

Annual Report and Accounts 2019/20



NHS Business Services Authority Annual Report and Accounts 2019/20

Presented to Parliament pursuant to Schedule 15, Section 6 of the
National Health Service Act 2006

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Contents

1. Performance report	5
1.1 Overview	6
1.1.1 Statement from our Chief Executive	6
1.1.2 About us	7
1.1.3 Our key risks and issues	10
1.1.4 Performance summary	12
1.2 Performance analysis	30
1.2.1 How we measure performance	30
1.2.2 Financial review	30
1.2.3 Corporate responsibility	34
2. Accountability report	41
2.1 Corporate governance report	42
2.1.1 Directors' report	42
2.1.2 Statement of Accounting Officer's responsibilities	43
2.1.3 Annual governance statement	44
2.2 Remuneration and staff report	66
2.2.1 Remuneration report	66
2.2.2 Staff report	75
2.2.3 Trade union facility time	81
2.3 Parliamentary, accountability and audit report	82
2.3.1 Regularity of expenditure	82
2.3.2 Fees and charges	82
2.3.3 Remote contingent liabilities	82
2.3.4 Long term expenditure trends	82
2.3.5 Accounting Officer's disclosure to the auditors	82
2.3.6 External auditors	82
Appendix 1 – Sustainability report	83
The Certificate of the Comptroller and Auditor General to the Houses of Parliament	90
Financial statements and notes to the accounts	96

1. Performance report

A photograph of two NHS staff members, a woman and a man, sitting at a table and reviewing a document. The woman is on the left, wearing a black floral patterned top and a blue lanyard. The man is on the right, wearing a blue and white striped shirt and a blue lanyard. They are both looking down at a document on the table that features a bar chart. The background is a wall covered in colorful sticky notes.

Our performance report gives an overview of 2019/20, including a section giving details of our purpose, activities and performance during the year.

1.1 Overview

1.1.1 Statement from our Chief Executive

The NHS Business Services Authority (NHSBSA) aims to be a catalyst for better health. We do this through delivering high quality, efficient and effective business services and in recent years have become well known for our ability to transition complex and complicated services and to digitise and transform them, utilising the data and insight gathered to improve patient outcomes, patient safety and taxpayer value.

It was a real privilege to be appointed as Chief Executive in September 2019, to lead an organisation which had a great track record of success and with incredible colleagues determined to go above and beyond to deliver the best possible services for our users. Since joining it has been inspiring to see the sense of shared purpose of colleagues, who genuinely care about each other and about the difference they make together to the wider health and care system.

Our drive to make things easier for our users continued during 2019/20 through our programme of digitisation, resulting in an increasing number of users being able to interact with us in more modern and efficient ways. We've also introduced new services such as the Healthy Foods Scheme and transitioned into the NHSBSA the remaining elements of reciprocal healthcare functions formerly undertaken by the Department of Work and Pensions (DWP).

We pride ourselves on always trying to do the right thing and have been very conscious of the environmental impacts the delivery of our services have and we've taken great strides throughout the year to reduce this. We've removed many single use plastics internally from our day to day operations and an increasing amount of paper and plastic prescription exemption cards are now issued digitally, further reducing our carbon footprint.

The latter part of the year has seen a global pandemic which will change our lives forever. Amongst all of the challenges that this has posed, I have seen some truly inspirational service delivery and, as pleasingly, our colleagues demonstrating exemplary behaviours and a real can do attitude. I am extremely proud of the way all our colleagues have pulled together to support the national response to COVID-19 and NHS frontline, whilst at the same time supporting each other. We've been nationally recognised for our efforts and it is thanks to the determination and dedication of our amazing people we can continue to play a key role in the recovery as we move into 2020/2021.

In this context it has been an incredibly challenging year to produce the Annual Report and Accounts. The Comptroller and Auditor General (C&AG) has chosen to qualify his opinion on one aspect of the financial statements relating to the valuation of £28m of internally generated intangible assets. These matters are discussed in more detail in the Governance Statement and the C&AG's certificate and report within these Accounts. We are working towards lifting the qualification and consider the circumstances in which the qualification having arisen to be exceptional.



