, introduce a more dynamic reporting cycle and develop and refine our risk management performance metrics.

The current NHS Digital assurance arrangements are based on two key assurance products (control and assurance statements and assurance maps) created by each directorate annually on a self-assessment basis and reviewed by the Assurance team.

The assurance model will be further developed during 2020-21 to focus on our key controls and how these link to risk and assurance mechanisms. This will ensure a more dynamic approach and will allow for ongoing assurances to be received throughout the year.

Performance management

Our performance management framework links closely to risk management. It includes periodic reporting at differing levels of granularity in performance packs to the Digital Delivery Board, NHS Digital's Board, our Executive Management Team and other internal business units.

This performance reporting covers:

- financial and non-financial information, key risks and issues, and an assessment of delivery against strategic commitments
- business plan delivery at corporate and directorate levels
- other key work, such as delivery of specific programmes and organisational development and transformation

Our performance framework and individual performance indicators are kept under regular review to ensure they remain meaningful and effective and support open and transparent governance. With the exception of a limited number of confidential indicators, all elements of the performance framework are reported to public meetings of the Board and most of the information is available on our website.

Internal audit and other third-party assurance

NHS Digital's internal audit service is provided by the Government Internal Audit Agency. Acting independently, it focuses audit activity on key risk areas and chooses additional areas based on interviews with the Executive Management Team and its knowledge and experience of our business. The internal audit service operates in accordance with the Public Sector Internal Audit Standards and to an annual internal audit plan approved by the Audit and Risk Committee.

Regular reports are submitted to the Audit and Risk Committee on the effectiveness of our systems of internal control and the management of key business risks, with recommendations for improvement by management.

During 2019-20, NHS Digital's internal audit plan included 14 internal audits and one advisory review for the clinical governance framework. The scope was limited due to the timing of some audits coinciding with the coronavirus (COVID-19).

Whilst we otherwise had a positive year and do not consider our controls have weakened as a whole, the following audits received limited or equivalent assurance:

1. The use of consultants: Recommendations to improve the reporting and evaluation of lessons learned. We will ensure the maintenance of a consistent approach to documentation and approvals and scrutinise contract extensions more closely.
2. Enterprise Architecture: Recommendations to ensure consistency of architectural solutions, diagrams principles, policies, strategies and standards and of papers presented to our governance bodies. We will focus on the longer-term strategic perspective and ensure the Enterprise Architecture Portal is fully utilised.
3. Digital Transformation Portfolio: Delivery could be strengthened by focusing on governance and assurance outcomes. The oversight provided by the Enterprise Architecture Board is important in ensuring that proposed solutions support the broader strategic direction. We will work with NHSX to develop a robust 'three lines of defence' model in this area.
4. National Back Office controls: Selected for audit to ensure that the data in the Personal Demographics Service (PDS) is fit for purpose and that releases of data to NHS and non-NHS bodies are appropriate. Actions arising from the review include formalising a strategy for work prioritisation and triaging requests, establishing a process to ensure consistency in quality assurance checks and ensuring data sharing agreements are in place for each user of the tracing service.

In addition to our internal audit service, we receive other third-party assurances including:

- instructing another provider to undertake a review of our payroll function. The report identified significant issues around approval processes, oversight and reporting and highlighted a risk that some variable pay payments had been made incorrectly. We are in the process of investigating these outcomes and have already recruited additional resources to strengthen processes and improve our relationship with our third-party payroll supplier
- ISAE3402 assurance reports covering our external payroll and financial services provided by NHS Shared Business Services (SBS). The reports provided unqualified assurance
- ISAE3402 assurance reports for the GP Payment Systems we provide to the wider NHS. This received a qualified assurance due to two minor instances where approval was not sought from the Technical Architect when gaining approval for a system change. We have reviewed these instances. Compensating controls were in place and they worked as intended

External audit

We have worked closely with the National Audit Office, who attend and contribute to all Audit and Risk Committee meetings. The external audit work sits outside of our normal governance arrangements but informs the development of our governance and risk processes together with our financial and other controls. The work of external audit is monitored by the Audit and Risk Committee through regular progress reports.

Stopping fraud and corruption

We are a publicly funded organisation and have an anti-fraud, bribery and corruption policy in place together with robust controls. We always seek the appropriate disciplinary, regulatory, civil and criminal sanctions against fraudsters and, where possible, we recover our losses. We also expect our suppliers and those working on their behalf to adhere to our standards and may seek to terminate contracts with any suppliers found by a court of law to have been guilty of corruption.

Our internal counter-fraud function investigates any evidence of corruption. The internal policy and strategy on tackling fraud, bribery and corruption is communicated to all staff and the policy and our management statement on corruption are available on our website: **https://digital.nhs.uk/about-nhs-digital/corporate-information-and-documents/anti-fraud-bribery-and-corruption**

We work closely with several bodies including the Department of Health and Social Care Anti-Fraud Unit and the NHS Counter Fraud Authority to establish efficient counter fraud measures and to ensure we comply with standards set by the Cabinet Office.

We also hold a quarterly fraud working group, chaired by the Finance Director and participate in the biennial National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

Whistleblowing

NHS Digital was one of the first 100 organisations to sign up to Protect's Whistleblowing Commission Code of Practice. We will continue to improve our policy and practice through engagement with Protect.

We have a nominated officer at board level to protect and develop whistleblowing arrangements and to encourage staff to openly raise concerns. There were four whistleblowing cases in the year, which were fully investigated internally or by an external body. All cases are now closed.

Impact of COVID-19

NHS Digital has had to operate with agility and at pace in order to effectively support the system response to the coronavirus pandemic. This has allowed the organisation to make important contributions to the response but the operating environment has generated some risks for NHS Digital and its suppliers, which we are managing in a proportionate manner, including in the area of data collection. The coronavirus has also directly affected some members of staff. Appropriate actions will be taken to ensure colleagues are protected and supported throughout the transition back to office-based working. We are working to fully define and stratify the continuing risks and review our control environment to ensure mitigation actions are effective and being fully progressed.

Org2

During 2018-19, NHS Digital began a transformation programme aimed at developing into a modern, agile organisation capable of meeting future delivery commitments. This programme, known as Org2, is responsible for delivering a range of initiatives including restructuring the workforce. The programme is split into three waves, with the first two largely complete by March 2020. The third wave has been delayed until the consequences for deliverables of the coronavirus are known. This programme introduces significant risks and a separate risk register has been created to manage these. This is reviewed regularly at board level.

Data and cyber security

We worked with NHSX, NHS England, NHS Improvement, the Department of Health and Social Care, the National Cyber Security Centre and other partners to strengthen cyber resilience in 2019-20. Alongside our system-wide responsibility, we provide consultancy and assurance on systems and services delivered by NHS Digital.

We are delivering a multi-tiered approach to reduce systemic cyber security risk in the health and social care system while also providing local organisations with the means to manage cyber risk as 'business as usual.' This involves central interventions, such as the Cyber Security Operations Centre (CSOC), the Secure Boundary Service, and the Advanced Threat Protection capability, as well as local interventions with NHS providers, including the five National Cyber Security Centre questions for Boards, to increase preparedness and reduce vulnerability.

The risks to the health and social care system from cyber-attacks are growing and will increase significantly with the adoption of new technologies and services. We will continue to provide guidance, assessments and support to help organisations manage risk effectively and be properly prepared.

Data governance

A wide-ranging legal, regulatory and compliance framework governs our receipt, processing and dissemination of data and information and our production of statistics.

We are responsible for ensuring that all our data and information is collected, stored and disseminated appropriately and continue to improve controls and protocols through the Data Access Request Service (DARS) in consultation with the Independent Group Advising on the Release of Data (IGARD), an independent group who assess applications for data.

By centralising all data requests and disseminations through DARS and through the introduction of new tools and services, we continue to increase efficiency and improve the quality of service for external users. We also provide system-wide advice on operational information governance to the health and social care sectors in England.

DARS handles all requests for personal data that is identifiable or potentially identifiable. Before any data is shared, we ensure that:

- a legal basis for accessing the data exists
- the customer has an appropriate level of security to safeguard the data
- the customer passes our assessment process
- dissemination is covered by a signed data sharing agreement and a data sharing framework contract

Particularly sensitive releases follow a full governance and approval process and we seek independent advice from IGARD when appropriate.

We ensure that the governance around the dissemination of such data is of the highest priority and this includes undertaking data-sharing audits to ensure that organisations meet the terms of their data-sharing agreement and framework contract. During 2019-20, we conducted audits of 19 organisations and recorded observations about their processes, procedures and non-conformities with NHS Digital contractual documentation. The outcome of audits and post-audit reviews are published on our website at:
https://digital.nhs.uk/services/data-access-request-service-dars/data-sharing-audits

Information governance

We continue to lead on a range of areas as they affect information governance, including:

- improvements to the service and efficiency of our information governance function
- building capacity to address new and emerging technologies such as AI
- supporting increasingly complex data sharing arrangements
- improving transparency and assurance across NHS Digital
- increasing access to guidance and best practice in collaboration with other NHS organisations and the National Information Governance Board for the health and care system

There were 38 incidents during 2019-20 that were classified as personal data breaches under the General Data Protection Regulations and the Information Commissioner's Office (ICO) guidance. 17 of these related to employee data and 21 related to patient data. During this period, four of the personal data breach incidents were reported to the ICO. These have been investigated and all have now been closed by the ICO.

