



Counter Fraud Authority

# ANNUAL REPORT 2022 to 2023

*NHS fraud. Spot it. Report it. Together we stop it.*





NHS Counter Fraud Authority

Annual Report and Accounts 2022-2023

For the period 1 April 2022 to 31 March 2023

Presented to Parliament pursuant to The NHS  
Counter Fraud Authority

(Establishment, Constitution and Other Transfer  
Provisions) Order 2017

Ordered by the House of Commons to be printed on  
13th July 2023

HC 1311



© Crown copyright 2023

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](https://nationalarchives.gov.uk/doc/open-government-licence/version/3).

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at [www.gov.uk/official-documents](https://www.gov.uk/official-documents).

Any enquiries regarding this publication should be sent to us at: NHS Counter Fraud Authority, Government Hub, 10 South Colonnade, Canary Wharf, London E14 5EA or email to: [comms@nhscfa.gov.uk](mailto:comms@nhscfa.gov.uk)

# Contents

Foreword.....	6
Message from the Chair .....	7
Performance report.....	11
Performance overview .....	12
Message from the CEO .....	18
Board and high level structure chart as at 31/03/23	32
Our finances .....	34
Direct enforcement .....	46
Local counter fraud activity and NHSCFA engagement.....	54
Intelligence.....	68
Development of our people and workforce .....	82
Accountability report .....	106

Overview .....	107
Statement of Accounting Officer’s responsibilities .	112
Governance statement .....	115
Remuneration and staff report .....	149
Parliamentary accountability and audit report .....	174
Accounts for the Year .....	194
Notes to the financial statements .....	200

## Foreword

Our new vision, which was established this year, is “Working together to understand, find and prevent fraud, bribery and corruption in the NHS”.

To achieve our vision, we have identified four fraud-focused pillars as part of our new 2023-2026 strategy which will translate into delivery. More information on these can be found within the performance section.

### **The Annual Report and Accounts 2022-2023:**

- gives details about how we performed over the year
- shows how we remained accountable to the Department of Health and Social Care (DHSC)
- provides a detailed picture of the NHSCFA’s expenditure and income

## Message from the Chair

Welcome to the NHSCFA's Annual Report and Accounts for 2022-2023.

Over the last year we have seen a lot of progress and change at the NHSCFA and our Chief Executive Officer (CEO) has made a positive impact both internally with colleagues and externally with key stakeholders, since joining at the end of 2020.

However, it has also been an incredibly challenging time for all of us, especially the NHS and I would like to recognise and thank our colleagues and partners for continuing to provide health services for us during this time.

We have concluded this financial year with the launch of our new 2023-2026 strategy as well as our new vision. Together, these will give us the foundation to grow and develop over the next three years. Our four fraud-focused pillars that underpin the strategy were



developed in partnership with our stakeholders. They set out our aims and ambitions of how we are going to respond to the ever-changing fraud risks in the future and a big part of that is through the creation of our Fraud Hub, which will become the main point of contact between us and the counter fraud community.

Highlights over the last year included the completion of a number of high-profile cases in the 'case studies' section. For these to be successful, an enormous amount of work and effort was required from the NHSCFA, as well as other partners such as the police and Crown Prosecution Service (CPS), over several years. Every piece of evidence that was uncovered within these investigations had to be logged and analysed meticulously to build a strong case against the perpetrators. The conclusion of strong sentences for these criminals is a testament to the work that was put into these investigations and everyone involved should be very proud of that.

Internally, we finalised our new structure and operating business model, which will be implemented

in 2023-2024. We made a physical move across London to our new premises in Canary Wharf. This has given colleagues a more functional space, providing communal areas, meeting rooms as well as high-level facilities. We have also continued to help our staff with a mix of home/hybrid and office working options to suit the needs of our workforce and the work we need to undertake.

Our office also provided us with a suitable space for our first internal conference for over three years and we are looking to bring our people together more regularly in the future.

This will be my last annual report as Chair of the NHSCFA and I look back over the last five years with pride at how far this organisation has developed and grown. The world has changed significantly during this time, in ways that none of us could have ever imagined, but our colleagues have always risen to these challenges and I am sure that this will continue into the future.

**Tom Taylor**

**Chair of the NHS Counter Fraud Authority**





**PERFORMANCE  
REPORT**

## Performance overview

The NHS Counter Fraud Authority (NHSCFA) is a health authority charged with identifying, investigating and preventing fraud and other economic crime within the NHS and the wider health group.

As a health authority focused entirely on counter fraud work, the NHSCFA is independent from other NHS bodies and directly accountable to the Department of Health and Social Care (DHSC).

The Performance Review explains how we performed against our financial and non-financial targets and will give the reader a broad understanding of the NHSCFA's purpose, structure and operating model.

### Our vision

“Working together to understand, find and prevent fraud, bribery and corruption in the NHS”.

## Our purpose

To “protect the NHS from fraud, bribery and corruption”.

We achieve this by:

- being experts and leaders in our field
- leading the NHS response
- empowering others
- putting the interests of the NHS and its patients first

The NHSCFA’s departmental sponsor is the Department of Health and Social Care Anti-Fraud Unit (DHSC AFU), which holds the NHSCFA Board to account for the delivery of its strategy. [Statutory Instrument 2017 No 958](#) sets out the establishment and constitution of the organisation. Schedule 2, parts 1 and 2, details the requirements for specific roles which make up our board. To find out more about the role of the NHSCFA Board and, its members, please see the [NHSCFA Board of](#)

## Directors Section.

Our remit covers the NHS and the wider health group in England. In Wales we provide specialist counter fraud support functions to the Welsh Government under section 83 of the Government of Wales Act 2006. Please see the [NHS Counter Fraud Service Wales](#) page for more details.

## **Objectives**

To achieve our vision, we have identified four fraud-focused pillars which will translate into delivery.

1. we will understand how fraud, bribery and corruption affects the NHS
2. we will ensure the NHS is equipped to take proactive action to prevent future losses from occurring
3. we are equipped to respond to fraud

4. we can confidently assure our key partners, stakeholders and the public that the overall response to fraud across the NHS is robust

Our key stakeholders include NHS England, NHS Business Services Authority (BSA) and the Public Sector Fraud Authority (PSFA). We work collaboratively with them, as well as with the DHSC Anti-Fraud Unit, to deliver the full range of counter fraud activity across the NHS and the wider health group.

Our relationship with stakeholders is often supported by formal memorandums of understanding and information sharing agreements.

### **DHSC-NHSCFA framework agreement**

The DHSC-NHSCFA framework agreement sets out how the Department of Health and Social Care (DHSC) and the NHSCFA will work in partnership to serve patients, the public and the taxpayer and how both the NHSCFA and the Department discharge



their accountability.

The agreement defines the key elements of our relationship with the DHSC and, in particular, the DHSC Anti-Fraud Unit which is our departmental sponsor.

This agreement is available in our [working agreements website page](#).

The Performance Overview summarises the organisation's performance against its objectives, how the organisation is structured and directed, the key risks and challenges which faced the organisation over the reporting year and their impact on its performance.

Throughout the performance report we have made reference to **four key themes**:

**Stakeholder engagement** – The importance of how real and meaningful engagement with a wide range of stakeholders has informed future plans

**Quantified performance** – Our performance measures have ensured that we have robust oversight and assurance to deliver on our targets and that emerging risks are suitably managed and escalated

**People and workforce development** – A sustainable approach to workforce and succession planning has been placed at the core of the NHSCFA, driven by our Vision, Purpose and Values and Behaviours

**Future fit** – building skills and capabilities to be future fit and recruiting in a smart and targeted way

## Message from the CEO

Having been at the NHS Counter Fraud Authority for well over a year now, I have seen first-hand the hard work our colleagues and the counter fraud community put into tackling fraud and I am pleased to say, as a group, we have exceeded our three-year target of achieving £400m of finding, detecting and preventing fraud for the NHS. This is a huge testament to our people and more information on this can be found in the performance report.

Phase one of our transformation programme (Evolution) concluded on 31 March 2023 and I am looking forward to conducting business with our new operating model. This model has been designed by our people, with substantial input from stakeholders and can be delivered within our existing financial envelope. A key element of this change is a new Fraud Hub which will be integral to strengthening our relationships with the wider counter fraud community and will stand us in good stead to deliver on our refreshed strategic objectives for 2023-2026. Further

transformation work is planned to consider how our digital services can be delivered more effectively and efficiently.

We stand by and continue to promote, the internationally recognised principles to combat fraud which form the basis of our work. Such is the importance of these principles that I replicate them here:

**There is always going to be fraud** - It is a fact that some individuals will look to make gains where there is opportunity and organisations need robust processes in place to prevent, detect and respond to fraud and corruption.

**Finding fraud is a good thing** - If we do not find fraud we cannot fight it. This requires a change in perspective, so the identification of fraud is viewed as a positive and proactive achievement.

**There is no one solution** - Addressing fraud needs a holistic response incorporating detection, prevention, enforcement and redress, underpinned

by a strong understanding of risk. It also requires cooperation between organisations in a spirit of collaboration.

**Fraud and corruption are ever changing** - Fraud and counter fraud practices, evolve very quickly and organisations must be agile and change their approach to deal with these evolutions.

**Prevention is the most effective way to address fraud and corruption** - Preventing fraud through effective counter fraud practices reduces loss and reputational damage. It also requires less resources than an approach focused on detection and recovery.

This year also saw us build relationships both internally and externally. We have met with international partners to benchmark our activity and hosted/attended a series of summits with counter fraud colleagues from the devolved nations. We also hosted an internal conference in London for our people, the first in over three years. Whilst we have embraced agile working methods, I am a firm believer

in the value of collaboration and it was great to see our people together and hear about the valuable work that has been carried out over the last year, including the successful conclusion of criminal trials. We also took this opportunity to launch our new values and behaviours framework, 'LIFE', which again is the product of our people who contributed enthusiastically to its design.

We put great value in our status as an arms-length body and I believe we are in a strong position to deliver high quality counter fraud services at a time when financial efficiency and control is needed more than ever before.

Finally, I would like to thank Tom Taylor for his hard work and dedication as Chair of the NHSCFA over the past five years. Tom has overseen substantial improvements to the service offering and performance of the NHSCFA. On a personal level I could not have wished for an easier induction to my role and the board. Tom's experience and counsel have been invaluable to me.

**Alex Rothwell**

**Chief Executive of the NHS Counter Fraud Authority**

# Achievements

Our target for reducing the losses to fraud between 2020-2023 was 400m. Over this period we have achieved, with the sector, £500.7m. Further explanation of these descriptions are on pages 24-29.

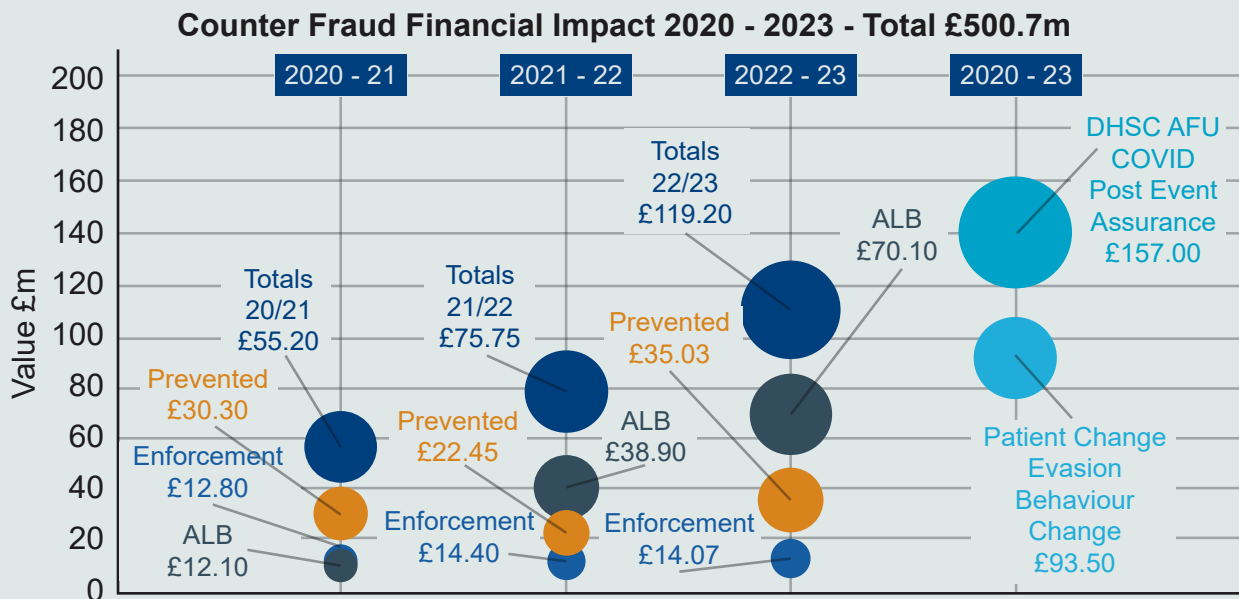


Table showing a summary of anticipated achievement versus actual figures<sup>1</sup>.

Financial Summary	2020-2021 Actual	2020-2021 Anticipated Achievement	2021-2022 Actual	2021-2022 Anticipated Achievement	2022-2023 Actual	2022-2023 Anticipated Achievement
Direct Enforcement	10.0m	10.0m	11.7m	10.0m	12.3m	12.0m
LCFS Function	2.8m	3.0m	14.2m	12.0m	2.7m	1.5m
ALB	27.3m	13.0m	38.9m	14.0m	70.1m	22.5m
Other	14.0m	24.0m	11.0m	113.0m	34.1m	88.0m
<b>Total</b>	<b>*54.1m</b>	<b>50.0m</b>	<b>*75.8m</b>	<b>149.0m</b>	<b>*119.2</b>	<b>124m</b>

<sup>1</sup> Figures presented are subject to roundings where the decimal determines the rounding up or down of a specific value.

\*Excluding DHSC post event assurance (£157 million) and prescription charge/dental charge evasion behaviour change (£93.5 million) conducted in the strategic period that has contributed to the overarching financial achievement of £500.7 million following review by Government Internal Audit Agency (GIAA) and Cabinet Office Fraud Prevention Panel (COFPP) approval.

\*\*The achievement towards the £400m target was impacted significantly by COVID-19 in 2020-2021. The profiling was also adjusted to address the continuing impact of the pandemic in 2021-2022. NHSCFA undertook the necessary action to reprofile delivery accordingly throughout 2020-2023. Therefore, the anticipated delivery achievements above do not add up to £400m.

## **Alignment to the Consolidated Data Return (CDR)**

The NHSCFA formally reports and records figures against the Consolidated Data Return. All central government departments and Arm's Length Bodies



(ALBs) with over £100m spend, return the CDR through their parent departments. Where this relates to fraud that body is NHSCFA. There are five main categories reported through the CDR: detected fraud, detected error, total detected fraud and error, prevented fraud and recoveries. NHSCFA reports on the consolidated figures that directly relate to detected fraud, prevented fraud and fraud recovered. Following a review of process, we can now report alignment with our CDR position for the full strategic cycle in all years, this review has resulted in a revised position for 2020-2021.

## **Descriptions of reduction of fraud losses**

### **DHSC-led post event assurance**

During 2020-2021 to 2021-2022 NHSCFA contributed resources to support the DHSC-led post-event assurance activity on PPE spend, which resulted in DHSC recovering/ preventing £157 million in high-risk procurement payments relating to PPE.

## **Prescription Exemption Checking Service and Dental Exemption Checking Service (PECS/DECS) (behaviour change)**

The Department of Health and Social Care (DHSC) assert that as a result of implementing the prescription exemption checking service (PECS), the levels of patient fraud and error has fallen versus the baseline year (2012-2013). There has been a measurable change in the claiming behaviour of both patients and dental contractors since these programmes were introduced. The behaviour change has resulted in a financial saving to central government, in this instance savings are attributed to patient charge evasion with prescriptions calculated at £93.5m.

### **Direct enforcement**

This is the value of the investigations taken forward by our National Investigation Service (NIS). NIS investigate the most serious, complex and high-profile cases of fraud and is made up of specialist financial

investigators who have powers to recover NHS money lost to fraud as well as a forensic computing team who collect and analyse digital evidence.

### **Local Counter Fraud Specialist (LCFS) function**

This is the value of prevention, detection and recovery activity undertaken by LCFSs, supported by the NHSCFA.

### **Arm's Length Bodies (ALB)**

This is the value of arm's length body enforcement activity, specifically prevention of fraudulent or exaggerated claims relating to NHS Resolution and the direct financial value of prescription exemption checking in pharmacy and dental services conducted by NHS Business Services Authority as well as prevention activity in relation to patient changes evasion and dental recalled attendance within 28 days.

## Other

This is the prevented, detected or recovered values relating to activity, or projects, initiated to address specific areas of concern. These might be projects addressing vulnerabilities identified in our Strategic Intelligence Assessment, such as mandate fraud or post-COVID-19 assurance, or a measure of the effects of our activity, such as Fraud Prevention Notices (FPNs) or intelligence bulletins.

An explanation giving greater context for these figures and the work that has been undertaken to ensure our objectives were met can be found in the Performance Analysis section of the report.

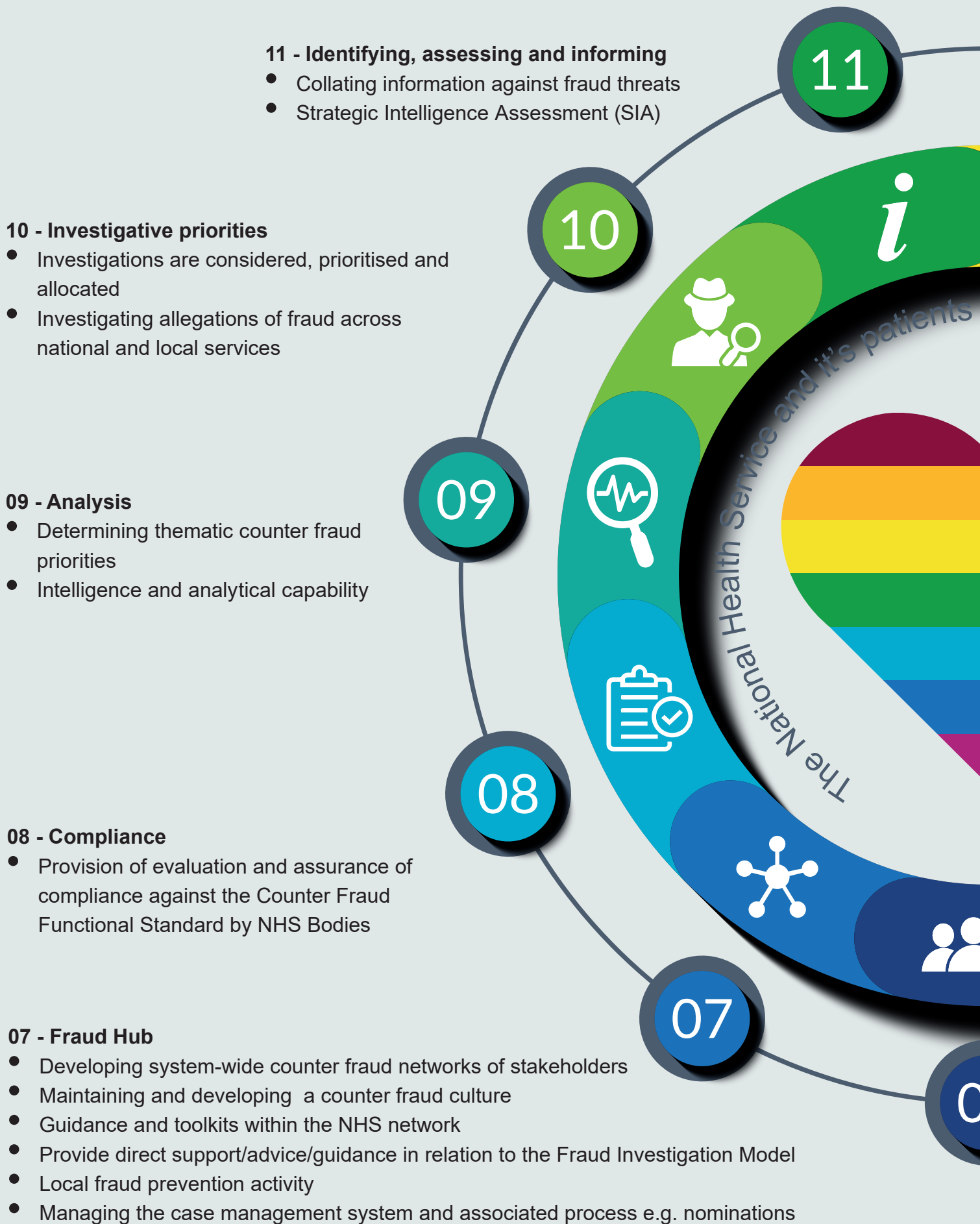
## Strategic period performance

Over the course of the strategic period 2020-2023, NHSCFA and partners have undertaken a significant amount of counter fraud activity. To ensure we have an assured level of confidence in key values in the areas of: patient charge evasion, behaviour change

and COVID-19 post event assurance undertaken by the DHSC AFU. The values have been assured by the Cabinet Office Fraud Prevention Panel and GIAA. Due to the timings of these valuable processes exceeding the reporting year, these key values could not be reported in the year the work was conducted, they do however contribute to the wider strategic period. When combined with the achievements of the health group in 2020-2023 we can report an achievement of £500.7 million (Year 1: £55.3 million, Year 2: £75.7 million, Year 3: £119.2 million. Plus £157 million post event assurance (conducted between 2020-2021 to 2021-2022 ) and patient charge evasion behaviour change £93.5 million (conducted in 2020-2021).