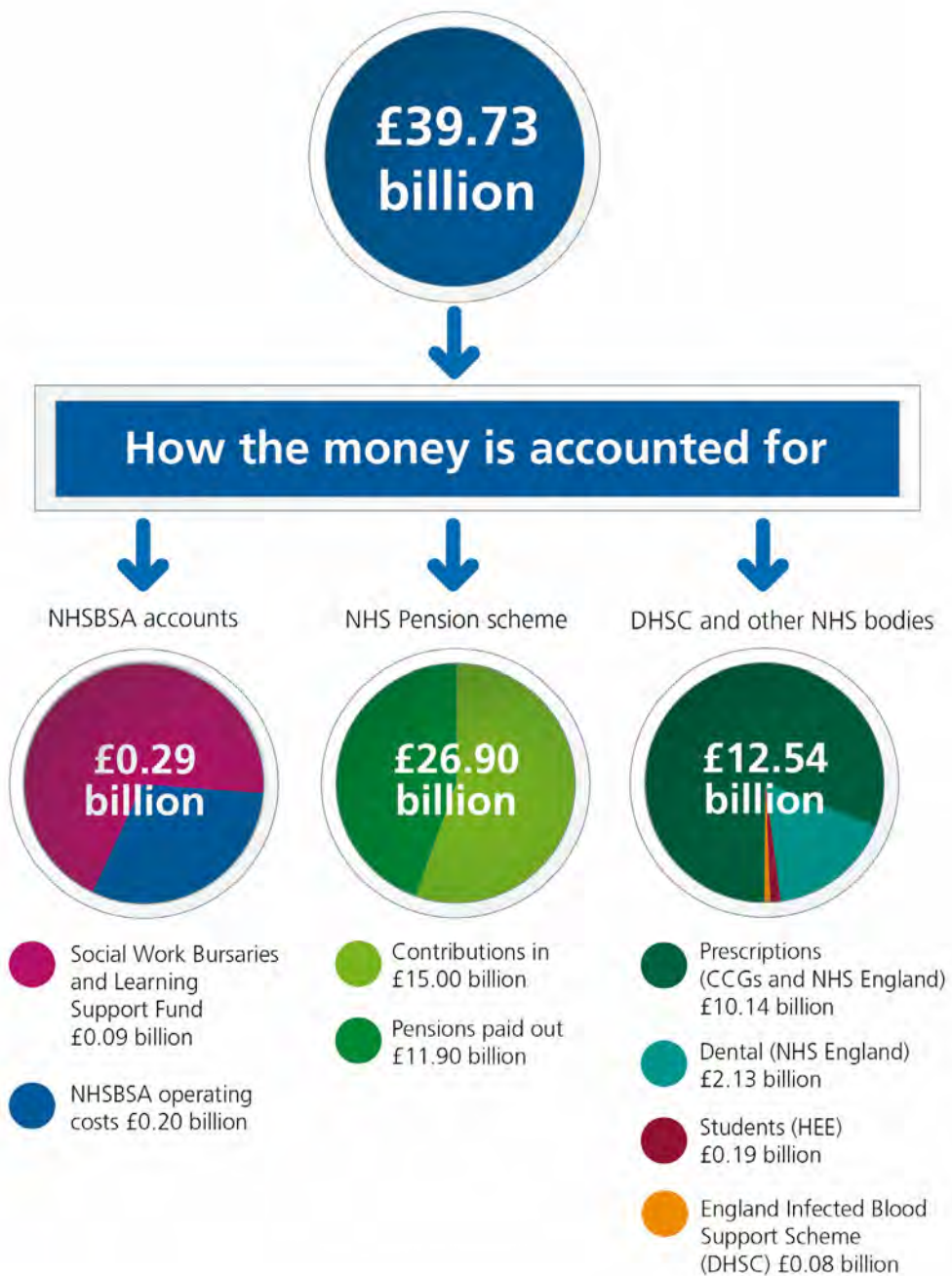
Michael Brodie
Chief Executive

Many things have been achieved over the course of the year and it's incredibly difficult to acknowledge all of them within a short introduction. There are so many examples that showcase our work over the year throughout this report, highlighting how our incredible people have delivered a diverse range of services, both directly and collaboratively with other organisations, to show we are truly the delivery partner of choice for the wider health and care system.