1,647 freedom of information (FOI) requests were received. Nine responses were outside of the statutory deadline, resulting in a compliance rate of 99%. 15 internal reviews were carried out. No complaints were made to the ICO or were the subject of an appeal to the Information Tribunal. 50% of FOI requests relate to requests to access historic records, including the 1939 register, held by the National Back Office Team in Southport. We are transferring a number of historic records to the National Archive and, once delivered, this is expected to lead to a significant reduction in FOI requests.

In the same period, we received 1,037 data subject access requests. Compliance within statutory deadlines was nearly 100%. Two internal reviews were carried out. No complaints were made to the ICO and there were no appeals to the Information Tribunal.

Business continuity

NHS Digital manages a range of essential IT systems on behalf of the NHS. It is critical that these systems operate in an efficient manner and that we can support the NHS in the event of threats to these systems. We maintain a business continuity management system (BCMS) that is aligned to the requirements of ISO 22301 and related standards. This provides:

- a corporate incident management framework and supporting processes
- business continuity plans covering all NHS Digital activities
- a range of IT service continuity and disaster recovery plans for services managed in-house or by external suppliers
- arrangements to support the management of NHS Digital facility-related health and safety incidents
- supply chain continuity management. We confirm that critical suppliers and other delivery partners have suitable business continuity arrangements in place to protect delivery of service to NHS Digital and its customers

Our professional and qualified staff provide subject matter expertise in line with relevant industry standards and best practice across government.

Clinical governance

Our digital programmes and services are integral to the health and care of patients and citizens. It is therefore essential that we have an effective clinical governance framework in place across all of the organisation. We conducted a complete review of the clinical function within NHS Digital during 2019-20 and developed an enhanced clinical governance framework with a particular emphasis on the identification and management of risk. We will introduce and refine this during 2020-21, with additional work to develop an improved system of learning, professional development and continuous quality improvement.

We maintain careful oversight of the clinical impact and relevance of NHS Digital's portfolio and have reviewed our approach to patient safety to ensure this is embedded throughout the organisation and have enhanced our safety processes for services that are transitioning from testing to live service.

Chief Executive's review of effectiveness

As Accounting Officer, I have responsibility for the system of internal controls supporting and enabling the achievement of NHS Digital's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible in accordance with HM Treasury 'Managing Public Money' guidance and as set out in my Accounting Officer appointment letter. In particular, I am responsible for ensuring that expenditure does not exceed the annual budget allocated. I have undertaken this responsibility by seeking a range of assurances. In 2019-20, I was primarily informed by:

- my attendance at NHS Digital's Audit and Risk Committee and by reviewing its minutes, papers and annual report to the Board
- work undertaken by the National Audit Office
- the work of internal audit, who have completed an agreed, comprehensive range of assessments. The head of internal audit provided an opinion on the overall arrangements for assurance and on the controls reviewed and concluded on a 'Moderate' rating
- monitoring of regularly reviewed audit and gateway actions
- the assurance framework itself, which provided evidence on the effectiveness and maintenance of internal controls that manage the risks to the organisation. To support this assessment, each directorate produced a self-assessment control and assurance statement and assurance maps highlighting areas for improvement
- clear performance management arrangements for executive directors and senior managers
- the effectiveness of the system of internal control provided by the Board, Information Assurance and Cyber Security Committee and Audit and Risk Committee

I am accordingly aware of any significant issues that have been raised.

Significant challenges

The past year has been challenging, with a continuation of the technology transformation programme, increasing external risks to our technology services and continued internal transformation activities. I am confident that the level of governance, assurance and control of NHS Digital has improved and that we are now well advanced towards achieving the standards of control I expect from the organisation.

Significant challenges we have dealt with in the year include:

1. Providing support for the health and care system: Responsibilities in this area have included supporting the NHS response to coronavirus and providing support, expertise and services for external healthcare providers in managing information security risks to prevent data or service loss. Mitigation actions taken during the year have included:

- focusing resources to support the NHS response to the coronavirus outbreak, including changes to NHS 111 Pathways, NHS.UK, provision of data services, technical IT and product support and the development of digital solutions to enhance the system response
- rolling out Windows 10 and Advanced Threat Protection to NHS organisations to improve information security

2. Undertaking major organisational transformation to ensure that we have the capacity, capability and flexibility required to meet the future digitisation and associated needs of the health and care system. Specific mitigation actions taken during the year have included:continuing delivery of the Org2 transformation programme

- publication of a new People Plan
- reviewing our brand proposition
- critical role assessment and succession planning

3. Ensuring the continuity of critical systems and services. Risk mitigation is focused on ensuring that we have effective controls, including business continuity plans, in place to ensure resilience of critical systems and services and to maintain high levels of availability, integrity and confidentiality that will achieve defined service levels.

4. Successful delivery of critical change programmes that we are commissioned to deliver for the health and care system. During the year, we have mitigated this risk by further strengthening our programme resourcing and governance controls. We have prioritised the resourcing of our critical programmes.

5. Delivering data services that fulfil our duty to safely, securely and appropriately collect, analyse and disseminate high quality and timely data. We mitigate the risks of data sharing and to personal data security by ensuring that we have effective, appropriate and proportionate controls in place, taking account of the type of data concerned and the use to which it will be put. We only process personal identifiable data when all legal and information governance compliance requirements have been fully met. In the 2020-21 financial year, we will introduce a series of audits reviewing areas nominated by our Data Protection Officer to assure our compliance with Data Protection Act 2018 and the General Data Protection Regulations.

6. Enhancing organisational and system governance. We have worked closely with NHSX as changes are being introduced to our governance, approvals and assurance processes. We have agreed changes to remits, roles, responsibilities, accountabilities, governance structures and ways of working between our two organisations. We have also further enhanced our clinical governance framework to ensure adequate clinical safety, quality and patient experience in the products and services we deliver.

7. Ensuring that NHS Digital is adequately prepared to manage the impacts of EU exit. Mitigation actions taken during the year included:

- establishing an executive level lead and supporting working group
- scenario planning, check-and-challenge sessions and a refresh of our business continuity plans
- close liaison with the Department of Health and Social Care and its other arm's length bodies.

All the above will remain key areas of focus for 2020-21 and we continue to support the health and social care sector, patients and the public to meet the current unprecedented challenges.

Significant control issues. Late in the financial year, a payroll audit was undertaken which identified concerns with respect to our relationship with the outsourced payroll supplier and internal checking and reporting, especially with respect to variable pay. A management action plan was agreed, with immediate steps taken to close control gaps, and further actions planned to establish a robust and sustainable process.

I accept the observations by both the internal auditors and the National Audit Office and I believe them to be a fair and accurate view of the organisation. We will continue to embed rigorous and sound assurance as a priority for NHS Digital in 2020-21.

Statement of Accounting Officer's responsibilities

Under the Health and Social Care Act 2012 and directions made thereunder by the Secretary of State with the approval of HM Treasury, we are required to prepare a Statement of Accounts for each financial year in the form and on the basis determined by the Secretary of State. The Accounts are prepared on an accruals basis and must give a true and fair view of our state of affairs and of our net resource outturn, application of resources, changes in taxpayers' equity and cashflows for the financial year.

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

- observe the accounts direction issued by the Secretary of State for Health and Social Care, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the Government Financial Reporting Manual, have been followed and disclosed and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that NHS Digital will continue in operation

The Accounting Officer for the Department of Health and Social Care has appointed our Chief Executive as the Accounting Officer who has responsibility for preparing our accounts and transmitting them to the Comptroller and Auditor General. Specific responsibilities include the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding our assets, as set out in 'Managing Public Money' published by the HM Treasury. As Accounting Officer I am able to confirm that:

- as far as I am aware, there is no relevant audit information of which the auditors are unaware
- I have made myself aware of any relevant audit information and established that the entity's auditors are aware of that information
- the Annual Report and Accounts as a whole are fair, balanced and understandable
- I take personal responsibility for the Annual Report and Accounts and the judgment required for determining that they are fair, balanced and understandable

Parliamentary accountability and audit report

The purpose of the Parliamentary Accountability and Audit Report is to summarise the key parliamentary accountability documents within the Annual Report and Accounts including the Certificate and Report of the Auditor General to the House of Parliament. All elements of this report are subject to audit.

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.

During 2019-20, there were 92 losses and special payments (2018-19: 207), amounting to £367,832 (2018-19: £4,292,450).

Losses and special payments include bad debts written off, losses of minor IT equipment and mobile phones, settlement of employment related claims and payment of home to office tax liabilities, tax penalties and interest. Interest paid under the Late Payment of Commercial Debt (Interest) Act 1998 amounted to nil (2018-19: £39).

Gifts

No political donations were made in the year. During the year, 100 Surface tablets that were nearing the end of their normal useful life were donated to a school. The assets had a net book value of £3,647.

Remote contingent liabilities

We have not identified any significant remote contingent liabilities. These are liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability within the meaning of IAS 3.

