National Institute for Health and Care Excellence

Annual Report and Accounts 2020/21

HC 287

NICE National Institute for Health and Care Excellence

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

Annual Report and Accounts 2020/21

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Performance Report

Overview

This section describes the role of NICE, explains what we do and lists our achievements in 2020/21.

Chairman's foreword

NICE has had a distinguished history since its formation 22 years ago. It is a beacon for evidence-based health and social care, justly renowned for its authoritative guidance and fair and balanced health economic decisions. It now faces a new challenge – to preserve the rigour and quality of its decisions, while responding at pace to the frankly enormous changes we are witnessing across health and social care.

A changing world

The world in which we operate is changing and changing fast. Accelerating scientific and technological advancements mean a future where medicines will no longer just be molecules but become hybrids combining drugs and data; where artificial intelligence, machine learning and robotics create devices and diagnostics that can revolutionise health and social care delivery; and where, through the rise of integrated care systems and all we have learnt from the COVID-19 pandemic, shared care and in time self-care, become a reality. The NICE of the next 22 years needs to help the health and care system navigate these developments to bring innovation to patients sooner, at a price the taxpayer can afford.

We have already begun this important journey. In December 2020 we recommended the first digital health technology emerging from our digital health pilot project. Zio XT detects cardiac arrhythmias using a biosensor patch and an artificial intelligence developed algorithm, which analyses the patient's data. Patients will now have access to this promising new technology for 3 years while more data is collected on its efficacy.

Emphasising the UK as destination of choice

2020 brought the end of the transition period of our departure from the European Union. This significant milestone presents the UK with an opportunity to reset its position in the global arena. The life sciences sector, within both our companies and universities, is a jewel in the UK's crown. By partnering in initiatives such as the Innovative Licensing and Access Pathway and the Accelerated Access Collaborative, NICE can help ensure the British market remains first choice for the launch of pioneering technologies by creating a frictionless pathway into the NHS for cost effective treatments.

'I know that our staff, who have risen brilliantly to the challenges of this year, will bring their expertise, commitment and diligence to the challenges of the next.'

Tackling health inequalities

Equity lies at the heart of our approach to guidance development. COVID-19 has thrown into sharp relief what the health and care system has known for some time – that stark health inequalities persist in our society.

Our guidance is already focused on finding ways to reduce health inequalities, as highlighted in our February 2021 **impact report on cardiovascular disease (CVD) management**. CVD is one of the conditions most strongly associated with health inequalities, with higher premature death rates in more deprived areas. NICE has published a suite of guidance and quality standards on the prevention and management of CVD. While there is still more progress to be made, avoidable mortality data shows that deaths from diseases of the circulatory system considered treatable are decreasing in England, with a 56% decrease in the rate of deaths from treatable diseases since 2000.

Working at pace

Speeding up and streamlining the process of guideline production, without losing the rigour for which NICE is known, is another key area for development. At the start of the coronavirus outbreak, we moved quickly to produce a series of COVID-19 rapid guidelines that the system desperately needed, within incredibly short timescales – under a week in some cases. During 2020/21 we've published over 20 such guidelines, which have been viewed over 4.2 million times. In coming years, we will build on that experience to ensure our guidelines focus on those areas most therapeutically significant and are published in a manner that makes it most easy for health and social care professionals to use.

It has been an extraordinary year in many ways. The pandemic placed the health system under exceptional stress. I know that our staff, who have risen brilliantly to the challenges of this year, will bring their expertise, commitment and diligence to the challenges of the next and I would like to take this opportunity to offer each member of staff my personal gratitude for all they do.

In closing, let me also say a personal thank you to chief executive Professor Gillian Leng, the whole executive team and my non-executive board colleagues for their warm welcome in this difficult year. And especial thanks must go to my vice chair, Tim Irish, for his exemplary leadership during his tenure as interim chair, and who has been a great counsel to me, in this, my inaugural year.

Sharmila Nebhrajani OBE
Chairman

Chief executive's perspective on the year

When I applied to be chief executive of NICE in 2019, I had no idea of the challenging circumstances we would find ourselves in on 1 April 2020 when I took up post. As a nation, we had recently entered the first lockdown of the pandemic and we had moved NICE staff, almost overnight, to complete home working. School closures added to the challenge for working parents, coupled with the need for NICE to respond to the pandemic and provide as much support as possible to the healthcare system.

We collaborated with researchers to identify potential new drugs for COVID-19 and produced rapid guidelines for clinicians on topics relevant to the pandemic. NICE staff rose to this challenge with huge enthusiasm, energy and proficiency. As new chief executive, I am immensely impressed by how our staff and our community of experts, advisers and stakeholders pulled together to deliver truly extraordinary work.

The disruption caused by the pandemic was one of a number of factors that highlighted the need for a review of NICE's strategic direction. In May, we set in motion work to develop a new 5-year strategy, beginning by interviewing key opinion leaders from around the world. Over the course of the year, we articulated an ambitious vision for the future. Built around 4 strategic pillars, our focus will be on: rapidly and responsively evaluating new technologies, including emerging digital and genomic technologies; producing dynamic, living guideline recommendations; leading the way in data, research and science; and through strengthened and expanded partnerships, maximising the impact of our guidance. I look forward to reporting on progress in future annual reports.

Alongside this strategic work, we have also been conducting a comprehensive **review of the methods and processes used for health technology evaluation**. Innovations including personalised medicines, digital health technologies, and cell and gene therapies mean products are becoming more complex to evaluate. And there is increasing demand to make treatments available more quickly, sometimes with more uncertainty in the evidence base than seen in the past. Our review aims to address these issues and, over the course of the year, we sought stakeholder views on our plans, launching consultations in both November 2020 and February 2021. This important work is continuing. We aim to publish our new programme manual in December 2021, implementing the new processes and methods from January 2022 onwards.

The importance of guidelines to inform care have been thrown into sharp relief by the pandemic. For the first time, we created 'living' guidelines that have been rapidly updated as soon as new evidence emerges. This is an essential part of our wider ambition for the future. To accelerate this new approach, in March 2021 we took an important step towards developing interactive guidelines by

'NICE has not only managed to provide critical support during the pandemic but has continued to innovate and flourish.'

identifying a new digital authoring tool. We will use this to simplify, streamline and speed up the production and updating of our recommendations, ensuring guidelines are useful, useable, and used by our audiences.

The unprecedented demands of 2020/21 have undoubtedly been challenging for all organisations and individuals. It is testament to the skill, hard work and dedication of our staff that NICE has not only managed to provide critical support during the pandemic but has continued to innovate and flourish. I am incredibly grateful to the staff for their commitment, to the chairman and the board for their input and support, to our dedicated independent committees, and to all our partners across the health and care system.

Professor Gillian Leng CBE
Chief executive and Accounting Officer

Who we are and what we do

NICE – the National Institute for Health and Care Excellence – is responsible for improving health and wellbeing by putting science and evidence at the heart of health and care decision making.

We do this by:

- **Providing independent assessment** of a wide range of complex evidence to help commissioners, frontline practitioners, patients, carers, and the public to make better informed decisions. These decisions may be about the care people receive, the safety of new procedures or the use of finite health and care resources.
- **Working with those at the forefront of scientific advances** and using our analytical skills, knowledge and expertise to identify, assess and develop timely recommendations on innovations that have a real impact on patients' lives and on the delivery of health and care services, whilst representing good value for the system.
- **Working with partners across the health and social care system** to drive the uptake of effective and cost-effective new treatments and interventions to benefit the population as a whole, and to improve and ensure equity of access to all members of society.

Over the last 22 years, NICE has built a unique reputation as a world leader in providing robust, independent, and trusted guidance and advice to the health and care system.

Our work in 2020/21 was framed by 6 strategic ambitions:

- **Transform the presentation, accessibility and utility** of NICE guidance and advice, ensuring it is fully aligned to the needs of our users to support adoption.
- **Transform the development of NICE guidance and advice** in line with the learning from the COVID-19 response so the process is efficient, integrated, and takes advantage of new technologies including artificial intelligence.
- **Play an active, influential role** in the national stewardship of the health and care system.
- **Support the UK's ambition to enhance its position** as a global life sciences destination.
- **Generate and manage effectively the resources needed** to maintain and transform our offer to the health and care system.
- **Maintain a motivated, well-led and adaptable workforce**.

Making an impact

Here is a selection of the ways we have made a positive difference to health and social care during 2020/21.

Our suite of COVID-19 rapid guidelines has been viewed

over 4.2 million times.

3 game-changing treatments for COVID-19 were made available within hours of trial data being released thanks to the RAPID-C19 collaborative.

Over 33,000 patients in England potentially benefitted from our recommendations on the management of COVID-19 patients in critical care.*

33,000

* ICNARC report on COVID-19 in critical care: England, Wales and Northern Ireland 26 March 2021.

Driving the research agenda

The National Institute for Health Research awarded over **£14 million** for **12 research projects**, based on our research recommendations.

Influencing healthcare improvements around the world

NICE International delivered

50

engagements to **24 different countries**.

Coronary health

88,000

people could benefit from new recommendations on dual antiplatelet therapy in our guideline on acute coronary syndromes.

Generating cost-savings

Our joint replacement guideline could save **£3.7 million** by 2025/26 because of reduced prosthesis costs and fewer revision surgeries.

Our guideline on venous thrombo-embolic diseases could save

£4.1 million

by 2024/25 because of changes to the treatment pathway and reductions in imaging screening.

Up to **271,200** people each year could receive the new Leukomed Sorbact dressing. By reducing surgical site infections, it could save the NHS in England around **24,000** bed days annually.

Supporting access to innovative medicines and technologies

We made positive recommendations in **95%** of our completed technology appraisal guidance and **100%** of our highly specialised technologies guidance, benefitting around

242,000

people.

We recommended the first new treatment for **25 years** for rare blood disorder thrombotic thrombocytopenic purpura.

Up to **1,000 people** each year, already diagnosed with endometrial cancer, could now also be diagnosed with Lynch syndrome thanks to our guidance on testing strategies for the condition.

We helped to shape the evidence collection plans for **8 ground-breaking artificial intelligence medical technologies**, which will now be trialled in the NHS.

Improving patient safety and reducing risk of harm

18 of 19

of the pieces of interventional procedures guidance we published advised a cautious approach. We recommended these procedures are used only in research studies or in other special circumstances.

Our principles

NICE guidance and quality standards are developed to a high standard and in accordance with a set of **core principles** that underpin all of our work and how it is produced. We are internationally recognised for the rigorous processes we use to produce our recommendations, and for the quality and accuracy of our products.

1. We prepare guidance and standards on topics that reflect national priorities for health and care.
2. We describe our approach in process and methods manuals and review them regularly.
3. We use independent advisory committees to develop recommendations.
4. We take into account the advice and experience of people using services and their carers or advocates, health and social care professionals, commissioners, providers and the public.
5. We offer people interested in the topic the opportunity to comment on and influence our recommendations.
6. We use evidence that is relevant, reliable and robust.
7. We base our recommendations on an assessment of population benefits and value for money.
8. We support innovation in the provision and organisation of health and social care services.
9. We aim to reduce health inequalities.
10. We consider whether it is appropriate to make different recommendations for different groups of people.
11. We propose new research questions and data collection to resolve uncertainties in the evidence.
12. We publish and disseminate our recommendations and provide support to encourage their adoption.
13. We assess the need to update our recommendations in line with new evidence.

Performance summary

NICE continues to play an essential role at the heart of the health and care system. During a year in which the nation faced extraordinary difficulties, our evidence-based information, about what good care looks like and how it can best be delivered, has been more vital than ever.

Highlights of 2020/21

During 2020/21, we adapted rapidly to meet the needs of a health and care system under pressure. From the COVID-19 pandemic, to the end of the EU exit transition period, the pace and the scale of change has been significant. We responded with flexibility, creating new work programmes and forging new partnerships, to ensure we delivered the advice and guidance the sector needed. Here are some of the highlights of our year.

We adapted rapidly to meet the needs of a health and care system under pressure.

Rapid action to tackle coronavirus

NICE played an important role in the national response to the coronavirus pandemic, supporting the NHS and social care system by providing rapid and clear information and guidance on COVID-19.

Rapid guidelines

We moved quickly to produce a series of rapid guidelines on managing the symptoms and complications of COVID-19; managing conditions that increase people's risk of severe COVID-19 illness; and providing services during the pandemic. These were developed to maximise patient safety while making the best use of NHS resources and protecting staff from infection.

In April 2020, we published our third set of rapid COVID-19 guidelines. These covered the management of patients with severe asthma, pneumonia, rheumatological autoimmune, inflammatory and metabolic bone disorders and the management of COVID-19 symptoms in the community.

As the year progressed, we continued to add to this portfolio including our rapid guideline on managing the long-term effects of COVID-19, the first of its kind and much needed by the health system. Dr Waqaar Shah, chair of the guideline's independent expert advisory panel, said: 'For the first time, we can recommend standards of information provision to people experiencing long term effects of COVID-19, address the uncertainties and doubts these people may have, and empower them to understand their symptoms and to recognise when to seek help.'

Developing guidance on COVID-19, a completely new disease, created unique challenges. There was less evidence available to us than we would normally have. To help tackle this, we set up and led a data and analytics taskforce. The group worked with external partners to detect areas of uncertainty in our COVID-19 guidelines and identify suitable sources of data to address them. In July 2020, the taskforce published an interim framework to assess the quality of wider sources of data and evidence used to inform our COVID-19 work. By December 2020, the framework had received over 600 views by users from 50 different countries.

'For the first time, we can recommend standards of information provision to people experiencing long term effects of COVID-19.'
Dr Waqaar Shah, chair, long-term effects of COVID-19 expert advisory panel

Everything we have produced on COVID-19 can be viewed at www.nice.org.uk/covid-19

Ongoing feedback about these guidelines is essential to ensure they remain up to date. Working at speed and in areas where the evidence was limited, meant our initial recommendations sometimes needed to be modified as further information emerged. We now have an ongoing responsibility to keep this body of work up to date, as a living resource for the health and care system.

Rapid access to investigational drugs

We worked with system partners to make sure patients were able to access medicines that show evidence of benefit in treating COVID-19, quickly and safely. As part of the research to access pathway for investigational drugs for COVID-19 (RAPID-C19) collaborative, we worked with the Medicines and Healthcare products Regulatory Agency, National Institute of Health Research and NHS England and NHS Improvement. NICE's role in this group is to enhance and analyse horizon scanning information for medicines showing promise in clinical trials, which are then prioritised for rapid regulatory consideration and interim clinical policy development.

We also developed an evidence standards framework for COVID-19 tests, to help manufacturers gather the best possible data and evidence while diagnostics were developed and validated at speed.

International collaboration

NICE supported a number of international collaborations to share knowledge and identify treatments in response to the COVID-19 pandemic.

As part of global knowledge sharing initiatives, we shared our work on COVID-19 with organisations such as the World Health Organization, the International Network of Agencies for Health Technology Assessment, and the European Network for Health Technology Assessment. By participating in this global knowledge exchange, our rapid guidelines drew on, and contributed to, international evidence to inform the best approach to the COVID-19 crisis.

NICE supported a number of international collaborations in response to the COVID-19 pandemic.

NICE also helped to select priority areas for research through the Cochrane collaboration's rapid reviews on COVID-19. We also made our rapid COVID-19 guidelines available to health and care practitioners around the world without our normal international licensing fees.

Free fast track advice service

To help to expedite breakthroughs in care and support the life sciences industry, our NICE Scientific Advice team provided a free fast track advice service for researchers developing novel diagnostics or therapeutics for COVID-19. This helped researchers from around the world optimise their approach to generating the essential evidence required to inform decision-making.

Single point of access

In November 2020, we launched a new, single point of access to advice on the clinical management of COVID-19. This initiative saw us transfer NHS England and NHS Improvement's speciality guides on COVID-19 to the NICE website. They now sit alongside our own COVID-19 rapid guidelines, forming a single, easy-to-access resource for clinicians seeking advice on the management of COVID-19.

A new agile approach

Our innovative approach to rapid COVID-19 guidelines has presented us with an opportunity to explore new ways of working. The world has changed and, as such, we are looking at ways to 'lock-in' some of the lessons we have learnt over the past 12 months. We are exploring what this means for how we develop recommendations and how our existing guidance is used in practice. Paul Chrisp, NICE's Centre for Guidelines director said: 'We are investigating the changes we made out of necessity and building them into our longer-term transformation where we can.'

Adapting to a changing world

The pandemic necessitated a profound and rapid change in the way we work. Office closures meant NICE staff had to adapt quickly to new ways of working, demonstrating flexibility and resilience in uncertain times.

Throughout this unprecedented year, staff wellbeing has remained high on our agenda. We have tailored the support we offer to staff to enable them to work from home effectively. This has included a rapid roll out of Zoom video conferencing and MS Teams software, increased staff communications and advice for working families. We have arranged virtual Healthy Work Weeks in September 2020 and January 2021, encouraging our colleagues to take positive steps to improve their physical and mental health. We have also run regular staff surveys to capture feedback on home working, informing decisions about the support needs of the organisation.

Developing COVID-19 guidelines at speed meant we had to change the way we consulted with stakeholders. To ensure we gained valuable input promptly, we adopted a targeted peer review process. Key stakeholder organisations responded quickly to our requests for input, often working to extremely short timescales. They have also embraced different processes, such as electronic survey software, to provide feedback.