1.1.2 About us

We are an Arm's Length Body of the Department of Health and Social Care (DHSC). We are responsible for providing platforms and delivering services which support the priorities of the NHS, Government and local health economies and in so doing we manage around £39 billion of NHS spend annually. Figure 1 shows the money we handle and how it is accounted for.

Figure 1: The money flowing through the NHSBSA



We are known for delivering, digitising and transforming at scale complex business services which support frontline NHS delivery, as well as the people who work in the NHS and help the public gain access to healthcare costs to which they are entitled. We also help connect people to the health and care system, we create insight and we add value. Building on this success of delivering our core services, we have been asked by Government and the NHS to add and develop new services to our portfolio and to use the data and insight this brings to drive further savings and improve patient outcomes.

By providing these services once, nationally and at scale and by digitising and utilising leading-edge technology we deliver great taxpayer value and great savings for the NHS which can then be reinvested in frontline care.

As an organisation, we are well-placed to support the DHSC's response to the levelling-up challenge set down by Government. We are proud to have our Head Office in the North East of England and operate from other sites across the country, which means we are well placed to deliver services at a national and regional level.

In April 2019 we entered into the second year of our three-year strategy and we launched our six strategic ambitions to support the delivery of the NHS Long Term Plan and national agenda.

Our organisation is made up of operational and enabling services. The three operational areas focus on:

1. Platforms and services we provide to the NHS to best support it's people
2. Services we provide to support essential primary care function
3. Services direct to the public to enable citizens to gain access to the healthcare and help with health costs to which they are entitled.



Primary Care Services

- NHS prescriptions in England that are dispensed in Primary Care.
- NHS Dental Services – providing a range of services to over 25,000 NHS contracted dentists who provide NHS dental services across England and Wales.
- Provider Networks – an end to end national assurance service that facilitates effective management of contracts and activity delivered under those contracts.
- Scanning Services – a solution that delivers monetary savings and reduces the need for physical storage through cloud solutions.

Citizen Services

- NHS Help with Health Costs – supporting patients and customers to gain help with costs associated with health care through our exemptions offering.
- Overseas Healthcare Services – administering registrations and claims for visitors, movers and those requiring planned treatment abroad, as well as managing the European Health Insurance Card scheme.
- Customer and Contact Services – resolving millions of customer queries quickly and first time across a number of call streams.
- England Infected Blood Support Scheme – providing ex-gratia support to people and families affected by infected blood products.
- Exemption Checking Services - helping patients access help with health costs which they are entitled to and reducing loss through fraud and error through incorrect exemption claims.
- Student Services – providing financial advice and support to healthcare students.
- Healthy Food Schemes – helping eligible families with young children to buy basic foods e.g. fresh fruit and vegetables to help them get the best start in life.

NHS Workforce Services

- NHS Pensions – administering the NHS Pension scheme for members, employers and pensioners.
- NHS Jobs – the online recruitment service for the NHS in England and Wales.
- HR Shared Services -a shared human resources and learning service for the NHS and wider health and care system.
- Electronic Staff Record (ESR) – an integrated workforce solution provided to NHS organisations in England and Wales including recruitment, HR, Payroll and learning capabilities.

Our enabling services provide support to our operational services and the wider health system. All our functions come together to form 'One NHSBSA' and deliver our brilliant business.