# NHSCFA operating model



**01 - Our advice, guidance and intelligence**

- Fraud Prevention
- Intelligence

**02- Our enforcement**

- National Investigation Service
- Including Digital Forensic Service and Financial Investigators
- Investigation Quality Management

**03 - Our continued change and transformation**

- the development of transformation and change activity

**04 - Our support**

- People and Workforce
- Information Systems

**05 - Our counter fraud analytical ability, governance & performance**

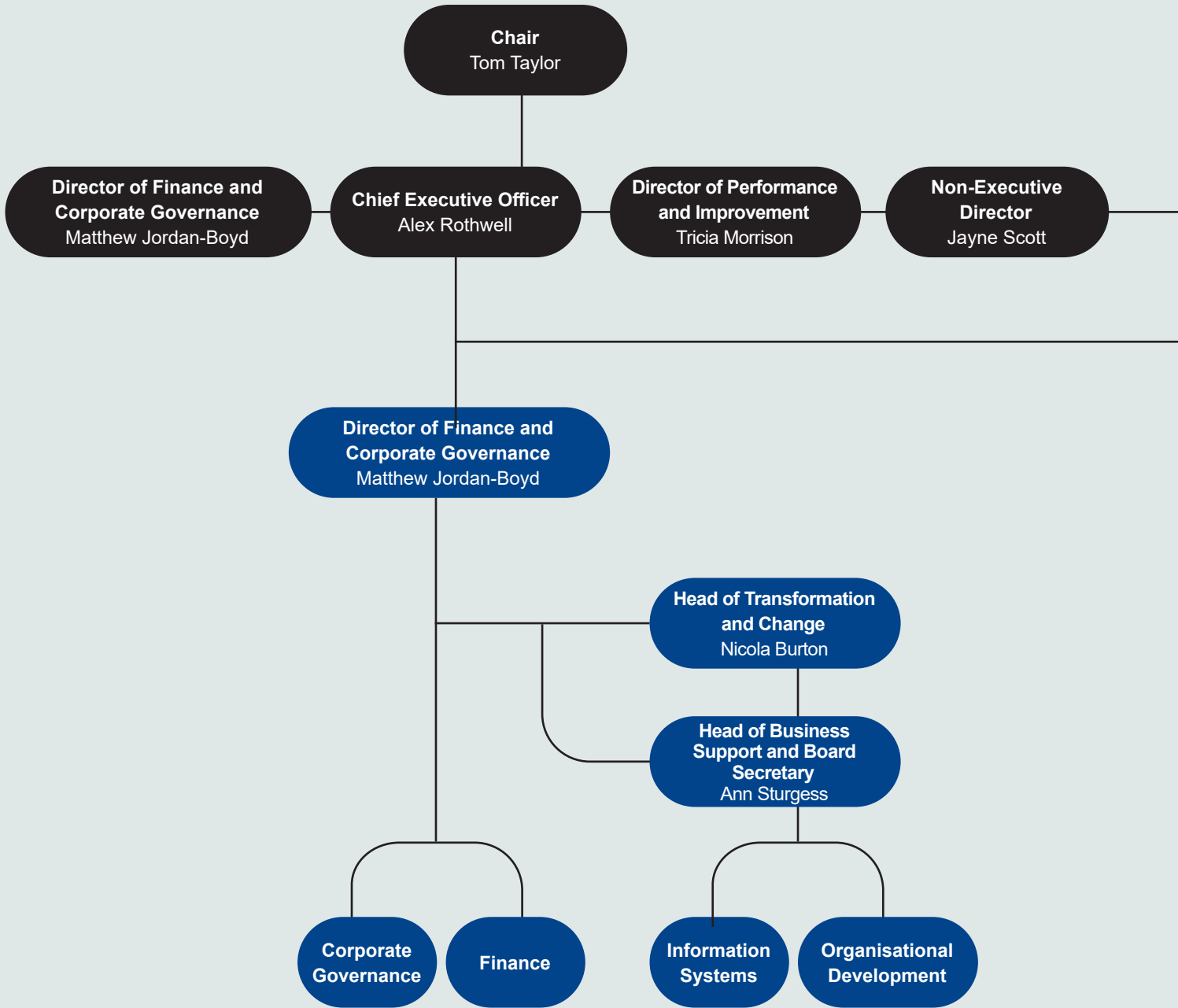
- Information Analytics
- Performance and Governance

**06 - Our stakeholders and partnership working**


- DHSC AFU
- Local counter fraud services
- NHS bodies
- Public Sector Fraud Authority (PSFA)



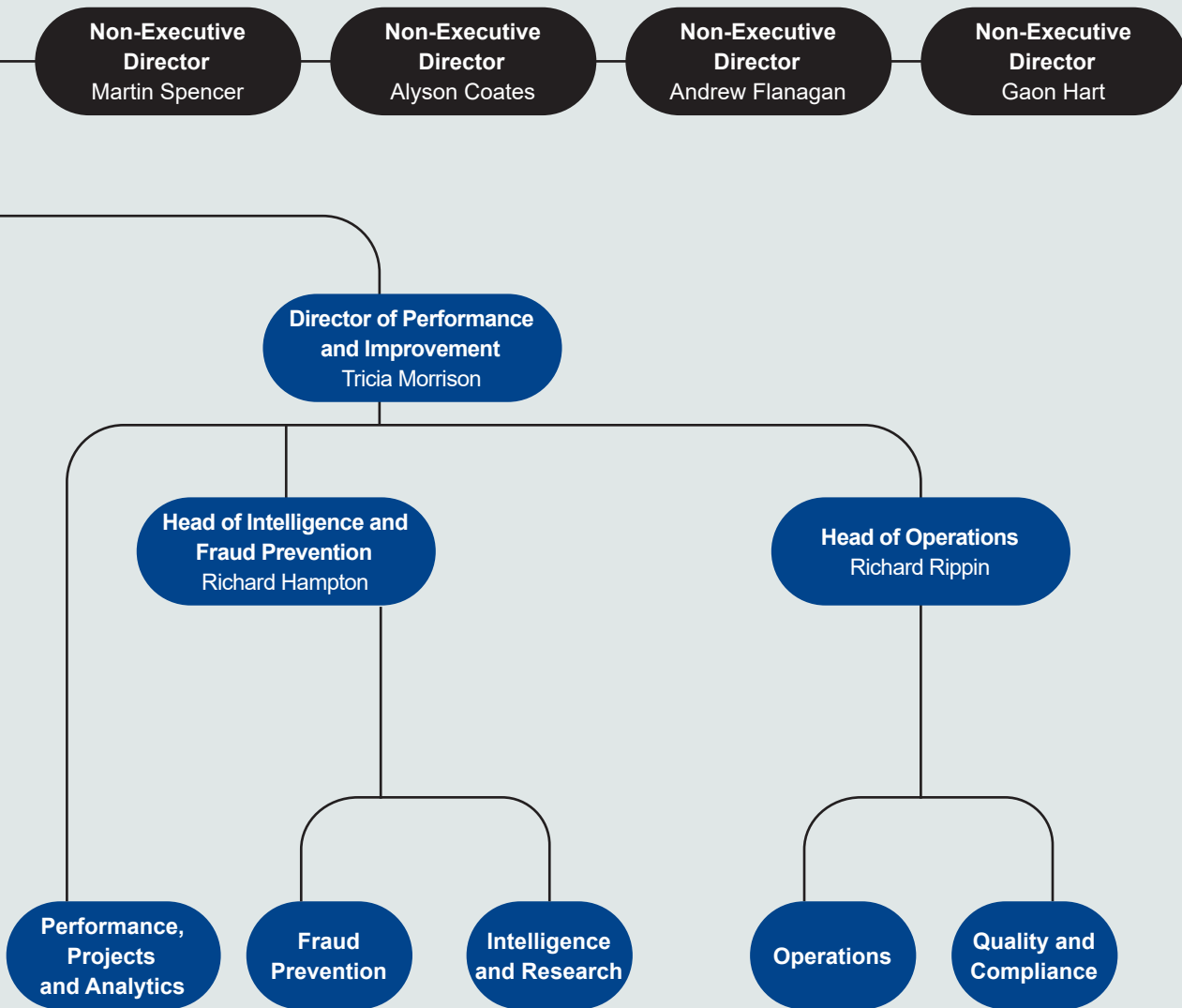
# Board and high level structure chart as at 31/03/23



## Key

 - Board members





# Our finances

Year-on-year financial performance comparison

**Table: Overview of financial performance 2022-23**

Financial Obligations	2022/23			2021/22		
	Target £m	Performance £m	Variance £m	Target £m	Performance £m	Variance £m
Capital resource limit does not exceed target set by DHSC (excludes IFRS16 adjustment)	1.619	1.632	0.013	2.568	0.374	-2.194
Capital resource limit does not exceed target set by DHSC (IFRS16 adjustment only)	3.754	3.792	0.038	-	-	-
Non-Ring-Fenced Revenue resource expenditure does not exceed the limit set by DHSC (excludes depreciation and amortisation)	12.550	12.594	0.044	13,141	12,660	-0.481
Depreciation and amortisation resource limit does not exceed target set by DHSC	3.719	1.856	1.863	1.629	1.599	-0.030

The revenue outturn position excluding depreciation and amortisation is an overspend of £0.044m. The position includes estimated costs for the backdated pay award for 2022-2023.

Throughout 2022-2023, the NHSCFA spent £10.002m on salaries and wages, £1.713m on administration costs and £1.118m on estates and facilities. The Authority received £0.279m of income, of which £0.258 million related to contracts for services provided.

NHSCFA's capital programme (excluding IFRS16\*) spend for the year was £1.632m against a budget of £1.619m. This outturn includes spend relating to the refresh of our Digital Forensics Unit (formerly named Forensic Computing Unit) IT environment, hardware refresh and renovation of office space due to downsizing of our footprint.

The assets and liabilities of the NHSCFA are set out in the Statement of Financial Position in the Financial Statements and include external and internally

generated software - as well as - amounts due to the NHSCFA in relation to contract income and amounts owed to suppliers for services delivered. This statement shows that the total assets have increased by £5.417m from £4.175m as of 31 March 2022 to £9.592m as of 31 March 2023. The movement relates primarily to the implementation of IFRS16 and 2022-2023 capital purchases. Total liabilities have increased by £5.713m from £1.292m as of 31 March 2022 to £7.005m as of 31 March 2023. This movement relates to IFRS16 lease liabilities and increases in trade and other payables.

\*IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise ('right-of-use') assets and lease liabilities. The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of an asset identified in a contract.

## **Better Payment Practice Code performance**

The Better Payment Practice Code requires the

NHSFCA to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The target percentage to be reached is 95% and in 2022-2023, the NHSCFA did not achieve this target. Early in the financial year the Authority transitioned to a remote connection which unfortunately left many employees unable to connect to the network. As a result, the authority was unable to approve invoices in a timely manner. These issues have been addressed and performance improved throughout the remainder of 2022-2023.

Better Payment Practice Code performance	2022/23		2021/22	
	Number	£'000	Number	£'000
<b>Non-NHS Payables</b>				
<b>Non NHS Payables</b>	1,365	6,947	960	7,187
<b>Total Non NHS invoices paid within target</b>	1,037	6,025	790	6,754
<b>Percentage of Non NHSCFA invoices paid within target</b>	76%	87%	82%	94%
<b>NHS Payables</b>				
<b>NHS Payables</b>	36	749	28	463
<b>Total NHS invoices paid within target</b>	29	620	21	396
<b>Percentage of NHSCFA invoices paid within target</b>	81%	83%	75%	86%
<b>Total CFA invoices paid</b>	1,401	7,696	988	7,650
<b>Total CFA invoices paid within target</b>	1,066	6,645	811	7,150
<b>Percentage of Total CFA invoices paid within target</b>	76%	86%	82%	93%

We are required to consider the impact of fraud and error within any grant funding, support or distribution schemes we oversee. We do not manage or oversee any such schemes and have not had any fraudulent or non-fraudulent, errors or loss in operational expenditure in year.

## **Going concern**

NHSCFA's annual report and accounts have been prepared on a going concern basis.

The NHSCFA was established under the NHS Counter Fraud Authority (NHSCFA) (Establishment, Constitution and Staff and Other Transfer Provisions) Order 2017 (SI 2017 Number 958). The reference to the abolition date in respect of Special Health Authorities was removed by section 86(2) of the Health and Social Care Act 2022.

The NHSCFA is financed by and draws its funding from the Department of Health and Social Care (DHSC). Parliament has demonstrated its

commitment to fund DHSC for the foreseeable future and DHSC has demonstrated its commitment to the funding of the NHSCFA.



**PERFORMANCE  
ANALYSIS**



## Introduction

The Performance Analysis provides greater detail on how we delivered against our strategic objectives for the year 2022-2023. We independently assess performance and delivery from each business unit every quarter. The assessments are undertaken by our Performance, Projects and Analytics Team together with representatives from the Finance and Corporate Governance and Risk Management functions. [NHSCFA's 2023-26 strategy<sup>2</sup>](#) shows our areas of focus, our strategic aspiration, structure and future three year financial target.

The findings are reported to the Board.

As explained above, our strategic objectives are not limited to financial targets, although these of course are important, but we also seek to deliver against other aspects of countering fraud and their place within the wider health care sector. Our strategic objectives are set out in our three-year strategy. For the last three years, our objectives stated that:

---

<sup>2</sup>NHSCFA's 2023-26 strategy

- we will lead and influence the NHS to find, prevent and reduce fraud, recovering losses and putting money back into patient care
- we will work with partners to reduce fraud loss in the NHS
- we will support and empower our people to be the best in their roles and feel valued
- we will effectively use our resources, identify and pursue opportunities for growth and innovation and reduce our operating costs

This section provides further insight into the work undertaken by individual business units towards meeting our financial and non-financial targets. It covers the following aspects of our work linked to the four key themes of stakeholder engagement, quantified performances, people and workforce development and future fit:

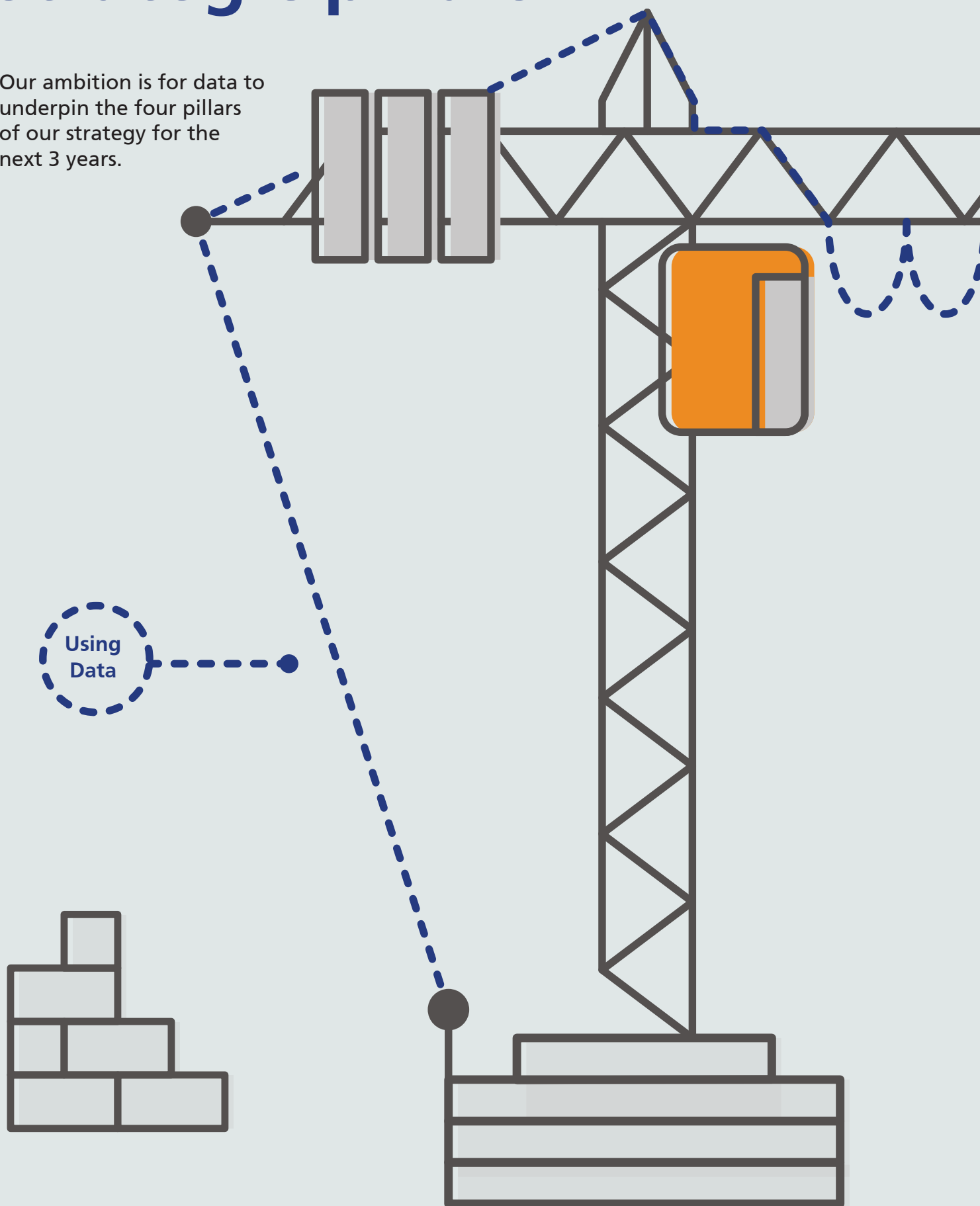
- direct enforcement activity

- fraud prevention activity
- stakeholder engagement and growing the counter fraud community
- intelligence gathering, development and dissemination
- infrastructure, estates and sustainability management
- how we treat our people and our revised values and behaviour framework
- how the organisation intends to evolve over the year ahead and beyond following the Evolution programme

The section also examines the risks we have identified which may adversely impact on our strategic objectives and the steps we have taken to mitigate and manage them.

# Our four counter fraud strategic pillars

Our ambition is for data to underpin the four pillars of our strategy for the next 3 years.





## Direct enforcement

### National Investigation Service (NIS)

The National Investigation Service (NIS) is the criminal investigation arm of the NHSCFA. It is responsible for investigating serious and complex fraud, including suspected offences involving bribery or corruption. Its three teams operate nationwide.

The NIS can utilise a wide range of powers to assist their investigations. All NIS investigators are advanced practitioner members of the Government Counter Fraud Profession and are required to comply with legislation governing the investigation of offences. Offences investigated in 2022-2023 included those coming under the following legislation (as well as the common law offence of conspiracy to defraud):

- the Fraud Act 2006
- the Proceeds of Crime Act 2002

- the Computer Misuse Act 1990
- the Bribery Act 2010

The NIS also employs accredited financial investigators who are empowered to use the Proceeds of Crime Act 2002. Where appropriate, they ensure that those who are convicted of offences do not benefit from their crimes and stolen monies are returned to the NHS.

As at the end of March 2023, the NIS was investigating 39 matters, involving 110 subjects, with a potential fraud value in excess of £30million.

NIS achieved a return of £12.28m in its direct enforcement capacity exceeding its operational target of £12m in 2022-2023.

Case studies exploring NIS and some of the work they undertook over the year can be found on pages 50 to 54.

## Digital Forensic Unit (DFU)

To achieve their objectives, the NIS is also able to call upon its Digital Forensic Unit (DFU), which is equipped to recover digital evidence for use in criminal, civil and disciplinary proceedings. The DFU also provides these services to the DHSC Anti-Fraud Unit, LCFSSs, NHS England and NHS Counter Fraud Services in Wales and Scotland. The unit operates to the highest forensic and procedural standards. Its technical remit has widened to the forensic analysis of a wide range of digital devices and the service it provides is essential to the investigation process.

The DFU is required to operate within ISO/IEC 17025:2017 for the Imaging and Analysis of electronic devices. ISO/IEC 17025:2017 is the international standard for general requirements for the competence of testing and calibration laboratories. The Forensic Science Regulator requires that all providers of digital forensic services to the criminal justice system must be accredited to ISO/IEC 17025:2017.