Our voluntary and community sector stakeholders have been particularly hard hit by the pandemic. Many patient support organisations have faced increased workloads while seeing a drop in their funding streams. Despite this, our patient-facing stakeholder organisations responded to our COVID-19 work with enthusiasm. They provided us with helpful and insightful comments, often at short notice, to ensure that our rapid COVID-19 guidance reflected the views of patients, carers and the public. They also provided us with feedback on the rapid guidance process itself, helping us to establish a continuous quality improvement process as the portfolio developed. They have fed back on the long-term consequences of the

pandemic on their ability to work with NICE, providing us with a framework to improve our consultation processes. We are extremely grateful to the community and voluntary sector for their continuing support.

Our non-COVID-19 guidance is produced by advisory committees that include many frontline NHS staff. In the early stages of the pandemic, it was important that they were not taken away from their work caring for patients. It was also clear that NICE should not add to the burden on the health and care system.

As a result, we reviewed all the guidance we had in development and prioritised work related to information on diagnosis and treatment of COVID-19 and other therapeutically-critical topics, including all appraisals of cancer medicines. We postponed some other guidance publications during the first wave of the pandemic.

In June 2020, as the health and care system began rebuilding capacity in non-COVID-19 services, we began a phased restart of our non-COVID-19 guidance. We re-established our advisory committees virtually, building on our experiences of running meetings with videoconferencing technology. This proved remarkably successful and provides us with greater flexibility for the future.

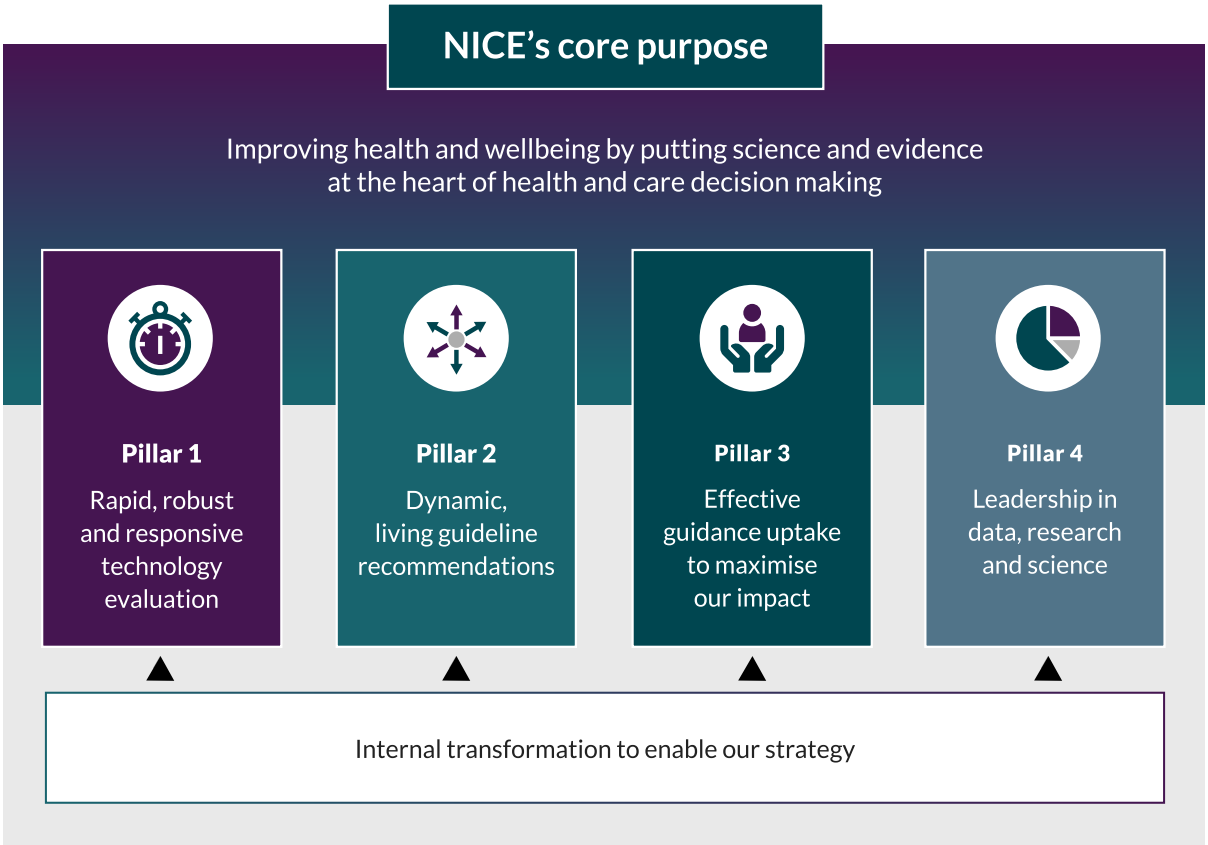
Fit for the future

A strategic plan for NICE

This year, we've been developing an ambitious 5-year strategy, which will define our priorities and areas of focus for the next 5 years.

As part of the development process, in the autumn of 2020, we conducted a series of interviews with senior representatives from a wide range of organisations. We sought perspectives from diverse sectors including the life sciences industry, digital publishing, health journalism, genomic technologies, data solutions and artificial intelligence – as well as senior representatives from the NHS and wider care system. We wanted to understand their viewpoints on key challenges and future developments in their sectors and where they felt NICE could add most value. We used this intelligence to inform the development of 4 strategic priorities which will frame our work in the coming years.

Our strategy sets out an ambitious vision for our future, and a route map to its achievement.



The strategic priorities outline our plans to become more dynamic and responsive in our vital work to improve health and care outcomes. They set out how we are going to work within NICE and across the health and care system and life sciences sector to develop our products, our processes, our partnerships and our people. This will enable us to:

- provide faster, flexible evaluation of new medicines and innovative technologies, including digital health technologies

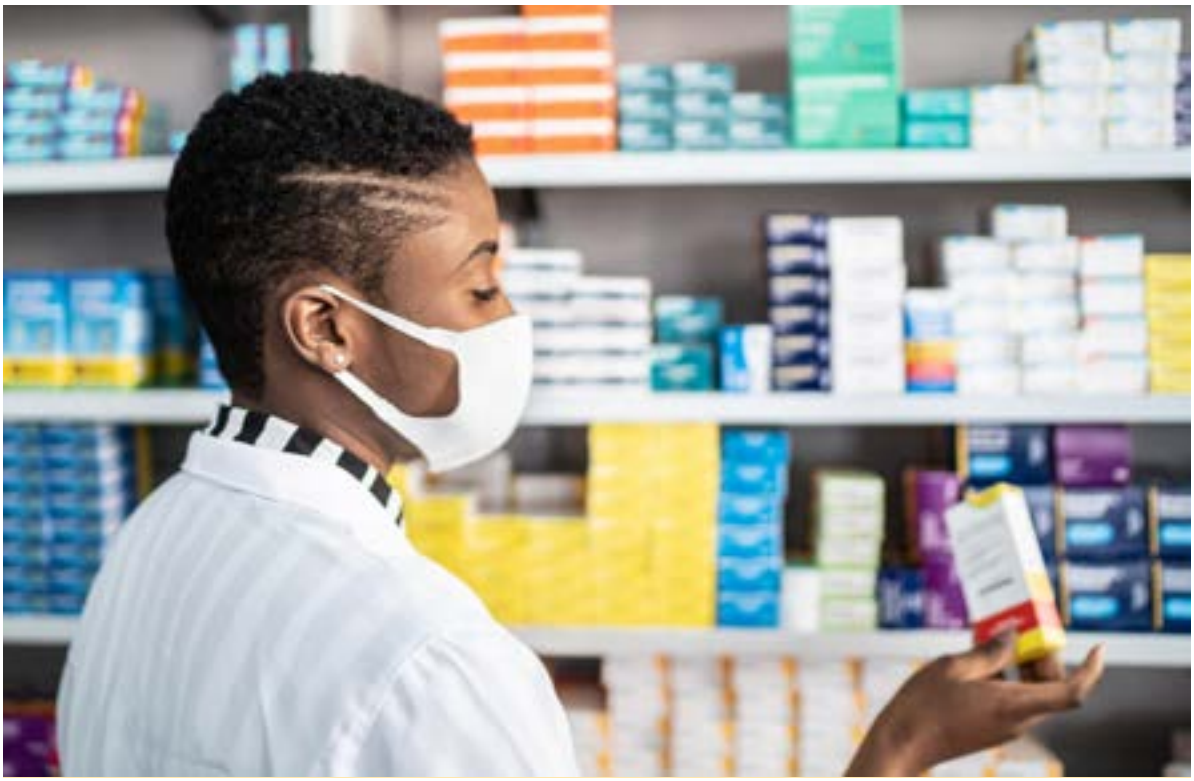
- produce living guidelines – so clinicians and practitioners can be confident our advice is up to date and incorporates new technologies
- improve access to NICE guidance – making it easier to find our recommendations and the evidence underpinning them
- help remove barriers to adoption of new technologies, including funding streams – so benefits are seen more quickly
- use real world data routinely in all our work
- foster innovative ways of listening to patient and public opinion
- drive the future research agenda – to ensure it meets priority questions for NICE and patients.

We published our strategy in April 2021.

Read the NICE Strategy 2021 to 2026: dynamic, collaborative, excellent at www.nice.org.uk/strategy

Ensuring access to innovative medicines following EU exit

NICE has a key role in evaluating and ensuring access to new and innovative medicines, treatments and technologies for the health system, playing an important role in ensuring the UK remains a destination of choice for the life sciences sector.



In preparation for the end of the EU exit transition period, we worked closely with the Medicines and Healthcare products Regulatory Agency (MHRA) to design and implement a new Innovative Licensing and Access Pathway for new medicines for use in the NHS from January 2021. We also continued to work with the MHRA to improve access to medical devices in the UK. To this end, we encouraged the medical device industry to continue to notify us of new innovations through HealthTech Connect.

Transforming NICE

Our strategy builds upon the vision of our NICE Connect project. The health and social care sector is evolving. As we move into a digital and more connected world, our users want us to provide information that is easier to access and use in practice. We must ensure we continue to listen to and adapt to their needs.

Find out more about our NICE Connect project at www.nice.org.uk/connect

Our NICE Connect project seeks to do just this, by delivering guidelines that take into account up-to-date evidence and data. We will rapidly incorporate information on the relative effectiveness of new technologies, medicines and interventions to inform choice for front line practitioners as well as for patients. This multi-year transformation project will also deliver an interactive guideline structure. This will facilitate links to the underpinning evidence and support shared decision making between patients and professionals. We will also launch a dedicated resource on the NICE website for the life science industries and others interested in our decisions and work, bringing together all relevant content into one place.

This year, we have been working to make our consultation methods simpler and more efficient, developing a common process across all our work programmes. We are also exploring ways to structure our content based on user needs. We want to better support users with the problems they are trying to solve and assist them to make key decisions about health and care delivery. We have been exploring how our users interact with NICE content in practice and how we can best structure it to help them.

Data and analytics

Our data and analytics team has developed a plan for a comprehensive Data and Analytics Methods and Standards Programme. Approved by our board in January 2021, it will ensure that NICE makes the best use of available data to inform guidance and do so in a timely, robust, and transparent manner. It will achieve this by providing a clear framework for the use of data and analytics in the development and evaluation of evidence.

Changes to health technology evaluation

The Voluntary Scheme for Branded Medicines Pricing and Access was agreed by the government and the Association of the British Pharmaceutical Industry in December 2018. It committed NICE to a review of its methods and processes for technology appraisals and highly specialised technologies. We took the opportunity to extend this exercise to include the methods and processes of our Medical Technologies Evaluation Programme and our Diagnostics Assessment Programme, aligning them where appropriate.

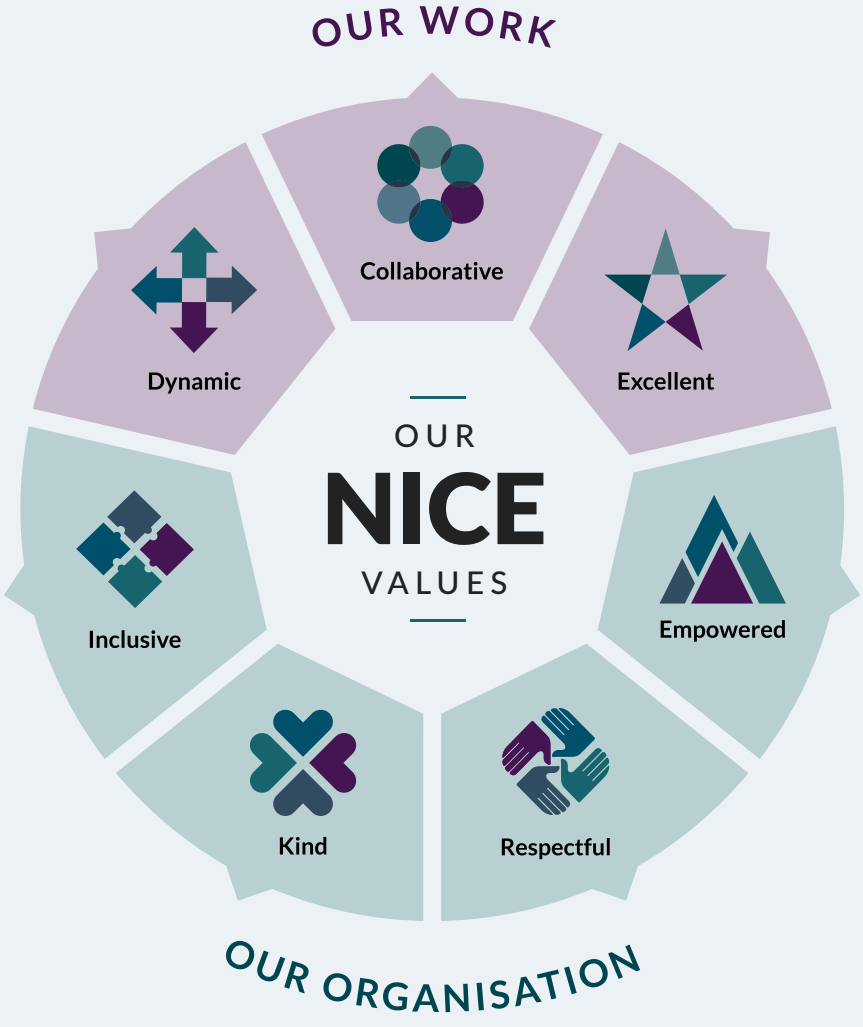
Our consultation on the methods review case for change ran during November and December 2020. To encourage engagement, we held a webinar to discuss the consultation and take questions. Interest was high with over 600 people representing life sciences companies, industry bodies, patient groups and academic institutions joining the online session.

The **consultation document** included a proposal for removing the current modifier for life-extending treatments at the end of life and suggested adding new modifiers for disease severity and health inequalities. We also proposed accepting a greater degree of uncertainty and risk in some circumstances, for example for innovative treatments or for conditions where evidence generation is complex and difficult, such as rare diseases.

We launched **a further consultation**, this time focussing on our processes for technology evaluation, in February 2021. At the time, Meindert Boysen, NICE's deputy chief executive and Centre for Health Technology Evaluation director, said: 'These proposals outline how we aim to focus our health technology evaluations on not just final guidance as the main "output", but on moving towards "health technology management" where support for early development, early advice, adoption, real world performance and reassessment are targeted to ensuring that the needs of patients and the NHS are front and centre in our activities.'

This important work is continuing. We aim to publish our new programme manual in December 2021, implementing the new processes and methods from January 2022 onwards.

Our values and behaviours



This year, our staff developed a set of 7 values and behaviours which we believe reflect the very best of who we are as an organisation, and who we aspire to be in the future.

Dynamic We are flexible and adaptive, and embrace opportunities to make improvements, grow and innovate.

Collaborative We believe in the power of working together, involving the right people, at the right time, in a meaningful way.

Excellent We take pride in our work, bringing the highest levels of expertise and professionalism to everything we do.

Kind We are attentive to the needs of others, and act with empathy and consideration.

Respectful We show due regard for each other's wishes, feelings, and rights.

Inclusive We proactively build inclusion, equality, and diversity into everything we do.

Empowered We encourage open and honest dialogue, and welcome constructive challenge.

Making a difference to people's lives

The impact of our work

NICE impact reports explore how our recommendations for evidence-based and cost-effective care are being used in priority areas of the health and care system. Since April 2020, we have published 5 impact reports covering children and young people's healthcare, respiratory conditions, end of life care for adults, prostate cancer and cardiovascular disease management.

You can view all our impact reports at www.nice.org.uk/impact

Our impact reports are based on data from national audits, reports, surveys and indicator frameworks that show the uptake of our guidance and quality statement measures. They also include insights from patients and experts in the field.

The reports demonstrate how NICE guidance is being used in practice and the positive progress the health and care system is making, while highlighting areas where more work is required.

Prostate cancer

In November 2020 we published an impact report on prostate cancer, a condition that will affect 1 in 6 men during their lifetime. The report illustrates substantial improvements in the diagnosis and treatment of prostate cancer over the last 20 years, in part driven by recommendations in NICE guidance.