Fees and charges

Fees and charges are for 'data-related services'. This is the provision of health-related data to customer requirements, data-linkage services and data extracts for research purposes. No charges are made for the actual data, only for the cost of providing the data to the customer in the format and to the specification required, including a fee for ensuring information governance requirements are complied with.

The fees and charges note below is subject to audit:

	2019-20 £000	2018-19 £000
Income	2,385	2,229
Expenditure	(2,479)	(2,218)
(Deficit)/surplus	**(94)**	**11**

Sarah Wilkinson
Chief Executive
7 July 2020

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Health and Social Care Information Centre for the year ended 31 March 2020 under the Health and Social Care Act 2012. The financial statements comprise: the Statement of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Health and Social Care Information Centre's affairs as at 31 March 2020 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care Act 2012 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Health and Social Care Information Centre 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Health and Social Care Information Centre's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Health and Social Care Information Centre have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Health and Social Care Information Centre's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the statement of Accounting Officer's Responsibilities, the

Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

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

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

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

I also:

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

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

Opinion on other matters
In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Health and Social Care Act 2012;
- in the light of the knowledge and understanding of the Health and Social Care Information Centre 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.

Gareth Davies
Comptroller and Auditor General
10 July 2020

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

2019-20 Accounts

Statement of comprehensive net expenditure for the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Expenditure			
Staff costs	3	179,841	177,798
Termination benefits	3	8,359	11,165
Operating expenditure	5	223,988	218,031
Depreciation and amortisation	5	52,355	33,705
Net impairments of non-current assets	5	729	-
Loss on disposal of non-current assets	5	1,846	217
Total expenditure		**467,118**	**440,916**
Less income	4	(43,519)	(33,583)
Net operating expenditure for the financial year		**423,599**	**407,333**
Net expenditure for the financial year		**423,599**	**407,333**
Other comprehensive net expenditure			
Items not included in net operating costs:			
Net gain on revaluation of property, plant and equipment	6	(1,210)	-
Net gain on revaluation of intangible assets	7	(8,327)	-
Comprehensive net expenditure for the year		**414,062**	**407,333**

All income and expenditure derives from continuing operations.

Notes 1 to 20 form part of these financial statements.

Statement of financial position at 31 March 2020

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets			
Property plant and equipment	6	27,304	24,101
Intangible assets	7	188,301	136,140
Other non-current receivables	8	11,296	6,103
Total non-current assets		**226,901**	**166,344**
Current assets			
Trade and other receivables	9	32,676	25,096
Cash and cash equivalents	10	19,837	21,204
Total current assets		**52,513**	**46,300**
Total assets		**279,414**	**212,644**
Current liabilities			
Trade and other payables	11	(66,633)	(61,934)
Provisions	12	(91)	(1,543)
Total current liabilities		(66,724)	(63,477)
Total assets less current liabilities		**212,690**	**149,167**
Non-current liabilities			
Provisions	12	(4,251)	(3,666)
Total assets less total liabilities		**208,439**	**145,501**
Taxpayers' equity and other reserves			
General reserve		201,520	145,501
Revaluation reserve		6,919	-
Total taxpayers' equity and other reserves		**208,439**	**145,501**

Notes 1 to 20 form part of these financial statements.

The financial statements on pages 78 to 107 were approved by the Board on 30 June 2020 and signed on its behalf by:

Sarah Wilkinson
Chief Executive
7 July 2020

Statement of cash flows for the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Cash flows from operating activities			
Net operating expenditure for the financial year		(423,599)	(407,333)
Adjustment for non-cash transactions:			
- depreciation and amortisation	5	52,355	33,705
- reversal of impairments of property, plant and equipment	5	(132)	-
- impairments of intangible assets	5	861	-
- loss on disposal of non-current assets	5	1,846	217
- provisions arising during the year	12	677	2,784
- provisions reversed unused	12	(698)	(158)
Increase in non-current receivables	8	(5,193)	(3,058)
(Increase) / decrease in trade and other receivables	9	(7,580)	6,053
Increase in trade and other payables	11	4,699	19,558
(Increase) / decrease in capital payables and accruals		(8,681)	1,133
Provisions utilised	12	(846)	(27)
Net cash outflow from operating activities		**(386,291)**	**(347,126)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,666)	(5,620)
Purchase of intangible assets		(85,410)	(71,979)
Net cash outflow from investing activities		**(92,076)**	**(77,599)**
Cash flows from financing activities			
Grant-in-aid from the Department of Health and Social Care: cash drawn down in the year		477,000	422,000
Net financing		**477,000**	**422,000**
Net decrease in cash in the period	10	**(1,367)**	**(2,725)**
Cash and cash equivalents at the beginning of the period	10	21,204	23,929
Cash and cash equivalents at the end of the period	10	19,837	21,204
Net decrease in cash in the period	10	**(1,367)**	**(2,725)**

All cash flows relate to continuing activities.

Statement of changes in taxpayers' equity for the year ended 31 March 2020

	General reserve £000	Revaluation reserve £000	Total reserves £000
Balance at 31 March 2018	**130,834**	**-**	**130,834**
Changes in taxpayers' equity			
Net expenditure for the financial year	(407,333)	-	**(407,333)**
Total recognised income and expense	**(407,333)**	**-**	**(407,333)**
Grant-in-aid from the Department of Health and Social Care: cash drawn down in the year	422,000	-	**422,000**
Total grant-in-aid funding	**422,000**	**-**	**422,000**
Balance at 31 March 2019	**145,501**	**-**	**145,501**
Balance at 31 March 2019	**145,501**	**-**	**145,501**
Changes in taxpayers' equity			
Net expenditure for the financial year	(423,599)	-	**(423,599)**
Gain on the revaluation of property plant and equipment	-	1,210	**1,210**
Gain on the revaluation of intangible assets	-	8,327	**8,327**
Movement between reserves	2,618	(2,618)	**-**
Total recognised income and expense	**(420,981)**	**6,919**	**(414,062)**
Grant-in-aid from the Department of Health and Social Care: cash drawn down in the year	477,000	-	**477,000**
Total grant-in-aid funding	**477,000**	**-**	**477,000**
Balance at 31 March 2020	**201,520**	**6,919**	**208,439**

Notes to the accounts

Note 1

1.1 General information

The Health and Social Care Information Centre (NHS Digital) is an executive non-departmental government body established under the Health and Social Care Act 2012. The address of its registered office and principal place of business is disclosed in the introduction to the annual report. The principal activities of NHS Digital are to improve health and care by providing national information, data and IT services for patients, clinicians, commissioners and researchers. It is accountable to the Secretary of State for Health and Social Care for discharging its functions, duties and powers effectively, efficiently and economically. The Department of Health and Social Care actively undertakes this role on his behalf on a day-to-day basis.

1.2 Basis of accounting

The financial statements have been prepared in accordance with the 2019-20 Government Financial Reporting Manual (FReM) and amendments to it, issued by HM Treasury as interpreted for the health sector in the Department of Health and Social Care Group Accounting Manual (GAM). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adopted and interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances for the purpose of giving a true and fair view has been selected. The particular policies adopted by NHS Digital are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

These accounts have been prepared under the historical cost convention, modified to account for the revaluation of non-current assets. This is in accordance with directions issued by the Secretary of State for Health and Social Care and approved by HM Treasury.

The presentational currency is pounds sterling and, unless otherwise stated, the accounts have been prepared to the nearest pounds thousands (£000).

No accounting standard changes were adopted early in 2019-20.

The FReM does not require the following standards and interpretations to be applied in 2019-20:

- **IFRS 16 Leases**
  Implementation for those entities that follow the FReM has been deferred for a further year until 2021-22. NHS Digital currently has total future commitments under operating leases of £109 million, which IFRS 16 would require to be recognised on the statement of financial position as right of use assets with corresponding lease liabilities. NHS Digital has assessed the extent to which services other than those currently identified as containing a lease per IAS 17 and IFRIC 4 may be identified as a right of use asset under the revised recognition criteria. As at 2019-20, there were no further right of use assets identified
- **IFRS 17 Insurance Contracts**
  Effective for accounting periods beginning on or after 1 January 2021, but not yet adopted by the 2019-20 FReM. The application of IFRS 17 would not have a material impact on the accounts for 2019-20, had it been applied in the year

1.3 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to NHS Digital and the income can be reliably measured.

The main source of funding is a parliamentary grant from the Department of Health and Social Care, known as 'grant-in-aid', within an approved cash limit, which is credited to the general reserve. The grant-in-aid is recognised in the financial period in which it is received.

In line with IFRS 15, contract income is not recognised until a signed agreement is in place.

Income is recognised in proportion to the fulfillment of the performance obligations set out in the agreement. Some performance obligations may be fulfilled by third parties under contract. Performance obligations are satisfied as data, reports and analysis are supplied, or by the passage of time as the service is delivered, or as time and material costs are incurred, or by the fulfillment of specific milestones. Where recognition is based on time and materials incurred or achievement of milestones, income is recognised as progress and/or costs incurred are agreed with the customer, either by correspondence or at project and programme boards.