The DFU faced a full re-assessment by the United Kingdom Accreditation Service (UKAS) in September 2022 and was successful in retaining its accreditation under ISO/IEC 17025:2017. Details of the NHSCFA's accreditation can be checked on the [UKAS website](#).

## **National Investigation Service (NIS) quality assurance**

In addition to case management oversight, NIS has a separate quality assurance function which:

- produces current and accurate guidance to investigators and managers
- assists senior management in the monitoring of case progress and quality
- will conduct thematic reviews across NIS in 2023-2024 on aspects of investigation functions
- assists with compiling programmes of continuing professional development training

In 2022-2023, training was delivered to specialist

investigators on disclosure matters coming under the Attorney General's Guidelines 2022 and conducting interviews under caution.

This is designed to provide assurance to NHSCFA's Senior Management Team and Board concerning the legal, ethical and professional conduct of investigations through quality monitoring.

### **Case study one**

#### **Fake doctor sentenced to seven years for fraud and forgery**

A woman who forged her medical qualifications to obtain senior positions within the NHS as a hospital psychiatrist was sentenced to seven years at Manchester Crown Court after being found guilty of 20 offences including fraud and forgery.

In an investigation led by Cumbria Police and supported by the NHSCFA, Zholia Alemi was found to have fraudulently obtained over £1m from the NHS during the 22 years that she worked at several UK health bodies posing as a qualified psychiatrist.

In 1995, Alemi presented the General Medical Council, (GMC), with documents and information in support of her application to obtain UK doctor registration. These documents included a degree certificate from the University of Auckland and a letter written by the faculty registrar confirming her qualifications. Investigations subsequently revealed that this documentation was false.

NHSCFA investigators worked extensively with our partners in Cumbria Police to enable the Crown Prosecution Service, (CPS), to put evidence before the court to show the full extent of Alemi's offending. Our specialist financial investigators have worked to identify and restrain assets owned by Alemi and will now take steps under the Proceeds of Crime Act 2002 to recover the funds misappropriated by Alemi and return it to the NHS for patient care.

**Richard Rippin, Head of Operations at the NHSCFA said:**

*“Zholia Alemi has deceived the NHS over a considerable period of time and practised under*

*forged and false qualifications, with the potential for harm to patients. This case has proven to be an excellent example of how effective partnership working across multiple agencies is key to bringing to justice those who seek to deceive and defraud the NHS”.*

## **Case study two**

### **Supreme Court order for Jon Andrewes**

This investigation was led by the DHSC AFU (AFU) with financial investigations undertaken NHSCFA financial investigators.

Following a previous fraud conviction, where Jon Andrewes, from Totnes, was jailed for two years in 2017, the Supreme Court ruled in 2022 that he had also to pay back over £96,000 for his crimes.

Jon Andrewes initially misled St Margaret’s Hospice, based in Somerset, where he was chief executive from 2004, Torbay Care Trust when he became chairman in 2007 and Royal Cornwall Hospitals Trust where he became chairman in 2015, by substantially

falsifying his qualifications and work history. The investigation, by the DHSC asked the NHSCFA to aid financial recovery.

Following his conviction, it was determined that Andrewes benefit figure was in excess of £600k. This was, in effect, his total earnings for the period of his NHS employment. Andrewes was subsequently successful at the Court of Appeal, where he argued that he had been an exemplary employee and that the NHS had suffered no financial loss, even though he had obtained his position by deception.

The CPS decided to further appeal to the Supreme Court on a point of law relating to the criminal benefit calculation in cases of CV (curriculum vitae) fraud, where a job applicant lies about his or her qualifications and as a result is employed and paid a salary. The Supreme Court overturned his successful appeal against having to pay the £96,737.24p under the Proceeds of Crime Act 2002.

The recovered assets will be split as follows:

- St Margaret's Hospice – 87% = £84,161.39
- Torbay and South Devon NHS Foundation Trust – 9.5% = £9,190.04
- Royal Cornwall Hospital – 3.5% = £3,385.81

## **Local counter fraud activity and NHSCFA engagement**

### **Local Counter Fraud Specialists (LCFS)**

With very few exceptions organisations which provide services to, or commission services for the NHS, must comply with NHSCFA requirements in relation to counter fraud. This also applies to organisations within the commercial, charitable and voluntary sectors. Special health authorities and the small number of trusts that are not foundation trusts, have to comply with the document 'Directions to NHS Trusts and Special Health Authorities in respect of Counter Fraud 2017'.

Consequently, organisations must have access to a Local Counter Fraud Specialist (LCFS), who will work with the organisation to conduct counter fraud work on their behalf. All LCFSs must be:

- trained to the standard directed within NHSCFA requirements
- accredited and appropriately nominated for the organisations they work with

An LCFS may be employed internally, shared with neighbouring NHS bodies, or employed through an external contractor. We are required to provide assurance regarding the provision of counter fraud services and we do this by issuing annual Counter Fraud Functional Standard Returns, (CFFSRs), to all relevant health bodies for them to complete with a summary of the counter fraud work undertaken during the year. In 2023 the CFFSR will be accessed by approximately 320 organisations for completion and submission.

There are 236 LCFSs who were appropriately trained,

accredited and currently nominated across all NHS.

## **Counter Fraud Champions (CFCs)**

There are 239 Counter Fraud Champions (CFCs) nationally, together with LCFSs they are an integral part of the collaborative fight against fraud. As they hold strategic level positions, they are well placed to influence senior management positively and to enable, facilitate and support counter fraud work at the highest level. We have engaged with CFCs throughout the year via meetings and webinars.

LCFSs and CFCs are a valuable front-line resource and a valued stakeholder.

## **Local fraud investigations**

Local fraud investigations are undertaken by health body LCFSs in respect of lower-level offences against the NHS. During the year, LCFSs successfully resolved over 300 investigations of this type and detected/prevented fraud losses with a value of over £2 million. Their work also led to the recovery of



£350,000 of money taken because of fraud, enabling it to be returned to the NHS. Their work also resulted in over 160 criminal or disciplinary sanctions being imposed on those who committed fraud offences, including criminal prosecution, the issue of police cautions and dismissal from NHS employment.

## **Mandate fraud**

Mandate fraud is where a fraudster deceives an entity to change a direct debit, standing order or bank transfer to divert funds away from its intended recipient, for example companies supplying the NHS with goods or services. Over the past year we launched a campaign to raise awareness of mandate fraud across the health sector. At the core of this campaign was a [mandate fraud prevention resource pack](#), which supported a range of counter fraud stakeholders, including LCFs, Directors of Finance and CFCs. The pack aided these professionals in their engagement with their NHS colleagues to raise awareness of mandate fraud, how it can be prevented and how to facilitate the reporting of all mandate

frauds locally and to the NHSCFA.

The pack was developed in consultation with several participating stakeholders on our external platform Ngage and included:

- a dedicated mandate fraud resource page
- refreshed mandate fraud guidance and quick guide
- a Mandate Fraud PowerPoint presentation (for delivery to finance teams), with accompanying case studies
- aide-memoires for finance teams and LCFSSs
- guides for mandate fraud reporting, suppliers and cyber attacks

We also hosted a mandate fraud webinar in 2023 with our stakeholders to continue this campaign into the next year.

These efforts, both at a local and national level have contributed to achieving a prevention, detection and

recovery value of £34.1 million 2022-2023.

## **Fraud Risk Knowledge Hub (FRKH)**

A new Fraud Risk Knowledge Hub (FRKH) was set up in 2022. This provides a central point for all things relating to fraud risk assessment and the impact that they can have in countering fraud.

Fraud Risk Assessment (FRA) in the health care sector is about helping senior managers recognise the opportunities for fraud that a government activity creates. It provides those senior officers responsible, as risk owners, with insights to understand the risk exposure in relation to planned or actual activity. It does this by identifying all the different ways that fraud could happen, which will in turn help them to manage those risks.

We have published 124 (FRAs) on our secure extranet, Ngage and over the past year we have continued to work with the sector on FRAs. This work included delivering:

- a focused webinar on fraud risk open to all stakeholders
- four sessions specifically for NHS Counter Fraud Service Wales which covered all health boards and trusts
- 12 sessions for stakeholders in England including regional forums and individual organisations within healthcare
- supported and completed a procurement thematic fraud risk assessment for UK Health Security Agency

We have also been working closely with the Government Counter Fraud Profession (GCFP) on the development of an FRA course.

The NHSCFA is also planning a series of sessions this year for all its staff to give them a better understanding of how FRAs can impact their work and the risk assessments we publish.

## Clue case management system

Clue is used by all investigative agencies in the NHS. It is primarily used by the NIS as a case management system, but it is also:

- an important reservoir of information and intelligence
- records counter fraud activity undertaken by LCFs, both proactive and reactive
- a financial reporting tool

We have sought to provide the LCFs with the information and tools required to enable them to use Clue to its full extent. This was facilitated by face-to-face events where we were able to show how Clue could assist LCFs, provide data and aid case submissions to the CPS. There has been a palpable improvement in reporting using Clue and we will continue to engage and improve its use. Clue enables LCFs to fully record the outcome of their proactive counter fraud work, for example Local Proactive

Exercises (LPEs).

## **Local Proactive Exercises (LPEs)**

Local Proactive Exercises (LPEs) are risk-based fraud preventative activity that LCFs conduct to tackle fraud at a local level. They are driven by FRAs or prompted by NHSCFA fraud prevention guidance. The outcomes of LPEs, (financial outcomes, reduction in fraud risk and provision of assurance to NHS bodies), are captured on Clue and help build a bigger picture of the of nature and scale of fraud across the NHS. They also show the value of proactive work that LCFs provide and form part of their counter fraud strategy to address local fraud challenges.

During 2022-2023 a total of 2,370 LPEs were carried out across the NHS, resulting positive counter fraud outcomes in 1,677 instances. Outcomes identified include the estimated prevention of £240,000 in future losses to NHS funds and the recovery of £368,000 of moneys lost to fraud or error.

## Other engagement initiatives

Stakeholder engagement workstreams were developed to support collaborative working with stakeholders, to ensure consistent engagement, support LCFs in their day-to-day work and to improve proactive and reactive outcomes. This engagement has also been critical to the establishment of the Evolution programme and the development of the Fraud Hub which will be in operation from 2023 onwards.

Over the past year we have maintained single points of contacts with LCFs across England and Wales and have developed thematic exercises on fraud types for thirty organisations, six of which involved site visits. We are looking to carry out more of these in 2023-2024 and we are developing an induction pack for new LCFs to help aid their knowledge and understanding of the fraud landscape.

We also hosted a total of eight webinars in total across the year for all LCFs to attend on different

subjects:

- benchmarking (69 attendees)
- recording financial outcomes (98 attendees)
- functional standard requirements (74 attendees)
- functional standard returns (94 attendees)
- NHSCFA 2023-2026 strategy (85 attendees)

A mandate fraud review will be conducted as part of the stakeholder engagement programme in 2023-2024.

Other work with stakeholders across the sector included three workshops which informed the production of our 2023-2026 strategy.

### **Work with the Public Sector Fraud Authority (PSFA)**

The PSFA and the NHSCFA have begun joint collaborative working since the PSFA's launch in 2022. To begin this process, the NHSCFA invited the



PSFA to speak to its staff at a virtual event and the PSFA reciprocated this invite in return. This has given each other's workforce an insight into how each other operate and we will continue to work closely together over the coming years.

## **Working in partnership with ALBs**

NHS Business Services Authority (NHSBSA) and NHS Resolutions also undertake counter fraud activity within their own organisations. Both have contributed to the financial counter fraud impact of the health groups financial target this year, exceeding £70m. For NHS Resolutions, this is from the detection and prevention of serious exaggeration of legitimate claims for damages or falsifications of circumstances which led to a claim. For NHSBSA the primary element of counter fraud relates to patient charge evasion and dental recalled attendance within 28 days, where the original assessment and methodology development work was undertaken by NHSCFA.

## **Four nations**

We have continued to bring together delegates from our four nations counter fraud teams together over the past year, with the most recent meeting in Belfast. This is third time the four nations have met over the past year, with a date in Wales set for later in the year.

The group is committed to sharing knowledge, experience and methodology and as a consequence, joint areas of work are actively underway. This includes aligning strategic intentions.

Topic matters discussed included fraud risk assessments, recording financial values, demonstrating return on investment, data analytics, fraud prevention, quality assurance, training and enforcement.

## **DHSC-led post event assurance**

During 2020-2021 to 2021-2022, NHSCFA contributed resources to support the DHSC-led

post-event assurance activity on PPE spend, which resulted in DHSC recovering/ preventing £157m in high-risk procurement payments relating to PPE, through additional examination and checks on contracts identified as a heightened risk and contract management to prevent loss and where appropriate seek recovery. The total value includes £139m prevented, which includes preventing some opportunities reaching contract stage and £18m recovered.

### **PECS/DECS (behaviour change)**

The figures from a measurement of behaviour change in relation to PECS/DECS within this strategic period have yet to be included in any formal reporting. The Department of Health and Social Care (DHSC) assert that as a result of implementing the prescription exemption checking service (PECS), the levels of patient fraud and error has fallen versus the baseline year (2012-2013). There has been a measurable change in the claiming behaviour of both patients and dental contractors since these programmes

were introduced. The behaviour change has resulted in a financial saving to central government, in this instance savings are attributed to patient charge evasion with prescriptions.

This has been calculated at £93.5m in addition to the in-year values discussed for 2022-23. These values have been confirmed by our sponsor having been through the GIAA audit process.

## **Intelligence**

### **Strategic Intelligence Team**

Our Strategic Intelligence Team continued to engage with the counter fraud community and the public to outline what intelligence is and how is it used within the NHSCFA. We do this so that we can:

- ensure that counter fraud activity is proactively pursued
- collect intelligence
- monitor fraudulent activity to detect fluctuations or

depreciation in the effectiveness of counter fraud work

Our findings regarding vulnerability to fraud, enablers and threats are reported annually through our strategic threat and strategic risk assessment reports.

Our new Control Strategy and Strategic Tasking and Coordination Group (CCSTCG), which has representatives from NHS England, NHSBSA and the DHSC, will enable us to produce a more concise picture of fraud across the whole health sector.

We have begun to redesign our streams and processes so that we may accommodate automation in the future. We also intend to improve the ease of reporting for members of the public and NHS colleagues and this should be completed in 2023.

## **Strategic Intelligence Assessment**

The 2021-2022 Strategic Intelligence Assessment (SIA) indicates that the NHS was financially vulnerable to £1.198 billion of fraud.

We are currently producing our latest SIA, covering 2022-2023. Emerging findings show that most of the reports the NHSCFA have received relate to four thematic areas:

- NHS staff fraud
- patient exemption fraud
- procurement and commissioning
- fraudulent access to secondary care

Activity has generally returned to pre-pandemic levels in patients claiming exemption for dental and optical treatment, as these services were heavily restricted during the pandemic.

## **Central Intelligence Team**

The Central Intelligence Team (CIT) assess thousands of fraud allegations received by the NHSCFA each year and identify those which should be prioritised, enhanced by further development, or

disseminated to:

- LCFSs
- regulatory bodies
- counter fraud services in Wales and Scotland
- other government departments
- the police

They support the LCFS community by issuing National Intelligence Bulletins when required.

The CIT received 3,170 allegations of fraud over the last year via the online fraud and corruption reporting line (FCROL). This can be broken down into:

**1,894** – no further action could be taken

**1,004** – numbers of fraud allegations disseminated to fraud partners, such as LCFSs

**60** – number of allegations converted into actions for the NHSCFA

**212** reports received in the last year are awaiting action

**2.1%** – \*conversion rate

\*Conversion rate represents the percentage of allegations received and converted into incidents onto Clue by the NHSCFA and tasked to an LCFS. This is calculated by taking the total number of allegations of fraud over the last year (3,170) and taking away the number of reports awaiting action (212) to give a total of 2,958 allegations received and converted into incidents onto Clue. The number of allegations (60) divided by number of allegations received and converted into incidents onto Clue (2,958) gives a conversion percentage of 2.03%.

Processes have also been changed during the past year regarding the dissemination of reports. As a result, far more reports are now disseminated to fraud partners, which results in fewer being converted on the Clue case management system.

This has lowered the conversion rate, but results in



LCFSs seeing far more of the reports received by us, which might be converted into investigations at a later date.

As this process only changed during the last year, the full impact will be seen in next year's figures.

Reports are also received from the LCFS community, via Clue. The figures below show the total of reports received via FCROL and Clue that are reported in our Strategic Intelligence Assessment (SIA), which is published annually.

Where reports are categorised as 'no fraud against the NHS' they are not counted in the figures for the SIA (but are still processed and disseminated to other bodies by CIT).

Fraud allegations received by year (April – March)					
2017-2018	2018-2019	2019-2020	2020-2021*	2021-2022	2022-2023
4,123	5,378	5,414	4,236	5,772	5,009

\*In 2020-2021 we saw reporting drop due to the pandemic and then rise the following year.

Strategic priority area	2022 – 2023 direct reports to NHSCFA
Procurement and commissioning fraud	652
Patient exemption fraud	891
Data manipulation fraud	15
Community pharmaceutical contractor fraud	101
GP contractor fraud	190
Optical contractor fraud	23
Dental contractor fraud	78
NHS staff fraud	2,660
Fraudulent access to secondary care from overseas visitors	299
Reciprocal healthcare fraud	4
Additional area (NHS bursaries and NHS pension fraud)	96
<b>Total</b>	<b>5,009</b>

Over the last year, the NHS has been developing a new automated prescription charge validation system called Real Time Exemption Checking (RTEC). RTEC automatically checks patient details against records held by the NHSBSA (Business Services Authority) and the Department for Work and Pensions (DWP) to confirm if the patient has a valid exemption for a prescription charge.

However, we found that RTEC is unable to verify exemptions in all cases, preventing its use because:

- fraud/error in the exemption claim
- discrepancies in data resulting in no match
- technical faults

To find a solution to this, we are carrying out a nationwide assessment to test the efficiency and reliability of RTEC by establishing reasons why exemptions were not verified in certain cases. This will involve large scale sampling, data matching with NHSBSA and DWP and patient contact.

Throughout the year we completed a pension fraud re-assessment exercise. Results show an estimated loss to the NHS pension scheme of £6,109,784 for 2021-2022, based exclusively on mortality screening activity through the National Fraud Initiative (NFI). This figure is believed to be an underestimate as it represents only 0.05% of NHS pension expenditure and does not include potential losses in other known

areas of vulnerability.

Currently, NHSBSA is finalising our analysis which will allow us to measure and target fraud more accurately.

Working alongside our Fraud Prevention Unit (FPU), we have identified an increase in the discovery of payment diversion fraud (also known as mandate fraud) and tactical fraud across the sector.

## **Evolution programme**

The aims of the Evolution programme were to help us improve:

- our service delivery
- our return on investment
- our impact across the sector
- the NHSCFA as a place to work

The process covered what we did well, the gaps that

we had, our work with stakeholders and the steps we needed to take to improve the organisation.

In April 2022 we assessed and analysed a series of proposals that were put forward to create organisational-wide change within the NHSCFA, which included the creation of the Fraud Hub, see below.

We looked at their viability and affordability and how they fitted into our business and strategic plans. This also included internal measures, such as improving our recruitment process and external plans, such as how we counter fraud within the sector. Following this, we delivered a series of workshops with staff to get feedback on what they wanted and a new structure and operating model was designed following this work.

Two Government Internal Audit Agency (GIAA) audits were also carried out over the past year. The audits analysed the governance and processes around Evolution and a programme board and sponsor

group were set up to provide the assurance of the programme.

We have consulted extensively with our workforce and have supported our managers to take more ownership of job descriptions and the job evaluation process with support from our human resources team.

Some work remains to be done in order to complete the Evolution programme, but the structural changes required are in place across most of the organisation. We will continue to support our colleagues who have been recruited into new roles and we feel that the NHSCFA is now in a better position than ever to deliver its key objectives over the coming years.

As of 1 April 2023, we have begun working under our new operating model. Our Information, System and Analytics (ISA) team is the last team to go through the Evolution programme and this will be completed in 2023.

## The Fraud Hub

Our work with stakeholders throughout the year has played a significant part in the NHSCFA Evolution programme. Their feedback, observations and constructive suggestions and ideas led directly to the development of our new operating model which will be implemented in 2023-2024.

Our stakeholders made it clear that they would welcome the opportunity to work more closely together locally and nationally to reduce fraud in the NHS and have raised a number of areas where collaboration would realise positive counter fraud outcomes.

From April 2023, NHSCFA will act as a primary focal point for all health bodies to work in partnership with us to tackle fraud in the NHS. This will provide real-time support and advice, access to our counter fraud expertise and guidance to raise the effectiveness of the overall counter fraud response.