One area that has seen a particular improvement is testing. Our guideline on prostate cancer recommends use of a multi-parametric MRI (mpMRI) scan as a first-line investigation for people with suspected, clinically localised prostate cancer. For those who do have clinically significant prostate cancer, the scan can help clinicians understand the location of the cancer and target a biopsy directly. This reduces the need for further biopsies and reduces the time taken to accurately identify the cancer. Multiparametric MRI is also cost effective as it reduces the number of biopsies performed.

Additionally, cancers are more likely to be detected and identified earlier, reducing the need for further treatment. Our impact report shows that the proportion of mpMRIs performed before biopsy is increasing year on year. In 2017 only 37% were performed. This increased to 46% in 2018 and 87% in 2019.

Improving care for older people

In the past year, we've produced a range of information aimed at improving the health and care of older people.

In February 2021, we published guidance on safeguarding adults in care homes. This new guideline supports care home providers to develop a strong safeguarding culture, helping to keep adults in care homes safe from abuse and neglect. It includes indicators that should alert people to the possibility of abuse or neglect on both an individual and organisational level.

COVID-19 can make anyone seriously ill. But for some people, including older people, the risk is higher. Our suite of COVID-19 products included a guideline on managing symptoms (including end of life care) in the community. This incorporated specific recommendations for older patients with comorbidities and for managing cough in older patient groups.

In September 2020, we published our impact report on End of life care for adults. Effective end of life care improves the quality of life of the dying person and those important to them. The report showed that there has been an increase in individualised care plans for people in the last days of life, rising from 56% in 2015 to 65% in 2019. Individualised care plan reviews have also increased from 64% in 2018 to 80% in 2019.

9%

increase in individualised care plans for people in the last days of life, from 2015 to 2019

16%

increase in individualised care plan reviews for people in the last days of life, from 2015 to 2019

Respiratory conditions

In July 2020, we published our impact report on respiratory conditions. Respiratory disease affects 1 in 5 people and is strongly associated with social deprivation. We have produced a large collection of guidance on the topic including 7 quality standards, 20 clinical guidelines and 14 technology appraisals.

The report explains that agreeing a personalised action plan can help adults and children over 5 with asthma to self-manage their condition and reduce the risk of exacerbations. Since our asthma quality standard was published in 2013, the proportion of people who agreed a written plan has doubled.

This impact report also examines progress made by the health and care system in implementing NICE guidance on turberculosis (TB). Kay Boycott, chief executive of the Asthma UK and British Lung Foundation Partnership, said: 'Significant progress has been made in reducing rates of TB in England. The drop in new cases by 45% between 2011 and 2018 should be commended. NICE's recommendation to screen for latent TB in people arriving from high-incidence countries, along with pre-arrival screening, has undoubtedly helped decrease incidence among this group.'

'Significant progress has been made in reducing rates of TB in England. The drop in new cases by 45% between 2011 and 2018 should be commended.'
Kay Boycott, chief executive, the Asthma UK and British Lung Foundation Partnership

Independent Medicines and Medical Devices Safety Review

In July 2020, the Independent Medicines and Medical Devices Safety (IMMDS) Review, led by Baroness Julia Cumberlege, reinforced the importance of following NICE's advice on new interventional procedures.

The purpose of the review was to examine how the healthcare system in England responded to reports about harmful side effects from specific medicines and procedures. It found that had NICE guidance on surgical mesh for pelvic organ prolapse and stress urinary incontinence been followed more closely, then much of the subsequent harm suffered by patients may have been avoided. The review recognised that NICE has a major role to play within the system and that our surgical mesh guidance was appropriate given the known risks and alternatives.

Following publication of the review, and to strengthen NICE's contribution to patient safety, our board agreed that we should undertake a range of measures. For example, we agreed to work more closely with regulators and professional organisations to reinforce the use of our guidance and to work with system partners to co-create databases and registries which could be used to inform our guideline development.

Professor Kevin Harris, NICE's senior responsible officer for patient safety, said: 'The IMMDS report is a powerful and poignant reminder of the human cost when patient safety is compromised. Patient safety is one of 3 components of quality healthcare alongside clinical effectiveness and patient experience. It is fundamental to NICE's work in providing national guidance and advice to improve health and social care.'

NICE International

NICE International provides global support to help other countries improve their nation's health and wellbeing. The team collaborates with international health organisations, ministries and government agencies to make better and more cost-effective health and care decisions, improve care quality and reduce variation in access to care, making it fairer for all. By sharing our knowledge and expertise, we can help to address global health and social care challenges, making a difference to people's lives.

We aim to establish relationships between the UK and other countries, sharing our knowledge to help overcome global health and social care challenges.

2020/21 has been a productive year for NICE International despite the significant impact that the COVID-19 pandemic has had on its services. Over the course of the year, the team delivered 50 engagements to 24 different countries.

One notable area of success for the team has been their work supporting the implementation of health technology assessment in the Philippines. During 2020/21 the team delivered a series of virtual engagements with stakeholders from across the Philippines health technology assessment field. In September 2020, the Department of Health in the Philippines published their first health technology assessment methods and process guides. NICE is acknowledged by the Philippines' Secretary of Health in the preface to these milestone documents. They are a crucial step in ensuring health technology assessment in the country meets international standards.

In May, the team delivered a webinar for international organisations on NICE's response to COVID-19. This webinar was attended by more than 300 participants from 42 different countries.

50

During 2020/21, NICE International delivered 50 engagements to 24 different countries.

Digital health technology pilot

Care models are changing all around us. The rise of shared-care, health as a true partnership between the patient and their healthcare professional, is here to stay. And in short order, most likely driven by digital health technologies, self-care will become widespread.

We have been working in this area for some time. For example, in 2017 we recommended **the CoaguChek XS system for atrial fibrillation and heart valve disease**. This technology enables patients to self-monitor their coagulation status. They can then change their dose of anti-blood clotting drugs in agreement with their health professional.

This year marked the start of a new phase in our approach to evaluating digital health technologies, many of which could support self-care. In December 2020, we published **guidance recommending Zio XT as an option for detecting cardiac arrhythmias** with the caveat that further data must be collected. This technology was the first to be recommended through our digital health technologies guidance development pilot project. Zio XT consists of a biosensor patch that records and measures the heart's electrical activity. After use, the patient removes the patch and sends it for analysis. The ECG recordings are analysed using an artificial intelligence developed algorithm, overseen by the company's cardiographic technicians.

500,000

In the UK, 500,000 people are living with undiagnosed atrial fibrillation.

More than 1.2 million people in the UK are diagnosed with having atrial fibrillation (AF). Another 500,000 people are believed to be living with undiagnosed AF. Zio XT service could – if commissioned by the NHS – be used by more than 150,000 people.

Successful completion of this pilot project paves the way for further NICE evaluation and managed introduction of new digital and data driven health technologies that present a higher degree of clinical, organisational, or financial risk to healthcare systems.

Improving patient access to innovative new medicines and technologies

NICE's Centre for Health Technology Evaluation assesses the clinical and cost effectiveness of health technologies, such as new pharmaceutical and biopharmaceutical products. It also evaluates devices and diagnostic agents and the safety of new procedures. This ensures that all NHS patients have equitable access to the most clinically- and cost-effective treatments that are available.

In May 2020, **we recommended larotrectinib**, a new treatment for a range of cancers, for use in the Cancer Drugs Fund (CDF). Larotrectinib is a histology independent cancer treatment that targets all solid tumours with a certain genetic mutation (the NTRK gene fusion) regardless of where the primary tumour is in the body. Histology independent cancer drugs are one of the priority categories of focus for the **Accelerated Access Collaborative** – a cross-sector partnership aimed at accelerating access to transformative health technologies. In England, between 600 and 700 people per year have solid tumours with NTRK gene fusions. A proportion of these people, for whom there are no other satisfactory treatment options, will be eligible for treatment within the first year that larotrectinib is available on the CDF.

In June 2020, we recommended trastuzumab emtansine as an option for some people with HER2-positive early breast cancer. Trastuzumab attaches to the HER2 receptor allowing the emtansine to go into the cancer cell where it becomes active and kills the cancer. Clinical trial evidence showed that in people who still have some cancer cells remaining after chemotherapy and HER2-targeted treatment, trastuzumab emtansine increases the time people remain free of disease compared with trastuzumab alone. Around 800 people per year will be eligible for treatment with trastuzumab emtansine as a result of this positive recommendation.

In December 2020, **we recommended liraglutide** for adults with obesity and non-diabetic hyperglycaemia who have a high risk of cardiovascular disease. Our independent committee was presented with clinical evidence which showed that people lose more weight with liraglutide plus lifestyle measures than with lifestyle measures alone. Liraglutide may also delay the development of type 2 diabetes and cardiovascular disease, which is the main benefit of treatment.

In December 2020, we recommended **caplacizumab with plasma exchange and immunosuppression to treat acute acquired thrombotic thrombocytopenic purpura**. This is the first new treatment for this rare blood disorder in over 25 years. Evidence presented to NICE's independent appraisal committee showed that caplacizumab, plus standard care, reduces the time it takes to bring blood platelet levels back to normal and the number of plasma exchange treatments needed. The medicine also reduces the time patients spend in hospital and intensive care. It is estimated more than 100 people each year will benefit from this recommendation.

NICE Scientific Advice performance and achievements

Our scientific advice services help the life science industry develop high quality evidence generation plans that capture what matters to patients and the healthcare system. The NICE Scientific Advice team completed 84 projects this year.

At the start of the pandemic, the team quickly established a free, fast track advice service for researchers developing novel diagnostics or therapeutics for COVID-19. Over the course of the year, this service has been accessed by 15 organisations.

In 2020, NICE Scientific Advice initiated a 3-year collaborative project with the Care Quality Commission, Health Research Agency and MHRA to research, develop and test a multi-agency advisory service for artificial intelligence (AI) and other data-driven technologies in health and care. Funded by the NHS AI Lab, the new service will offer information, support and advice for:

- innovators navigating the regulatory and health technology assessment landscape,
- health and care providers who are looking to deploy the best of these technologies.

NICE Scientific Advice has provided a Medtech Early Technical Assessment (META) Tool evidence gap analysis to 23 of the winning entries across 2 key funding competitions: the AI in Health and Care Award and the Digital Health Technology Catalyst. Both initiatives are designed to help grow the UK digital health sector.

84

NICE Scientific Advice completed 84 projects this year.

15

COVID-19 free fast track advice service has been accessed by 15 organisations.

Executive team and board changes

Our chief executive, Professor Gillian Leng, took up her new role on 1 April 2020. Professor Leng has held the post of deputy chief executive at NICE since 2007 and was also previously NICE's director of Health and Social Care. Meindert Boysen, director of the Centre for Health Technology Evaluation, became our deputy chief executive.

Professor Gillian Leng

Meindert Boysen

In September 2020, we welcomed 2 new directors to key positions in newly formed directorates. Jennifer Howells joined NICE as director of Finance, Strategy and Transformation, while Dr Felix Greaves was appointed as director of Science, Evidence and Analytics.

Jennifer Howells

Dr Felix Greaves

In September 2020, organisational changes led to the creation of our Digital, Information and Technology Directorate. Led by Alexia Tonnel, the directorate has a broad role covering areas such as information architecture, content management and product development.

Alexia Tonnel

In May 2020 our chairman, Sharmila Nebhrajani, joined the organisation after a long career with BBC Future Media and Technology and having held senior executive leadership roles in health including the Medical Research Council, the NHS and the Association of Medical Research Charities. Sharmila succeeded Tim Irish, who had been NICE's interim chair since January 2020.

Sharmila Nebhrajani

Tim Irish

In January 2021, we welcomed Dr Hugh McIntyre as temporary medical adviser to the board. Dr McIntyre is chair of our quality standards advisory committee, consultant physician at East Sussex Healthcare NHS Trust and independent clinician on the governing body of West Sussex Clinical Commissioning Group.

Dr Hugh McIntyre

In March 2021, the Department of Health and Social Care announced the appointment of 6 non-executive director roles to the NICE board. They took up their roles on 1 April 2021.

Mark Chakravarty

Jackie Fielding

Gary Ford

Sir Bruce Keogh

Alina Lourie

Justin Whatling

Performance analysis

This section considers in more depth NICE's delivery against the key priorities in the 2020/21 business plan.

How we measure our performance

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

The board also receives regular reports from each director, including detailed performance updates against the business plan objectives.

Our outputs

In 2020/21 NICE produced the guidance and advice shown in the following table. The way in which we monitor performance and manage risks and issues that could affect the delivery of our outputs are described in the governance statement on p49.

The first set of figures reflected the plan we had prepared in February 2020. We then set revised targets for the year to take account of the impact of COVID-19. These were approved by the board in May 2020 as part of the 2020/21 business plan.

Outputs	Planned output to year end	Forecast revised output due to COVID-19	Actual output to year end
Publish guidelines: clinical areas	13	3	8
Publish guidelines: public health	2	1	1
Publish guidelines: social care	1	0	1
Publish guidelines: managing common infections	4	0	3
Publish guidelines: COVID-19 rapid guidelines	0	21	24
Publish technology appraisals and highly specialised technologies guidance	98	Up to 70	65
Publish interventional procedures guidance[1]	33	Up to 25	19
Publish diagnostics guidance	Up to 11	5–7	5
Publish medical technologies guidance	Up to 14	5–10	10
Publish medtech innovation briefings	Up to 46	20–30	45
Deliver commercial briefing notes for NHSE&I to support discussions with companies	Up to 60	Up to 40	56
Advise on 'patient access schemes'	Up to 55	Up to 37	39
Deliver new data collection agreements	Up to 22	Up to 15	10
Complete data collection projects and associated managed access agreement exits	Up to 12	Up to 12	9
Actively monitor existing data collection projects[2]	Up to 52	Up to 52	40
Manage portfolio of evaluative commissioning projects for NHSE&I	Up to 2	Up to 1	1

Outputs	Planned output to year end	Forecast revised output due to COVID-19	Actual output to year end
Publish guideline surveillance reviews	20	Up to 20	21
Deliver evidence summaries – antimicrobial prescribing	Up to 4	Up to 4	3
Deliver evidence reviews for NHSE&I specialised commissioning (including COVID-19 rapid evidence summaries)	-	3	11
Deliver quality standards	-	8	9
Deliver indicator menu	-	1	1
Deliver endorsement statements	-	20	21
Deliver shared learning examples	-	25	42
Publish monthly updates of the BNF and BNF for Children content	-	12	12
Deliver a regular medicine awareness service	-	50	50
Deliver medicines advice products	-	10	12
Develop 'rapid action plans' in context of RAPID-C19	-	Up to 15	33

1 3 delayed interventional procedures guidance topics: Melphalan chemosaturation with percutaneous hepatic artery perfusion and hepatic vein isolation for primary or metastatic liver cancer, High tibial osteotomy with adjustable magnetic nail insertion for symptomatic medial knee osteoarthritis and Repetitive short pulse transscleral cyclophotocoagulation for glaucoma.

2 In line with the reduced number of guidance publications during 2020/21, fewer topics have been recommended for managed access. In addition, during 2020/21 NICE Commercial and Managed Access function has engaged early with companies and NHSE&I to identify topics which might require new commercial flexibilities to support an assessment of cost-effectiveness. At the same time the NHSE&I Commercial Framework has created opportunities for new commercial flexibilities which have previously only been available via a managed access agreement between NHSE&I and companies.

Financial review

Accounts preparation and overview

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

NICE is a non-departmental public body with the majority of funding coming through grant-in-aid from the Department of Health and Social Care (78% of total 2020/21 operating expenditure). The remaining funding comes from other non-departmental public bodies (NDPBs) (NHS England and Health Education England) and our income generating activities (fees for technology appraisals and highly specialised technologies [TA/HST], NICE Scientific Advice, the Office for Market Access and research grants). This funding and how it was used is explained in more detail below.

The Department of Health and Social Care has approved NICE's business plan for 2021/22 (available to view at **www.nice.org.uk/about/who-we-are/corporate-publications**) and has provided details of indicative funding levels for the next financial year. It is therefore considered appropriate to prepare the 2020/21 financial statements on a going concern basis.

How is NICE funded?

NICE's total revenue funding from the Department of Health and Social Care for 2020/21 was £53.7 million. This comprised:

- £44.5 million administration grant-in-aid funding.
- £8.2 million programme grant-in-aid funding. This is primarily funding to purchase and distribute the BNF on behalf of the NHS (both in print and digital versions), and to support the Medical Technologies Evaluation Programme, in particular the cost of the external assessment centres.
- £1.0 million ring-fenced depreciation limit. This is non-cash funding for the annual depreciation and amortisation costs of our assets.

In addition to the revenue resource limit, NICE's capital resource limit was £3.1 million for 2020/21.

The total amount of cash available to be drawn down from the Department of Health and Social Care during 2020/21 was £55.8 million (made up of Administration funding [£44.5 million], Programme funding [£8.2 million] and capital funding [£3.1 million]).

The actual amount of cash drawn down in 2020/21 was £50.0 million. This was £5.8 million lower than the amount available because of underspends on vacancies across the organisation and the capital budget not being spent in 2020/21.