The practical expedient in IFRS 15.121 has not been applied. All consideration for contracts is received in the form of cash. Warranties are not offered in relation to services provided, and hence refunds and returns do not apply. There are no assets recognised from the costs incurred to obtain or fulfil a contract with a customer.

Non-contract income is recognised when it has been invoiced, and relates to smaller income streams.

All prices are based on full cost recovery.

Contract liabilities refer to income received or credited in the year for which the related costs have not yet been incurred.

1.4 Taxation

NHS Digital is not liable to pay corporation tax. Income is shown net of VAT, and expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the most appropriate expenditure heading or capitalised if it relates to a non-current asset.

1.5 Losses and special payments

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

Losses and special payments are charged to the relevant functional headings in the statement of comprehensive net expenditure. A detailed breakdown is contained in the Parliamentary Accountability and Audit Report.

1.6 Employee benefits

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

1.7 Non-current assets

A. Capitalisation

All assets falling into the following categories are capitalised:

1) Intangible assets include software development expenditure and the purchase of computer software licences, where they are capable of being used for more than one year and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost of at least £5,000 and, the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control

Development expenditure is transferred to other categories of non-current assets when the development is sufficiently complete to enable the asset as a whole to be fully deployed and effective for the management's intended purpose.

2) Tangible assets which are capable of being used for more than one year, and:

- individually have a cost equal to or greater than £5,000; or
- collectively have a cost of at least £5,000 and, the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- form part of the initial equipping and set up cost of a new asset irrespective of their individual cost

Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Expenditure on research activities and project management costs are recognised as an expense in the period in which it is incurred.

B. Carrying gross cost

Non-current assets are initially recognised at cost, including expenditure such as installation directly attributable to bringing them into working condition. Subsequently, non-current assets are held at current value in existing use. Any increase in value is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the statement of comprehensive net expenditure to the extent of the decrease previously expensed. A decrease in carrying amount arising on the restatement in value of the asset is charged as an expense to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

Freehold land and buildings are externally revalued every three years, and are held at this amount until the next revaluation is undertaken.

Other assets are assessed either using appropriate indices provided by the Office for National Statistics or, in the case of internal software developments,

by considering the inflation rates of staff and other resources and potential other efficiency factors. The current value in existing use at March 2020 is significantly different to the original historic cost and all assets have been revalued in the year, except software licences, where indexation has been applied up to 31 March 2019; indexation for the year to 31 March 2020 was not applied to software licences due to late changes to the index, and the impact being immaterial. Previously, the assets were held at historic cost as the application of indices and other factors was not materially different. The carrying values of all assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be appropriate.

C. Depreciation

Development expenditure is not depreciated until such time the asset is available for use. Otherwise, depreciation and amortisation is charged on a straight-line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives as follows:

1) Intangible software development assets are amortised, on a straight-line basis, over the estimated life of the asset or 10 years, whichever is less. The asset lives are reviewed on an annual basis considering the degree of evolution of the asset and what plans, if any, are being made for its replacement.

2) Purchased computer software licences are amortised over the term of the licence.

3) Property, plant and equipment is depreciated on a straight-line basis over its expected useful life as follows:

- buildings: 40 years
- fixtures and fittings: 1 - 14 years
- office, information technology, short-life equipment: 1 - 5 years

The estimated useful lives and residual values are reviewed annually.

1.8 Research and development

Expenditure incurred on pure and applied research is treated as an operating charge in the year in which it is incurred. Development expenditure is for the development of specific business systems. Expenditure that does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Development expenditure meeting the criteria for capitalisation is treated as an intangible asset under construction until such time the asset is brought into use.

1.9 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.

Amounts held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive net expenditure.

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.

1.10 Provisions

Provisions are recognised when a present obligation exists as a result of a past event, and it is probable that NHS Digital will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

1.11 Contingent liabilities

In addition to contingent liabilities disclosed in accordance with IAS 37, NHS Digital discloses for parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of the GAM. Where the time value of money is material, contingent liabilities that are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted. Contingent liabilities that are not required to be disclosed by IAS 37 are stated at the amounts reported to Parliament.

1.12 Pensions

Past and present employees are covered by a number of pension schemes including the NHS Pension Scheme and the Principal Civil Service Pension Scheme. These schemes are unfunded, defined benefit schemes. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme's assets and liabilities. Therefore, the schemes are accounted for as if they were defined contribution schemes with the cost to the body participating in the scheme taken as equal to the contributions payable to the scheme for the accounting period.

Early retirements, other than those due to ill health, are not funded by the schemes. The full amount of the liability for the additional costs is charged to expenditure at the time the retirement agreement is committed, regardless of the method of payment.

1.13 Critical accounting judgements and key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying value 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 to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. 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.

The following are the critical judgements and estimations that the directors have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements:

- **dilapidation provision**
  NHS Digital has provided £3.6 million in respect of anticipated dilapidation costs of its leased accommodation across its estate where required. Management has used external property advisors to assess likely liabilities at the end of the leases
- **termination benefits provision**
  NHS Digital is undertaking a significant internal restructure to meet the future expectations of the organisation. This restructure is split into three waves and the first two waves are complete. Costs of £8.4 million have been accounted for, in 2019-20 of which £4.5 million has been accrued. The calculations are based on specific individual quotes for assumed departure dates
- **employment taxes**
  Liabilities have been indentified for several employment-related taxes, which have been included as accruals. This includes £4.3 million for IR35 and £0.3 million for employees' home to work travel. The calculations follow HM Revenue and Customs methodology, but have yet to be finalised

- **developed systems**
  NHS Digital manages a suite of national infrastructure systems as well as a number of large internal data collection systems and databases. Much of the development of such systems is undertaken inhouse and a detailed assessment is required to determine the level of capitalisation of such work, including the percentage used to determine the ratio of capital work for each individual. In addition, management undertake an annual review of the likely asset life over which these systems should be amortised

1.14 Business and geographical segments

NHS Digital has adopted IFRS 8 Operating Segments. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the business that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance.

1.15 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 three 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.

1.16 Financial instruments

NHS Digital has adopted IFRS 9 Financial Instruments in line with the FReM. This has not had a material impact. NHS Digital operates largely in a non-trading environment and the majority of its income is from other government or NHS bodies. Consequently, NHS Digital is not exposed to the significant degree of financial risk that is faced by most other business entities. NHS Digital has no borrowings and relies largely on grant-in-aid from the Department of Health and Social Care for its cash requirements. NHS Digital is therefore not exposed to liquidity risks. All cash balances are held within the Government Banking Service and all material assets and liabilities are denominated in sterling, so it is not exposed to interest rate or material currency risks.

Financial assets are recognised on the statement of financial position when NHS Digital 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. NHS Digital has no financial assets other than trade receivables. Trade receivables do not carry any interest and are stated at their nominal value less any provision for expected credit losses.

Financial liabilities are recognised on the statement of financial position when NHS Digital 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 derecognised when the liability has been discharged, that is, the liability has been paid or has expired. NHS Digital has no financial liabilities other than trade payables. Trade payables are not interest bearing and are stated at their nominal value.

1.17 Going concern

The NHS Digital financial statements have been produced on a going concern basis. Confirmation has been received of the main grant-in-aid budget allocation for the 2020-21 financial year in line with the business plan submitted and funding flows have already commenced.

Note 2

Statement of operating costs by activity

IFRS 8 requires operating segments to be identified on the basis of internal reports that are regularly reviewed by the Chief Executive. The NHS Digital Executive Management Team monitors the performance and resources of the organisation by directorate. The statement of financial position is reported internally as a single segment. Accordingly, no segmental analysis of assets and liabilities is reported. The majority of income is derived from other bodies within the Department of Health and Social Care group, and more than 10% of total income is received from the following customers: NHS England (£21.3 million), Public Health England (£10 million) and the Department of Health and Social Care (£4.9 million).

For the year ended 31 March 2020

£000	Assurance and Risk Management	Corporate Services	Data Services	Live Services and Cyber Security
Income	**(37)**	**(300)**	**(15,354)**	**(623)**
Staff costs	**3,306**	**21,186**	**38,390**	**30,073**
Professional fees	390	3,054	5,108	14,391
Information technology	1	1,179	4,375	43,350
Accommodation	15	10,428	31	51
Travel and subsistence	37	1,144	429	372
Marketing, training, events and communications	18	3,867	153	1,522
Office services	-	1,623	24	22
Other	-	389	18	2
Loss on disposal of non-current assets	-	24	177	-
Depreciation and amortisation	151	2,504	6,409	2,205
Reversal of impairment - property, plant and equipment	-	-	-	-
Impairments of intangible assets	-	-	-	-
Reallocation of central costs	636	(45,098)	14,449	10,425
Non-staff costs	**1,248**	**(20,886)**	**31,173**	**72,340**
Net expenditure	**4,517**	**-**	**54,209**	**101,790**

The reallocation of central costs attributes central overheads to programmes and services. The composition of directorates has changed during the year, and the figures for 2018-19 are not directly comparable.