This year was spent in building the infrastructure and



recruiting to posts vital to successfully meeting this commitment.

The new function, called the Fraud Hub, is integral to the creation of a successful collaborative approach across the sector. Acting as the main point of contact between the NHSCFA and the counter fraud community across the NHS, the Fraud Hub will aim to support health bodies to deliver improved counter fraud financial outcomes and sanctions, assist health bodies to take action to prevent losses to fraud and enable the recovery of NHS funds.

Each workstream within the Fraud Hub will aim to provide the necessary support to health bodies to tackle fraud in the most effective way. It will link them into the knowledge and expertise held within the NHSCFA and will identify and facilitate ways to work together to detect, prevent and deter fraud. There are four key workstreams within the Fraud Hub.

- stakeholder engagement and support
- Fraud Hub enforcement support

- Fraud Hub fraud prevention support
- Clue case management support

Teams within the Fraud Hub will work together to deliver a range of collective objectives, whilst maintaining their expertise within their own specialised areas. This will include working in partnership with the NHSCFA, as well as in close partnership with individual stakeholders and stakeholder groups.

## **Development of our people and workforce**

We have delivered a range of initiatives to support and develop our people. These have been delivered whilst our Evolution programme objectives have been implemented and the organisation has transitioned to a business model which will support future counter fraud activity. Working with the internal People Engagement Group and recognised Union collaboration helped us to create this holistic

approach to supporting our people through the change to our new business model. Adopting an open and transparent process we informed our workforce through our intranet, monthly bulletins and virtual engagement sessions.

Over the next year we are continuing to review our workforce engagement as we settle into our new ways of working. We will continue to support our colleagues who have been recruited into new roles and the NHSCFA is now in a better position than ever to deliver its key objectives over the coming years.

In our annual report last year, we set out our plans to bring our human resources advisory provision in-house. This has been achieved. Having a dedicated HR advisory resource has been a valuable resource for the organisation to deliver the Evolution programme.

This team identified some weaknesses within our processes and bolstered them – including centralising the process for new applicants and recruiting

managers for new job roles. As a result of this, HR and transformation have been able to work in partnership to integrate and manage a significant period of change within the organisation. We have also been mindful of the 17 UN Sustainable goals of which the target concerning gender equality is particularly relevant.

Integration of HR, Organisational Development and Learning and Development into the People and Workforce Development Group formed to support our 2023-2026 strategy has been ongoing and has produced significant movement in co-producing effective processes across these functions.

Policies and processes have been reviewed and strengthened to be more robust and to improve efficiency and understanding, which has reflected in freeing operational managers from undertaking transactional tasks in areas such as recruitment.

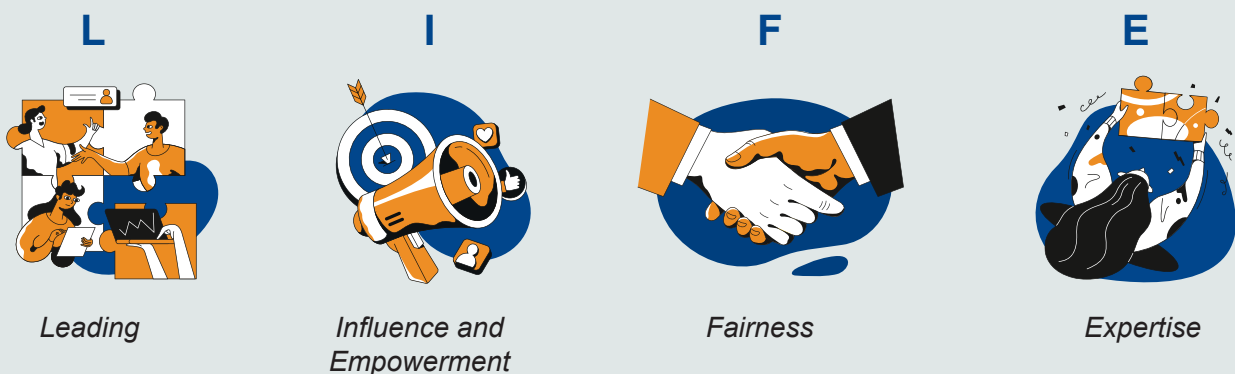
Case-by-case support has also been provided in the business-as-usual environment, as well as within

Evolution. Over the course of this year, we will be reviewing our HR function to identify any further changes to the operating model.

## Values and behaviours

We now launched a new values and behaviours framework which has been launched under the name “LIFE”.

The changes resulted from feedback from colleagues who sought a simplified framework to ensure consistency across the organisation particularly in our appraisal system – Optimising Performance and Development.



Maintaining knowledge and expertise is key to meeting our business objectives. We have continued throughout the year both to maintain and expand knowledge and meet compliance requirements. Key highlights from the year delivered by our internal team have included the Aspiring Leaders Programme and specialist counter fraud subject areas. This has been supplemented by external training provision of over 100 training sessions which have been supported across the organisation.

We have gained insights into our people's perceptions regarding the way we are led via our annual spotlight survey. This has enabled us to review the way we are demonstrating active leadership.

Staff turnover for 2022-2023 up until the end of March 2023 was 12.3%

The organisation has policies in place to allow the full and fair consideration of disability, whether for new starters or existing colleagues. The use of NHSCFA's Equality Diversity and Inclusion (EDI) Working Group will be adopted to ensure that all characteristics and

functional units are represented within the workplace.

Mandatory EDI awareness training is carried out regularly.

Reasonable adjustments are offered as appropriate at interview where we are advised of a disability, including extra time and other specific aids, that can be supplied and are available.

In the case where a disability becomes apparent during the course of employment, a flexible approach is adopted, taking the lead from Occupational Health suppliers. Appropriate “Reasonable Adjustments” are put in place to support our colleagues as required in the work environment. This would be followed whether or not a colleague declares themselves to be disabled, just on the recognition of a need and in line with the wishes of our colleague.

During a year dominated by transformational change as part of the Evolution programme, up to 80% of our workforce have been involved in a consultation process, either generally or relating directly to their

own position. Following a robust Organisational Change Policy, most consultations were concluded quickly, with others being addressed and completed within the required time frame. Engagement was high with 100% agreeing with the consultation.

We have a Safety Health and Environment (SHE) Committee which is open to be addressed by anyone within the organisation. This sits bi-monthly to consider all SHE issues and includes members from across the organisation. Annual SHE Mandatory Training is carried out for the whole organisation.

We continue to have open and constructive relations with our trade union colleagues, for the good of the organisation and it's workforce. Several policies and papers have been submitted for consultation with positive contributions being received.

Succession planning and talent management processes were formulated for implementation during 2023-2024. This will increase the skills and employability of all of our colleagues, while



addressing the changing organisational needs.

Pay Policy remains in compliance with NHS Agenda for Change.

### **Mental Health Working Group (MHWG)**

In 2022-2023, the NHSCFA's MHWG arranged online tea and talks with specialist speakers about mental health awareness issues including overcoming mental health challenges, the science of happiness and neurodiversity.

Throughout the year the group continued to raise awareness of and encourage openness and acceptance about mental health issues.

We launched our second e-learning package on mental health for managers. The group produced a wellness action plan policy as a new measure to assist our people in fulfilling its commitment to provide a positive and supportive working environment for all its people.

A variety of articles on mental health issues and the support available, with links to sources of help and advice, were posted on our intranet by the group. The group also encouraged and received intranet articles from employees about their own experiences of mental health challenges.

## Awards

This year the NHSCFA was successful in having several nominations at both the Tackling Economic Crime Awards (TECAs) and the Public Sector Counter Fraud (PSCF) awards in the following categories. The individuals and teams nominated, as well as their categories, were:

### TECAs

#### Outstanding Tackling Economic Crime Professional

- Tim Barlow – NHS Counter Fraud Authority
- Outstanding Prevention Initiative

- The NHS Counter Fraud Authority including the NHSCFA Communications Team, wider team and counter fraud functions within every NHS trust

### Outstanding Partnership

- Clue Project Team – NHS Counter Fraud Authority
- Fraud Prevention Unit – Lorraine Harris, Oliver Stopnitzky and Counter Fraud Functions within every NHS Trust

### Outstanding Training Initiative

- Tim Barlow – NHS Counter Fraud Authority
- Clue Project – NHS Counter Fraud Authority

### Outstanding Team

- Communications Team – NHSCFA

### PSCF awards

### Risk and Prevention Initiative Award

- Lorraine Harris and Oliver Stopnitzky, Fraud Prevention Unit

## GCFP Member of the Year

- Tim Barlow

## **NHSCFA internal conference**

We held our own internal conference at our London office in March 2023, highlighting some of the work that our colleagues had achieved and looking towards the future.

Over 140 people attended and we had 49 respondents to the post conference survey. This captured scores relating to each of the individual sessions alongside the practical facilitation of the day. The survey results and feedback on the day showed key highlights were the sessions on the fraud focused work and the showcase sessions on operational successes.

# Infrastructure, estates and sustainability

## Office workspaces

We moved our London office from Skipton House, Elephant and Castle, London, to 10 South Colonnade, Canary Wharf – the lease on which runs until 2032.

This has given our colleagues a suitable and appropriate workspace, allowing for flexible working as well as access to several meeting rooms and private areas. This move also enabled us to move our on-premises data centre, which housed around 80% of the NHSCFA's physical IT infrastructure, to a virtual 'public cloud'.

We have also opened our London digital forensic laboratory after a hiatus caused by the move of premises.

We will vacate our Earlsdon Park office in Coventry next year. We are in the process of examining options

for relocation which include collaboration with NHS partners in the Midlands.

We have completed the refurbishment of our Citygate office, in Newcastle, resulting in a reduction of our office footprint. The lease of this office expires in 2025 and a decision on its future is yet to be made.

Environmental matters have been considered as part of the decision to reduce our footprint and retain hybrid working taking into account the Government goal of achieving net zero by 2025. Social responsibility is considered as a part of the procurement process which is managed on our behalf by the NHSBSA. The organisation does not own any property or land recovery or biodiversity activities. As part of the property lease arrangements, automatic taps and lighting are active to reduce energy use and water usage. Recycling schemes are operating across all our offices. Improved use of digital meeting has continued to see a reduction in travel from pre COVID-19 time periods. All used IT equipment is disposed of via a 3rd party contract.

**Difference in carbon footprint over the last two years from our offices**

Office carbon footprints in sq. m	2021-2022	2022-2023	Difference
Skipton House, London	1,163.89	N/A	-300.89
10 South Colonnade, London	N/A	863	
Earlsdon Park, Coventry	405	405	0
Citygate, Newcastle	392	417	+25
Total reduction 275.89			

## **Changes to workplace management and sustainability**

As part of our Evolution programme, we have recruited a Workplace Manager. This role will cover all our office moves and changes, as well as supporting changes to operating models in the future. The post holder will be championing sustainability and has completed appropriate training to meet all the requirements of the Carbon Literacy Standard (Carbon Literacy Trust) and is now a member of Civil Service Climate and Environment Network.

We will adopt DHSC's sustainability strategy to align our organisations in our ambition to be a more sustainable organisation. We have continued to consider our corporate responsibility when procuring goods and services which include the disposal of IT items when upgrades are required. Our commitment to sustainability is included within our 2020-2023 Digital Strategy.

As estimates cannot be calculated to meet all



the reporting requirements, the NHSCFA have put in place plans to improve data collection, these will commence with a full evaluation of the organisational position concerning sustainability reporting. This will include identification of target and sub targets baselines and a review of the available financial information and options to capture scope 1-3 emissions. In addition we will be furthering our discussions with landlords regarding the disaggregation of tenant costs, and will liaise with other tenants to explore options to identify a model to split shared sustainability data in a meaningful manner. We currently report available building based data to the Head of Sustainability at DHSC in order to inform overall reporting.

We are seeking out volunteer networks across the country to encourage our people to work on environmental projects when considering how to use their annual volunteer days.

We have continued to work with the facilities management at our three offices, each of which have multiple tenants. Because we do not occupy a sole floor in any of the offices, we are unable to breakdown financial utilities costs.

We have reported to DHSC on this basis throughout the year as required under the Greening Government Commitment. We participate in recycling schemes at each of our sites and encourage the use of reusable cups where there are cafeterias on site.

The reduced use of office working and improved use of digital files has resulted in a reduction of paper usage so that only existing stocks have been used during the year. Our specific waste management tonnage, food compost and landfill usage are not available at the current time. The wider refurbishment of both shared and dedicated office space in our Newcastle office considered social responsibility within the wider contracting undertaken by the landlords.

In addition to the positive impact on the environment through use of our leased premises and hybrid working, we continued to use limited business travel. Public transport and flights are booked via an external contract managed by the NHSBSA to which NHSCFA is a third party. It has

not been possible to disaggregate our scope 2 & 3 emissions for this reporting period.

During the reporting period the following economy business flights were made:

Departure airport	Destination	Kilometres (return)
London Gatwick	Larnaca, Cyprus	4,042
London Heathrow	Newcastle	504
London Gatwick	Glasgow	740
London Heathrow	Newcastle	504
London Heathrow	Larnaca, Cyprus	4,080
London Heathrow	Newcastle	504

The organisation had two lease cars used for business through 2022/23, which produced an estimated 513 kg CO2 equivalent.

£'000				
Travel Type	2022/23	2021/22	2020/21	2019/20
Train	113	23	7	234
Flights	1	-	-	-
Hire Cars	24	5	2	27
<b>Expenditure on official business travel</b>	<b>139</b>	<b>27</b>	<b>9</b>	<b>261</b>

The organisation had two lease cars used for business through 2022/23, which produced an estimated 513 kg CO2 equivalent.

The below table details the Authority’s official business travel by spend type:

## Risks and challenges

The strategic risks faced by the organisation were consolidated under six headings. The framework

for identifying and managing risk is explained in the Governance Statement at pages 116 to 129.

## Resources

The reconfiguration of our existing operational model and organisational structure were core to the evolution programme. Consequently, we needed to recruit externally or move our people internally into roles identified as necessary to make the model work. Failure to fill these roles with people possessing the required knowledge, skills and expertise was regarded as a medium risk. This risk was mitigated by:

- consulting with our workforce
- interim recruitment
- an effective recruitment process managed by our in-house HR resource
- engagement with our sponsor, the DHSC, in financial planning

## **Inability to proactively fight fraud**

The Evolution programme identified better ways of proactively fighting fraud through the creation of the Fraud Hub which is under development. This has been designed to support stakeholders, particularly LCFSs, by providing guidance and practical assistance with managing their own proactive initiatives.

We have also participated in setting priorities in terms of fraud vulnerabilities, threats and enablers across the health sector via the Control Strategy and Strategic Tasking and Coordination Group (CCSTCG) under the aegis of the Counter Fraud Board.

This structure will provide a medium for the exchange of intelligence assessments allowing us and our partners to focus on proactive priorities.

The National Fraud Initiative continues to provide data for analysis from which we can better target proactive work.

## **Inability to deliver strategic objectives**

The 2023-2026 strategy and 2023-2024 business plan were developed following extensive consultation both internally and with the wider health sector. These were approved by the Board in February 2023.

These documents have been augmented across the organisation with unit business plans and key performance indicators all of which align with our overall objectives. We have instigated a rigorous performance management framework enabling us to monitor achievement against trajectories at monthly intervals. This will prompt interventions against any immediate threats to our ability to deliver.

The use of FRA methodology and better resourced horizon-scanning will also act to identify and assess risk.

## **Cyber enabled fraud**

Cyber-crime continues to rise in scale and

complexity, affecting essential services, businesses and private individuals alike. Cyber-crime costs the UK billions of pounds, causes untold damage and threatens national security. The NHS, given its size, complexity and budget is a prime target.

We have collaborated with colleagues in NHS Digital whose expertise in identifying, reacting to and learning from events continues to be beneficial. We also intend to follow policy and practice set out in the DHSC publication “A cyber resilient health and adult social care system in England: cyber security strategy to 2030”. This was published at the very end of the reporting period.

## **Cyber risk to NHSCFA information**

Following on from looking at the risks posed by cyber-crime in the wider health sector we are also monitoring risks to the integrity and security of the data we hold and the information systems we control. Due to difficulties in recruiting suitable candidates we have had to reduce our capacity to:



- oversee system monitoring
- respond to security incidents
- progress with project work
- support other parts of the organisation

However, this still did not affect our ability to protect our systems and we continued to pass all mandatory data protection requirements.

### **Assurance mapping and rating: organisational business plan**

The risk to our ability to plan for 2023-2024 is being mitigated by:

- producing strategy and business planning documents which are sufficiently flexible to allow room for adjustment driven either by our sponsor, the DHSC or the Cabinet Office
- staggering the development of individual projects

over the forthcoming year

- aligning our planning process with governance and assurance requirements

## **Anticipated risks**

The risks set out above will continue to be managed during the life of our 2023-2026 strategy. Establishing and embedding our new operating model following the Evolution Programme will present challenges and may incur risks in addition to those listed above. We are alive to this and we will meet them effectively as and when they emerge.

We do not underestimate the challenge our future financial targets present but we are confident that the groundwork carried out through the Evolution Programme was sufficiently rigorous so that our new structure will enable us to:

- collaborate more closely with the counter fraud community in the health sector and beyond



**ACCOUNTABILITY REPORT**

- use data analytics to better focus our efforts
- adapt quickly to changes in the fraud landscape

## Overview

This Accountability Report contains three sections: combined they contribute to demonstrating accountability to Parliament and compliance with corporate governance requirements.

1. Corporate governance report which explains our governance structure and is set out in three parts
  - Directors' report - setting out statutory disclosures not covered elsewhere
  - Statement of Accounting Officer responsibilities - setting out the requirements placed upon the Accounting Officer and the legislative basis for these
  - Governance statement - setting out the composition of the NHS Counter Fraud

Authority (NHSCFA), the governance framework

**2.** The Remuneration and staff report. This sets out remuneration and staffing details.

**3.** Parliamentary accountability and audit report. Disclosures required by Parliament.

Taken together these contribute to demonstrating compliance with all our statutory obligations and accounting requirements, by providing a clear description of our governance arrangements and how they enable effective scrutiny and challenge of our internal controls and risk assessment and management measures.

## **Corporate governance report**

### **Directors' report**

The NHSCFA was created in November 2017 as the Special Health Authority responsible for discharging the Secretary of State's counter fraud functions in relation to the health service. These functions are set

out at s.195 (2) of the 2006 National Health Service Act.

The NHSCFA, accountable to the Secretary of State for Health and Social Care, supports the policies of the Secretary of State and complies with statute and any Direction given by the Secretary of State. The NHSCFA presents our report and audited financial statement for the year ending 31 March 2023 in the form directed. The Accounting Officer has authorised these financial statements for issue on the date of certification by the Comptroller and Auditor General.

The NHSCFA (Establishment, Constitution and Staff and Other Transfer Provisions) (Amendments) Order 2020, sets out requirements for the constitution and membership of the Board. In 2022-2023 the Board comprised of our Chair Tom Taylor, five Non-Executive Directors (NED) and three executive Directors, including our CEO. Biographies of all our Board members and their declarations of interest are shown on our [website](#). Potential conflicts of interests are considered pre-appointment and reviewed at

the beginning of each meeting of the Board and its committees.

The Board has two committees: an Audit and Risk Assurance Committee, (ARAC) and a Remuneration and Nominations Committee, (REMCO). Together these provide strategic direction and oversight of assurance on risk management, governance and internal control. The composition and terms of reference for these committees can be found at [NHSCFA Board and Committees Terms of Reference](#). The Board supports the Accounting Officer in ensuring that the NHSCFA exercises proper stewardship of public funds, including compliance with the principles laid out in “Managing Public Money”<sup>3</sup>. The relevant sections of HM Treasury’s Corporate Governance Code<sup>4</sup> are also taken into consideration. Further details relating to the legislation can be found at [The NHS Counter Fraud Authority \(Establishment, Constitution and Staff and Other Transfer Provision\) \(Amendments\) \(SI 2020/1071\) Order 2020](#)

The Accounting Officer is responsible for maintaining

---

<sup>3</sup> <https://www.gov.uk/government/publications/managing-public-money>

<sup>4</sup> Corporate governance code for central government departments - GOV.UK ([www.gov.uk](http://www.gov.uk))

a system of internal controls which support the delivery of the NHSCFA objectives in accordance with the above legislation. The efficacy of these controls is described in our Governance Statement, which explores aspects such as:

- integrated planning
- risk management
- performance assurance
- data breaches
- counter fraud and anti-bribery arrangements and complaints

An analysis of our performance is set out on pages 40 to 106 and plans for our future on pages 100 to 106 of the Performance Report. This includes our work to build and maintain the resilience of our people by promoting and supporting measures to improve their professional development through succession planning and talent management



initiatives, as described on pages 82 to 90.

The Comptroller and Auditor General is the statutory auditor of the NHSCFA. The fee for 2022-2023 is £71,000 compared with £65,000 in 2021-2022. No fees for non-audit work have been charged.