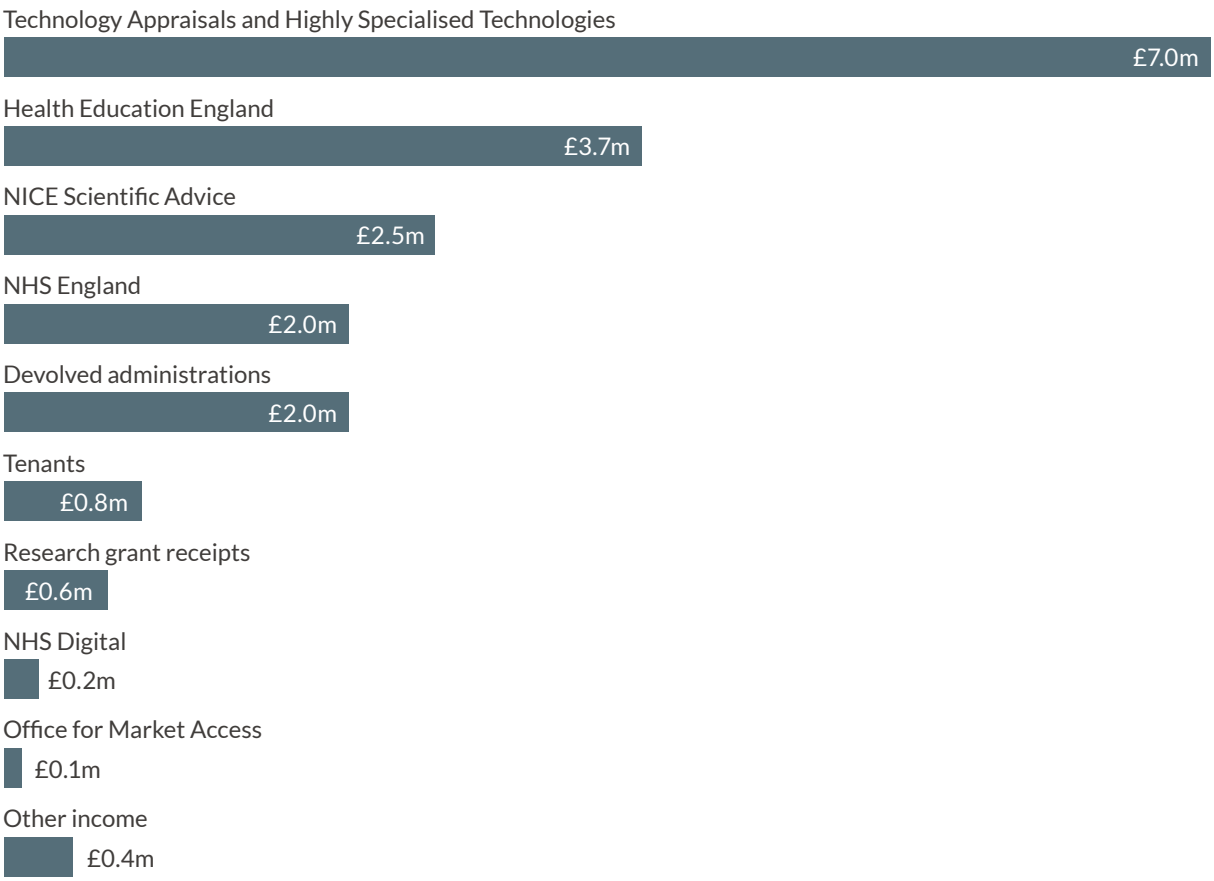
Other income

NICE also received £19.3 million operating income from other sources, as follows:

- NHS England provided £2.0 million funding to continue supporting a number of programmes:
  - activities supporting managed access agreements
  - developing medtech innovation briefings
  - supporting the Rapid Evidence Summaries Programme
  - hosting the national medical technology horizon scanning database (HealthTech Connect)
  - Accelerated Access Collaborative.
- £3.7 million was received from Health Education England to fund national core content (such as journals and databases) on the NICE Evidence Search website for use by NHS employees.
- £0.2 million was received from NHS Digital for publication and renewal of quality indicators.
- £7.0 million was received in fees for technology appraisals and highly specialised technologies.
- £2.0 million was received from the devolved administrations and other government departments to contribute to the cost of producing NICE guidance and publication of the BNF.
- Trading activities from NICE Scientific Advice, the Office for Market Access and intellectual property royalties generated £2.7 million gross income and receipts.
- £0.8 million was received from charges to sub tenants of the Manchester and London offices.
- £0.9 million was received from other sources, including grants for supporting academic research and recharges for staff seconded to external organisations.

The following chart shows the breakdown of income received.

Other income (non-grant-in-aid): £19.3 million



How the funding was used

Total net expenditure in 2020/21 was £49.7 million (£50.3 million in 2019/20), which resulted in an underspend of £4.0 million against a total revenue resource limit of £53.7 million (see table below).

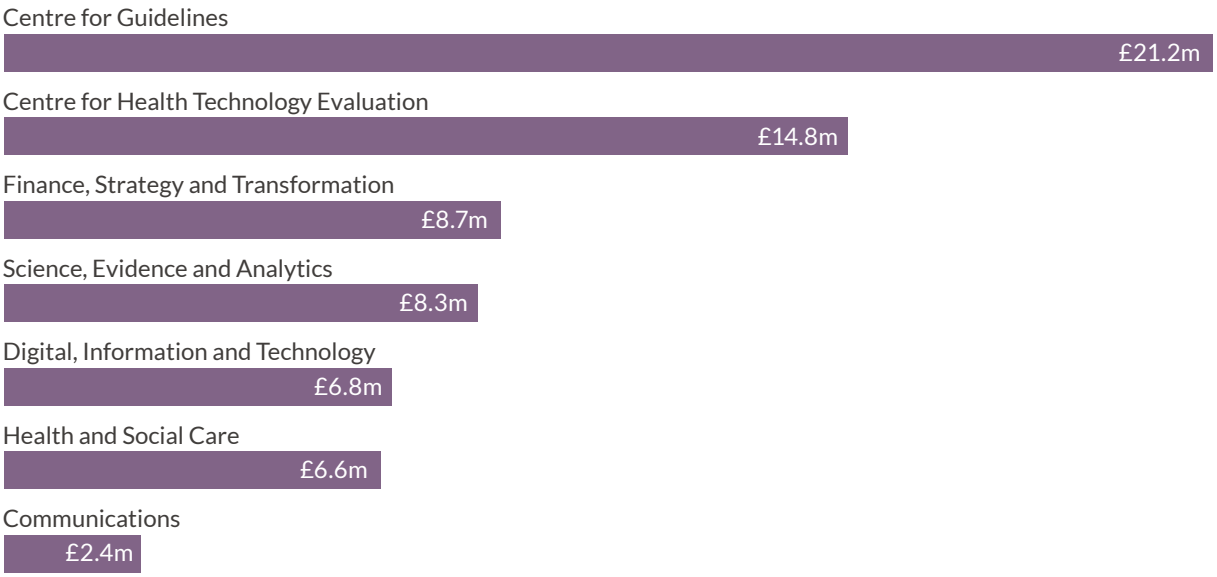
Summary of financial outturn

	Resource limit (£m)	Net expenditure (£m)	Variance (£m)
2020/21 Financial outturn			
Grant-in-aid	52.7	49.2	(3.5)
Depreciation and amortisation	1.0	0.5	(0.5)
Total comprehensive expenditure for the year ended 31 March 2021	**53.7**	**49.7**	**(4.0)**
2019/20 Financial outturn			
Grant-in-aid	50.1	49.7	(0.4)
Depreciation and Amortisation	0.6	0.6	(0.0)
Total comprehensive expenditure for the year ended 31 March 2020	**50.7**	**50.3**	**(0.4)**

The £4.0 million (7%) underspend in 2020/21 was due to vacant posts from staff turnover during the year and underspends on travel budgets due to COVID-19 related restrictions in place through out the year. Underspends were offset by the expected under recovery of income from the technology appraisal and highly specialised technologies (TA/HST) programme.

The organisation is structured into 5 guidance and advice-producing directorates and several corporate support functions. The following chart shows how the gross expenditure is spread across NICE.

Gross expenditure by centre and directorate: £68.8 million



Figures exclude non-cash items such as deprecation and provision adjustments.

Capital expenditure

The capital budget during 2020/21 was £3.1 million. Of this, £119k was spent on new AV equipment and £80k was spent on equipping both offices with docking stations. In the Manchester office, a designated cycle storage area was created, at a cost of £118k, and automatic door openers were fitted, costing £33k.

The capital budget included amounts relating to the fit out of our new office at Redman Place. However, the costs associated with the fit out were borne by Department Health and Social Care. The budget also included funding to refurbish the Manchester office, but this work was postponed to allow us to review the ways we will use our office in the future.

Better payment practice code

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

Payment statistics

	Number	£000
Total non-NHS bills paid 2020/21	1,615	27,175
Total non-NHS bills paid within target	1,574	26,910
Percentage of non-NHS bills paid within target	**97.5%**	**99.0%**
Total NHS bills paid 2020/21	232	3,809
Total NHS bills paid within target	226	3,785
Percentage of NHS bills paid within target	**97.4%**	**99.4%**

The amount owed to trade creditors at 31 March 2021, in relation to the total billed through the year expressed as creditor days, is 12 days (5 days in 2019/20).

Future developments

For 2021/22 we have prioritised objectives that recognise and respond to the changing system in which we operate, and focus our efforts to have the biggest impact in delivering our new 5 year strategy and Department of Health and Social Care's priority outcomes.

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

Human rights

NICE prides itself on being a good employer, and in our last employee survey 94% of our respondents rated us as a good, very good or excellent place to work. We maintain and implement practices and policies to protect the human rights of our staff, including policies on bullying, harassment and victimisation, grievance and whistleblowing. We have put in place a range of diversity initiatives which are designed to prevent discrimination and we recognise a trade union that our staff are welcome to join.

Signed:

Professor Gillian Leng CBE, MD
Chief executive and Accounting Officer
17 June 2021

Accountability Report

Corporate Governance Report

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

It comprises 3 sections:

- Directors' report (p41)
- Statement of the board's and chief executive's responsibilities (p48)
- The annual governance statement (p49).

Directors' report

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

Governance structure

NICE board

The role of the NICE board is to:

- develop NICE's strategic priorities and approve the annual business plan
- provide oversight of the management of NICE's resources
- identify and manage risks and ensure a sound system of internal controls is in place.

Audit and risk committee

The role of the committee is to:

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

Remuneration committee

The role of the committee is to:

- agree the remuneration and terms of service for the chief executive, members of the executive team, and any other staff on the executive and senior manager pay framework
- ensure there is a system of performance review, talent management and succession planning in place for the chief executive and executive team
- review the succession planning talent pipeline for the chief executive and executive team roles.

Executive team

The role of the executive team is to:

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

Guidance executive

The role of the guidance executive is to approve on behalf of the board, NICE guidance and products developed by the independent advisory committees. These products include NICE guidelines; quality standards; technology appraisals; highly specialised technology evaluations; and medical technologies, interventional procedures and diagnostics guidance.

The guidance executive is responsible for consulting on, and making decisions about, variations to the funding requirement for technologies assessed by the technology appraisal and highly specialised technologies programmes. It also formally receives and takes action on appeal decisions regarding the technology appraisal and highly specialised technologies programmes.

Publication executive

The role of the publication executive is to approve, on behalf of the board, products to support NICE guidance, other than those that fall under the remit of the guidance executive. It considers products which:

- are of significance to NICE and represent a risk if they are not of high quality
- are at a final pre-publication stage
- represent a new product which requires additional input in the early development stage.

These products include:

- resource impact assessments, adoption support resources, medicines evidence summaries and commentaries, and endorsement statements.
- NICE Pathways (where they meet certain criteria).

NICE's board and executive team

The non-executive directors who served on the board in 2020/21 were:

Sharmila Nebhrajani OBE
Chairman (from 25/5/20)

Professor Tim Irish
Vice chair (interim chair 1/1/20–24/5/20)

Professor Martin Cowie
(until 20/8/20)

Dame Elaine Inglesby-Burke DBE

Dr Rima Makarem
Senior independent director
(interim vice chair 1/1/20–24/5/20)

Tom Wright CBE

Executive directors who served on the board in 2020/21:

Professor Gillian Leng CBE, MD
Chief executive

Meindert Boysen
Deputy chief executive and director, Centre for Health Technology Evaluation

Alexia Tonnel
Director, Digital, Information and Technology

Dr Paul Chrisp
Director, Centre for Guidelines

Catherine Wilkinson
Acting director, Business Planning and Resources (from 1/1/20–31/8/20)

Jennifer Howells
Director, Finance, Strategy and Transformation (from 1/9/20)

Directors in 2020/21 were:

Jane Gizbert
Director, Communications

Dr Felix Greaves
Director, Science, Evidence and Analytics
(from 1/9/20)

Dr Judith Richardson
Acting director, Health and Social Care

Board committees

Audit and risk committee

The committee members during 2020/21 were:

Dr Rima Makarem
Chair

Tom Wright CBE
Non-executive director

Professor Martin Cowie
Non-executive director[1]

Dame Elaine Inglesby-Burke DBE
Non-executive director

1 Until 20/8/20

Remuneration committee

The committee members in 2020/21 were:

Sharmila Nebhrajani[1]
Chairman and committee chair

Professor Martin Cowie[2]
Non-executive director

Dr Rima Makarem
Non-executive director

Dame Elaine Inglesby-Burke DBE
Non-executive director

Professor Tim Irish[3]
Non-executive director

1 From 25/5/20 **2** Until 20/8/20 **3** Committee chair until 24/5/20

Independent advisory committees

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

During 2020/21 the standing committees were:

- technology appraisal committees, chaired by Dr Jane Adam, Professor Amanda Adler, Professor Gary McVeigh and Professor Stephen O'Brien
- highly specialised technologies evaluation committee, chaired by Dr Peter Jackson

- interventional procedures advisory committee, chaired by Dr Thomas Clutton-Brock
- diagnostics advisory committee, chaired by Dr Mark Kroese
- medical technologies advisory committee, chaired by Professor Peter Groves
- public health advisory committees, chaired by Ralph Bagge, Paul Lincoln OBE, Professor Alan Maryon-Davis, Professor David Croisdale-Appleby OBE, Dr Ann Hoskins and Dr Tessa Lewis
- indicator advisory committee, chaired by Professor Danny Keenan
- quality standards advisory committees, chaired by Dr Hugh McIntyre, Dr Gita Bhutani and Dr Michael Rudolf.

There are also time-limited, topic specific committees established for particular guidelines.

Independent academic centres and information-providing organisations

NICE works with independent academic centres funded by the National Institute for Health Research to review the published and submitted evidence when developing technology appraisal and highly specialised technologies guidance. We currently work with:

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

We commission independent academic centres to support advance evidence synthesis in the development of clinical guidance. The Centre for Guidelines in 2020/21 worked with the following organisation:

- Technical Support Unit, University of Bristol.

We also commission independent academic centres to review the published evidence and conduct economic analyses when developing public health guidance. In 2020/21, the Centre for Guidelines worked with the following organisation:

- York Health Economics Consortium.

External assessment centres

We commission 5 external assessment centres to work with the Centre for Health Technology Evaluation on projects related to the work programmes on medical devices, diagnostics and interventional procedures and provide methodological support to the evaluation of all technology types. The centres are:

- CEDAR, Cardiff and Vale University Health Board
- King's Technology Evaluation Centre (KiTEC), King's College London
- Newcastle upon Tyne Hospitals NHS Foundation Trust
- Decision Support Unit, School of Health and Related Research (ScHARR), University of Sheffield
- York Health Economics Consortium.

National collaborating centres

We commission 2 national collaborating centres (NCCs) to develop guidelines for NICE. The NCCs bring together a multidisciplinary development group for each guideline. These groups include lay people, healthcare professionals such as nurses and GPs, and technical experts who work together to interpret evidence and draft recommendations. During 2020/21 the centres were:

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

Statement of the board's and chief executive's responsibilities

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

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

- observe the Accounts Direction issued by the Secretary of State for Health and Social Care, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

The Accounting Officer for the Department of Health and Social Care (DHSC) has appointed the chief executive of NICE as the Accounting Officer for NICE. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NICE's assets, are set out in Managing Public Money published by HM Treasury.

As chief executive and Accounting Officer, I confirm that I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that NICE's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

Annual governance statement

Accountability summary

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

NICE's role

NICE was established as the National Institute for Clinical Excellence on 26 February 1999 as a special health authority and became operational on 1 April 1999. The Health and Social Care Act 2012 re-established NICE as an England-only national advisory body with the status of non-departmental public body (NDPB). It became known as the National Institute for Health and Care Excellence.

Our role is to improve health and wellbeing by putting science and evidence at the heart of health and care decision making. We do this by:

- Providing independent assessment of a wide range of complex evidence to help commissioners, front-line practitioners, patients, carers, and citizens to take better informed decisions. These decisions may be about the care people receive, the safety of new procedures or the use of finite health and care resources.
- Working with those at the forefront of scientific advances and using our analytical skills, knowledge and expertise to identify, assess and develop timely recommendations for innovations that have a real and important impact on patients' lives, on the delivery of health and care, and that represent good value for the system.
- Working with partners across the health and social care system to drive the uptake of effective and cost-effective new treatments and interventions to benefit the population as a whole and to improve and ensure equity of access to all members of society.