Platforms and Infrastructure	Product Development	Strategy, Policy and Governance	Central (not allocated to a segment)	Total
(1,604)	**(21,439)**	**(915)**	**(3,247)**	**(43,519)**
28,872	**57,674**	**8,696**	**3**	**188,200**
26,080	11,618	3,431	(299)	**63,773**
73,047	14,651	129	(648)	**136,084**
7	111	88	220	**10,951**
379	1,585	191	(2)	**4,135**
46	221	391	1	**6,219**
254	60	199	18	**2,200**
3	2	-	212	**626**
269	1,376	-	-	**1,846**
21,219	19,851	18	(2)	**52,355**
-	-	-	(132)	**(132)**
5	-	-	856	**861**
(3,637)	21,046	2,179	-	**-**
117,672	**70,521**	**6,626**	**224**	**278,918**
144,940	**106,756**	**14,407**	**(3,020)**	**423,599**

Assurance and Risk Management
Provides independent assurance that strategic and delivery risks are being managed appropriately and in line with our approach to risk across live services, change programmes and corporate functions. Provides oversight to ensure compliance with standards and accurate and timely information, intelligence, analysis, and insight to enable robust decision-making.

Corporate Services
The centre of expertise and management for financial, commercial, people and workforce functions. Is delivering the Org2 transformation programme, which is reshaping the way NHS Digital organises itself, develops its capabilities and supports the work of its programmes.

Data Services
As the data custodian for the health and care system, has primary responsibility for improving data quality and our ability to link data, transforming our data architecture and platforms and providing independent and reliable statistics to guide policy and research. All work is guided by an absolute respect for data privacy and a commitment to empowering healthcare research and the UK life sciences sector.

For the year ended 31 March 2019

Represented[1] £000	Assurance and Risk Management	Corporate Services	Data Services	Live Services and Cyber Security
Income	**(453)**	**(407)**	**(12,491)**	**(342)**
Staff costs	**11,610**	**20,301**	**36,126**	**19,107**
Professional fees	345	2,251	8,308	4,590
Information technology	53	994	6,664	16,880
Accommodation	11	10,024	62	24
Travel and subsistence	165	1,619	615	340
Marketing, training and events	21	3,087	110	729
Office services	1	1,755	28	6
Other	-	516	1	-
Loss on disposal of non-current assets	-	45	-	-
Depreciation and amortisation	58	884	3,790	178
Reallocation of central costs	3,496	(41,069)	14,275	6,914
Non-staff costs	**4,150**	**(19,894)**	**33,853**	**29,661**
Net expenditure	**15,307**	**-**	**57,488**	**48,426**

[1]figures for the year ended 31 March 2019 have been represented to reflect the format used for the year ended 31 March 2020.

Live Services and Cyber Security
Responsible for the reliable performance and secure operation of all of the live systems and services that we operate for the health and care system. Includes the Information Technology Operations Centre and the Cyber Security Operations Centre.

Platforms and Infrastructure
Provides the core infrastructure and platforms that connect digital service providers across the health and care system and delivers platforms to support NHS Digital's data services and product development.

Product Development
Designs and delivers new applications and services commissioned by NHS England, NHS Improvement, Public Health England and other arm's-length bodies to help citizens, patients and clinicians across primary, secondary and social care. Works with the external healthcare market and fosters digital knowledge and capabilities across the system.

Strategy, Policy and Governance
Defines our strategic direction based on the needs of our clients and evolving political, technical, government and market environments. Liaises with the Department of Health and Social Care, third parties and internal teams to ensure coherent and clear policies and governance. Provides clinical and information governance guidance and oversight.

Platforms and Infrastructure	Product Development	Strategy, Policy and Governance	Central (not allocated to a segment)	Total
(2,591)	**(16,926)**	**(373)**	**-**	**(33,583)**
43,837	**49,760**	**8,117**	**105**	**188,963**
25,450	21,174	3,235	207	**65,560**
82,079	19,832	203	58	**126,763**
31	167	34	1,220	**11,573**
639	2,152	249	5	**5,784**
127	413	443	7	**4,937**
225	101	80	4	**2,200**
3	2	2	690	**1,214**
96	76	-	-	**217**
17,939	10,490	365	1	**33,705**
(6,220)	20,479	2,125	-	**-**
120,369	**74,886**	**6,736**	**2,192**	**251,953**
161,615	**107,720**	**14,480**	**2,297**	**407,333**

Note 3

Staff costs

	2019-20 £000	2018-19 £000
Permanent staff		
Salaries and wages	129,541	142,608
Social security costs	14,473	16,417
Apprenticeship levy	633	681
Employer superannuation contributions - NHSPS	24,025	17,778
Employer superannuation contributions - other	545	439
Staff seconded to other organisations	684	1,159
Capitalised employed staff costs	(11,951)	(16,669)
	157,950	**162,413**
Other staff		
Temporary staff	7,688	5,049
Contractors	14,407	10,551
Staff seconded from other organisations	1,063	693
Capitalised other staff costs	(1,267)	(908)
	21,891	**15,385**
Staff costs	**179,841**	**177,798**
Termination benefits	8,359	11,165
Total staff costs including termination benefits	**188,200**	**188,963**

There were no amounts spent on staff benefits during the year and there were two early retirements on the grounds of ill health.

Note 4

Income

Income analysed by classification and activity is as follows:

	2019-20 £000	2018-19 £000
Contract income		
Programme and project management	5,727	5,428
Service delivery	33,012	23,000
Surveys and data collection	1,165	1,099
Fees and charges	2,385	2,229
Total contract income	**42,289**	**31,756**
Non-contract income		
Service delivery	256	401
Surveys and data collection	-	2
Non-trading income	845	1,371
Apprenticeship levy utilisation	129	53
Total non-contract income	**1,230**	**1,827**
Total income	**43,519**	**33,583**

Income from programme and project management relates to workstreams primarily for the Department of Health and Social Care, NHS England and Public Health England, together with staff time recharged to the Department of Health and Social Care national programmes.

Income from service delivery covers a range of data management, system support and hosting, training and helpdesk services.

Income from surveys and data collection refers to undertaking health surveys and other data collection activities.

Fees and charges relate to data services and are detailed on page 73.

£590,217 of income was included in contract liabilities at 31 March 2019 and £485,571 of this has been recognised in 2019-20. The balance relates to future periods.

Payment terms are 14 days for all income types.

Contract income expected to be recognised in future periods related to contract performance obligations not yet completed at the reporting date:

2019-20	Contract income not yet invoiced £000	Contract income invoiced and deferred £000	Total £000
Not later than one year	2,017	1,127	**3,144**
Between one and five years	588	168	**756**
Later than five years	-	30	**30**
	2,605	**1,325**	**3,930**

2018-19	Contract income not yet invoiced £000	Contract income invoiced and deferred £000	Total £000
Not later than one year	2,788	487	**3,275**
Between one and five years	**842**	**103**	**945**
Later than five years	**-**	**-**	**-**
	3,630	**590**	**4,220**

Note 5

Non-staff expenditure

	2019-20 £000	2018-19 £000
Expenditure		
Workpackages and professional fees	57,598	59,327
Data collection and surveys	4,122	4,478
Legal fees	1,694	1,429
Chair's and non-executive directors' emoluments	124	122
Marketing, training and events	5,744	4,447
Travel	4,135	5,784
Premises and establishment	10,958	12,050
IT maintenance and support	23,991	27,332
IT managed services	112,093	99,431
General office supplies and services	2,302	1,968
Communications	346	437
Insurance	189	167
External audit fees	115	115
Internal audit fees	244	211
Apprenticeship levy training	129	53
(Reversal of expected credit loss) / expected credit loss on contract receivables	(2)	2
Expected credit loss on non-contract receivables	27	3
Other	179	675
Operating expenditure	**223,988**	**218,031**
Depreciation - property, plant and equipment	10,971	8,500
Amortisation - intangible assets	41,384	25,205
Reversal of impairment - property, plant and equipment	(132)	-
Impairments - intangible assets	861	-
Loss on disposal - non-current assets	1,846	217
Non-cash transactions	**54,930**	**33,922**
Total non-staff expenditure	**278,918**	**251,953**

Note 6

Non-current assets: property, plant and equipment

2019-20

	Land £000	Buildings £000	Assets under construction £000	Computer hardware £000	Fixtures and fittings £000	Total £000
Cost or valuation						
At 1 April 2019	310	1,170	-	46,233	10,644	**58,357**
Additions	-	45	5,838	6,036	1,049	**12,968**
Reclassification	-	-	18	(48)	30	**-**
Disposals	**-**	**-**	**-**	(3,739)	(219)	**(3,958)**
Impairments and reversals to other operating expenditure	-	164	-	-	-	**164**
Revaluation and indexation to revaluation reserve	-	779	1	2,255	748	**3,783**
At 31 March 2020	**310**	**2,158**	**5,857**	**50,737**	**12,252**	**71,314**
Depreciation						
At 1 April 2019	-	477	-	29,256	4,523	**34,256**
Provided during the year	-	32	-	8,450	2,489	**10,971**
Disposals	-	-	-	(3,627)	(195)	**(3,822)**
Impairments and reversals to other operating expenditure	-	32	-	-	-	**32**
Revaluation and indexation to revaluation reserve	-	352	-	1,735	486	**2,573**
At 31 March 2020	**-**	**893**	**-**	**35,814**	**7,303**	**44,010**
Net book value at 1 April 2019	310	693	-	16,977	6,121	24,101
Net book value at 31 March 2020	**310**	**1,265**	**5,857**	**14,923**	**4,949**	**27,304**

The total depreciation charged in the statement of comprehensive net expenditure in respect of assets held under finance leases and hire purchase contracts was £236,842.