## **Statement of Accounting Officer's responsibilities**

The NHSCFA prepares and presents before Parliament accounts for each financial year under the requirements of the National Health Service Act 2006 and details under 6(1) of the NHS Counter Fraud Authority (NHSCFA) Directions, with Supplemental Directions to the NHS Business Service Authority 2017. The NHS Counter Fraud Authority (Establishment, Constitution and Staff and Other Transfer Provision) (Amendments) Order 2020 came into force 30 October 2020, extending the tenure of the organisation to 30 October 2023. The Health and Care Act 2022, removed the requirement to obtain Parliamentary approval to renew Special Health

Authorities, allowing the lifespan of the NHSCFA to continue.

The accounts are prepared on an accrual basis and must give a true and fair view of the income, expenditure and cash flows of the NHSCFA and its financial position.

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

- observe the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental public bodies
- 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

As CEO and Accounting Officer I am personally responsible for the controls which underpin the achievement of the NHSCFA's objectives as set out in the business plan. This includes the responsibility for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the NHSCFA's assets, requirements for which are set out in "Managing Public Money".

As Accounting Officer, I can confirm that:

- there is no relevant audit information of which NHSCFA's auditors are unaware
- I have taken all steps I ought to have taken to make myself aware of any relevant audit information and to establish that NHSCFA's auditors are aware of that information

- the annual report and accounts as a whole are fair, balanced and understandable
- I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

## **Governance statement**

### **Introduction**

The Accounting Officer for the NHSCFA is our Chief Executive Officer, Alex Rothwell. The Accounting Officer confirms the assurances provided in this Governance Statement are in line with the HM Treasury guidance. As explained in the Directors' report, details of the legislation which established the organisation are available via the [weblink](#).

The governance arrangements summarised in this statement describe how assurance is gained by the Board and Accounting Officer. It includes information relating to the effectiveness of:

- our Board and its Committees
- our risk management including identification of emerging risks
- internal controls which include our assurance framework and assurance mapping process

Overall, it concludes that risk management arrangements are broadly effective, with areas for improvement in the control environment and overall governance arrangements, and it highlights areas for further improvement in relation to the need for developing/updating plans for the achievement of objectives; improving monitoring/metrics; and reviewing guidance and processes.

## **Sponsor oversight**

[The Framework Agreement](#) between DHSC and NHSCFA details the governance arrangements between the two.

Finance, performance and accountability meetings are a requirement of this agreement and provide opportunities at regular points through the year to discuss and inform:

- financial and budgetary status and resourcing
- performance in respect of financial and non-financial targets
- high level strategic decision making and planning

Regular working level meetings enable comprehensive and accurate forward planning at an operational level, through exchanges of information, horizon scanning and problem solving.

## **NHSCFA Board**

This year the Board has overseen work to evolve the direction of NHSCFA including:

- our stakeholder engagement and enforcement strategies

the development of our business model

- strengthening of our data analytical capabilities
- continuing alignment of the NHSCFA Strategy and business plan to the wider NHS and government response to fraud risks

Areas of oversight included:

- our ongoing Evolution and transformation work
- Control Strategy and Strategic Tasking and Co-ordination Group (CSSTCG) and alignment of priorities with health group partners
- our approaches to stakeholder engagement and mapping
- enforcement, disruption and alternatives to prosecution
- our management of in-year targets and delivery objectives

- confirmation of the new organisation structure and business model
- development and approval of our 2023-2026 Strategy and 2023-2024 Business Plan

The Board received quarterly performance reports and highlight reports from corporate projects, as part of the organisation's established performance and project management approach. The Board considered the organisation's confidence levels in achieving the 2023-2024 delivery plan and metrics and achieving our 2020-2023 financial targets. The Board has overseen and received updates on our integrated business planning approach and the controls in place around it.

The Board maintained clear oversight and participation in the governance of the Evolution programme during the year. The controls and governance around this programme are set out in the risk management section. The Evolution programme oversaw implementation of change



intended to address key strategic risks and our ability to proactively fight fraud and to be agile in our response to fraud and changes in the NHS and fraud landscape. This work will support an agile approach to the counter fraud landscape, the emerging threats and vulnerabilities presented and the control environment required to underpin counter fraud work. A description of key strategic risks is included under risk management.

The Board reflected during the year that the standard of Board papers, reports and presentations by subject matter experts had been high throughout the year. The Board received and noted improvement in operational reporting to demonstrate operational impact, judicial comments arising from individual trials and lessons learned during investigation and prosecution processes. The Board welcomed receipt of a plain-English description of the distinctions between reduction in fraud vulnerability compared to prevented fraud. Overall, the Board remained satisfied with the standard of the accompanying narratives and confirmed that the information they

were provided with carried sufficient detail and was both balanced and accurate.

The Board noted the observations of the ARAC concerning the internal audit reports on Processing Fraud Referrals (Limited), Human Resources Strategy (Unsatisfactory), Cloud Computing (Moderate) which received Limited, Unsatisfactory and Moderate ratings respectively. The Board considered in detail the observations of ARAC on the follow-up of Fraud Referrals and HR Strategy and planned priority actions in response.

The Board also noted the concerns raised by the ARAC around pressure on management created by managing business as usual alongside the implementation of the Evolution programme and senior management capacity to simultaneously deliver ambitious change and delivery programmes.

The Board received updates of the progress of the internal audit plan and follow-up of recommendations. These are identified areas for improvement around

planning for the development of the financial reports used to present data produced by the Service Level Financial Reporting Model. These also cover disaster recovery plans and the scheduling of rehearsals to ensure the plans are efficient and effective, as well as the timeliness of implementing audit recommendations.

A range of suggested improvements will be taken forward next year. These are described under internal controls and risk management and summarised in the overall statement of effectiveness of internal controls.

Financial management and forecasting have seen improvement, but projection within project life cycles remains an area for further development.

The Board met to note the procurement proposals in respect of the Digital Forensic Unit, provided future and retrospective approval of expenditure and noted the particular circumstances resulting in the use of a framework agreement.

A review of the effectiveness of Board and sub-

committee meetings is routinely conducted at the end of each meeting. All Board members' performance is appraised annually. The Board members engage with the workforce informally via a virtual platform after each Board meeting and via a Board blog. Engagement is increasing as our people have become comfortable with this style of interaction. A Board awareness workshop was held to consider our current and future enforcement strategies. Board strategy days were held three times during the year, where the Board considered the proposals and development of our new Strategy and intended changes to our operating model. The Board also completed cyber security training.

### **NHSCFA Audit and Risk Assurance Committee (ARAC)**

The ARAC is comprised of three Non-Executive Board members. It is chaired by Jayne Scott, who has recent and relevant financial experience. The ARAC reviews our internal control arrangements and the adequacy of all aspects of our risk management,

governance and assurance and audit mechanisms. This includes the review and appraisal of:

- the annual internal audit plan
- reports made by our external and internal auditors
- reports made by our internal governance and assurance function
- the implementation of audit recommendations
- the maintenance of our risk register
- assurance maps
- financial management
- the annual report and accounts

The ARAC noted the receipt of assurance maps highlighting areas showing lower levels of assurance across corporate areas of compliance and delivery of objectives. In particular, it received and noted a partial extract relating to the formalisation of our

internal and external performance indicators and associated data methodologies. Challenge and feedback provided on the overview of the assurance map has fed into further development of this and ongoing use in our wider assurance framework. This has informed discussion of the management of risks and mitigating actions.

The ARAC has regularly scrutinised corporate risks and issues including ratings and the adequacy of mitigating actions and control measures. The ARAC received and commented upon the enhancement of summary risk reporting and the provision of detailed supplementary risk appendix reports. The committee reviewed the NHSCFA risk appetite statement in the context of the wider environment and risk landscape. [Risk Appetite statement | Corporate and information governance | NHS Counter Fraud Authority \(cfa.nhs.uk\)](#)

The ARAC considered in detail the findings of the internal audit reports on the Processing Fraud Referrals (Limited) and Human Resources Strategy

(Unsatisfactory) and considered the management response to these and plans to implement recommended improvements. The ARAC noted the receipt of the internal audit reports on the Data Strategy Group and Cloud Computing, which both received Moderate ratings.

The ARAC considered and made representations to the Board on the emerging pressures and potential risks to business-as-usual delivery of the Evolution programme, an ambitious delivery programme, recruitment to a number of key areas, reduced management capacity associated with these pressures and declining performance during the year in implementing improvement recommendations from internal audit.

A full review of the effectiveness of the ARAC was completed, facilitated by the NAO and follow-up actions will be taken forward in the next financial year.

## **NHSCFA Remuneration Committee (REMCO)**

The REMCO is also comprised of three Non-Executive Board members. It is chaired by Martin Spencer. The REMCO oversees contractual and remuneration issues concerning the CEO and Executive Directors. It also ensures that the mechanisms for evaluating the effectiveness of the Chair, CEO and Executive Directors are fit for purpose. During the year 2022-2023 the REMCO considered the remuneration of the Chief Executive Officer and received assurances on the monitoring of his personal objectives. The committee has also discussed and challenged reports in the following important areas of our work including:

- recruitment to Human Resources posts
- implementation of strategic and operational Human Resources capability
- workforce data and planning as part of the wider evolution of the organisation



- people satisfaction and engagement as reflected in the annual Spotlight Survey
- follow-up action and progress against previous survey results
- development of succession planning and talent management
- supporting recruitment and retention of difficult to recruit posts

## NHSCFA Board and COMMITTEE MEMBER APPOINTMENTS and ATTENDANCE RECORDS 2022-2023

Board member and appointment date	Board	Title	ARAC	REMCO	Notes
Tom Taylor 01.08.2018	6/8	Board Chair – Non Executive Director	N/A	N/A	
Jayne Scott 01.08.2018	6/8	ARAC Chair – Non Executive Director	5/5	3/3	
Martin Spencer 01.08.2018	3/8	REMCO Chair – Non Executive Director	4/5	3/3	
Alyson Coates 01.04.2021	6/8	Non Executive Director	5/5	0/1**	
Andrew Flanagan 01.04.2021	8/8	Non Executive Director	1/1**	3/3	
Gaon Hart 01.04.2021	6/8	Non Executive Director	N/A	N/A	
Alex Rothwell 01.11.2021	8/8	Chief Executive	5/5	3/3*	
Matthew Jordan-Boyd 30.01.2018	8/8	Director of Finance and Corporate Services	5/5	2/3*	
Tricia Morrison 15.06.2020	8/8	Director of Performance and Improvement	5/5	N/A	

\* Alex Rothwell and Matthew Jordan-Boyd are not REMCO members, only attendees

\*\*Alyson Coates and Andrew Flanagan started attending REMCO and ARAC respectively (from Jan 2023) in anticipation of potential changes following NHSCFA NED recruitment during 2023

## **Internal controls**

The NHSCFA has reviewed its existing internal controls and the ways in which these controls interact to provide a framework within the control environment. These systems have been in place for the year under review and up to the date of approval of the annual report and accounts.

The elements that form these controls include

- risk management
- information governance
- performance management

- assurance and financial controls

Together these support the delivery of objectives, the development of organisational culture and they inform our leaders and managers on strategic and operational risks.

The effectiveness of the internal controls is summarised in the overall review of effectiveness. Planned enhancement to internal control arrangements are described under risk management and summarised in our overall effectiveness of controls. A description of key strategic risks and challenges is included under risk management.

Managers meet regularly to review performance trajectories against targets and emerging risks and formally report quarterly to the Performance and Assurance Panels (PAPs).

The review included updating procedure documents including relating to procurement, working with managers to increase skills and confidence in describing and managing risks and a review of

contract monitoring training.

During the review of procedural guidance on procurement some significant areas for improvement in controls were identified. As a result, a detailed review of our Standing Orders (SO's), Standing Financial Instructions (SFI's) and contract amounts requiring Board approval was completed.

We revised our capital policy to ensure assets are amortised/depreciated from the month of acquisition.

Declarations of interest are requested annually as detailed within the NHSCFA Standards of Business Conduct policy which applies across the organisation. Declarations are reviewed to confirm there is no conflict of interest and considered as part of the procurement procedures. Declarations made by members of the Board are published externally. Each Board and Committee meeting has a standard agenda item to note any changes.

## Risk management

Managers identify, evaluate and manage the operational, principal and emerging risks faced by the organisation and raise these for discussion at PAPs. The Risk Register Review Group (RRRG) actively review and monitor corporate and emerging risks and issues throughout the year, considering discussions at PAPs, gap analysis and external factors identified by the Horizon Scanning Working Group and strategic stakeholder engagement. Risk Management is conducted in line with HM Government's - The Orange Book – Management of Risk – Principles and Concepts<sup>5</sup>.

In line with our established risk management approach, all emerging risks and issues are raised and discussed at the RRRG where decisions are taken on whether to monitor, escalate to ARAC/Board or refer to the Departmental Sponsor. Operational risk escalation and time critical decision making occurs via escalation to senior or executive management where necessary.

---

<sup>5</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/866117/6.6266\\_HMT\\_Orange\\_Book\\_Update\\_v6\\_WEB.PDF](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/866117/6.6266_HMT_Orange_Book_Update_v6_WEB.PDF)

Principal and emerging risks and opportunities reviewed in year and scrutinised at RRRG, ARAC, included:

- the opportunity to revise our workplace strategy and consider differing occupancy models
- business continuity planning, including cloud-based infrastructure
- financial pressures - risk of insufficient funding to deliver objectives
- suboptimal business infrastructure
- cyber security threats
- changing political climate
- travel disruption
- potential for significant COVID-19 re-emergence
- impact of rising economic costs
- contract management

- use of private healthcare facilities to clear NHS waiting times
- the review of Arms' Length Bodies (ALB) – risks and opportunities
- risks associated with our readiness to respond to the COVID-19 Inquiry
- the impact of EU exit was also considered

As a result of detailed review, the key strategic risks have been consolidated under the following headings:

## **Resources**

The current level of financial and people resource may be sufficient to support the delivery of our performance targets, stakeholder engagement requirements, digital planning and innovation. A risk was posed by devoting additional resources necessary to deliver the transformation strategy and Evolution programme simultaneously, whilst maintaining the skills, expertise and resilience of the



existing workforce.

## **Inability to proactively fight fraud**

The organisation's design, which had been geared towards a reactive function and did not have a proactive intelligence function, may not adequately support proactive initiatives.

## **Inability to deliver strategic objectives**

Changing conditions within the NHS and counter fraud landscape may result in the existing NHSCFA structure no longer being apposite to deliver strategic objectives effectively to counter fraud. These changes include the impact of the Health and Care Act 2022, the establishment of the Public Sector Fraud Authority, change of Secretary of State, the issue of our powers to deal with combined budget fraud losses going forward, as well as emerging stakeholder engagement requirements and the impact of COVID-19.

## **Cyber enabled fraud**

The use of technology to commit and/or support the commission of fraud offences is a potentially significant and growing risk to the sector.

## **Cyber security threats**

Maintaining our IT infrastructure, resources and resilience, to identify, plan and combat threats, including issues raised by the organisation's migration to the Cloud.

## **Challenges and impact**

Our response to these challenges during the year, the impact and how we will approach mitigating these risks are discussed in the Performance Analysis section at pages 100 to 106.

Evaluation of the current and ongoing optimal business infrastructure for the organisation and its ability to respond to these risks has been embedded in our Evolution programme and the establishment of

our new business model from 1 April 2023.

Identification, description and management of high-level Evolution programme risks was conducted throughout the programme/year. Our HR advisory service is now in place to support the identification and management of workforce risks and to support managers in achieving our people strategies.

Operation of our performance management arrangements with oversight by the Board continued in 2022-2023. The organisation operates bespoke project governance frameworks for corporate projects, with simplified arrangements for smaller 'lite' projects. This was evident through our Evolution programme which featured a Programme Sponsor Group, a Programme Board, a Change Panel and an External Challenge Group.

Corporate project boards and the establishment of project management roles continue to shape the implementation of flexible project management practices, tools and resources across our delivery.

Activity-based costing models aligned to functional delivery through our new operating model and corporate project delivery have been developed and will be implemented, tested and revised to continue to support operational delivery planning and to ensure effective and efficient business processes.

Our integrated data assurance and control framework aligns our data strategy and data quality management arrangements. Our expert reference group, the Data Strategy Group, (DSG), reviews procedures and escalates issues and risks around access to data. The Board receives progress reports on the operation of the DSG, including action taken to facilitate access to data and related opportunities for collaboration and engagement across government and between ALBs via the Control Strategy and Strategic Tasking and Co-ordination Group (CSSTCG). The DSG self-reviewed and strengthened the effectiveness of its operating procedures following its first period of operation.

NHSCFA continued assurance mapping arrangements in 2022-2023 including the additional lines of defence provided by our maturing corporate project environment and integrated data assurance framework. The application of ratings relating to engagements by our internal audit provider and the progress of follow-up actions were reviewed and amended. Continuous review of the assurance map will be used to identify any assurance gaps and provide the basis for additional internal assurance work to be commissioned and informs conversations around our annual internal audit plan. Increasingly our assurance mapping and governance and management frameworks will be aligned to the Government functional standards and continuous improvement approach.

The findings from internal audit and our assurance mapping arrangements identified some areas for improvement in the consistent application and maintenance of our internal controls. As our people begin to settle into the new business operating model a renewed focus will be placed on developing and

updating plans, improving monitoring and metrics and reviewing documents and processes, overseen by our management and assurance framework.

The overall risk profile of the organisation is considered when the risk appetite statement is reviewed. This statement was monitored throughout the year and is available on our website. [Risk Appetite statement | Corporate and information governance | NHS Counter Fraud Authority \(cfa.nhs.uk\)](#)

During the year robust target scores have been set for corporate risks and greater emphasis placed on timely and appropriate application of mitigating actions and controls. The critical appraisal of control options to realistically achieve target scores and clarity of expression has been the focus during 2022-2023, with detailed reporting of action taken in pursuit of the target scores. Improvements for 2023-2024 will focus on e-learning, training and guidance for managers on evaluating and scoring risks, in particular risks of strategic significance.

Identified improvements, include:

- describing clear pathways for escalation and dissemination of risks arising from corporate project
- their consideration by the RRRG
- onward consideration by ARAC and the Board as necessary

These all remain to be strengthened during 2023-2024.

## **Information governance**

The NHSCFA has maintained a robust Information Governance Framework to ensure effective processes and procedures are in place to protect both confidential personal data and sensitive business information. All data breaches are tracked and escalated if required. There was one breach which required notification to the Information Commissioner's Office (ICO). On the basis of the report and remedial action taken, the ICO decided

to take no further action. All Freedom of Information requests and Subject Access Requests were actioned within the statutory response deadline.

An independent assessment undertaken against the requirements of the NHS Digital Data Security and Protection Toolkit reflected compliance with mandatory requirements. The IT Security Forum monitored ongoing and new toolkit requirements during the year and agreed necessary actions to support our final submission.

NHSCFA is engaged in each phase of the COVID-19 Inquiry and monitoring requirements arising from each of the Inquiry's modules.

### **Whistleblowing, counter fraud and anti-bribery arrangements**

Our internal procedures in respect of reporting fraud and whistleblowing explain how to report allegations of suspected fraud or other relevant concerns at work. There were no fraud or whistleblowing referrals made during 2022-2023 and we cannot therefore



comment on the effectiveness of whistleblowing arrangements during this period. Progress against the NHSCFA counter fraud risk-based action plan was reported to the ARAC. This reflects the requirements set out in the Government Counter Fraud Standards. There were no non-fraudulent errors or losses in year.

## Complaints

One formal Stage 1 complaint was received during the financial year 2022-2023, which was responded to within the timescales set out in our policy.

Our complaints policy can be found here on our [website](#). Lessons learned have resulted in improved management of our general enquiries and related means of contact.

## Public Interest Disclosure Act

The NHSCFA is classified as a 'Prescribed Person' in the Public Interest Disclosure (Prescribed Persons) Order 2014 (as amended by The NHS Counter

Fraud Authority (Investigatory Powers and Other Miscellaneous Amendments) Order 2017). Our annual report, detailing relevant activity in respect to this responsibility can be accessed here on our [website](#)

## **Internal audit**

A range of audits have been completed between 2022-2023 by the Government Internal Audit Agency (GIAA). The team providing the service operates in accordance with the prescribed Public Sector Internal Audit Standards and complies with procedures and standards set by the GIAA. The implementation of all recommendations made by GIAA are tracked and their status reported to the ARAC. Following completion of planned audit work for the NHSCFA during 2022-2023, the Head of Internal Audit has objectively considered the adequacy and effectiveness of the NHSCFA's systems of risk management, governance and internal control throughout the year and provided the following opinion.