Governance arrangements

NICE is led by a board made up of:

- a non-executive chairman appointed by the Secretary of State for Health and Social Care;
- a minimum of 5 other non-executive members appointed by the Secretary of State, one of which is appointed by the board as the vice chair;
- a chief executive appointed by the non-executive members with the approval of the Secretary of State; and
- other executive board members appointed by the non-executive members: the total number of executive members must be at least 3 but no more than 5.

The board members collectively have a range of skills and experience appropriate to the board's responsibilities to provide leadership and strategic direction for the organisation. The membership of the board in 2020/21 and its role in the governance structure is summarised below.

Chairman of the board

Sharmila Nebhrajani took up the position of NICE's new substantive chairman on 25 May 2020, taking over from Tim Irish, the vice chair, who was appointed interim chair on 1 January 2020 following Sir David Haslam's retirement as chair. Following Sharmila's appointment, Tim returned to his position as vice chair.

Role of the chairman

The chairman is responsible for:

- Leading the board in an open and positive way, representing NICE to the health and social care communities, life sciences industry, and the public, and building on the NICE's international status.
- Setting the tone for excellent working relationships between NICE and key stakeholders responsible for the successful operation of the health and social care system, and supporting innovation and the UK life sciences.
- Ensuring that the board puts policies in place to secure the effective management and development of all NICE's staff; that it is clear about the values it holds as an organisation and communicates them effectively to its staff and to its external partners.
- Developing an effective partnership with the chief executive to lead the Institute in advising ministers and the health, including public health, and social care communities in England on effective and cost-effective practice and in securing delivery of the Institute's objectives.
- Challenging and providing support for the executive directors and encouraging and enabling all board members to make a full contribution to the board's affairs and to work effectively as a team.
- Ensuring that strategic and relevant operational issues, including the work of the audit and risk committee are discussed by the board in a timely manner and with appropriate information to support its decisions.
- Ensuring the board and NICE as a whole takes note of the Secretary of State for Health and Social Care's policies and priorities, while being mindful of its responsibility to offer independent and evidence-based advice.

Board membership

On 1 April 2020 the number of non-executive directors temporarily fell below the statutory minimum of six, set out in the Health and Social Care Act 2012, until the DHSC appointed a new chairman. The board sought legal advice and resolved to establish a committee of the board members from 1 April 2020 to undertake the board's functions. The committee was delegated the board's powers and for all practical purposes operated in the same way as the board, including meeting in public. The committee was dissolved when the board returned to its required minimum size when Sharmila Nebhrajani took up her post as chairman on 25 May 2020. The board re-established the committee in advance of Professor Martin Cowie's resignation in August 2020, which again meant the number of non-executives fell below the statutory minimum. In December 2020 Dr Hugh McIntyre, chair of NICE's quality standards advisory committee, was appointed as a temporary medical adviser to the board to provide a medical and NHS perspective to the board's discussions until the number of non-executives increased to its usual level and included an appointee with a clinical background.

On 1 April 2021 6 new non-executives joined the NICE board (referred to earlier on page 32), which meant the committee could be dissolved as the number of non-executives exceeded the minimum number set out in the Act. Several of the appointees had a clinical background, but Hugh McIntyre agreed to continue as temporary medical adviser until 31 July 2021 to aid the transition process.

Public board

The board meets formally in public 6 times a year. Due to the COVID-19 pandemic board meetings have been held virtually via Zoom since March 2020, with the public able to observe and submit questions in real-time. The aim is to restart in-person board meetings as soon as the COVID-19 situation permits. There is an additional private board meeting held in June specifically to approve the annual report and accounts.

As noted above, an additional meeting was held in August 2020 to establish the board committee in advance of Martin Cowie's resignation.

Public board meetings receive regular reports from the chief executive and each director, including an update on the financial position from the director of finance, strategy and transformation; updates from board committees; and topic-specific papers on major developments and strategic projects. The board papers and the minutes of each meeting are published on the NICE website.

Attendance at the NICE public board meetings and the board committees in 2020/21 is set out below:

	Board attended / eligible	ARC attended / eligible	Remuneration attended / eligible
Non-executive directors			
Sharmila Nebhrajani[1]	7/7	-	2/2
Dame Elaine Inglesby-Burke	5/8	3/5	3/3
Professor Tim Irish	8/8	-	2/3
Dr Rima Makarem	7/8	5/5	3/3
Tom Wright	8/8	5/5	-
Professor Martin Cowie[2]	4/4	2/2	1/1
Executive directors[6]			
Professor Gillian Leng	8/8	5/5	3/3
Alexia Tonnel	8/8	-	-
Jennifer Howells[3]	3/4	2/3	1/2
Meindert Boysen	7/8	-	-
Dr Paul Chrisp	8/8	-	-
Catherine Wilkinson[4]	3/3	2/2	-
Directors in attendance			
Jane Gizbert	8/8	-	-
Dr Felix Greaves[5]	4/4	-	-
Dr Judith Richardson	7/8	-	-

1 From 25/5/20 **2** Until 20/8/20 **3** From 1/9/20 **4** Until 31/8/20 **5** From 1/9/20

6 Executive directors do not attend the sub committees of the board as members of the committee.

Strategy board

In addition to the formal public meetings, the board holds informal meetings to consider strategic issues. These were held in April, June, August, December, and February, plus a full day session in October focused on developing NICE's new 5 year strategy.

Board effectiveness and development

The board is committed to the highest standards of corporate governance and has committed to regularly reviewing its effectiveness. As noted earlier in this statement, there has been significant turnover on the board in the last 12 months, with a new chairman, chief executive, 6 new non-executives, and new appointments to the executive team. In the final quarter of 2020/21 a leadership development consultant was commissioned to facilitate a board development programme in 2021/22. This seeks to:

- help develop a renewed board capable of creating the climate for and overseeing the delivery of an ambitious change programme
- ensure that the board can, at a time of significant change, ensure NICE delivers its core guidance and advice products and be responsive to stakeholder needs
- develop a shared and enduring sense of purpose across all board members to enable open and candid discussion, constructive challenge and insightful support for the organisation and its people as it transforms.

Board committees

To help the board fulfil its duties, it is supported by 2 committees – the audit and risk committee and the remuneration committee.

Audit and risk committee

The audit and risk committee meets quarterly and has formally agreed terms of reference which are reviewed annually. It reports independently to the board on: the adequacy of NICE's governance arrangements; assurance and the risk management framework and the associated control environment; oversight of the financial reporting process; the operation of the declarations of interest policy; and all types of fraud, and whistle-blowing arrangements. The audit and risk committee also agrees the annual internal audit plan.

During the 2020/21 financial year, internal audit services were provided by the Government Internal Audit Agency (GIAA). The GIAA team operates to Public Sector Internal Audit Standards and the internal audit plan included the following reviews, the outcomes and key findings of which are being addressed by senior management and their teams:

Audit	Areas reviewed	Assurance rating
Committee recruitment and oversight	• Oversight of the appointment of committee chairs and members. • Compliance with the NICE appointments to advisory bodies policy and procedure. • Arrangements for ensuring the appropriate skills and knowledge of those involved in the appointment and re-appointment process.	Moderate
Contract management	• Arrangements for managing a call-off contract. • Monitoring progress of projects within the contract and defining project deliverables. • Whether tasks within the contract were delivered to time and budget. • Arrangements for dispute resolution.	Moderate
Data Security & Protection Toolkit	• A post submission review of the NICE 2019/20 submission using the NHS Digital Data Security and Protection (DSP) Toolkit Independent Assessment Framework, to provide assurance and highlight areas for improvement.	Substantial
NICE Connect	• Programme governance arrangements including roles and responsibilities of the Steering Group and key individuals, to include effectiveness and recording of decision making. • Programme risk management arrangements, including identification, assessment and management of programme risks and escalation. • Arrangements for ensuring the programme is appropriately resourced, including identification and sourcing of specialist skills.	Substantial
TA/HST Charging	• To provide assurance over the effectiveness of the framework of controls in place to ensure that the charges to companies are levied, received, and accounted for accurately.	Substantial
Rollout of video telephony tool (Zoom)	• The decision making arrangements for the introduction of Zoom, including consideration of alternative systems. • Resourcing of the rollout including clarity of roles and responsibilities • Communication to staff and other stakeholders and training for users of the system including any associated security and information governance risks.	Substantial

The internal auditor gave an overall opinion of substantial assurance for the year.

Areas of particular focus for the audit and risk committee in 2020/21 were:

- The corporate risk register which is reviewed at every meeting. Additionally, in January and September, the committee reviewed the strategic ambitions and risks.
- The 'deep dive' risk presentations which allowed the committee to scrutinise risk management arrangements, test assurances, challenge actions where appropriate, and offer advice and support on a continuous improvement basis. Topics discussed during the year were:
  - A review of the impact of the COVID-19 pandemic on NICE's work, including the production of rapid guidelines and evidence reviews, and working with partners to develop the Research to Access Pathway for Investigational Drugs in COVID-19 (RAPID-C19).
  - The cyber security and information governance arrangements in place to mitigate risk and support NICE's digital workplace strategy. The committee was updated on the key risks arising from the rapid move to remote working for all staff and the use of Zoom for meetings, including the security upgrades and training that was rolled out to mitigate the risks.
  - Plans for NICE's equality objectives for 2020 to 2024 and actions to address the improvements which need to be made to achieve significant progress against the gaps and issues which have identified including looking at the cultural issues which impact progress, as well as setting targets.
  - Arrangements for contract management and the controls in place to mitigate risks. The committee discussed the assurance framework around procurement, contract support and training, commercial skills, value for money and the impact the UK's exit from the EU was likely to have for NICE.
- Reviewing the effectiveness of both the internal and external auditors via a survey to the regular attendees at the committee's meetings. The survey results of the external auditor review were discussed in November. The feedback raised no specific issues of concern. The review of the internal auditor took place in January 2021. The feedback was also very positive about the relationship with the Government Internal Audit Agency (GIAA) team. There were no areas of concern which required follow up work.

In addition, the committee reviewed the outcome from internal and external audit reports; reviewed annual assurance reports from management on complaints, information governance, and information security and resilience. The committee also received reports on compliance with the Government Functional Standard GovS 013: counter fraud, and reviewed the submissions made to the Cabinet Office.

From 1 April 2021, 3 of the new non-executive directors joined the committee, Mark Chakravarty, Alina Lourie and Justin Whatling. Amanda Gibbon also joined as an external member with a financial background. The current chair Rima Makarem will be standing down and Tom Wright will become the interim chair from August 2021.

Remuneration committee

The remuneration committee met 3 times in 2020/21. The first meeting, in April 2020 was held to agree the recruitment salary, job description and person specification for the new post of director of Finance, Strategy and Transformation. The meetings in October and November agreed the salaries for NICE's directors and other senior staff within its remit.

Accountability to the Department of Health and Social Care

Annual accountability meetings are held between NICE's chief executive and chairman and the sponsoring minister at the Department of Health and Social Care (DHSC), in England.

In addition, quarterly accountability meetings take place between members of NICE's executive team and our sponsor team at the DHSC. The meetings review the delivery of our agreed business plan, performance against our balanced scorecard, our financial position, and risks. The head of the sponsor team at DHSC attends our audit and risk committee meetings.

Register of interests

A register of interests is maintained to record declarations of interests of the board members, the executive team and all other staff. The register includes details of all directorships and other relevant and material interests which relate to NICE's work, as required by our Standing Orders and policy on declaring and managing interests.

Board members and employees are required to reconfirm their declared interests annually, in addition to declaring any changes in-year as they arise. The register of board members and executive team interests is available to the public via **the NICE website**. The policy was subject to periodic review this year and the updated version approved by the board in March 2021.

NICE also has a separate policy on declaring and managing interests for its advisory committee members which came into effect on 1 April 2018 and was last updated in December 2020. The policy established a reference panel to provide advice to directors on contentious matters relating to adherence with the policy, and to ensure the policy is consistently applied. The panel is made up of 3 non-executive directors and 2 members of the executive team from non-guidance producing directorates. The panel was not required to meet in 2020/21.

Both policies can be found on **the NICE website**.

In May 2021, the audit and risk committee meeting reviewed an annual report of breaches of the declaration of interest policy which had been identified and recorded during the 2020/21 year. The report detailed one breach, the effect of this, and the action taken. It related to an expert witness who had been nominated to give evidence at a technology appraisal committee. The investigation concluded that the failure to declare some interests had been an accidental oversight which was corrected. The outcome did not impact the committee's final output as expert witnesses are not part of the committee's decision making and the interests were identified before the committee developed its recommendations.

Information on transactions with organisations with whom our directors are connected are detailed in the Related Parties note in the annual report and accounts.

The risk and control framework

System of internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NICE's policies, aims and objectives. The system of internal control has been in place at NICE for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

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

Risk management framework

The board determines the risk appetite and sets the culture of risk management within NICE. The board has ultimate responsibility for risk management within NICE including major decisions affecting NICE's risk profile or exposure. The consideration of risk includes operational, financial and human resource issues, the Institute's reputation, public interests, stakeholder interests, ministerial interests and other aspects of relationships both inside and outside of government.

The risk management policy sets out NICE's approach to risk management. It defines risk, outlines roles and responsibilities for

risk management, and explains how risks are categorised, assessed and escalated. The policy was updated in March 2020 to ensure it remains aligned with best practice. It was reviewed against the government's Orange book 'Risk management – principles and concepts'. The revised version was supported at the audit and risk committee in April 2020 and approved by the board in May 2020.

The policy outlines NICE's risk appetite – the extent to which we will tolerate known risks, in return for the benefits expected from a particular action or set of actions. With careful planning and management we aim to operate our programmes with a low level of risk. However, we do incur moderate risks, where, for example we are making significant changes to current programmes or taking on new activities. We may also need to take account of risks that arise from the actions of other organisations that give rise to moderate risk for us. We may also need to consider accepting high risks in certain circumstances, such as our response to the COVID-19 pandemic, where the risk was externally imposed, and therefore one over which the Institute had little or no direct control, other than to respond under emergency conditions to help support the wider health sector. In addition, it may be necessary to accept high risks if an activity is central to our strategic objectives, and the risks of not proceeding outweigh the risks of the activity.

Annually at the start of each financial year, the executive team identifies the strategic risks to NICE achieving its agreed objectives for the year ahead, as defined in the five-year strategic plan and the annual business plan.

The strategic risk register is dynamic, and risks are continually assessed in the context of NICE's current strategies and external events. The executive team formally reviews the risk register 6 times a year. This review takes account of the ongoing identification and evaluation of risks by directors and considers handling strategies and required policies to support the process of improving internal controls. In doing so, directors consider the resources available, the complexity of the task, external factors that may impact on NICE's work and the level of engagement required with partners and stakeholders.

The audit and risk committee reviews the strategic risk register at each of its quarterly meetings where it challenges and scrutinises the operation of the risk management process and reports to the board on its effectiveness.

Directors, in conjunction with their teams, are responsible for ensuring risks in their centre/directorate are identified, assessed and entered into an operational risk register which monitors progress against the annual business plan objectives. The executive team reviews the operational risk register 4 times a year.

Additionally, programme and project risk registers are in place to track risks to delivery in areas such as the transformation programme.

Directors are required to include a risk assessment in executive team and board reports where there is a substantive new development proposed or substantive change to existing activities.

An internal audit review of risk management arrangements is scheduled for early 2021/22. This will look at: the processes for escalating and de-escalating risks between the strategic and operational risk registers; ensuring risk management is embedded as part of NICE's decision making and the delivery of its objectives; understanding of risk appetite and whether this is used in decision making about responses to strategic challenges and opportunities; and a clear definition of strategic and operational risks.

Principal risks facing NICE

Looking ahead, NICE is focussed on delivery of its five year strategic plan which was launched in April 2021. The Executive Team has assessed the principal risks to achieving the priorities set out in the plan as being:

- We are unable to deliver our organisational design transformation plans to timescale which impacts achievement of our strategic ambitions.
- Economic challenges and requirement for efficiency savings across the public sector following the COVID-19 pandemic threatens NICE's financial sustainability.
- The needs of the health and social care system change, as a result of COVID-19, or the role of Integrated Care Systems in driving integrated care, and the focus on tackling health inequalities, which leads to NICE potentially losing its impact in promoting high quality care.
- The health technology evaluation methods and process review is not able to reconcile the many different stakeholder interests which could impact NICE's ambition to deliver greater speed, flexibility and responsiveness of health technology evaluation.
- NICE is unable to establish itself as a global scientific thought leader, including use of real world data and AI, causing NICE to follow methods and processes developed by others, which will be in conflict with its strategic aspirations.
- A major systems failure or cyber security breach which affects our financial and operational performance, and regulatory compliance.

Information governance

We adopt a risk-assessed approach to information governance (IG), aligned to official guidance from relevant bodies, notably the Information Commissioner's Office and NHS Digital. Board-level responsibility for the management of information risk rests with the director of Finance, Strategy and Transformation who is the Senior

Information Risk Owner (SIRO). NICE has nominated the head of information governance manager and records management as its Data Protection Officer (DPO), with the responsibilities outlined in the General Data Protection Regulation (GDPR).