The gross cost of property, plant and equipment that has been fully depreciated but is still in use is £19,388,635.

The freehold building was independently valued in March 2019 at existing use by the local District Valuation Office, and the difference in valuation has been reflected in 2019-20 above.

All tangible assets are owned by NHS Digital, except computer hardware with a net book value of £1,468,418 held under a finance lease. There were no finance lease liabilities outstanding at 31 March 2020.

Movement in the revaluation reserve: property, plant and equipment

	2019-20 £000	2018-19 £000
Balance at 1 April	-	-
Net gain on revaluation of property, plant and equipment	1,210	-
Transfer to the general reserve	(358)	-
Balance at 31 March	**852**	**-**

2018-19	Land £000	Buildings £000	Computer hardware £000	Fixtures and fittings £000	Total £000
Cost or valuation					
At 1 April 2018	310	1,170	48,339	9,922	**59,741**
Additions	-	-	2,442	2,519	**4,961**
Reclassifications	-	-	(469)	-	**(469)**
Disposals	-	-	(4,079)	(1,797)	**(5,876)**
At 31 March 2019	**310**	**1,170**	**46,233**	**10,644**	**58,357**
Depreciation					
At 1 April 2018	-	435	25,600	5,454	**31,489**
Provided during the year	-	42	7,624	834	**8,500**
Reclassifications	-	-	(8)	-	**(8)**
Disposals	-	-	(3,960)	(1,765)	**(5,725)**
At 31 March 2019	**-**	**477**	**29,256**	**4,523**	**34,256**
Net book value at 1 April 2018	310	735	22,739	4,468	28,252
Net book value at 31 March 2019	**310**	**693**	**16,977**	**6,121**	**24,101**

The total depreciation charged in the statement of comprehensive net expenditure in respect of assets held under finance leases and hire purchase contracts was £nil.

The gross cost of property, plant and equipment that has been fully depreciated but is still in use is £14,850,382.

The freehold building was independently valued in March 2019 at existing use by the local District Valuation Office. The difference in valuation is not reflected in the 2018-19 figures above[1].

All tangible assets are owned by NHS Digital.

[1] Text from 2018-19 accounts has been amended

Note 7

Non-current assets: intangible assets

2019-20	Software licences £000	Information technology £000	Development expenditure £000	Websites £000	Total £000
Cost or valuation					
At 1 April 2019	16,013	191,438	18,372	3,011	**228,834**
Additions	21,603	51,601	14,175	410	**87,789**
Reclassification	-	9,592	(9,762)	170	**-**
Impairments and reversals to other operating expenditure	(2,595)	(16)	-	-	**(2,611)**
Revaluation and indexation to revaluation reserve	(1,427)	12,986	904	152	**12,615**
Disposals	(898)	(4,735)	(920)	(325)	**(6,878)**
At 31 March 2020	**32,696**	**260,866**	**22,769**	**3,418**	**319,749**
Amortisation					
At 1 April 2019	10,484	80,757	-	1,453	**92,694**
Provided during the year	4,498	36,439	-	447	**41,384**
Reclassification	-	182	-	(182)	**-**
Impairments and reversals to other operating expenditure	(1,738)	(12)	-	-	**(1,750)**
Revaluation and indexation to revaluation reserve	(1,427)	5,681	-	34	**4,288**
Disposals	(896)	(3,947)	-	(325)	**(5,168)**
At 31 March 2020	**10,921**	**119,100**	**-**	**1,427**	**131,448**
Net book value at 1 April 2019	5,529	110,681	18,372	1,558	136,140
Net book value at 31 March 2020	**21,775**	**141,766**	**22,769**	**1,991**	**188,301**

The total amortisation charged in the statement of comprehensive net expenditure in respect of assets held under finance leases and hire purchase agreements was £nil.

The gross cost of intangible assets that were fully amortised but still in use is £29,146,844.

Information technology, development expenditure and websites are internally generated assets, created using a mix of staff and supplier resource.

Research and development expenditure associated with intangible asset development has been recognised as an expense in Note 3 and Note 5 and is categorised by the nature of the spend incurred.

The value of own staff capitalised within intangible assets additions amounts to £13,217,413.

All intangible assets are owned by NHS Digital.

Carrying value of material intangible assets

	2019-20 Gross Book Value £000	2019-20 Net Book Value £000	2018-19 Gross Book Value £000	2018-19 Net Book Value £000
Digital referrals service	39,474	16,959	31,085	16,395
NHS online	20,250	16,833	10,251	9,754
Spine 2	42,550	13,195	37,324	14,881
Interoperability and architecture	12,186	12,186	7,358	7,358
Citizen identity	13,961	11,702	7,051	6,742
Corporate cloud management software	10,729	9,835	-	-
NHS.UK	13,161	9,105	9,815	8,291
e-RS live service	12,869	8,422	8,883	6,784
Data Services Platform	11,477	7,748	7,986	7,028

Movement in the revaluation reserve: intangible assets

	2019-20 £000	2018-19 £000
Balance at 1 April	-	-
Net gain on revaluation of intangible assets	8,327	-
Transfer to the general reserve	(2,260)	-
Balance at 31 March	**6,067**	**-**

Note 7 continued

2018-19	Software licences £000	Information technology £000	Development expenditure £000	Websites £000	Total £000
Cost or valuation					
At 1 April 2018	23,464	120,779	20,082	1,692	**166,017**
Additions	120	46,382	23,684	1,319	**71,505**
Reclassification	292	25,571	(25,394)	-	**469**
Disposals	(7,863)	(1,294)	-	-	**(9,157)**
At 31 March 2019	**16,013**	**191,438**	**18,372**	**3,011**	**228,834**
Amortisation					
At 1 April 2018	15,254	60,124	-	1,194	**76,572**
Provided during the year	2,991	21,955	-	259	**25,205**
Reclassification	8	-	-	-	**8**
Disposals	(7,769)	(1,322)	-	-	**(9,091)**
At 31 March 2019	**10,484**	**80,757**	**-**	**1,453**	**92,694**
Net book value at 1 April 2018	8,210	60,655	20,082	498	89,445
Net book value at 31 March 2019	**5,529**	**110,681**	**18,372**	**1,558**	**136,140**

The total amortisation charged in the statement of comprehensive net expenditure in respect of assets held under finance leases and hire purchase agreements was £nil.

The gross cost of intangible assets that were fully amortised but still in use is £28,687,110.

Information technology, development expenditure and websites are internally generated assets, created using a mix of staff and supplier resource.[1]

Research and development expenditure associated with intangible asset development has been recognised as an expense in Note 3[1] and Note 5 and is categorised by the nature of the spend incurred.

The value of own staff capitalised within intangible assets additions amounts to £17,577,160.

All intangible assets are owned by NHS Digital.

[1]Text from 2018-19 accounts has been amended

Note 8

Other non-current receivables

	31 March 2020 £000	31 March 2019 £000
Prepayments	11,296	6,103

Non-current prepayments relate to software licences and support and extended hardware warranties.

Note 9

Trade receivables and other current assets

Amounts falling due within one year	31 March 2020 £000	31 March 2019 £000
Contract receivables invoiced	13,734	6,372
Other receivables	340	276
Value added tax	4,630	6,271
Deposits and advances	-	16
Prepayments and other receivables	12,374	11,609
Contract receivables not yet invoiced	1,575	543
Other accrued income	23	9
Total trade receivables and other current assets	**32,676**	**25,096**

Note 10

Cash and cash equivalents

	31 March 2020 £000	31 March 2019 £000
Balance at 1 April 2019	21,204	23,929
Net changes in cash and cash equivalents	(1,367)	(2,725)
Balance at 31 March 2020	**19,837**	**21,204**

Bank balances were held during the year with the NatWest under the Government Banking Service.

Note 11

Trade and other payables

Amounts payable within one year	31 March 2020 £000	31 March 2019 £000
Trade and other payables	8,930	12,907
Income tax, national insurance and superannuation	6,388	7,607
Contract liabilities	1,325	590
Accruals	49,990	40,830
Total trade and other payables	**66,633**	**61,934**

Note 12

Provisions for liabilities and charges

	Dilapidations £000	Injury benefit £000	Termination benefits £000	Total £000
Balance at 1 April 2019	3,270	649	1,290	**5,209**
Arising during the year	592	22	63	**677**
Utilised during the year	(48)	(28)	(770)	**(846)**
Reversed unused	(178)	-	(520)	**(698)**
Balance at 31 March 2020	**3,636**	**643**	**63**	**4,342**
Expected timing of cash flows				
Within one year	-	28	63	**91**
One to five years	3,636	112	-	**3,748**
Over five years	-	503	-	**503**

The dilapidation provision refers to the anticipated costs for remedial works at the end of property leases and is based on an assessment made by an external property advisor, or an internal assessment using industry standard estimates.