***“In accordance with the requirements of the UK Public Sector Internal Audit Standards, I am required to provide the Accounting Officer with my annual opinion of the overall adequacy and effectiveness of the organisation’s risk management, control and governance processes.***

***My overall opinion is that I can give a Moderate assurance to the Accounting Officer that the NHS Counter Fraud Authority has had adequate and effective systems of control, governance and risk management in place for the reporting year 2022-2023.***

***I have provided a Moderate assurance because overall risk management arrangements are broadly effective however there is much room for improvement regarding the NHSCFA control framework and some enhancement can be made to overall governance arrangements. My Moderate opinion is on the lower end of the scale and the improvements points highlighted in my***

***report are about getting the basic controls right through the need for developing/updating plans for the achievement of objectives; improving monitoring/metrics; and reviewing guidance and processes."***

## **Overall review of effectiveness of internal controls**

As Accounting Officer, I have responsibility for reviewing the effectiveness of our internal controls. I have examined the information provided to me regarding the scope of performance reporting, financial management, risk management and information governance and assurance reports. I have considered the opinion of our internal auditors. I have also discussed this with our Board, the ARAC and the executive management of the organisation.

Whilst I am satisfied our control environment operated broadly effectively during 2022-2023, demonstrated effective integrated business planning, with associated risk management and supported the

delivery of our objectives, we will apply a renewed focus to our core control mechanisms and will strive to make the improvements described in this statement as we embed our new business delivery model. These will include but are not limited to:

- a renewed focus on developing and updating plans for the achievement of objectives
- improving monitoring and metrics
- reviewing documents and processes
- increased focus on the timeliness of implementing audit recommendations
- describing clear pathways for escalation and dissemination of risks arising from corporate projects
- improvement planning and implementation Service Level Financial Reporting
- updating disaster recovery and business continuity plans and conducting rehearsals to schedule to

ensure these plans are efficient and effective

As our people begin to settle into the new business operating model a renewed focus will be placed on this, overseen by our management and assurance framework.

We remain committed to an integrated approach where horizon scanning, planning and performance come together as part of our strategic cycle and where our people and stakeholders have a large part to play. We believe the new operating model, with wider horizon scanning, stakeholder engagement and influencing, puts us in a strong position to achieve these aims and those of our revised strategy.

The continuing changes within the political and counter fraud landscape will bring both challenges and opportunities and require us to remain agile and responsive.

The wellbeing of our workforce will remain a high priority and the evaluation of our latest Spotlight staff survey will inform our continuing approach to

managing our people and workforce risks intelligently and dexterously.



**Alex Rothwell**  
**Chief Executive Officer**  
**Date: 10 July 2023**

## Remuneration and staff report

The Board structure and operation is aligned with recognised best practice in terms of governance and accountability. The Board also ensures proper governance arrangements are in place to facilitate the delivery of objectives which take into account good practice outlined in corporate governance code for central government departments.

The remuneration of our Directors, Executive and Senior Managers (VSMs) is consistent with Agenda for Change (AfC) pay scales and/or the independent advice provided by the Senior Salaries Review Body.

A VSM is someone who holds an executive position

in one of the DHSC's arm's length bodies or someone who, although not a board member, holds a senior position, typically reporting directly to the Chief Executive.

There are no plans to change these arrangements in the coming year.

Non-Executive Directors are appointed by the Secretary of State for a fixed term.

Executive Directors have NHSCFA contracts of employment. Other than statutory requirements and other normal pay provisions, there are no contractual clauses or other agreements for compensation in the event of early termination of office.

## **Emoluments of Board members**

Remuneration figures for all Directors in post, past and present during 2022-2023 are detailed in the tables below. These identify the salary, other payments and allowances and pension benefits



applicable to both Executive and Non-Executive Directors.

Subject to Audit						
Name & Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Performance Pay and Bonuses (bands of £5,000)	Long Term Performance pay and Bonuses (bands of £5,000)	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
	£000	£00	£000	£000	£000	£000
Tom Taylor Chair	10 - 15	-	-	-	-	10-15
Jayne Scott Non-Executive Director & ARAC Chair	10 - 15	-	-	-	-	10-15
Martin Spencer Non-Executive Director	5 - 10	-	-	-	-	5-10
Non-Executive Director & ARAC Chair	5 - 10	-	-	-	-	5-10
Gaon Hart Non-Executive Director	5 - 10	-	-	-	-	5-10
Alyson Coates Non-Executive Director	5 - 10	-	-	-	-	5-10
Andrew Flanagan Non-Executive Director	5 - 10	-	-	-	-	5-10
Alex Rothwell Chief Executive Officer	110 - 115	-	-	-	22.5 - 25	130 - 135
Matthew Jordan-Boyd Director of Finance and Corporate Governance	95 - 100	-	-	-	35 - 37.5	130 - 135
Tricia Morrison Director of Performance and Improvement	95 - 100	-	-	-	22.5 - 25	115 - 120

**2021-2022 Comparison**

Subject to Audit						
Name & Title	Salary (bands of £5,000)	Expense payments (Taxable) to the nearest £100	Performance Pay and Bonuses (bands of £5,000)	Long Term Performance pay and Bonuses (bands of £5,000)	All Pension Related Benefits (bands of £2,500)	Total (bands of £5,000)
	£000	£00	£000	£000	£000	£000
Tom Taylor Chair	10-15	-	-	-	-	10-15
Jayne Scott Non-Executive Director & ARAC Chair	10-15	-	-	-	-	10-15
Martin Spencer Non-Executive Director	5-10	-	-	-	-	5-10
Non-Executive Director & ARAC Chair	5-10	-	-	-	-	5-10
Gaon Hart** Non-Executive Director	5-10	-	-	-	-	5-10
Alyson Coates** Non-Executive Director	5-10	-	-	-	-	5-10
Andrew Flanagan** Non-Executive Director	5-10	-	-	-	-	5-10
Susan Firth*** Chief Executive Officer	40-45 (95- 100)*					45-50
Alex Rothwell**** Chief Executive Officer	40-45 (105- 110)	-	-	-	10-12.5	50-55
Matthe Jordan-Boyd Director of Finance and Corporate Governance	90-95	-	-	-	45-47.5	135-140
Tricia Morrison Director of Performance and Improvement	90-95	-	-	-	22.5-25	115-120

\* Annual Equivalent

\*\* Commenced employment 12/04/2021

\*\*\* Retired 30/09/2021

\*\*\*\* Commenced employment 08/11/2021

### Fair pay disclosure (subject to audit)

The Authority discloses the relationship between the remuneration of the highest-paid Director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation’s workforce.

Subject to Audit		
Table 1: Remuneration balance	2022-23	2021-22
Band of highest paid director’s total remuneration (£000)	110 - 115	105 - 110
Median total (£)	50,495	46,071
Remuneration ratio	2.3	2.4

Subject to Audit		
Table 2: Percentage change in total salary for the highest paid director and the staff average.	Total Salary and allowances	
	2022-23	2021-22
Staff Average	8.9%	3.5%
Highest Paid Director	4.2%	14.6%

Subject to Audit			
Table 3: Ratio between the highest paid Directors' total remuneration and the lower quartile, median and upper quartile for staff pay.	Lower Quartile	Median	Upper Quartile
	2022-23	3.0 : 1	2.3 : 1
2021-22	3.4 : 1	2.4 : 1	2.1 : 1

Subject to Audit						
Table 4: Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits.	Lower Quartile		Median		Upper Quartile	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
Salary	38,163	32,690	50,495	46,071	57,352	53,239
<b>Total Pay and Benefits</b>	<b>38,163</b>	<b>32,690</b>	<b>50,495</b>	<b>46,071</b>	<b>57,352</b>	<b>53,239</b>

The banded remuneration of the highest paid Director in the financial year 2022-2023 was £110,000 - £115,000. This was 2.3 times the median remuneration of the workforce, which was £50,495. In comparison, the remuneration of the highest paid Director in the financial year 2021-2022 was £105,000 - £110,000. This was 2.4 times the median remuneration of the workforce, which was £46,071.

The impact of the VSM and AfC pay awards are reflected in the above tables.

The range of staff remuneration in 2022-2023 was £20,000 - £25,000 to £110,000 - £115,000 compared to the range of £20,000 - £25,000 to £105,000 - £110,000 for 2021-2022.

In 2022-2023 no employees received remuneration in excess of the highest paid Director.

Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does

not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## **Pension Benefits**

The table below sets out the pension benefits of the Chief Executive Officer and senior managers of the NHSCFA.

**Subject to Audit**

**Pension benefits of senior managers**

Name and Job Title	Real increase in pension at pension age (bands of £2500)	Real increase in pension lump sum at pension age (bands of £2500)	Total accrued pension at pension age at 31 March 2023 (bands of £5000)	Lump sum at age 60 related to accrued pension at 31 March 2023 (bands of £5000)	Cash Equivalent Transfer value at 31 March 2023 (£000)	Cash Equivalent Transfer value at 31 March 2022 (£000)	Real increase in Cash Equivalent Transfer value (£000)
Alex Rothwell <b>Chief Executive Office</b>	0 - 2.5	0 - 2.5	0 - 5	0 - 5	34	10	9
Matthew Jordan-Boyd <b>Director of Finance and Corporate Governance</b>	0 - 2.5	0 - 2.5	25 - 30	40-45	384	337	22
Tricia Morrison <b>Director of Performance</b>	0 - 2.5	0 - 2.5	5 - 10	0 - 5	89	62	13



Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

## Staff numbers and costs 2022-2023

Subject to Audit			
Staff numbers and related costs – Executive members and staff costs			
	Total 2022-23	Permanently Employed	Other
	£000	£000	£000
Salaries and Wages	8,232	7,468	763
Social Security Costs	858	858	-
Employer Contributions to NHS Pensions	1,256	1,256	-
Termination Benefits	-	-	-
Other Pension Costs	1	1	
Apprenticeship Levy	21	21	-
<b>Total</b>	<b>10,374</b>	<b>9,610</b>	<b>763</b>
Recoveries in Respect of Secondments	-174	-174	-
Capitalised Staff Costs	-157	-157	-
<b>Total</b>	<b>10,042</b>	<b>9,280</b>	<b>763</b>



<b>Subject to Audit</b>		
<b>Average number of persons employed</b>		
Total	Permanently Employed	Other
168	161	7

The whole time equivalent of staff whose cost was capitalised was 3. All capitalised staff costs relate to internally developed IT software.

**2021-2022 comparison**

<b>Subject to Audit</b>			
<b>Staff numbers and related costs – Executive members and staff costs</b>			
	Total 2021-22	Permanently employed	Other
	£000	£000	£000
Salaries and wages	7,533	7,053	480
Social security costs	776	776	-
Employer contributions to NHS Pensions	1,291	1,291	-
Other Pension Costs	1	1	-
Apprenticeship levy	21	21	-
Total	9,622	9,142	480
Recoveries in Respect of Secondments	-189	-189	-
Capitalised Staff Costs	-139	-139	-
Total	9,294	8,814	480

<b>Subject to Audit</b>		
<b>Average number of persons employed</b>		
Total	Permanently Employed	Other
170	165	5

The whole time equivalent of staff whose cost was capitalised was 3. All capitalised staff costs relate to internally developed IT software.

### **Cash Equivalent Transfer Value (CETV)**

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 members accrued benefits and any contingent spouse’s pension payable from the scheme.

A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme, or arrangement when the member leaves a scheme and chooses to transfer the benefit

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

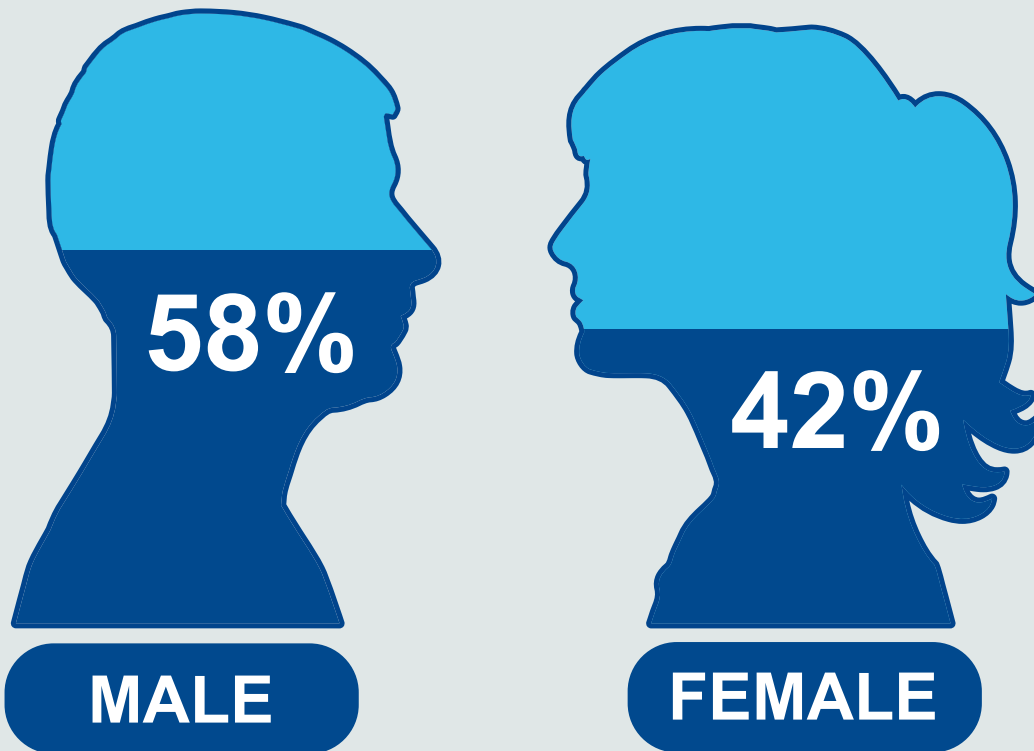
The CETV figure and the other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS Pension Scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years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

### **Real increase in CETV (subject to audit)**

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits

transferred from another scheme or arrangement) and uses common market valuation factors for the start and end of period.

### Gender balance



Gender breakdown by pay Band		
Pay bands	Female	Male
Bands 4 - 6	33	22
Bands 7 & 8a	28	58
Band 8b and above*	9	17

\* Band 8b and above includes Board Members



## Employee sickness

NHS England data is now available up to December 2022, this is the end of the reporting period for Annual Report and Accounts publication and shown in the table below. The reported NHSCFA rate as of December 2022 was 1.6%.

Calendar Year	Average FTE April 1st	FTE days Available	FTE days lost to sickness absence	Average Sick days lost per FTE
2022	156	57099	1662	2.91%
2021	168	57627	2032	3.53%
2020	162	59109	1987	3.36%

## Staff turnover

The staff turnover percentage for 2022-2023 up until the end of March 2023 was 12.3%.

## Workforce engagement and planning

A range of engagement opportunities were offered to our people throughout the year. These included, virtual and face to face opportunities and both individual and group session.

All our people had the opportunity to contribute to and shape our new three year strategy for 2023-2026. Focus groups were held to form our new values and behaviour model and a variety of opportunities were available to engage with the Evolution programme.

We have engaged with people requiring ongoing or short-term reasonable adjustments as result of disabilities. This included flexible approaches to working hours alongside practical requirements for example specialised equipment.

We have continued to forward plan to introduce out new business model and identify the resources required to deliver against our future strategy. This has included identifying options for career pathways. A key area of work for the next year will be around succession planning and talent management.

Details of our policies and procedures to ensure full and fair consideration of the needs of disabled persons entering and within our workforce are set out at pages 85 to 89.

## **Trade union recognition**

The NHSCFA currently has a recognition agreement with UNISON. Under this agreement UNISON representatives are accorded facility time in which to conduct their trade union and industrial relations activities. The tables overleaf set out the time spent in respect of this.

<b>Relevant union officials</b>	
Number of employees who were relevant union officials during the relevant period	4
Full-time equivalent employee number	4
<b>Percentage of time spent on facility time</b>	
Percentage of time	Number of employees
0%	-
1-50%	4
51%-99%	-
100%	-
<b>Percentage of pay bill spent on facility time</b>	
Total cost of facility time	£0.004m
Total pay bill	£10.002m
Percentage of the total pay bill spent on facility time, calculated as:	0.04%
(total cost of facility time ÷ total pay bill) x 100	
<b>Paid trade union activities</b>	
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) x 100	100%

## **Expenditure on temporary staff**

The total contingent labour expenditure on temporary staff incurred on the provision of operating services was £763,000 compared to £480,000 in 2021-2022. The Authority is undergoing a Transformation Programme which required temporary staffing until a future operating model was finalised.

The Authority had £60,000 of consultancy expenditure in 2022-2023 (2021-2022 nil). Consultancy spend relates to development of the Authority's three year strategy.

The Authority did not capitalise any costs relating to contingent labour or consultancy in 2022-2023 (2021-2022 nil).

## Off-payroll engagements

Table 1: Highly paid off-payroll worker engagements as of 31 March 2023, earning £245 per day or greater.

	Number of engagements
Number of existing engagements as of 31 March 2023	6
Of which...	-
Number that have existed for less than one year at time of reporting.	6
Number that have existed for between one and two years at time of reporting.	-
Number that have existed for between two and three years at time of reporting.	-
Number that have existed for between three and four years at time of reporting.	-
Number that have existed for four or more years at time of reporting.	-

Table 2: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023, earning £245 per day or greater.

	Number of engagements
Number of temporary off-payroll workers engaged during the year ended 31 March 2023	6
Of which...	-
Not subject to off-payroll legislation	-
Subject to off-payroll legislation and determined as in-scope of IR35	6
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
Number of engagements reassessed for compliance or assurance purposes during the year	-
Of which: Number of engagements that saw a change to IR35 status following review.	-

Table 3: For any off-payroll engagements of board members and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

	Number of engagements
Number of off-payroll engagements of board members and/or, senior officials with significant financial responsibility, during the financial year.	-
Total Number of individuals on payroll and off-payroll that have been deemed “board members and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on payroll and off-payroll engagements.	-

## **Exit packages (subject to audit)**

There were no packages agreed in 2022-2023 (2021-2022 nil)



**Alex Rothwell**  
**Chief Executive Officer**

**Date: 10 July 2023**

## **Parliamentary accountability and audit report**

### **Disclosures of remote contingent liabilities**

The NHSCFA is aware of its obligation for disclosure of material remote contingent liabilities (FReM) and an estimate of its financial effect. For this accounting period the NHSCFA discloses a nil return in this area.

(2021-2022 nil Return)



## **Disclosures of gifts (subject to audit)**

The NHSCFA is aware of its obligation to disclose gifts made over the value of £300,000 (as per Managing Public Money, annex 4.12). For this accounting period the NHSCFA discloses a nil return in this area.

(2021-2022 nil Return)

## **Losses and special payments (subject to audit)**

The NHSCFA is aware of its obligation to disclose losses and special payments recorded in excess of £300,000. For this accounting period the NHSCFA discloses a nil return in this area.

(2021-2022 Nil Return)

## **Fees and charges (subject to audit)**

Nil return

(2021-2022 nil return)

## Government Functional Standards

NHSCFA has considered the content of Government Functional Standards which are material to our operations. We have assessed the degree to which we comply with the intentions of each Standard, in so far as it meets the needs of the organisation and supports the Accounting Officer to fulfil their duties and the fundamental principles of Managing Public Money. NHSCFA seeks to ensure consistent management of functions (and functional standards) of our corporate activity. Following our move to a new business operating model, work is ongoing to identify, through assurance mapping, areas for improved governance and management arrangements.



**Alex Rothwell**  
**Chief Executive Officer**  
**Date: 10 July 2023**

# 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 NHS Counter Fraud Authority for the year ended 31 March 2023 under the National Health Service Act 2006.

The financial statements comprise the NHS Counter Fraud Authority's:

- Statement of Financial Position as at 31 March 2023
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended

- related notes including the significant accounting policies

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the NHS Counter Fraud Authority's affairs as at 31 March 2023 and its net expenditure for the year then ended
- have been properly prepared in accordance with the National Health Service Act 2006

### **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 (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). 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 am independent of the NHS Counter Fraud Authority 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**

In auditing the financial statements, I have concluded that the NHS Counter Fraud Authority'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 NHS Counter Fraud Authority'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 Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the NHS

Counter Fraud Authority is adopted in consideration of the requirements set out in 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 is anticipated that the services which they provide will continue into the future.

## **Other information**

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate. The Accounting Officer is 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.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the National Health Service Act 2006.

In my opinion, based on the work undertaken in the course of the audit, 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



and is in accordance with the applicable legal requirements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the NHS Counter Fraud Authority 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 by the NHS Counter Fraud Authority or returns adequate for my audit have not been received from branches not visited by my staff
- I have not received all of the information and explanations I require for my audit
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the

Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns

- the Governance Statement does not reflect compliance with HM Treasury's guidance

## **Responsibilities of the Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records
- providing the Comptroller and Auditor General (C&AG) with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters
- providing the C&AG with additional information and explanations needed for his audit
- providing the C&AG with unrestricted access to persons within the NHS Counter Fraud Authority

from whom the auditor determines it necessary to obtain audit evidence

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error
- ensuring that the financial statements give a true and fair view and are prepared in accordance with the National Health Service Act 2006
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with the National Health Service Act 2006
- assessing the NHS Counter Fraud Authority'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 Accounting Officer anticipates that the services provided by the NHS Counter Fraud Authority 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 National Health Service Act.