Information risks are considered as part of the risk assessment process, and any such risks reported to the executive team and audit and risk committee accordingly. Policies and procedures for managing the security of personal data are reviewed by an internal information governance steering group in light of best practice guidance and relevant standards. The group is chaired by the SIRO and includes the Information Asset Owners in each centre and directorate (these are senior managers usually at associate director level). NICE also has an appointed Caldicott Guardian, who is responsible for ensuring any patient data is used legally and managed confidentially.

All employees are required to complete annual IG training using a bespoke online training package created by the IG team. The executive team receives performance data on take up. Additionally, the non-executive directors are asked to complete the training.

The audit and risk committee reviews the IG arrangements at least annually, when it receives a comprehensive annual review of IG which provides assurance around NICE's compliance with all the mandatory sections of the Data Security and Protection Toolkit, and other aspects of IG including the policies and procedures in place to manage subject access requests, the completion of data protection impact assessments, identifying information asset owners (IAOs) in each directorate, responding to data breaches, assisting with developing data sharing agreements, and advising the organisation on records management.

The corporate office retains a central log of all data breaches. There were no significant lapses in IG arrangements or serious untoward incidents relating to personal data breaches in 2020/21.

In 2020/21, the remit and capacity of the IG team was expanded to include additional records management (RM) posts. The decision was taken to ensure there was adequate specialist support for NICE's ambitious digital transformation plans. The roles are essential for the successful implementation and ongoing support and management of SharePoint / Microsoft 365, and realisation of the benefits associated with the 'digital workplace', including efficient and collaborative working.

The head of information governance & records management is a key member of the data management expert group to provide assurance that the risks to effective IG and records management are identified and mitigated in the planning and development phases of these strategic ambitions.

Counter fraud, bribery and corruption

During 2020/21, NICE continued to make submissions to the Cabinet Office in compliance with the Government Functional Standard GovS 013: Counter fraud.

Achieving compliance with the functional standard required the roll out of a mandatory e-learning module for all staff and the submission to the Department of Health and Social Care's Anti Fraud Unit of a consolidated data request (CDR) of losses from fraud and error on a quarterly basis. Losses from fraud and error were nil in the year. A counter fraud risk assessment is updated quarterly which identified the highest risk areas where there is a potential for fraud and details the management controls in place and any fraud detection activity that is undertaken.

We are active members of the DHSC's anti-fraud unit/ALB counter fraud network, which has arranged briefings for the health ALB counter fraud leads and will provide specialist expertise, if needed, to investigate suspected fraud at NICE.

Whistleblowing

All staff are made aware of NICE's established whistleblowing policy as part of their induction programme. There were no whistleblowing cases in 2020/21.

To support the whistleblowing policy, NICE has 2 nominated Freedom To Speak Up (FTSU) Guardians, to whom staff can speak in confidence about any issue that concerns them at work. In October 2020, the executive team and the board received an annual progress report which highlighted that 8 cases had been raised with the FTSU guardians on a range of issues. The matters were resolved through discussions with senior managers and the executive team.

Significant internal control weaknesses

I am able to report that there were no significant weaknesses in NICE's system of internal controls in 2020/21 that affected the achievement of NICE's key policies, aims and objectives.

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

Signed:

Professor Gillian Leng CBE, MD
Chief executive and Accounting Officer
17 June 2021

Remuneration and Staff Report

The Remuneration and Staff Report provides details of the remuneration (including any non-cash remuneration) and pension interests of board members and the directors who regularly attend board meetings. The content of the tables are subject to audit.

Senior staff remuneration

The remuneration of the chair and non-executive directors is set by the Secretary of State for Health and Social Care. The salaries of the staff employed on NHS conditions and terms of service are subject to direction from the Secretary of State for Health and Social Care.

The remuneration of the chief executive and all executive senior managers (ESMs) is first subject to independent job evaluation and then approved by NICE's remuneration committee with additional governance oversight from the DHSC remuneration committee. Any salary in excess of £150,000 requires both Secretary of State and DHSC remuneration committee approval. The remuneration of the executives and senior managers is detailed in the table on p64.

Information on NICE's remuneration policy can be found on p62 and the membership of the remuneration committee can be found on p45 and has not been audited.

Performance appraisal

A personal objective-setting process that is aligned with the business plan is agreed with each member of staff annually and all staff are subject to an annual performance appraisal. NICE is a designated body for the revalidation of medical staff and has implemented a robust appraisal and revalidation process for its medical workforce that complies with the guide for good medical practice and the General Medical Council's framework for medical appraisal and revalidation.

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

Terms and conditions: chairs and non-executives

For chairs and non-executive directors of NICE the terms and conditions are laid out below.

Statutory basis for appointment

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

Employment law

The appointments of the chair and non-executive directors of NICE are not within the jurisdiction of employment tribunals. Neither is there any entitlement for compensation for loss of office through employment law.

Reappointments

Chairs and non-executive directors are eligible for reappointment at the end of their period of office, but they have no right to be reappointed. DHSC will usually consider afresh the question of who should be appointed to the office.

Termination of appointment

A chair or non-executive director may resign by giving notice in writing to the Secretary of State for Health and Social Care. Alternatively, their appointment will terminate on the date set out in their appointment letter unless terminated earlier in accordance with any of the grounds under paragraph 2 of schedule 16 to the Health and Social Care Act 2012, as follows:

- incapacity
- misbehaviour, or
- failure to carry out his or her duties as a non-executive director.

Remuneration

Under the Act, the chairman and non-executive director are entitled to be remunerated by NICE for so long as they continue to hold office.

There is no need for provision in NICE's annual accounts for the early termination of any non-executive director's appointment.

Conflict of interest

The Code of Conduct for Board Members of Public Bodies published by the Cabinet Office applies to NDPB boards. The codes require chairs and board members to declare, on appointment, any business interests, positions of authority in a charity or voluntary body in health and social care, and any connection with bodies contracting for NHS services. These must be entered into a register that is available to the public. Any changes should be declared as they arise.

Indemnity

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

Terms and conditions: NICE executive

Basis for appointment

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

Termination of appointment

An executive director has to give 3 months' notice. There is no need for provision for compensation included in NICE's annual accounts for the early termination of any executive director's contract of service in 2020/21.

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

2020/21	Title	Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits total to nearest £1,000	Total (bands of £5,000)
Sharmila Nebhrajani OBE[1]	Chairman	60 to 65	Nil	Nil	Nil	60 to 65
Prof. Timothy Irish[2]	Interim chair / non-executive director	15 to 20	Nil	Nil	Nil	15 to 20
Prof. Martin Cowie[3]	Non-executive director	0 to 5	Nil	Nil	Nil	0 to 5
Dame Elaine Inglesby-Burke DBE[4]	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Rima Makarem[5]	Non-executive director	10 to 15	Nil	Nil	Nil	10 to 15
Tom Wright CBE	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Gillian Leng CBE, MD[6]	Chief executive	190 to 195	Nil	Nil	244	435 to 440
Meindert Boysen[7]	Deputy chief executive and director, Centre for Health Technology Evaluation	130 to 135	Nil	Nil	81	210 to 215
Dr Paul Chrisp	Director, Centre for Guidelines	125 to 130	Nil	5 to 10	48	175 to 180
Jennifer Howells[8]	Director, Finance, Strategy and Transformation	75 to 80	Nil	Nil	21	95 to 100
Alexia Tonnel	Director, Digital, Information and Technology	125 to 130	Nil	0 to 5	33	160 to 165
Jane Gizbert	Director, Communications	115 to 120	Nil	Nil	37	155 to 160
Dr Felix Greaves[9]	Director, Science, Evidence and Analytics	55 to 60	Nil	Nil	13	65 to 70
Dr Judith Richardson[10]	Acting director, Health and Social Care	140 to 145	Nil	Nil	94	235 to 240
Ben Bennett[11, 12]	Director, Business Planning and Resources	35 to 40	Nil	Nil	Nil	35 to 40
Catherine Wilkinson[13]	Acting director, Business Planning and Resources	50 to 55	2.2	Nil	75	125 to 130

2 bonuses were paid in 2020/21, total £10k.

1 Chairman from 26/5/20 – Salary reported for 10 months only. Full-time equivalent salary was £70k–£75k.

2 Salary reflects additional remuneration while interim chair from 1/1/20 to 25/5/20.

3 Non-executive director until 20/8/20.

4 Remuneration is paid to Salford Royal NHS Foundation Trust.

5 Additional pay for chair of audit and risk committee role.

6 Chief executive from 1/4/20.

7 Deputy chief executive from 1/4/2020.

8 Appointed 1/9/20 – Salary reported is for 7 months only. Full-time equivalent salary was £130k–£135k.

9 Appointed 1/9/20 – Salary reported is for 7 months only. Annual equivalent salary was £90k–£95k.

10 Acting up from 1/4/20.

11 Left 30/6/20.

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

13 Acting up until 30/8/20 – Salary reported is for 5 months only. Full time equivalent salary was £120k–£125k.

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

2019/20	Title	Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits total to nearest £1,000	Total (bands of £5,000)
Sir David Haslam[1]	Chair	45 to 50	Nil	Nil	Nil	45 to 50
Prof. Timothy Irish[2]	Interim chair / non-executive director	20 to 25	Nil	Nil	Nil	20 to 25
Prof. Sheena Asthana[3]	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Angela Coulter[4]	Non-executive director	0 to 5	Nil	Nil	Nil	0 to 5
Prof. Martin Cowie	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dame Elaine Inglesby-Burke DBE[5]	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Rima Makarem[6]	Non-executive director	10 to 15	Nil	Nil	Nil	10 to 15
Tom Wright CBE	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Sir Andrew Dillon[7,8]	Chief executive	190 to 195	Nil	Nil	Nil	190 to 195
Prof. Gillian Leng CBE, MD	Deputy chief executive and director, Health and Social Care	185 to 190	Nil	Nil	18	205 to 210
Meindert Boysen	Director, Centre for Health Technology Evaluation	120 to 125	Nil	Nil	20	140 to 145
Ben Bennett[8]	Director, Business Planning and Resources	120 to 125	Nil	Nil	Nil	120 to 125
Dr Paul Chrisp	Director, Centre for Guidelines	115 to 120	Nil	Nil	39	150 to 155
Jane Gizbert	Director, Communications	115 to 120	Nil	Nil	16	130 to 135
Alexia Tonnel	Director, Evidence Resources	120 to 125	Nil	5 to 10	27	155 to 160
Catherine Wilkinson[9]	Acting director, Business Planning and Resources	30 to 35	1.3	Nil	10	40 to 45

1 bonus was paid in 2019/20, total £5k.

1 Chair until leaving 31/12/19.

2 Salary reflects additional remuneration while interim chair from 1/1/20 to 25/5/20.

3 Non-executive director until 31/3/20.

4 Non-executive director until 13/11/19.

5 Remuneration is paid to Salford Royal NHS Foundation Trust.

6 Additional pay for chair of audit and risk committee role.

7 Chief executive until 31/3/20.

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

9 Acting up from 1/1/20 – Salary reported is for 3 months only. Full time equivalent salary was £120k–£125k.

Pension benefits – executive team (subject to audit)

Name	Title	Real increase/ (decrease) in pension at pension age (bands of £2,500) £000	Real increase/ (decrease) in pension lump sum at pension age (bands of £2,500) £000	Total accrued pension at pension age at 31 March 2021 (bands of £5,000) £000	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2020 £000	Real increase in cash equivalent transfer Value £000	Cash equivalent transfer value at 31 March 2021 £000
Prof. Gillian Leng CBE, MD[1]	Chief executive	10 to 12.5	35 to 37.5	75 to 80	235 to 240	1,630	n/a	n/a
Meindert Boysen	Deputy chief executive & director, Centre for Health Technology Evaluation	2.5 to 5	5 to 7.5	30 to 35	50 to 55	470	70	568
Dr Paul Chrisp[2]	Director, Centre for Guidelines	2.5 to 5	Nil	20 to 25	Nil	326	40	389
Jennifer Howells[3]	Director, Finance, Strategy and Transformation	0 to 2.5	Nil	45 to 50	35 to 40	649	12	684
Alexia Tonnel[2]	Director, Digital Information and Technology	2.5 to 5	Nil	20 to 25	Nil	225	18	265
Jane Gizbert[2]	Director, Communications	2.5 to 5	Nil	20 to 25	Nil	389	43	455
Dr Felix Greaves[4]	Director, Science, Evidence and Analytics	0 to 2.5	Nil	0 to 5	Nil	Nil	2	10
Dr Judith Richardson[5]	Acting director, Health and Social Care	2.5 to 5	12.5 to 15	45 to 50	145 to 150	1,016	125	1,178
Ben Bennett[6]	Director, Business Planning and Resources	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Catherine Wilkinson[7]	Acting director, Business Planning and Resources	2.5 to 5	5 to 7.5	20 to 25	45 to 50	273	48	332

1 No CETV (cash equivalent transfer value) is disclosed as member over usual retirement age at 31/3/21.

2 No lump sum for senior managers who only have membership in the 2008 Section of the NHS Pension Scheme.

3 Joined NICE in September 2020 with preserved benefits relating to employment with previous NHS employer.

4 Rejoined NHS Pension at appointment on 1/9/20. All previous service has been transferred out to another pension provider in previous role.

5 Acting director, Health and Social Care from 1/4/20.

6 No longer an active member of the NHS Pension Scheme. At 31/3/18 Total Accrued Pension at age 60 was £50–55k and Lump Sum was £150–155k.

7 Acting director, Business Planning and Resources until 30/8/20.

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

Salary

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

Benefits in kind

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

Cash equivalent transfer values

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

Real increase in CETV

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

Fair pay disclosure (subject to audit)

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

The banded remuneration of the highest-paid director in NICE in the financial year 2020/21 was £190k–£195k (2019/20: £190k–£195k). This was 4.3 times (2019/20: 4.3) the median remuneration of the workforce, which was £44,780 (2019/20: £44,044). In 2020/21 no employees (2019/20: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £14k to £193k (2019/20, £13k–£190k).

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

Other information about pay includes:

- All eligible executive senior managers received a 1% inflationary pay award, and 2 bonuses were made during 2020/21.
- Median pay has increased by 1.7% from 2019/20, in line with national uplifts to pay bands.
- Incremental pay progression was applied, under NHS Terms and Conditions of Service.
- Average staff numbers have increased from 641 in 2019/20 to 672 in 2020/21; the cost and composition of permanent and other staff can be seen in the tables below.

This information has been audited.

Staff numbers and related costs (subject to audit)

	Permanently employed £000	Other £000	2020/21 Total £000	Permanently employed £000	Other £000	2019/20 Total £000
Salaries and wages	32,145	742	32,887	29,606	654	30,260
Social security costs	3,569	0	3,569	3,296	0	3,296
Employer contributions to NHS pensions schemes	6,274	0	6,274	5,721	0	5,721
Apprentice levy	146	0	146	135	0	135
Termination benefits	103	0	103	71	0	71
	42,237	**742**	**42,979**	**38,829**	**654**	**39,483**
Less recoveries in respect of outward secondments	(44)	0	(44)	(8)	0	(8)
Total net costs	**42,193**	**742**	**42,935**	**38,821**	**654**	**39,475**

Average number of persons employed

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

	Permanently employed staff	Other	2020/21 Total	2019/20 Total
Directly employed	665	7	672	641

Pensions

Past and present employees are covered by the provisions of the 2 NHS pension schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2021, is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The 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 2019 to 20.6% of pensionable pay.

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. In January 2019, the Government announced a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions will set out the technical detail of how the costs of remedy will be included in the valuation process. The Government has also confirmed that the Government Actuary is reviewing the cost control mechanism (as was originally announced in 2018). The review will assess whether the cost control mechanism is working in line with original government objectives and reported to Government in April 2021. The findings of this review will not impact the 2016 valuations, with the aim for any changes to the cost cap mechanism to be made in time for the completion of the 2020 actuarial valuations.

For 2020/21, employers' contributions were payable to the NHS Pension Scheme at the rate of 20.68%. These costs are shown in the NHS pension line of the staff numbers and related costs table on p68.

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

Feature or benefit	NHS Staff Practice and Approved Employer Staff		Practitioners NHS Medical and Ophthalmic Practitioners		All NHS workers and Approved Employer Staff
Scheme	1995	2008	1995	2008	2015
Member contributions				Tiered contribution rates	
Type of scheme	Final salary based on the best of the last 3 years' pensionable pay	Final salary based on the average of the best 3 consecutive years within the last 10 years	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Career average re-valued earnings based on a proportion of pensionable earnings in each year of membership
Pension	A pension worth 1/80th of pensionable pay per year and pro rata for any part year of membership	A pension worth 1/60 of reckonable pay per year and pro rata for any part year of membership	A pension based on 1.4% of total up-rated earnings	A pension based on 1.87% of total up-rated earnings	A pension worth 1/54th of each year's pensionable earnings, revalued at the beginning of each following scheme year in line with a rate set by Treasury plus 1.5 % while in active membership
Retirement lump sum	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value
Normal pension age (NPA)	60 (55 for Special Class/MHO)	65	60	65	Equal to an individual's state pension age or age 65 if that is later.
Maximum age	75	75	75	75	75
Maximum membership	Non Special Class/MHO 45 years in total. Special Class/MHO 40 years at age 55 & 45 years overall	45 years		45 years	No limit
Minimum pension age	Age 50 if joined pre 6/4/20 06 and not had a break of 5 years or more, otherwise age 55	Age 55	Age 50 if joined pre 6/4/20 06 and not had a break of 5 years or more, otherwise age 55	Age 55	Age 55
Actuarially reduced early retirement	Yes	Yes	Yes	Yes	Yes
Late retirement	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	No late retirement factors applied	Late retirement factors applied to pension earned before Age 65	Late retirement factors applied to all pension earned until retirement
Pensionable re-employment following payment of pension	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Yes if eligible
Partial retirement	No	Yes	No	Yes	Yes
Ill health tier 1	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up pension paid without reduction
Ill health tier 2	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 1/2 of prospective pension to NPA
Increasing your pension	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250

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

Pensions indexation

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

Options to increase pension benefits

The NHS Pension Scheme provides different ways for members to increase their standard pension benefits. They are also able to contribute to money purchase additional voluntary contributions run by the scheme's approved providers.