The injury benefit costs refer to an award where quarterly payments are made to the NHS Pension Scheme.

Termination benefits relate to the anticipated costs of redundancies where specific employees have been notified as 'at risk' but formal notice has not been provided.

Note 13

Capital commitments

Capital commitments amount to £25,507,865 (31 March 2019: £2,224,626). Of this, £3,890,897 relates to ordered IT equipment, £12,504,020 relates to fit-out costs of the new Leeds 'hub' and £9,112,948 relates to software licences and development work.

Note 14

Other financial commitments

NHS Digital has not entered into any non-cancellable contracts (which are not operating leases) for the provision of services as at 31 March 2020 (31 March 2019: £nil).

Note 15

Contingent assets and liabilities

During the year, an internal audit of payroll processes and procedures was undertaken. This identified that some payments of additional pay allowances had been made incorrectly. These are being investigated and quantified, and action will then be taken to recover any overpayments. As such, a contingent asset exists in respect of these overpayments, although, as investigations are ongoing, it is not yet possible to determine the value.

Contingent liabilities amount to £16,564,000 (31 March 2019: £26,000,000). £15,500,000 relates to the estimated termination benefits in relation to Wave 3 of the Org2 change programme. Wave 3 has been delayed whilst the organisation focusses on the coronavirus (COVID-19) response, and the exact timing has yet to be determined. The anticipated cost for the liability has been derived from the Wave 1 and 2 outturns, but the future liability is dependent on the assessment process, and management review of staff and skills requirements. £614,000 relates to estimated potential IR35 liabilities, and £450,000 relates to estimated potential employment related claims.

Note 16

Commitments under operating leases

Expenditure includes the following in respect of operating leases:	2019-20 £000	2018-19 £000
Accommodation	4,804	4,955
Other operating leases	53	70
	4,857	**5,025**

At the reporting date non-cancellable operating lease commitments were:	31 March 2020 £000	31 March 2019 £000
Land and buildings		
Not later than one year	6,915	5,040
Between one and five years	19,067	20,989
Later than five years	82,784	86,820
Total land and buildings	**108,766**	**112,849**
Other leases		
Not later than one year	26	36
Between one and five years	3	29
Later than five years	-	-
Total other leases	**29**	**65**
Total	**108,795**	**112,914**[1]

[1]Total corrected, no other figures have been amended.

Note 17

Related parties

The Health and Social Care Information Centre, also known as NHS Digital, is an executive non-departmental public body created by the Health and Social Care Act 2012. It is sponsored by the Department of Health and Social Care (DHSC), and DHSC together with its associated bodies are therefore regarded as related parties. During the year NHS Digital had the following transactions with DHSC group bodies: income £38.6 million (2018-19: £28.1 million) and expenditure £11.2 million (2018-19: £8.2 million), and at 31 March 2020 had the the following balances with DHSC group bodies: £12.0 million receivables (2018-19: £6.3 million) and £2.7 million payables (2018-19: £3.4 million). The major customers within the group were the Department of Health and Social Care, NHS England and Public Health England. The majority of expenditure was in respect of transactions with the Department of Health and Social Care.

In addition, NHS Digital has had a number of transactions with other government departments and other central and local government bodies. In order to reduce the volume of detailed disclosures, IAS 24 does not require the disclosure of transactions between bodies under the control of the same government.

No special terms and conditions were applicable to transactions with related parties, no guarantees or security were accepted or given, all transactions were or will be settled in cash, and no provisions were made for doubtful debts in respect of these transactions. The bad debt expense in the year relating to related parties amounted to: £nil (2018-19: £nil).

	Related to roles within NHS Digital	Amounts payable at 31 March 2020 £000	Amounts receivable at 31 March 2020 £000	Income in 2019-20 £000	Expenditure in 2019-20 £000
Accenture (UK) Ltd	Non-executive directors	43	-	-	50,905
Healthcare UK	Non-executive director	-	-	1	-
Imperial College London	Chief Executive	-	1	51	5
Kings College London	Chief Executive	-	50	71	14
McKinsey & Company	Non-executive director	-	-	10	1,485
University of Oxford	Chief Executive	-	96	253	19
University of Hertfordshire	Non-executive director	-	-	1	-
University of Warwick	Non-executive director	-	1	13	61
		43	**148**	**400**	**52,489**

In addition, at 31 March 2020, there were capital commitments of £2.6m with Accenture (UK) Ltd.

No other related party transactions were noted with key management other than remuneration and expenses as disclosed in the remuneration report.

Note 18

Financial instruments

As the cash requirements of NHS Digital are met through grant-in-aid by the Department of Health and Social Care, and invoiced income largely received from the Department of Health and Social Care and its related bodies, 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 NHS Digital's expected purchase and usage requirements and NHS Digital is therefore exposed to little credit, liquidity or market risk.

a) market risk

NHS Digital was not exposed to material currency risk or commodity risk. All material assets and liabilities were denominated in sterling. NHS Digital had no significant interest bearing assets or borrowings subject to variable interest rates, hence income and cash flows were largely independent of changes in market interest rates.

b) credit risk

Credit risk arises from invoices raised to customers for services provided. Most high-value receivables relate to balances with the Department of Health and Social Care and its related bodies against purchase orders and therefore do not represent a significant credit risk. NHS Digital had a comparatively small value of external receivables and therefore disclosure of the largest individual debt balances was not considered in the evaluation of overall credit risk.

Movement in the provision for expected credit losses	2019-20 £000	2018-19 £000
Balance at 1 April	6	1
Provided for in the year	32	6
Reversed unutilised	(6)	(1)
Amounts written-off during the year as uncollectible	-	-
Balance at 31 March	**32**	**6**

The provision for expected credit losses is assessed on an individual debt basis.

The table below shows the ageing analysis of trade receivables at the reporting date:

	Current £000	< 30 days overdue £000	31-60 days overdue £000	> 61 days overdue £000	Total £000
Balance at 31 March 2020	**10,788**	**2, 402**	**225**	**659**	**14,074**
Balance at 31 March 2019	2,479	3,130	739	300	6,648

NHS Digital's standard payment terms are 14 days from date of invoice. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. NHS Digital did not hold any collateral as security.

c) liquidity risk

Liquidity risk is managed through regular cash flow forecasting. NHS Digital had no external borrowings and relies on grant-in-aid from the Department of Health and Social Care for its cash requirements and was therefore not significantly exposed to liquidity risks.

The table below analyses NHS Digital's financial liabilities that will be settled on a net basis in the period of less than one year. The carrying value of financial liabilities was not considered to differ significantly from the contractual undiscounted cash flows:

	31 March 2020 £000	31 March 2019 £000
Current liabilities	66,633	61,934

Note 19

Events after the reporting period ended

In accordance with IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue.

Coronavirus (COVID-19) has had a major impact in the period from the reporting date, however there have been no adjustments made to the accounts as a result of events after the reporting date.

Note 20

Authorised date for issue

NHS Digital's Annual Report and Accounts are laid before Parliament. IAS 10 requires NHS Digital to disclose the date on which the Annual Report and Accounts are authorised for issue.

The Accounting Officer authorised these financial statements for issue on 10 July 2020.

Board members' biographies and register of interests

All directors have confirmed that they know of no relevant audit information of which the auditors are unaware. They have also confirmed that they have taken all the steps that they ought to have taken as directors to find out relevant information and to establish that auditors are aware of it.

The register of interests of board directors is included within the board papers for each public meeting https://digital.nhs.uk/about-nhs-digital/our-leadership-and-governance/nhs-digital-board/board-meetings

The summary of directors' expenses can be viewed at https://digital.nhs.uk/about-nhs-digital/our-leadership-and-governance/nhs-digital-board/board-membership/nhs-digital-board-directors-expenses

Managing directors

Sarah Wilkinson
Chief Executive

Sarah joined NHS Digital in August 2017. She was previously Chief Information Officer (CIO) at the Home Office and, prior to that, worked in financial services, where she held CIO roles at Credit Suisse, UBS, Deutsche Bank and Lehman Brothers.

Sarah is also a non-executive director of NatWest Markets, the investment banking arm of The Royal Bank of Scotland Group, a member of the Audit, Risk and Compliance Committee of Kings College London and a member of the advisory board of the Department of Computing at Imperial College London.

Pete Rose
Deputy Chief Executive and Chief Information Security Officer

Pete joined NHS Digital in May 2020 and leads our Live Services, Cyber Security, Solutions Assurance and Infrastructure functions, as well as our sustainability agenda. Alongside this, he has also adopted the new role of Chief Information Security Officer for the Health and Social Care System.

He has nearly 30 years of experience of delivering mission-critical digital and technology services and business change in the defence, security and public safety sectors. Before joining us, he was Director of Enterprise Services and Deputy Chief Digital, Data and Technology Officer at the Home Office.

Executive directors

Professor Jonathan Benger
Executive Director of Clinical Governance and Chief Medical Officer (a.i.)

Jonathan joined us in October 2019. He is Professor of Emergency Care at the University of the West of England and an NHS consultant in emergency medicine and pre-hospital care. He works as a clinician at the Bristol Royal Infirmary and with the Great Western Air Ambulance, which he established as its first medical advisor between 2007 and 2011.