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.

## Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

## Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations including fraud:

- considered the nature of the sector, control environment and operational performance including the design of the NHS Counter Fraud Authority's accounting policies, key performance indicators and performance incentives

- inquired of management, NHS Counter Fraud Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the NHS Counter Fraud Authority's policies and procedures on
- identifying, evaluating and complying with laws and regulations
- detecting and responding to the risks of fraud
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the NHS Counter Fraud Authority's controls relating to the NHS Counter Fraud Authority's compliance with the National Health Service Act 2006 and Managing Public Money
- inquired of management, NHS Counter Fraud Authority's head of internal audit and those charged with governance whether

- they were aware of any instances of non-compliance with laws and regulations
- they had knowledge of any actual, suspected, or alleged fraud
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

As a result of these procedures, I considered the opportunities and incentives that may exist within the NHS Counter Fraud Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the NHS Counter Fraud Authority's framework of authority and other legal and regulatory frameworks in which the NHS

Counter Fraud Authority operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the NHS Counter Fraud Authority. The key laws and regulations I considered in this context included the National Health Service Act 2006, Managing Public Money, employment law and tax legislation.

### Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims



- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business

I communicated relevant identified laws and regulations and potential risks of fraud 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

## Other auditor's responsibilities

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

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 I identify during my audit.

## Report

I have no observations to make on these financial statements.

**Gareth Davies**

**Date 12th July 2023**

**Comptroller and Auditor General**

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



**ACCOUNTS FOR THE YEAR  
01 APRIL 2022 TO  
31 MARCH 2023**

# CONTENTS

## The Primary Statements:

Statement of Comprehensive Net Expenditure for the year ended 31 March 2023	113
Statement of Financial Position as at 31 March 2023	114
Statement of Changes in Taxpayers' Equity for the year ended 31 March 2023	115
Statement of Cash Flows for the year ended 31 March 2023	116

## Notes to the Accounts

	117
Accounting policies	131
Other operating income	132
Employee benefits and staff numbers	136
Operating expenses	137
The Late Payment of Commercial Debts (Interest) Act 1998	137
Finance income	138
Right of Use Assets Operating leases	142
Property, plant and equipment	145
Intangible non-current assets	148
Trade and other receivables	149
Cash and cash equivalents	150
Trade and other payables	151
Provisions	152
Contingencies	153
Commitments	153
Financial instruments	154
Operating segments	156
Related party transactions	158
Events after the end of the reporting period	

<b>Statement of Comprehensive Net Expenditure for the year ended 31 March 2023</b>			
	<b>Notes</b>	<b>2022-2023</b>	2021-2022
Income from sale of goods and services	2	(258)	(254)
Other operating income	2	(21)	(23)
<b>Total operating income</b>		<b>(279)</b>	<b>(277)</b>
Staff Costs	3	10,042	9,294
Purchase of goods and services	4	2,737	3,581
Depreciation and impairment charges	4	1,871	1,584
Other operating expenditure	4	63	60
<b>Total operating expenditure</b>		<b>14,713</b>	<b>14,519</b>
<b>Net operating expenditure</b>		<b>14,434</b>	<b>14,242</b>
Finance income	-	-	-
Finance expense	6	31	-
<b>Net expenditure for the year</b>		<b>14,465</b>	<b>14,242</b>
<b>Total Net Expenditure for the year</b>		<b>14,465</b>	<b>14,242</b>
<b>Total comprehensive net expenditure for the period</b>		<b>14,465</b>	<b>14,242</b>

The notes on pages 198 to 268 form part of these accounts.

<b>Statement of Financial Position at 31 March 2023</b>			
	<b>Notes</b>	<b>2022-2023 £000</b>	<b>2021-2022 £000</b>
<b>Non Current Assets</b>			
<b>Right of Use Assets</b>	7	3,888	-
Property, Plant & Equipment	8	1,498	683
Intangible Assets	9	1,536	2,085
Other non-current receivables	10	99	9
<b>Total non-current assets</b>		<b>7,021</b>	<b>2,777</b>
<b>Current Assets</b>			
Trade and other receivables	10	1,386	564
Cash and cash equivalents	11	1,185	834
<b>Total current assets</b>		<b>2,571</b>	<b>1,398</b>
<b>Total Assets</b>		<b>9,592</b>	<b>4,175</b>
<b>Current Liabilities</b>			
Trade and other payables	12	(2,894)	(1,125)
Borrowings	13	(617)	-
Provisions	14	-	(97)
<b>Total current liabilities</b>		<b>(3,511)</b>	<b>(1,222)</b>
<b>Total assets less current liabilities</b>		<b>6,081</b>	<b>2,953</b>
<b>Non-current liabilities</b>			
Provisions	14	(174)	(70)
Borrowings	13	(3,320)	
<b>Total Non-current liabilities</b>		<b>(3,494)</b>	<b>(70)</b>
<b>Total Assets less Liabilities</b>		<b>2,587</b>	<b>2,883</b>
<b>Financed by Taxpayers' Equity</b>			
General fund		2,587	2,883
<b>Total taxpayers' equity:</b>		<b>2,587</b>	<b>2,883</b>

The financial statements on pages 198 to 268 were approved by the Board on 10/07/2023 and signed on its behalf by:

Alex Rothwell  
Chief Executive and Accounting Officer  
10 July 2023



<b>Statement of Changes in Taxpayers' Equity for the period ended 31 March 2023</b>		
	<b>General Fund</b>	<b>Total Reserves</b>
	£000	£000
<b>Balance at 01 April 2022</b>	2,883	2,883
<b>Changes in taxpayers' equity for 2022/23</b>		
Total Net Expenditure for the year	(14,465)	(14,465)
<b>Total recognised income and expense for 2022/23</b>	<b>(14,465)</b>	<b>(14,465)</b>
Net Parliamentary Funding	14,169	14,169
<b>Balance at 31 March 2023</b>	<b>2,587</b>	<b>2,587</b>
	<b>General Fund</b>	<b>Total Reserves</b>
	£000	£000
<b>Balance at 01 April 2021</b>	3,830	3,830
<b>Changes in taxpayers' equity for 2021/22</b>		
Total net expenditure for the year*	(14,242)	(14,242)
<b>Total recognised income and expense for 2021/22</b>	<b>(14,242)</b>	<b>(14,242)</b>
Net Parliamentary Funding	13,295	13,295
<b>Balance at 31 March 2022</b>	<b>2,883</b>	<b>2,883</b>

The notes on pages 198 to 268 form part of these accounts.



<b>Statement of Cash Flows for the year ended 31 March 2023</b>			
	<b>Notes</b>	<b>2022-2023</b>	<b>2021-2022</b>
		<b>£000</b>	<b>£000</b>
<b>Cash flows from operating activities</b>			
Net operating expenditure for the financial year*	4	<b>(14,434)</b>	(14,242)
Depreciation and amortisation	4	<b>1,871</b>	1,584
(Profit)/Loss on disposal of assets	10	<b>(4)</b>	-
(Increase)/decrease in trade & other receivables	12	<b>(911)</b>	169
Increase/(decrease) in trade & other payables	14	<b>1,769</b>	(152)
Increase/(decrease) in provisions	14	<b>7</b>	-
<b>Net cash (outflow) from operating activities</b>		<b>(11,702)</b>	(12,641)
<b>Cash Flows from Investing Activities</b>			
Finance income	6	<b>-</b>	-
(Payments) for property, plant and equipment	8	<b>(1,203)</b>	(11)
(Payments) for intangible assets	9	<b>(429)</b>	(423)
Proceeds from disposal of assets held for sale: property, plant and equipment	4	<b>4</b>	-
<b>Net Cash (Outflow) from Investing Activities</b>		<b>(1,628)</b>	(434)
<b>Net Cash (Outflow) before Financing</b>		<b>(13,330)</b>	(13,075)
<b>Cash Flows from Financing Activities</b>			
Capital element of lease liability repayments	7	<b>(457)</b>	-
Interest element of lease liability repayments	6	<b>(31)</b>	-
Net Parliamentary Funding		<b>14,169</b>	13,295
<b>Net Cash Inflow from Financing Activities</b>		<b>13,681</b>	13,295
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>		<b>351</b>	220
<b>Cash &amp; Cash Equivalents at the Beginning of the Financial Year</b>		<b>834</b>	614
<b>Cash &amp; Cash Equivalents at the End of the Financial Year</b>		<b>1,185</b>	834

The notes on pages 198 to 268 form part of these accounts.

# Notes to the financial statements

## 1. Accounting policies

These financial statements have been prepared in a form directed by the Secretary of State and in accordance with the Financial Reporting Manual (FReM) 2022-23, issued by HM Treasury. The accounting policies contained in the FReM follow 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 that is judged to be most appropriate to the particular circumstances of NHS Counter Fraud Authority (NHSCFA) for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.1 Going concern

NHSCFA's annual report and accounts have been prepared on a going concern basis.

The NHSCFA is financed by and draws its funding from the Department of Health and Social Care (DHSC). Parliament has demonstrated its commitment to fund DHSC for the foreseeable future and DHSC has demonstrated its commitment to the funding of the NHSCFA.

## **1.2 Accounting convention**

These accounts have been prepared under the historical cost convention, modified where material to account for the revaluation of property, plant and equipment, intangible assets and certain financial assets and financial liabilities.

## **1.3 Critical judgements and key sources of estimation uncertainty**

In the application of the Authority's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates

and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NHSCFA do not consider any judgements or uncertainties to be critical.

## **1.4 Income**

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

- NHSCFA does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less

- NHSCFA is to similarly 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 NHSCFA to reflect the aggregate effect of all contracts modified before the date of initial application

Income in respect of services provided is recognised when (or as) 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.

Operating income is income which relates directly to the operating activities of the Authority. It principally comprises charges for services provided on a full-cost basis to external customers, as well as public repayment work. Where income is received for

a specific activity which is to be delivered in the following financial year, that income is deferred.

### **1.4.1 Revenue from contracts with customers**

The Authority's Other Contract Income relates to services provided to UK Devolved Administrations and Crown Dependencies.

## **1.5 Parliamentary funding**

The main source of funding of the Authority is Parliamentary funding from the Department of Health and Social Care within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it is received.

## **1.6 Employee benefits**

### **1.6.1 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.

### **1.6.2 Retirement benefit costs**

Most past and present employees are covered by the provisions of the NHS Pensions Scheme. This scheme is an unfunded, defined benefit scheme that covers NHS employers, General Practices and other bodies allowed under the direction of the Secretary of State for Health and Social Care. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it were a defined contribution scheme: the cost to NHSCFA 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 NHSCFA commits itself to the retirement, regardless of the method of payment.

The scheme is subject to a full actuarial valuation every four years and an accounting valuation every year.

## **1.7 Operating expenses**

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



## **1.7.1 Value added tax**

Most of the activities of NHSCFA are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

## **1.8 Property, plant and equipment**

### **1.8.1 Recognition**

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to NHSCFA
- it is expected to be used for more than one financial year

- the cost of the item can be measured reliably; and either
- the item has a cost of £5,000 or more
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control
- it forms part of the initial setting-up cost of a new building, irrespective of their individual or collective cost

### **1.8.2 Measurement**

All property, plant and equipment is 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. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

Land & buildings held under operating leases are dealt with in accordance with IFRS 16, where a right of use asset is recognised. The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or

underlying asset on completion of the lease term.

Subsequent measurement is in accordance with the HM Treasury interpretation of the accounting standard for the public sector, where the Authority employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

Fixtures, IT Equipment and Plant & Machinery are capitalised at cost. In the absence of an active market, as they are short-lived and/or of low value, they are carried at depreciated historic cost as a proxy for current value in existing use. The useful life of these assets is a realistic reflection of the life of the asset and the depreciation method used provides a realistic reflection of the consumption of that asset

class.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and thereafter to expenditure.

Gains and losses recognised in the revaluation reserve are reported as other comprehensive net expenditure in the Statement of Comprehensive Net Expenditure.

The Authority does not currently have any revalued assets, hence there is no balance in the revaluation reserve. Fixed assets are carried at depreciated historic cost as a proxy for current value in existing

use.

## **1.9 Intangible assets**

### **1.9.1 Recognition**

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of NHSCFA's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, NHSCFA; where the cost of the asset can be measured reliably; and where the cost is at least £5,000.

Software that is integral to the operating of hardware, for example an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware, for example application software, is capitalised as an intangible asset.

Expenditure on research is not capitalised: it is

recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if and only if, all of the following have been demonstrated:

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

## 1.9.2 Measurement

Intangible assets acquired separately are initially recognised at cost. The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at fair value by reference to an active market, or, where no active market exists, which is the case with all current NHSCFA intangible assets, at amortised historic cost. An exercise has been performed to demonstrate that amortised historic cost is not materially different to depreciated replacement cost, which is the valuation method set out in the FReM.



## 1.10 Depreciation, amortisation and impairments

Depreciation and amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straightline basis over their estimated useful lives. The estimated useful life of an asset is the period over which NHSCFA expects to obtain economic benefits or service potential from the asset. This is specific to NHSCFA and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life, unless NHSCFA expects to acquire the asset at the end of the lease term, in which case the asset is depreciated in the same manner as for owned assets.

At each financial year end, NHSCFA checks whether

there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure.

## **1.11 IFRS16**

### **1.11.1 Leases**

A lease is a contract or part of a contract that

conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The trust does not apply lease accounting to new contracts for the use of intangible assets.

The Authority determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Authority is reasonably certain to exercise.

## **1.11.2 The Authority as a lessee**

### **Recognition and initial measurement**

At the commencement date of the lease, being when

the asset is made available for use, the Authority recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined,

the Authority's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Authority does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

### **Subsequent measurement**

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Authority employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line

with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Authority subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

### **1.11.3 Initial application of IFRS16**

IFRS 16 Leases as adapted and interpreted for the

public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a lease and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

## **The Authority as lessee**

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Authority's incremental

borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

## **2021/22 comparatives**

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22



lease payments made by the Authority in respect of leases previously classified as operating leases were charged to expenditure on a straight line or other systematic basis.

## **1.12 Cash and cash equivalents**

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of NHSCFA's cash management. Cash, bank and overdraft balances are recorded at current values.

## **1.13 Provisions**

Provisions are recognised when NHSCFA has a present legal or constructive obligation as a result of a past event, it is probable that NHSCFA 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.

Early retirement provisions are discounted using HM Treasury's pension discount rate of negative 0.95% (2019-20: negative 0.5%) in real terms. All general provisions are subject to four separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- a nominal short-term rate of minus 3.27% (2021-22: positive 0.47%) for inflation adjusted expected cash flows up to and including 5 years from Statement of

## Financial Position date

- a nominal medium-term rate of 3.20% (2021-22: 0.70%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date
- a nominal long-term rate of 3.51% (2021-22: 0.95%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date
- a nominal very long-term rate of 3.00% (2021-22: 0.66%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date

### **1.14 Contingent liabilities and contingent assets**

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more

uncertain future events not wholly within the control of NHSCFA

- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably

A contingent liability is disclosed unless the possibility of a payment is remote.

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

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

## **1.15 Financial assets**

Financial assets are recognised when NHSCFA becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been transferred and NHSCFA has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices, where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss. The classification is

determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9 and is determined at the time of initial recognition.

### **1.15.2 Impairment**

All of NHSCFA's financial assets are measured at amortised cost, as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes all trade and other receivables.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

For all financial assets measured at amortised cost, NHSCFA recognises a loss allowance representing

expected credit losses on the financial instrument.

NHSCFA adopts the simplified approach to impairment, in accordance with IFRS 9 and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2) and otherwise at an amount equal to 12-month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds and Exchequer Funds' assets where repayment is ensured by primary legislation. NHSCFA therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of

Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities) and NHSCFA does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

## **1.16 Financial liabilities**

Financial liabilities are recognised when NHSCFA becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation



has been discharged or cancelled or has expired.

### **1.16.1 Other financial liabilities**

All of NHSCFA's financial liabilities are measured at amortised cost. After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability.

### **1.17 Foreign currencies**

NHSCFA's functional currency and presentational currency is pounds sterling and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March.

Exchange gains and losses on monetary items (arising on settlement of the transaction or on retranslation at the Statement of Financial Position date) are recognised in the Statement of Comprehensive Net Expenditure in the period in which they arise.

### **1.18 Third party assets**

Assets belonging to third parties are not recognised in the accounts since NHSCFA has no beneficial interest in them. Details of third party assets are given in note 11 to the accounts.

### **1.19 Losses and special payments**

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

which govern the way that individual cases are handled.

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

<b>2. Other operating income</b>		
	<b>2022-2023 Total</b>	<b>2021-2022 Total</b>
	<b>£000</b>	<b>£000</b>
<b>Income from sale of goods and services (contracts)</b>		
Other Contract income	258	254
<b>Total Income from sale of goods and services</b>	<b>258</b>	<b>254</b>

Income from contracts all related to services provided to UK Devolved Administrations.

Performance obligations relating to all services provided are satisfied over time and fall entirely within the financial year.

<b>Other operating income</b>		
Other non contract revenue	21	23
<b>Total Other operating income</b>	<b>21</b>	<b>23</b>
<b>Total Operating Income</b>		
	<b>279</b>	<b>277</b>

**3. Employee benefits and staff numbers 2022-2023**

**3.1 Employee benefits**

Total 2022-2023			
	Permanent Employees	Other	Total
	£'000	£'000	£'000
<b>Employee Benefits</b>			
Salaries and wages	7,468	763	8,231
Social security costs	858	-	858
Employer Contributions to NHS Pension scheme	1,262	-	1,262
Other pension costs	1	-	1
Apprenticeship Levy	21	-	21
<b>Gross employee benefits expenditure</b>	<b>9,610</b>	<b>763</b>	<b>10,373</b>
Less recoveries in respect of secondments	(174)	-	(174)
<b>Total - Net admin employee benefits including capitalised costs</b>	<b>9,436</b>	<b>763</b>	<b>10,199</b>
Less: Employee costs capitalised	(157)	-	(157)
<b>Net employee benefits excluding capitalised costs</b>	<b>9,279</b>	<b>763</b>	<b>10,042</b>

## 2021-2022 Comparison

<b>3. Employee benefits and staff numbers 2021-2022</b>			
<b>3.1 Employee benefits</b>			
	<b>Total 2021-2022</b>		
	<b>Permanent Employees</b>	<b>Other</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Employee Benefits</b>			
Salaries and wages	7,053	480	<b>7,533</b>
Social security costs	776	-	<b>776</b>
Employer Contributions to NHS Pension scheme*	1,291	-	<b>1,291</b>
Other pension costs	1	-	<b>1</b>
Apprenticeship Levy	21	-	<b>21</b>
<b>Gross employee benefits expenditure</b>	<b>9,142</b>	<b>480</b>	<b>9,622</b>
Less recoveries in respect of secondments	(189)	-	<b>(189)</b>
<b>Total - Net admin employee benefits including capitalised costs</b>	<b>8,953</b>	<b>480</b>	<b>9,433</b>
Less: Employee costs capitalised	(139)	-	<b>(139)</b>
<b>Net employee benefits excluding capitalised costs</b>	<b>8,814</b>	<b>480</b>	<b>9,294</b>

### 3.1.2 Retirements due to ill health

The Authority had no compensation payments or additional pension liabilities arising from early retirement or loss of office as at 31st March 2023 (nil - 31st March 2022)

## 3.2 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions). Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State 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 four years, with approximate assessments in intervening years”. An outline of these follows:

### **3.2.1 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 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 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.

### **3.2.2 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 actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

<b>4. Operating expenses</b>		
	<b>2022-2023</b>	<b>2021-2022</b>
	<b>Total</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
<b>Purchase of goods and services</b>		
Rentals under operating leases	-	750
Establishment	303	104
Transport	25	5
Premises	1,214	976
Software Costs	307	319
External Audit fees	71	65
Internal audit services	54	43
Legal & professional fees	654	1,217
Education, training and conferences	109	102
<b>Total Purchase of goods and services</b>	<b>2,737</b>	<b>3,581</b>
<b>Depreciation and impairment charges</b>		
Depreciation	893	518
Amortisation	978	1,066
<b>Total Depreciation and impairment charges</b>	<b>1,871</b>	<b>1,584</b>
<b>Other Operating Expenditure</b>		
Chair and Non Executive Members	60	60
Provision Expense	7	-
(Profit)/loss on disposal of PPE	(4)	-
<b>Total other operating expenditure</b>	<b>63</b>	<b>60</b>
<b>Total operating expenditure</b>	<b>4,671</b>	<b>5,224</b>

\* reduction in legal and professional fees as the programme to modernise IT infrastructure was complete by 31 Mar 2022.