Transfer of pension benefits

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

Preserved benefits

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

Retirements due to ill health

This note discloses the number and additional pension costs for individuals who retired on ill-health grounds during the year. There were no retirements during 2020/21 (2019/20: no retirements). Ill health retirement costs are met by the NHS Pension Scheme.

Redundancies and terminations

During 2020/21 there was 1 redundancy / termination, totalling £103k (2019/20: 2 cases at £96k).

Exit packages (subject to audit)

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies £000s	Number of other departures agreed	Cost of other departures agreed £000s	Total number of exit packages	Total cost of exit packages £000s
Less than £10,000	0	0	1 (5)	5 (15)	1 (5)	5 (15)
£10,000–£25,000	0	0	0	0	0	0
£25,001–£50,000	0 (1)	0 (31)	0	0	0 (1)	0 (31)
£50,001–£100,000	0 (1)	0 (65)	0	0	0 (1)	0 (65)
£100,001–£150,000	1 (0)	103 (0)	0	0	1 (0)	103 (0)
£150,001–£200,000	0	0	0	0	0	0
More than £200,000	0	0	0	0	0	0
Totals	**1 (2)**	**103 (96)**	**1 (5)**	**5 (15)**	**2 (7)**	**108 (111)**

Figures in brackets are 2019/20.

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

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

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

Analysis of other departures

	Number of agreements	Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	0	**0**
Mutually agreed resignations contractual costs	0	**0**
Early retirement in the efficiency of service contractual costs	0	**0**
Contractual payments in lieu of notice[1]	1	**5**
Exit payments following employment tribunals or court orders	0	**0**
Non-contractual payments requiring HM Treasury approval[2]	0	**0**
	1	**5**

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

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

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

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

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

Health and safety

We are committed to adhering to the Health and Safety at Work Act 1974 and other related requirements to ensure that staff and visitors enjoy the benefits of a safe environment. There were 0 accidents or near-misses reported during the year, which were risk assessed and appropriate action was taken. There were no days lost because of injury at work during 2020/21.

Employee consultation

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

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
13	12.9

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1–50%	13
51%–99%	0
100%	0

Percentage of pay bill spent on facility time

	Cost / Percentage
Total cost of facility time	£25,889
Total pay bill	£41,988,304
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.06%

Paid trade union activities

	Percentage
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	40.04%

Equality and diversity

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

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

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

All employee data is collated and recorded and NICE ensures it is accurate and up to date in accordance with the Equality Act 2010. The equality data of the NICE workforce is reported on an annual basis. In November 2020, our board approved a new suite of organisational workforce equality objectives; the board also reviewed our WRES (NHS Workforce Race Equality Standard) and WDES (NHS Workforce Disability Equality Standard) submissions for the period 2019–20. These can be found in our **Annual equality report and equality objectives report**.

We have now developed an action plan, which aims to support the delivery of improvements against our organisational objectives, as well as areas of improvement identified in the WRES and WDES data. The areas of focus for the first six months are: recruitment (including the implementation of diverse interview panels); improving workforce equality impact assessment; improving equality data; and the design and delivery of development offers for black, Asian and other minority ethnic staff who wish to progress.

We are committed to building staff voice into everything we do, and staff have inputted into the shaping of both our workforce equality objectives and the action plan through a series of listening events. We have scheduled regular listening events into our programme of work going forward and continue to solicit input from our staff network and those with lived experience, wherever possible.

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

Staff composition

NICE employs 67 staff at a grade equivalent to senior civil servants of which 61 are at band 8d, band 9 or engaged on Medical & Dental terms and conditions; and 6 are on the Very Senior Manager (VSM) payscale.

NICE's workforce is 71.3% female and 28.7% male. Our staff composition by salary band is shown in the figure below.

Staff composition by gender

Gender pay gap

A pay gap is common in many organisations, the reasons for which are complex. NICE's gender pay gap as at 31 March 2020 is below the national average at 9.3% (national average – 15.5%), and our average gender pay gap for bonuses favours females. We have a positive approach to family friendly policies and practices and continually seek opportunities to further enhance flexible working opportunities. We know there is more we can do, and we have recently developed a comprehensive equality, diversity and inclusion action plan and will be launching a female leaders network. Our progress is under regular review by our executive team and executive and board diversity sponsors.

Sickness absence

During the period January to December 2020, the number of days lost as a result of sickness by full-time equivalent employees was 4.0 days, or 1.8% (2019: 2.3%). DHSC considers the annual figures to be a reasonable proxy for financial year equivalents.

Effectiveness of whistleblowing arrangements

The whistleblowing policy was reviewed during 2018 and approved by the board at its meeting in November 2018. This was followed up with training for line managers. During 2019 we introduced Freedom to Speak Up guardians to NICE, an extra route for employees to raise any concerns. At the same time we continue to increase communication with staff about whistleblowing, to raise the profile and understanding of the policy. This includes regular reviews of the information for staff on the NICE intranet site NICE Space. There were no reported case of whistleblowing at NICE in 2020/21.

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

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

Off-payroll engagement longer than 6 months

For all off-payroll engagements as of 31 March 2021, for more than £245 per day	
Number of existing engagements as of 31 March 2021	3
Of which...	
Have existed for less than 1 year at time of reporting	3
Have existed for between 1 and 2 years at time of reporting	0
Have existed for between 2 and 3 years at time of reporting	0
Have existed for between 3 and 4 years at time of reporting	0
Have existed for 4 or more years at time of reporting	0

New Off-payroll engagements

For all new off-payroll engagements between 1 April 2020 and 31 March 2021, for more than £245 per day	
Number of temporary off-payroll workers engaged between 1 April 2020 and 31 March 2021	5
Of which...	
Number not subject to off-payroll legislation	0
Number subject to off-payroll legislation and determined as in-scope of IR35	1
Number subject to off-payroll legislation and determined as out of scope of IR35	4
Number of engagements reassessed for compliance or assurance purposes during the year	3
Number of engagements that saw a change to IR35 status following review	0

Off-payroll board members / senior official engagements

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021	
Number of off-payroll engagements of board members, and/or senior officials with significant financial responsibility, during the financial year	0
Total number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility', during the financial year. This figure must include both on-payroll and off-payroll engagements	3

Expenditure on consultancy

During the year NICE spent £446k on consultancy to facilitate development of our digital workplace, IT infrastructure, data management and record management strategies to support our move to a digital workplace (£445k in 2019/20).

Parliamentary Accountability and Audit Report

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

It is comprised of:

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

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

Losses and special payments

NICE did not have any losses or special payments that meet the disclosure requirements (2019/20: none).

Fees and charges

The following table provides an analysis of charging for technology appraisals and highly specialised technologies:

Charging activity	Income £000	Full cost £000	Deficit £000
2020/21	(7,035)	10,711	3,676
2019/20	(3,582)	9,459	5,877

Fees are made in accordance with UK Statutory Instrument 2018 No.1322 to cover the cost of producing technology appraisals and highly specialised technologies. The regulations and fees came into effect on 1 April 2019. Fees are set to recover the full cost incurred, other than a 75% discount for small companies which is subsidised by NICE through the grant-in-aid funding from DHSC. The full cost relating to chargeable activities includes predominantly staff costs but also other costs including committee meetings and overheads.

It was expected that the programme would achieve full cost recovery in 2020/21. However, due to the impact of the COVID-19 pandemic we paused activity on some topics which reduced the income recognised during the year. The impact that the pandemic would have on our income had been anticipated, and the £7m of income generated was in line with the forecast in our 2020-21 business plan. The deficit is funded through grant-in-aid. In future years, the programme is expected to recover all of its cost through fees charges, apart from the discount for small companies which will continue to be funded through grant-in-aid.

Remote contingent liabilities

As at 31 March 2021, NICE had no remote contingent liabilities (2019/20: none).

Gifts

NICE did not have any gifts or other significant payments that meet the disclosure requirements (2019/20: none).

Signed:

Professor Gillian Leng CBE, MD
Chief executive and Accounting Officer
17 June 2021

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

Opinion on financial statements

I certify that I have audited the financial statements of the National Institute for Health and Care Excellence for the year ended 31 March 2021 under the Health and Social Care Act 2012. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the National Institute for Health and Care Excellence's affairs as at 31 March 2021 and of the National Institute for Health and Care Excellence's net expenditure for the year then ended;
- 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Institute for Health and Care Excellence in accordance with the ethical requirements that are

relevant to my audit of 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

The National Institute for Health and Care Excellence's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Institute for Health and Care Excellence's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the National Institute for Health and Care Excellence is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

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 certificate thereon. The Board and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- 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; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Institute for Health and Care Excellence and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.
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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board's and Chief Executive's responsibilities, the Board and the Accounting Officer, are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error.
- assessing the National Institute for Health and Care Excellence's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer anticipate that the services provided by the National Institute for Health and Care Excellence will not continue to be provided in the future.

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.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the audited entity's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Institute for Health and Care Excellence's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Institute for Health and Care Excellence's controls relating to the Health and Social Care Act 2012;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in management's estimates; and
- obtaining an understanding of the National Institute for Health and Care Excellence's framework of authority as well as other legal and regulatory frameworks that the National Institute for Health and Care Excellence operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the National Institute for Health and Care Excellence. The key laws and regulations I considered in this context included the Health and Social Care Act 2012, Managing Public Money, employment law, tax and pensions legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies 22 June 2021
Comptroller and Auditor General

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

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2021

	2020/21 Total £000	2019/20 Total £000	Notes to accounts
Revenue from contracts with customers	**(16,320)**	(15,260)	6
Other operating income	**(2,955)**	(3,162)	6
Total operating income	**(19,275)**	(18,422)	
Staff costs	**42,979**	39,483	5
Purchase of goods and services	**25,851**	28,156	3
Depreciation and impairment charges	**499**	570	3
Loss on disposal	**44**	0	3
Provisions expense	**(354)**	514	3
Total operating expenditure	**69,019**	68,723	
Net comprehensive expenditure for the year ended 31 March 2021	**49,744**	50,301	

There was no other comprehensive expenditure for the year ended 31 March 2021.

The notes at pages 91 to 110 form part of these accounts.

Statement of financial position as at 31 March 2021

	Total 31 March 21 £000	Total 31 March 20 £000	Notes to accounts
Non-current assets			
Property, plant and equipment	**915**	1,041	7
Intangible assets	**19**	70	7
Total non-current assets	**934**	1,111	
Current assets			
Trade and other receivables	**3,291**	2,786	8
Cash and cash equivalents	**10,805**	9,343	9
Total current assets	**14,096**	12,129	
Total assets	**15,030**	13,240	
Current liabilities			
Trade and other payables	**(11,205)**	(9,121)	10
Provisions for liabilities and charges	**(290)**	(841)	11
Total current liabilities	**(11,495)**	(9,962)	
Total assets less net current liabilities	**3,535**	3,278	
Non-current liabilities			
Provision for liabilities and charges	**(507)**	(506)	11
Total non-current liabilities	**(507)**	(506)	
Assets less liabilities	**3,028**	2,772	
Taxpayers' equity			
General fund	**3,028**	2,772	
Total taxpayers' equity	**3,028**	2,772	

The notes at pages 91 to 110 form part of these accounts.

The financial statements were approved by the board and signed by:

Professor Gillian Leng CBE, MD
Chief executive and Accounting Officer Date: 17 June 2021

Statement of cash flows for the year ended 31 March 2021

	Total 2020/21 £000	Total 2019/20 £000	Notes to accounts
Cash flows from operating activities			
Net operating expenditure	**(49,744)**	(50,301)	
Non-cash funding from DHSC	**0**	1,742	
Adjustments for non-cash transactions	**189**	1,084	3
Decrease / (increase) for trade and other receivables	**(505)**	2,415	8
Increase in trade and other payables	**2,084**	4,894	10
Use of provisions	**(196)**	(124)	11
Net cash outflow from operating activities	**(48,172)**	(40,290)	
Cash flows from investing activities			
Purchase of property, plant and equipment	**(361)**	0	7
Purchase of intangible assets	**(5)**	0	7
Net cash outflow from investing activities	**(366)**	0	
Cash flows from financing activities			
Grant-in-aid	**50,000**	46,993	
Net increase in cash equivalents in the period	**1,462**	6,703	
Cash and cash equivalents at the beginning of the period	**9,343**	2,640	9
Cash and cash equivalents at the end of the period	**10,805**	9,343	9

The notes at pages 91 to 110 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2021

	General Fund[1] £000
Balance at 1 April 2019	4,338
Changes in taxpayers' equity for 2019/20	
Grant-in-aid funding from DHSC	46,993
Non-cash funding from DHSC	1,742
Comprehensive net expenditure for the year	(50,301)
Balance at 1 April 2020	2,772
Changes in taxpayers' equity for 2020/21	
Grant-in-aid funding from DHSC	50,000
Comprehensive net expenditure for the year	(49,744)
Balance at 31 March 2021	**3,028**

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

In 2019/20 non-cash funding from DHSC of £1.7m offsets the increase of 6.3% in employer's pension contribution rates included within the comprehensive net expenditure for the period. The increased cost was paid directly to the NHS pension scheme on our behalf by DHSC.

Notes to accounts

1 Accounting policies

The Annual Report and Accounts have been prepared and issued by NICE, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with the Health and Social Care Act 2012. The financial statements have been prepared in accordance with the 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

1.1 Going concern

The going concern basis of accounting for NICE is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

The functions and purpose of NICE are delivered in accordance with the Health and Social Care Act 2012 and the Framework Agreement between the Department of Health and Social Care (DHSC) and NICE which sets out NICE's role to provide guidance and support to providers and commissioners to help them improve outcomes for people using the NHS, public health and social care services. NICE has no reason to assume that its current functions and purpose within the NHS, public health and social care services will not continue.

At the reporting date NICE had a net asset position and a strong cash position of £10.8m. NICE is mainly financed by grant-in-aid funding from DHSC. DHSC has confirmed that the funding of NICE will continue and next year's funding has been agreed. As an arms-length body sponsored by DHSC, NICE has no reason to assume that future funding will not be forthcoming. Our going concern assessment is made up to 30 June 2022. This includes the first quarter of the 2022/23 financial year. DHSC operating and financial

guidance is not yet issued for that year, and so NICE has assumed that funding will continue beyond the 2021/22 financial year broadly in line with current levels and the NICE modelling of future cash flows demonstrates that the organisation will have sufficient available cash to meet needs for the period of our assessment. As an arms-length body of DHSC, interim financial support can be accessed from DHSC if it were required, but there is currently no such identified requirement.

NICE does not consider there to be any material estimation uncertainty over the valuation of assets and liabilities at the reporting date as disclosed within the financial statements. In conclusion, these factors, and the anticipated continuation of future provision of services in the public sector, support the NICE's adoption of the going concern basis for the preparation of the accounts.

1.2 Income

In the application of IFRS 15 a number of practical expedients offered in the Standard have been employed. These are as follows;

- NICE does not disclose information regarding performance obligations part of a contract that has an original expected duration of 1 year or less.
- Similarly, NICE does not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires NICE to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue in respect of services provided is recognised when performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred. Payment terms are standard reflecting cross government principles.

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

NICE receives grants from other UK and overseas government departments, philanthropic organisations and development banks. On a monthly basis a work in progress calculation is completed

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

Other funding

The main source of funding for NICE is grant-in-aid funding from DHSC, from Request for Resources within an approved cash limit, and is credited to the General Fund. Grant-in-aid funding is recognised in the financial period in which the cash is received. The 2021/22 NICE business plan has been approved by DHSC and details of indicative funding for the next financial year have been provided.

The value of the benefit received when NICE accesses funds from the Government's apprenticeship service is recognised as income in accordance with IAS 20, Accounting for Government Grants.

Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.3 Taxation

NICE is not liable to pay corporation tax and most activities are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capital purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.4 Employee benefits

Short-term employee benefits

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

1.5 Non-current assets

A Capitalisation

All assets falling into the following categories are capitalised:

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

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

iii Property, plant and equipment assets which are capable of being used for more than 1 year, and which:

- individually have a cost equal to or greater than £5,000
- collectively have a cost of at least £5,000, and an individual

cost of more than £250, where the assets are functionally interdependent, and had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control
- form part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.

iv Desktop and laptop computers are not capitalised.