Between May 2013 and July 2019, Jonathan was the National Clinical Director for Urgent Care at NHS England and led reform of the ambulance services and emergency care system, including implementation of the NHS England review of Urgent and Emergency Care, the development of the NHS Long Term Plan and the Emergency Care Data Set. Before 2013, he chaired the Clinical Effectiveness Committee of the Royal College of Emergency Medicine and served on the college's council and executive.

Carl Vincent
Chief Finance Officer

Carl heads NHS Digital's Finance and Estates directorate. He joined NHS Digital in June 2013 on secondment from the Department of Health and Social Care. In addition to his current responsibilities, he has had periods leading NHS Digital's commercial, human resources and data and information functions. Carl joined the Department of Health and Social Care as an economist in 1996 and had a number of roles in analytical services, commercial and finance. He also spent a year on secondment at Ernst and Young.

Non-executive directors

Noel Gordon
Chair

Skills and experience: Noel chairs the NHS Digital Board.

Noel is also a non-executive director of NHS England and Chair of the Healthcare UK Advisory Board. He also serves as a non-executive director of the Payments Systems Regulator. He was formerly a member of the Life Sciences Industrial Strategy Board, the Accelerated Access Review and the chair of the Specialised Services Commissioning Committee.

Previously an economist and a banker, Noel spent most of his career in consultancy, where he was Global Managing Director of the banking industry practice at Accenture from 1996 until his retirement in 2012. Prior to that, he was a partner in Booz Allen and Hamilton based in both London and New York. He has extensive practical experience in restructuring complex organisations across technology and business cycles and driving fundamental innovations in transforming industries through big data, analytics and digital technologies.

Appointed to the Board: 1 June 2016.

Term expires: 31 August 2020.

Committee membership: Chair of the Talent, Remuneration and Management Committee; co-chair of the Digital Committee in Common; member of the Investment Committee.

Professor Soraya Dhillon MBE

Skills and experience: Soraya is the Senior Independent Director and leads on clinical safety and governance, e-channels and diversity and inclusion for the NHS Digital Board.

Soraya has 35 years' experience in academia and clinical practice, retiring as Dean of the School of Life Sciences at the University of Hertfordshire in November 2016. She is a non-executive director at Health Education England and has held a number of non-executive posts in the NHS since 1991. She was Chair of Luton and Dunstable NHS Foundation Trust (1999-2010), non-executive director and vice chair at The Hillingdon Hospital NHS Foundation Trust (2014-2020), a member of the General Pharmaceutical Council and a board director for the Eastern Academic Health Science Network. She is a non executive director at Health Education England.

Soraya is a fellow of the Royal Pharmaceutical Society (RPS), holds the Charter Gold Medal for Science and Practice and was awarded an MBE for her contribution to Health Services in Bedfordshire.

Appointed to the Board: 1 January 2017.

Term expires: 31 December 2020.

Committee membership: Chair, Equality Diversity and Inclusion Steering Group; member of the Talent, Remuneration and Management Committee; member of the Research Advisory Group.

Non-executive directors

Daniel Benton

Skills and experience: Daniel leads on IT delivery excellence, operational transformation and technology strategy for the NHS Digital Board.

Having spent most of his career at Accenture, where he was Global Head of Technology Strategy and Digital Strategy practices, Daniel has extensive experience in setting and implementing technology agendas for large organisations going through periods of transformational change, including the implementation of consumer-facing technologies. He led much of Accenture's thinking around the impact of technology on business and on transforming IT organisations. He was also seconded twice as chief information officer to an international bank and a large global insurer.

Daniel is a trustee of the Grange Festival.

Appointed to the Board: 1 January 2017.

Term expires: 31 December 2020.

Committee membership: Chair, Investment Committee; member of the Audit and Risk Committee; member of the Digital Committee in Common.

Deborah Oakley

Skills and experience: Deborah leads on assurance and risk for the NHS Digital Board.

Deborah has a long-standing passion and commitment to the NHS, which stretches back to 2000 when she started as a volunteer at University College Hospitals. She was formerly a non-executive director and chair of the audit and risk committee of the Medicines and Healthcare Products Regulatory Agency (MHRA), chair of the audit committee at the Royal Free London NHS Foundation Trust, chair of the Health Protection Agency's Biological Medicines Technical Committee and chair of the audit committee at NHS Camden.

Deborah's executive career is in the financial services sector. She worked at Newton Investment Management for 20 years and became a director of the company. Since 2010 she has worked at Veritas Investment Management where she manages portfolios for private clients, trusts and charities.

Deborah is involved in several charities including a winter night shelter for the homeless and a weekly welfare scheme in Camden.

Appointed to the Board: 1 July 2018.

Term expires: 30 June 2021.

Committee membership: Chair, Audit and Risk Committee; member of the Information and Cyber Security Committee.

John Noble CBE

Skills and experience: John leads on information and cyber security for the NHS Digital Board.

He was Director of Incident Management at the National Cyber Security Centre (NCSC), where he led on nearly 800 major cyber security incidents. Before this, he spent four years at the British Embassy in Washington DC.

During his 40 years of government service, John has specialised in operational delivery and strategic business change. He was awarded a CBE for his work in creating effective partnerships in the run-up to the London 2012 Summer Olympics.

Appointed to the Board: 1 July 2018.

Term expires: 30 June 2021.

Committee membership: Chair, Information and Cyber Security Committee; member of the Audit and Risk Committee.

Rob Tinlin MBE

Skills and experience: Rob leads on integrated care, digitising social care, change management and organisational development for the NHS Digital Board.

Rob is a non-executive director on the board of the Crown Office and Procurator Fiscal Service and chairs its audit and risk committee.

He was chief executive of Southend-on-Sea Council from 2005 to 2017. He previously served as chief executive of South Northamptonshire Council for seven years. Under Rob's leadership, Southend council was awarded LGC Council of the Year (2012) and MJ Senior Leadership Team of the Year (2016). He was awarded an MBE in 2017 for services to local government.

Rob was the chief executive leading on health and social care for the East of England and was a founding member of the Southend Health and Wellbeing Board. He has been a member of the National Information Board, the Anglia Ruskin MedTech Campus Board and the advisory board for the Queen Mary University of London School of Business.

Appointed to the Board: 1 January 2017.

Term expires: 31 December 2020.

Committee membership: Member of the Talent, Remuneration and Management Committee.

Non-executive directors

Professor Sudhesh Kumar OBE

Skills and experience: Sudhesh is Vice-Chair and leads on big data, partnerships with the research sector, clinical informatics, medical technology and life sciences for the NHS Digital Board.

Sudhesh is Dean of the Warwick Medical School at the University of Warwick. He is also a non-executive director on the University Hospital Coventry and Warwickshire NHS Trust Board.

He is a clinical endocrinologist with 24 years' experience as a consultant physician in the NHS. His research has included developing novel approaches in areas such as medical technology, obesity and diabetes management. His work has helped to transform and improve patient care and treatment. He has published more than 240 papers and six books.

Appointed to the Board: 1 January 2017.

Term expires: 31 December 2020.

Committee membership: Member of the Audit and Risk Committee and member of the Research Advisory Group.

Dr Marko Balabanovic

Skills and experience: Marko leads on innovation, emerging technologies, partnerships and technology transfer for the NHS Digital Board.

Marko has been driving innovation in academia, corporations and start-ups both in the UK and the USA for more than 20 years. As Head of Innovation and Artificial Intelligence at Medopad, his role is to develop market-leading digital health technologies to be deployed around the world. Previously, he was Chief Technology Officer at Digital Catapult, the UK's advanced digital technology innovation centre, working across emerging technologies including machine learning, 5G, the Internet of Things, virtual and augmented reality and blockchain.

Marko has been instrumental in bringing several new technologies to market. At a start-up called State, he helped to launch a digital global opinion network. He was head of innovation at lastminute.com, where his team launched an array of award-winning mobile phone apps. He studied computer science at the University of Cambridge and has a PhD in Computer Science (Artificial Intelligence) from Stanford University, where he led foundational work on recommender systems.

Appointed to the Board: 1 January 2017.

Term expires: 31 December 2020.

Committee membership: Member of the Information and Cyber Security Committee and member of the Investment Committee.

Non-executive directors

Balram Veliath

Skills and experience: Balram leads on culture, values and stakeholder relations for the NHS Digital Board.

He is the Director of Quality, Risk and Assurance at the BBC, where his responsibilities include internal audit, risk management, safety and security, and assurance of critical projects.

He qualified as a chartered accountant in 1988 and has over 25 years' experience of risk governance, including developing and implementing risk management systems, assisting organisations to assess their capability to handle risk, and supporting boards in culture, diversity and inclusion.

Previously, he worked in senior executive roles at the Royal Bank of Scotland and ABN AMRO, covering internal auditing and risk management across operations and technology. He worked at KPMG for 12 years, including as a partner with responsibility for financial audits across a range of sectors.

Appointed to the Board: 1 July 2018.

Term expires: 30 June 2021.

Committee membership: Member, Audit and Risk Committee.

Notes

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