**5. The Late Payment of Commercial Debts (Interest) Act 1998**

There were no payments made in the 2022/23 financial year from claims made under this legislation nor compensation paid to cover debt recovery costs (2021/22: nil).

**6. Finance Expenditure**

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2022/23	2021/22
	Total	Total
	£000	£000
Interest expense:		
Interest on lease obligations	31	-
<b>Total interest expense</b>	<b>31</b>	<b>-</b>
Unwinding of discount on provisions	-	-
Other finance costs	-	-
<b>Total finance costs</b>	<b>31</b>	<b>-</b>

<b>7. Right of Use Assets</b>				
	2022/23			
	Land £'000	Buildings £'000	Other £'000	Total £'000
Cost				
IFRS 16 implementation - adjustments for existing operating leases / subleases	-	602		602
Additions	-	3,792	-	3,792
<b>As at 31 Mar 2023</b>	<b>-</b>	<b>4,394</b>	<b>-</b>	<b>4,394</b>
Accumulated Depreciation				
Provided during the year	-	(506)		(506)
<b>As at 31 April 2023</b>	<b>-</b>	<b>(506)</b>	<b>-</b>	<b>(506)</b>
<b>Net Book Value at 31 March 2023</b>	<b>-</b>	<b>3,888</b>	<b>-</b>	<b>3,888</b>

<b>7.1 Reconciliation of the carrying value of lease liabilities</b>	
	<b>2022/23</b>
	<b>£000</b>
<b>Carrying value at 31 March 2022</b>	<b>-</b>
IFRS 16 implementation - adjustments for existing operating leases	<b>602</b>
Lease additions	<b>3,792</b>
Interest charge arising in year	<b>31</b>
Lease payments (cash outflows)	<b>(488)</b>
<b>Carrying value at 31 March 2023</b>	<b>3,937</b>
<p>The Authority has not recognised leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.</p>	
<p>These payments are disclosed in Note 4. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.</p>	

<b>7.2 Maturity analysis of future lease payments at 31 March 2023</b>	
	<b>Total</b>
	<b>31 March 2023</b>
	<b>£000</b>
<b>Undiscounted future lease payments payable in:</b>	
- not later than one year;	<b>651</b>
- later than one year and not later than five years;	<b>1,756</b>
- later than five years.	<b>1,689</b>
<b>Total gross future lease payments</b>	<b>4,096</b>
Finance charges allocated to future periods	<b>158</b>
<b>Net lease liabilities at 31 March 2023</b>	<b>3,938</b>
<b>Of which:</b>	
- Current	<b>651</b>
- Non-Current	<b>3,445</b>

**7.3 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)**

**The Authority did not hold any finance leases under IAS 17 at 31 March 2022.**

<b>7.4 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)</b>	
This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the authority previously determined to be operating leases under IAS 17.	
	<b>2021/22</b>
	<b>£000</b>
<b>Operating lease expense</b>	
Minimum lease payments	<b>750</b>
Contingent rents	-
Less sublease payments received	-
<b>Total</b>	<b>750</b>
	<b>31 March 2022</b>
	<b>£000</b>
<b>Future minimum lease payments due:</b>	
- not later than one year;	<b>239</b>
- later than one year and not later than five years;	<b>677</b>
- later than five years.	<b>224</b>
<b>Total</b>	<b>1,140</b>



<b>8. Property, plant and equipment</b>					
8.1.1 2022/23 Property, plant and equipment					
	<b>Buildings excluding dwellings £'000</b>	<b>Plant &amp; machinery £'000</b>	<b>Information technology £'000</b>	<b>Furniture &amp; fittings £'000</b>	<b>Total £'000</b>
Cost at 01 April 2022	<b>1,746</b>	<b>50</b>	<b>1,875</b>	<b>302</b>	<b>3,973</b>
Additions purchased	296	-	907	-	<b>1,203</b>
Disposals	(1,505)	(50)	(336)	(247)	<b>(2,138)</b>
<b>Cost at 31 March 2023</b>	<b>537</b>	<b>-</b>	<b>2,446</b>	<b>55</b>	<b>3,038</b>
<b>Depreciation 01 April 2022</b>	1,576	50	1,388	276	<b>3,290</b>
Charged during the year	174	-	203	11	<b>388</b>
Disposals	(1,505)	(50)	(336)	(247)	<b>(2,138)</b>
<b>Depreciation at 31 March 2023</b>	<b>245</b>	<b>-</b>	<b>1,255</b>	<b>40</b>	<b>1,540</b>
<b>Net Book Value at 31 March 2023</b>	<b>292</b>	<b>-</b>	<b>1,191</b>	<b>15</b>	<b>1,498</b>
Asset financing:					
Owned	<b>292</b>	<b>-</b>	<b>1,191</b>	<b>15</b>	<b>1,498</b>
<b>Total at 31 March 2023</b>	<b>292</b>	<b>-</b>	<b>1,191</b>	<b>15</b>	<b>1,498</b>

<b>8. Property, plant and equipment cont'd</b>					
8.2.1 2021/22 Property, plant and equipment					
	<b>Buildings excluding dwellings £'000</b>	<b>Plant &amp; machinery £'000</b>	<b>Information technology £'000</b>	<b>Furniture &amp; fittings £'000</b>	<b>Total £'000</b>
Cost at 01 April 2021	1,746	50	1,864	302	3,962
Additions purchased	-	-	11	-	11
Disposals	-	-	-	-	-
<b>Cost at 31 March 2022</b>	<b>1,746</b>	<b>50</b>	<b>1,875</b>	<b>302</b>	<b>3,973</b>
Depreciation 01 April 2021	1,417	50	1,042	263	2,772
Charged during the year	159	-	346	13	518
Disposals	-	-	-	-	-
<b>Depreciation at 31 March 2022</b>	<b>1,576</b>	<b>50</b>	<b>1,388</b>	<b>276</b>	<b>3,290</b>
<b>Net Book Value at 31 March 2022</b>	<b>170</b>	<b>-</b>	<b>487</b>	<b>26</b>	<b>683</b>
Asset financing:	-	-	-	-	
Owned	170	-	487	26	683
<b>Total at 31 March 2022</b>	<b>170</b>	<b>-</b>	<b>487</b>	<b>26</b>	<b>683</b>

**8. Property, plant and equipment cont'd**

8.3 Cost or valuation of fully depreciated assets

**The cost or valuation of fully depreciated assets still in use was £509k (2021/22: £831k). These primarily relate to digital storage facilities and are expected to be disposed of during 2023-24.**

**8.4 Economic lives**

	Minimum Life (Years)	Maximum Life (Years)
Buildings excluding dwellings	3	10
Plant & machinery	5	5
Information technology	2	7
Furniture & fittings	5	5

Buildings excluding dwellings only include the cost of improvements to leasehold premises, which are written off over the term of the lease; hence the low values for minimum and maximum life.

**9. Intangible non-current assets cont'd**

## 9.2.1 2021/22 Intangible non-current assets

	Software Licences £'000	Development Expenditure (internally generated) (Restated*) £'000	Information Technology (Restated*) £'000	Total £'000
<b>Cost at 01 April 2021</b>	<b>2,190</b>	<b>1463</b>	<b>210</b>	<b>3,863</b>
Additions purchased	224	139	-	363
Disposals	-	-	-	-
<b>Cost At 31 March 2022</b>	<b>2,414</b>	<b>1,602</b>	<b>210</b>	<b>4,226</b>
<b>Amortisation 01 April 2021</b>	<b>90</b>	<b>900</b>	<b>85</b>	<b>1,075</b>
Charged during the year	798	229	39	1,066
Disposals	-	-	-	-
<b>Amortisation At 31 March 2022</b>	<b>888</b>	<b>1,129</b>	<b>124</b>	<b>2,141</b>
<b>Net Book Value at 31 March 2022</b>	<b>1,526</b>	<b>473</b>	<b>86</b>	<b>2,085</b>
Asset financing:	-	-	-	-
Owned	1,526	473	86	2,085
<b>Total at 31 March 2022</b>	<b>1,526</b>	<b>473</b>	<b>86</b>	<b>2,085</b>

There is one software licence included above which has a carrying value which is significant to the financial statements. The carrying value and remaining amortisation period of the licence is £927k and 24 months.

\* Within the prior year audited accounts information technology and development expenditure (internally generated) balances were shown aggregated within this note. The values in the total column are unaffected by this change.

**9. Intangible non-current assets cont'd**

9.3 Cost or valuation of fully depreciated assets

The cost or valuation of fully amortised assets still in use was £36k (2021/22: £133k (restated - previously disclosed as £522k)). This value relates to internally generated computer software.

**9.4 Economic lives**

	Minimum Life (years)	Maximum Life (years)
Information technology	2	5
Software licences	2	5
Development Expenditure (internally generated)	2	5

<b>10. Trade and other receivables</b>				
	<b>Non-current 2022/23 £'000</b>	<b>Current 2022/23 £'000</b>	<b>Non-current 2021/22 £'000</b>	<b>Current 2021/22 £'000</b>
Contract receivables	-	408	-	58
Accrued income	-	116	-	0
Expected credit loss allowance - receivables		-		-
Prepayments	99	776	9	373
VAT	-	-	-	60
Other receivables	-	87	-	73
<b>Total</b>	<b>99</b>	<b>1,386</b>	<b>9</b>	<b>564</b>
<b>Total Trade &amp; other receivables</b>	<b>1,485</b>		<b>573</b>	
Included above:				
NHS receivables		57		92
Prepaid pensions contributions		-		-
Capital receivables - PPE		-		-
Capital receivables - Intangibles		324		-

<b>11. Cash and cash equivalents</b>		
	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
<b>Balance at 01 April 2022</b>	<b>834</b>	<b>614</b>
Net change in year	<b>351</b>	<b>220</b>
<b>Balance at 31 March 2023</b>	<b>1,185</b>	<b>834</b>
Comprising:		
Cash with the Government Banking Service	<b>1,185</b>	<b>834</b>
<b>Cash and cash equivalents as in statement of financial position</b>	<b>1,185</b>	<b>834</b>
<p>£5k is held on deposit in a separate bank account on behalf of a third party under the Proceeds of Crime Act 2002 (2021/22: £5k) and is excluded from the above values.</p>		

<b>12. Trade and other payables</b>		
	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Contract payables	<b>1,129</b>	<b>14</b>
Accruals	<b>1,709</b>	<b>1,079</b>
Other payables	<b>46</b>	<b>32</b>
VAT Payable	<b>10</b>	<b>-</b>
<b>Total Trade &amp; Other Payables</b>	<b>2,894</b>	<b>1,125</b>
Included above:		
NHS payables	<b>116</b>	<b>-</b>
Capital payables - PPE	<b>-</b>	<b>-</b>
Capital payables - Intangibles	<b>-</b>	<b>-</b>
There were no non-current payables at 31st March 2023 (2021/22: £Nil).		



<b>13. Borrowings</b>		
13.1 Current Borrowings		
	<b>2022/23 £'000</b>	<b>2021/22 £'000</b>
Lease Liabilities	<b>617</b>	<b>-</b>
<b>Total Current Borrowings</b>	<b>617</b>	<b>-</b>
13.2 Non-Current Borrowings		
	<b>2022/23</b>	<b>2021/22</b>
	<b>£'000</b>	<b>£'000</b>
Lease Liabilities	<b>3,320</b>	<b>-</b>
<b>Total Non- Current Borrowings</b>	<b>3,320</b>	<b>-</b>

<b>14. Provisions</b>				
	<b>Current 2022/23 £'000</b>	<b>Non-current 2022/23 £'000</b>	<b>Current 2021/22 £'000</b>	<b>Non-current 2021/22 £'000</b>
Dilapidations	-	174	97	70
<b>Total</b>	-	174	97	70
<b>Total current and non-current</b>	<b>174</b>		<b>167</b>	
	<b>Dilapidations £'000</b>	<b>Total £'000</b>		
<b>Balance at 01 April 2022</b>	<b>167</b>	<b>167</b>		
Arising during the year	7	7		
<b>Balance at 31 March 2023</b>	<b>174</b>	<b>174</b>		
Expected timing of cash flows:				
Within one year	-	-		
Between one and five years	174	174		
After five years	-	-		
<b>Balance at 31 March 2023</b>	<b>174</b>	<b>174</b>		

<b>15. Contingencies</b>
15.1. Contingent liabilities
<b>There were no contingent liabilities at 31st March 2023 (2021/22: £nil).</b>

<b>15.2. Contingent assets</b>
<b>There were no contingent assets at 31 March 2023 (2021/22: £nil).</b>

## **16. Commitments**

### **16.1. Capital commitments**

The Authority had £115k of contracted capital commitments at 31st March 2023 (2021/22: nil).

### **16.2. Other financial commitments**

The Authority had no other financial commitments at 31st March 2023 (2021/22: nil).

## **17. Financial instruments**

### **17.1 Financial risk management**

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

As the cash requirements of the Authority are met primarily through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line

with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

### **17.1.1 Currency risk**

The Authority is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Authority has no overseas operations. The Authority therefore has low exposure to currency rate fluctuations.

### **17.1.2 Interest rate risk**

All of the Authority's financial assets and financial liabilities carry nil or fixed rates of interest. The Authority is not, therefore, exposed to significant interest-rate risk.

### **17.1.3 Credit risk**

Because the majority of the Authority's income come from funds voted by Parliament and from other public bodies the Authority has low exposure to credit risk.

### **17.1.4 Liquidity risk**

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

<b>17. Financial instruments cont'd</b>				
17.2 Financial assets				
<b>2022/23</b>				
	<b>At 'fair value through profit and loss' £'000</b>	<b>At 'amortised cost' £'000</b>	<b>At 'fair value through other comprehensive income' £'000</b>	<b>Total £'000</b>
Contract Receivables	-	408	-	408
Other receivables	-	979	-	979
Cash at bank and in hand	-	1,185	-	1,185
<b>Total at 31 March 2023</b>	-	2,571	-	2,571
<b>2021/22</b>				
	<b>At 'fair value through profit and loss' £'000</b>	<b>At 'amortised cost' £'000</b>	<b>At 'fair value through other comprehensive income' £'000</b>	<b>Total £'000</b>
Contract Receivables	-	58	-	58
Other receivables	-	133	-	133
Cash at bank and in hand	-	834	-	834
<b>Total at 31 March 2022</b>	-	1,025	-	1,025

<b>17.3 Financial liabilities</b>			
17.2 Financial assets			
<b>2022/23</b>			
	<b>At 'amortised cost' £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Contract payables	1,129	-	1,129
Other payables	1,765	-	1,765
<b>Total at 31 March 2023</b>	<b>2,894</b>	<b>-</b>	<b>2,894</b>
<b>2021/22</b>			
	<b>At 'amortised cost' £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
Contract payables	14	-	14
Other payables	1,110	-	1,110
<b>Total at 31 March 2022</b>	<b>1,124</b>	<b>-</b>	<b>1,124</b>
All of the above financial liabilities have a maturity date within one year.			

## 18. Operating segments

The Board as 'Chief Operating Decision Maker' has determined that the Authority operates as a single segment, which is counter fraud.

This work is within one main geographical segment,

the United Kingdom.

## **19. Related party transactions**

The Authority is a body corporate established by order of the Secretary of State for Health and Social Care.

The parent department, the Department of Health and Social Care, is regarded as a related party. During the year the Authority had a number of material transactions with the Department and with other entities for which the Department is regarded as the parent department, including NHSBSA.

In addition, the Authority has had a number of material transactions with other central government departments and other central government bodies. All of these material transactions have been with HM Revenue & Customs.



Tom Taylor is the NHSCFA Board Chair, he is also a Non-Executive Director for HM Revenue and Customs and a Board Member for Critical eye (Europe) Limited.

Goan Hart is a Non-Executive Director for the NHSCFA, he is also a Lay Assessor for College of Policing Ltd.

During the year the Authority entered into a number of transactions with these organisations, the values including closing balances as at 31 March 2023 and prior year comparatives, are provided in the tables below.

<b>19. Related party transactions</b>				
<b>2022/23</b>				
	<b>Trade and other receivables</b>	<b>Trade and other payables</b>	<b>Operating revenue</b>	<b>Operating expenditure</b>
Name of Organisation	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
HM Revenue and Customs <sup>1</sup>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,487</b>
Criticaleye (Europe) Limited	<b>0</b>	<b>0</b>	<b>0</b>	<b>15</b>
College of Policing Ltd	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
NHS England	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>
Department of Health and Social Care <sup>2</sup>	<b>0</b>	<b>686</b>	<b>0</b>	<b>16</b>
NHS Business Services Authority <sup>3</sup>	<b>10</b>	<b>87</b>	<b>0</b>	<b>309</b>
<b>2021/22</b>				
	<b>Trade and other receivables</b>	<b>Trade and other payables</b>	<b>Operating revenue</b>	<b>Operating expenditure</b>
Name of Organisation	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
HM Revenue and Customs	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,485</b>
Department of Health and Social Care	<b>57</b>	<b>225</b>	<b>0</b>	<b>461</b>
NHS Business Services Authority	<b>1</b>	<b>90</b>	<b>0</b>	<b>223</b>

1 Expenditure with HM Revenue and Customs relates to payroll deductions

2 Expenditure with Department of Health and Social Care relates to building lease costs and CFA secondments

3 Expenditure with NHS Business Services Authority relates to contracted services

## **20. Events after the end of the reporting period**

The Authority is not aware of any impacts on the cash flows, assets or liabilities reflected within the financial statements for the year ended 31 March 2023.

## **21. Losses and special payments**

The Authority had no losses or special payments for the year ended 31 March 2023.

## **22. Registered office**

The registered office for the NHS Counter Fraud Authority is

NHS Counter Fraud Authority  
7th Floor  
HM Government Hub  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

# Glossary

Term	Explanation
<b>ALB</b>	Arm's-Length Body
<b>ARAC</b>	Audit, Risk & Assurance Committee
<b>CFB</b>	Counter Fraud Board: The Counter Fraud Board is chaired by Department of Health and Social Care which draws together key national organisations including: NHSCFA, NHS Business Services Authority and NHS England and NHS Improvement; with representation from Cabinet Office for strategic oversight of all NHS counter fraud activity.
<b>CFC</b>	Counter Fraud Community or Counter Fraud Champion
<b>The CLOUD</b>	The Cloud is a remote computer storage facility accessed by data users and owners via the internet removing the need for IT hardware
<b>Clue</b>	The case management system used across the Counter Fraud Community
<b>(COFPP)</b>	Cabinet Office Fraud Prevention Panel
<b>(C&amp;AG)</b>	Comptroller and Auditor General
<b>DHSC AFU</b>	Department of Health & Social Care Anti-Fraud Unit: NHSCFA sponsor organisation
<b>DFU</b>	Digital Forensic Unit
<b>DoF</b>	Director(s) of Finance
<b>EP</b>	Evolution Programme
<b>F&amp;CG</b>	Finance & Corporate Governance
<b>FPU</b>	Fraud Prevention Unit
<b>GIAA</b>	Government Internal Audit Agency
<b>GCFP</b>	Government Counter Fraud Profession
<b>GDPR</b>	General Data Protection Regulation
<b>HR</b>	Human Resources
<b>ICB</b>	Integrated Care Boards
<b>IG</b>	Information Governance

<b>Term</b>	<b>Explanation</b>
<b>IT</b>	Information Technology
<b>IS</b>	Information Systems
<b>ISO</b>	International Organization for Standardization
<b>LCFS</b>	Local Counter Fraud Specialist: an accredited counter fraud specialist providing counter fraud services to individual health bodies. They may be employed by public or private sector audit consortia or directly employed by a specific health body or bodies. There are 240 LCFS currently working in the health service. They are primarily involved in preventing, deterring and detecting fraud as well as conducting smaller scale criminal investigations.
<b>LPE</b>	Local Proactive Exercise: a risk-based exercise focusing on specific areas of vulnerability which are conducted by LCFSs.
<b>NED</b>	Non-Executive Director
<b>NHSCFA</b>	The National Health Service Counter Fraud Authority
<b>NIS</b>	National Investigation Service of the NHSCFA
<b>PAP</b>	Performance & Assurance Panels: A panel conducted every quarter to examine current performance levels for all business units and to offer challenge. The outcomes are reported to the Board.
<b>PEA</b>	Post Event Assurance: an exercise conducted to provide assurance or otherwise following a specific event or series of events
<b>PPA</b>	Performance, Projects & Analytics
<b>PPN</b>	Procurement Policy Note: guidance issued by the Cabinet Office to public bodies in respect of good practice in procurement.
<b>REMCO</b>	Remuneration and Nominations Committee
<b>RRRG</b>	Risk Register Review Group
<b>SCR</b>	Summary Care Record
<b>SIA</b>	Strategic Intelligence Assessment