B Valuation

Intangible assets

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

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

Property, plant and equipment

All property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at depreciated historic cost as this is considered to be not materially different from fair value. The carrying values of property, plant and equipment assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

C Depreciation and amortisation

Depreciation is charged on each individual fixed-asset as follows:

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

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

iii Assets under construction are not depreciated

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

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

1.6 Financial instruments

NICE's financial assets are simple debt instruments held in order to collect contractual cash flows. NICE's material financial liabilities are trade payables and accruals. Under IFRS 9 financial instruments are measured at amortised cost.

1.7 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. Resulting exchange gains and losses are recognised in the period in which they arise.

1.8 Leases

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

NICE has no finance leases.

1.9 Provisions

Provisions are recognised when NICE has a present legal or constructive obligation as a result of a past event, it is probable that NICE will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period,

taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

All general provisions are subject to different discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A nominal short-term rate of minus 0.02% (2019/20: positive 0.51% in real terms) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.18% (2019/20: 0.55% in real terms) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.

1.10 Pensions

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

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

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to expenditure at the time NICE commits itself to the retirement, regardless of the method of payment. The schemes are subject to a full actuarial valuation every 4 years and an accounting valuation every year.

1.11 Key areas of judgement and estimates

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

1.12 Cash and cash equivalents

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

1.13 Early adoption of standards, amendments and interpretations

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

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

International Accounting Standard 8, accounting policies, changes in accounting estimates and errors, requires disclosure in respect

of new IFRSs, amendments and interpretations that are, or will be, applicable after the accounting period. There are two IFRSs issued by the International Accounting Standards Board that are effective for financial statements after this accounting period.

IFRS 16 Leases

IFRS 16 application is required for accounting periods beginning on or after 1 January 2018. The standard has not been applied in 2020/21 as it is still subject to HM Treasury FReM adoption, with planned implementation in 2022/23. Early adoption is not therefore permitted.

IFRS 16 is anticipated to increase NICE's assets and liabilities by approximately £21.8m on initial application in line with the current value of NICE's operating leases with over 1 year remaining and over £5k in value. This is an estimate as the full impact of the new standard continues to be reviewed and reported to DHSC and HM Treasury.

IFRS 17 Insurance Contracts

IFRS 17 has not been adopted by the HM Treasury FReM, and early adoption is not therefore permitted. The adoption of this standard is unlikely to have any impact on NICE.

2 Analysis of net expenditure by segment

NICE operates 2 reportable operating segments that meet specified criteria as defined within the scope of IFRS 8 (Segmental Reporting), where each reportable segment accounts for either 10% of the reported income, surplus/deficit or net assets of the entity.

The largest reportable segment is for the core activities of NICE, funded mainly through grant-in-aid from DHSC. NICE also receives funding from other sources, notably from NHS England, Health Education England and fees for technology appraisals and highly specialised technologies. Activity associated with this funding is not business activity as defined in IFRS 8, therefore it is not shown as a separate operating segment here. Note 6 provides a detailed breakdown of funding and income received to support NICE activities.

The NICE Scientific Advice programme provides fee-for-service consultation to pharmaceutical and biotechnology companies on product development plans. It operates on a full cost recovery basis and receives no exchequer funding.

This has now become an established programme within NICE, with dedicated resources. In 2020/21 it accounted for 12.8% (12.8% in 2019/20) of operating income (excluding grant-in-aid) received and is therefore shown as a separate reporting segment below.

Net expenditure by segment

	NICE £000	Scientific Advice £000	Total £000
2020/21			
Gross expenditure	67,008	2,011	69,019
Income	(16,817)	(2,458)	(19,275)
Net expenditure	**50,191**	**(447)**	**49,744**
Segment net assets (as at 31 March 2021)	1,452	1,576	3,028
2019/20			
Gross expenditure	66,690	2,033	68,723
Income	(16,072)	(2,350)	(18,422)
Net expenditure	50,618	(317)	50,301
Segment net assets (as at 31 March 2020)	1,643	1,129	2,772

With the agreement of the DHSC sponsor department the net assets of the operating segments are to be held separately within the General Fund.

3 Operating costs

	2020/21 £000	2019/20 £000	Notes to accounts
Staff costs (before recovery of outward secondments)	**42,979**	39,483	5
Guideline development centres	**5,460**	5,955	
British National Formulary	**4,722**	4,767	
Premises and fixed plant	**4,055**	3,168	
External contractors	**3,839**	3,930	
Healthcare library services	**3,317**	3,526	
Rentals under operating leases	**1,914**	2,009	
Medical technology external assessment centres	**1,153**	1,404	
Supplies and services–general	**403**	509	
Establishment expenses	**377**	434	
Education, training and conferences	**276**	496	
Chair and non-executive directors' costs	**120**	128	
Legal fees	**96**	68	
Auditor's remuneration: audit fees*	**52**	52	
Internal audit expenditure	**37**	33	
Travel expenditure	**30**	1,677	
Non-cash items			
Depreciation	**443**	496	7
Amortisation	**56**	74	7
Loss on disposal	**44**	0	7
Provisions (sum of arising in year, prior year unused and change in discount rate)	**(354)**	514	11
	189	1,084	
Total	**69,019**	**68,723**	

* No non-audit fees were charged

4 Reconciliation

4.1 Reconciliation of net operating cost to net resource outturn

	31 March 21 £000	31 March 20 £000
Net operating cost	**49,744**	50,301
Net resource outturn	**49,744**	50,301
Revenue resource limit	**53,719**	50,735
Underspend against limit	**3,975**	434

4.2 Reconciliation of gross capital expenditure to capital resource limit

	31 March 21 £000	31 March 20 £000
Gross capital expenditure	**366**	0
Net capital resource outturn	**0**	0
Capital resource limit	**3,100**	500
Underspend against limit	**2,734**	500

5 Staff costs

	Permanently employed £000	Other £000	2020/21 Total £000	Permanently employed £000	Other £000	2019/20 Total £000
Salaries and wages	32,145	742	32,887	29,606	654	30,260
Social security costs	3,569	0	3,569	3,296	0	3,296
Employer contributions to NHS pension schemes	6,274	0	6,274	5,721	0	5,721
Apprentice levy	146	0	146	135	0	135
Termination benefits	103	0	103	71	0	71
	42,237	**742**	**42,979**	**38,829**	**654**	**39,483**
Less recoveries in respect of outward secondments	(44)	0	(44)	(8)	0	(8)
Total net costs	**42,193**	**742**	**42,935**	**38,821**	**654**	**39,475**

Please also see the Remuneration and Staff Report, p61.

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

6 Income

6.1 Revenue from contracts with customers

NICE receives contractual income from several separate sources, as shown below in accordance with IFRS 15.

	2020/21 £000	2019/20 £000
Contract income from related NDPBs and Special Health Authorities		
NHS England	2,035	4,337
Health Education England	3,663	3,873
NHS Digital	150	0
Contract income from other sources		
Technology appraisals and highly specialised technologies	7,035	3,582
NICE Scientific Advice	2,458	2,350
Copyright and licence fees	108	118
Office for Market Access	128	204
Research grant receipts	647	741
Income from higher education	47	47
Income received for staff seconded out (including overheads)	49	8
Total revenue from contracts with customers	**16,320**	**15,260**

Contract income from related NDPBs and Special Health Authorities shows the income from other NHS organisations whose parent is the Department of Health and Social Care. The funding from NHS England relates to several programmes that NICE delivers or contributes to. Health Education England (HEE) fund the cost of core content (such as journals and databases) that is available on the NICE Evidence Search website (available at www.evidence.nhs.uk). NHS Digital income is for assurance and publication of new quality indicators in relation to the provision of health care, public health and adult social care in England, and for the renewal of quality indicators previously published by NHS Digital.

We began charging fees for technology appraisals and highly specialised technologies in April 2019. Much of our activity in the first year related to topics that started prior to this date and therefore income recognised was low. The majority of active topics in 2020–21 started after April 2019, so the amount of income recognised has increased this year. It is expected to increase further in 2021–22 as most topics will have been subject to the fees.

The NICE Scientific Advice Programme is an operating segment under IFRS 8 (Segmental Reporting), see Note 2 for further details. Copyright and licence fees income includes receipts relating to intellectual property and NICE content, charged in the UK and internationally.

The Office for Market Access provides expert advice for the life sciences industry in engaging with the NHS on a not for profit basis.

We receive funding from a number of research projects, much of which is funded by the European Union. The income from higher education relates to a payment by JISC Collections for access to the Cochrane library online resource hosted on the NICE website.

6.2 Other operating income

	2020/21 £000	2019/20 £000
Income from devolved administrations	**2,025**	**2,023**
Other income sources		
Office sublet income	780	904
Contribution to UK Pharmascan costs	11	20
Other income	9	107
Apprenticeship training grant (non cash)	130	108
Total other operating income	**2,955**	**3,162**

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

Other income includes receipts from subletting parts of the London and Manchester offices, a contribution to the cost of running the UK Pharmascan database, plus travel reimbursements and honorariums for speaking engagements at conferences and seminars.

7 Non-current assets

7.1 Property, plant and equipment

2020/21	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2020	3,576	300	1,456	1,005	6,337
Additions – purchased	152	0	209	0	361
Disposals	(1,219)	(73)	0	(464)	(1,756)
At 31 March 2021	**2,509**	**227**	**1,665**	**541**	**4,942**
Depreciation					
At 1 April 2020	3,093	237	1,274	692	5,296
Charged during the year	158	61	118	106	443
Disposals	(1,208)	(73)	0	(431)	(1,712)
At 31 March 2021	**2,043**	**225**	**1,392**	**367**	**4,027**
Net book value at 31 March 2021	**466**	**2**	**273**	**174**	**915**
Net book value at 31 March 2020	483	63	182	313	1,041

All of NICE's assets are owned.

2019/20	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2019	3,576	300	1,456	1,005	6,337
Additions – purchased	0	0	0	0	0
Disposals	0	0	0	0	0
At 31 March 2020	**3,576**	**300**	**1,456**	**1,005**	**6,337**
Depreciation					
At 1 April 2019	2,891	201	1,155	553	4,800
Charged during the year	202	36	119	139	496
Disposals	0	0	0	0	0
At 31 March 2020	**3,093**	**237**	**1,274**	**692**	**5,296**
Net book value at 31 March 2020	**483**	**63**	**182**	**313**	**1,041**
Net book value at 31 March 2019	685	99	301	452	1,537

All of NICE's assets are owned.

7.2 Intangible assets

	Total software licenses £000
Cost or valuation	
At 1 April 2020	452
Additions – purchased	5
Disposals	(56)
At 31 March 2021	**401**
Amortisation	
At 1 April 2020	382
Charged during the year	56
Disposals	(56)
At 31 March 2021	**382**
Net book value at 31 March 2021	**19**

All of NICE's assets are owned.

Cost or valuation	
At 1 April 2019	452
Additions – purchased	0
Disposals	0
At 31 March 2020	**452**
Amortisation	
At 1 April 2019	308
Charged during the year	74
Disposals	0
At 31 March 2020	**382**
Net book value at 31 March 2020	**70**

All of NICE's assets are owned.

8 Trade receivables and other current assets

Amounts falling due within 1 year	2020/21 £000	2019/20 £000
Contract receivables invoiced	**1,764**	985
Contract receivables not yet invoiced	**290**	217
Total contract receivables	**2,054**	1,202
Other receivables	**337**	501
Prepayments	**900**	1,083
Accrued income	**0**	0
	3,291	2,786

NICE does not hold any contract assets.

The amount of contract receivable not yet invoiced relating to EU funding is £145,000 (£68,000 in 2019/20).

9 Cash and cash equivalents

	2020/21 £000	2019/20 £000
Balance at 1 April	**9,343**	2,640
Net change in cash and cash equivalent balances	**1,462**	6,703
Balance at 31 March	**10,805**	9,343
The following balances at March were held:		
Government Banking Service	**10,805**	9,343
Balance at 31 March	**10,805**	9,343

10 Trade payables and other liabilities

Amounts falling due within one year	2020/21 £000	2019/20 £000
Trade payables	**(1,019)**	(406)
Accruals	**(2,208)**	(2,626)
Contract liabilities	**(7,978)**	(6,089)
	(11,205)	(9,121)

11 Provisions for liabilities and charges

	Total £000
Balances at 1 April 2019	957
Arising during the year	507
Utilised during the year	(124)
Provision not required written back	(21)
Change in discount rate	28
Balance at 1 April 2020	**1,347**
Arising during the year	209
Utilised during the year	(196)
Provision not required written back	(561)
Change in discount rate	(2)
At 31 March 2021	**797**
Analysis of expected timing of cash flows	
Within 1 year to (period to Mar 2022)	290
1–5 years (period Apr 2022–Mar 2026)	0
Over 5 years (period Mar 2026+)	507

As at 31 March 2021 NICE had provisions of £81,000 in respect of legal costs, £209,000 in relation to redundancy costs, and £507,000 in respect of expected dilapidation.

The dilapidation relates to NICE's contractual liability at the end of the Manchester office lease to reinstate the premises to the same state as at the start of the lease. The amount of the liability provision represents the current best estimate. The provisions have been discounted at minus 0.02% for short term (up to 5 years) and 0.18% for medium term (5–10 years).

12 Capital commitments

NICE has no contracted capital commitments at 31 March 2021 for which no provision has been made (31 March 2020 £nil).

13 Commitments under leases

Operating lease obligations

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

Obligations under operating leases comprise	2020/21 £000	2019/20 £000
Buildings		
Not later than 1 year	**1,129**	2,119
Later than 1 year and not later than 5 years	**9,921**	3,571
Later than 5 years	**8,073**	2,534
	19,123	8,224
Other leases		
Not later than 1 year	**9**	12
Later than 1 year and not later than 5 years	**0**	1
Later than 5 years	**0**	0
	9	13

Buildings

NICE leases office space in London and Manchester. In year, NICE relocated the London office due to the termination of the existing lease.

The Manchester lease expires in December 2027, with a break clause date of December 2024. The rent is due to be reviewed in December 2022. The new London office is sublet from the Department of Health and Social care and expires November 2030 alongside the head lease. The rent is due to be reviewed in August 2024 and 5 yearly thereafter.

Other

Other leases include office equipment such as copiers, watercoolers and fire extinguishers. These leases are currently being reviewed annually.

14 Other financial commitments

NICE has entered into non-cancellable contracts (which are not leases or private finance initiative contracts) for services. The payments to which NICE is committed during 2020/21 analysed by the period during which the commitment expires are as follows:

	2020/21 £000	2019/20 £000
Not later than 1 year	**606**	666
Later than 1 year and not later than 5 years	**36**	496
Later than 5 years	**0**	0
	642	1,162

15 Related parties

NICE is sponsored by DHSC, which is regarded as a related party. During the year, NICE has had various material transactions with DHSC itself and with other entities for which DHSC is regarded as the parent entity. These include NHS England, Health Education England, NHS Digital, the Care Quality Commission, the Human Fertilisation and Embryology Authority, NHS Business Services Authority, NHS commissioning support units, NHS trusts and NHS foundation trusts.

In addition, NICE has had transactions with other government departments and central government bodies. These included Homes England, the Regulator of Social Housing, the Government Property Agency, and the British Council. During the year ended 31 March 2021, no board members, members of the executive team, or other parties related to them have undertaken any material transactions with NICE except for those shown in the table below.

It is important to note that the financial transactions disclosed were between NICE itself and the named organisation. The individuals named in the table have not benefited from those transactions. Any compensation paid to management, expense allowances and similar items paid in the ordinary course of operations is included in the notes to accounts and in the remuneration and staff report (p61).

Related parties 2020/21

Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Guidelines International Network	Prof Gillian Leng CBE, MD	Chief executive	Chair	0.0	2 .2	0 .0	0 .0
King's College London	Prof Tim Irish	Interim chair / non-executive director	Professor and consultant	0.0	248.2	38.9	0 .0
Northern Care Alliance NHS Group (Salford Royal NHS Foundation trust and Pennine Acute NHS Trust)	Dame Elaine Inglesby-Burke DBE	Non-executive director	Chief nursing officer	0.0	7.9	1 .3	0 .0
Novartis	Prof Martin Cowie	Non-executive director	Consultancy payments related to global clinical trials or registries	521.9	0 .0	0 .0	0.0

Related parties 2019/20

Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Guidelines International Network	Prof Gillian Leng CBE, MD	Deputy chief executive and director	Chair	0.8	2.1	0.0	0.0
King's College London	Prof Tim Irish	Interim chair / non-executive director	Professor and consultant	0.0	341.3	0.0	0.0
Northern Care Alliance NHS Group (Salford Royal NHS Foundation trust and Pennine Acute NHS Trust)	Elaine Inglesby-Burke CBE	Non-executive director	Chief nursing officer	0 .0	7.9	2 .3	0 .0
Novartis	Prof Martin Cowie	Non-executive director	Consultancy payments related to global clinical trials or registries	898.9	0.0	0.0	72.7
Public Health England	Prof Gillian Leng CBE, MD	Deputy chief executive and director	Spouse – executive director	0.0	5.6	0.0	0.0
Royal Society of Medicine	Prof Gillian Leng CBE, MD	Deputy chief executive and director	Trustee	0.0	0.1	0.1	0.0
University College London Hospitals NHS Foundation Trust	Dr Rima Makarem	Non-executive director	Non-executive director	0.0	33.6	33.6	0.0

16 Events after the reporting period

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

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

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