We design and deliver our 'brilliant business' around the needs and expectations of our customers, ensuring their experiences are positive. To do this we really need to understand our customers and as such we have segmented them into four groups:

1. Our Users – anyone who uses our services, from a member of the public to clinical providers
2. Our Sponsor – we are accountable to DHSC
3. Our Commissioners – anyone who commissions a service from us
4. Internal customers – our internal NHSBSA colleagues.

1.1.3 Our key risks and issues

Our key risks and issues are as follows:

- Public Sector Pensions Ruling
- Serious Shortage Protocols
- EU Transition Period - Operational Changes
- IR35 Compliance
- Information Security
- Funding
- COVID-19 Pandemic
- Suitability of Directions
- Asset Register Review and Audit

A summary of our key risks and issues is given in our Annual Governance Statement in section 2.1.3.



1.1.4 Performance summary

The scale of our services:



Over 700,000 people checked online to see if they could get help with their health costs



5.2 million contacts with our customers through our Customer and Contact Centre each year



Helping over 300,000 pregnant women and new mums to get free NHS treatment



Over 1.4 million digital Prescription Prepayment Certificates issued, saving customers money



70 million documents scanned for 1 NHS Trust, helping to save space and increase efficiency



We maintain the largest **drugs database in Europe**



Over £9 billion paid to pharmacy contractors for vital drugs they have dispensed to patients



43.6 million dental claim forms processed with over **97%** being submitted electronically



£2 billion per year paid to dental contractors for treatment provided to patients



Over 70% of people using **Electronic Prescribing Service** saving the NHS both time and money



11 million candidates registered to use NHS Jobs



1.2 million unique portal users of Electronic Staff Record (ESR)



4.2 million applications submitted on NHS Jobs website



7,700 organisations use NHS Jobs as a recruitment tool



3 million members of the NHS Pension Scheme

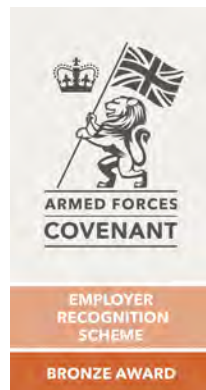


£12 billion paid to pensioners each year

Our certifications and awards



North East
Better Health
at Work Award
Continuing Excellence



Working towards our strategic goals



Customer

"We make things easy for our customers through the delivery of brilliant basics"

Description	Achievement
Delivering on our brilliant basics.	Our performance in the delivery of brilliant basics increased during 2019/20 with KPIs meeting or exceeding targets in over 90% of instances during the year.
Net Promoter Score (NPS) targets that measure satisfaction with our services have been achieved.	14/25 services achieved NPS target during 2019/20, 13 achieving =>45.
Net Easy Score (NES) targets that measure how easy it is to use our services have been achieved.	17/25 services achieved NES target during 2019/20, with 15 =>45.
Customer experience framework and network.	We have established a customer experience network to drive a culture of excellent customer service, ensuring we listen to our customers and deliver positive customer experiences.



People

"Our people are enabled to bring their best. We develop our talent with an eye to the future"

Description	Achievement
Best Companies Ltd annual employee engagement survey used for the second time in 2019/20.	We achieved 'One to Watch' in the Best Companies Index for 2019/20 and have developed corporate and local actions plans to continue to build on the engagement levels across the organisation.
Two days volunteering leave available to our colleagues each year.	A total of 968 volunteering days were taken during 2019/20 to support local initiatives and charities. This is an increase of 325 days compared to 2018/19 where 643 day were taken.
Employers Network for Equality and Inclusion (enei) Gold Standard by March 2021.	Gold Standard achieved one year ahead of target.
Stonewall Workplace Equality Index Top 100 employers.	Achieved 51st in the index (up 37 places in one year).



Social Value

“We collaborate to maximise the return on data to improve health outcomes for patients”

Description and target	Achievement
Our charity partners for 2019/20 were the Samaritans and Trussell Trust.	Over £13,500 raised during 2019/20 which has funded over 2,700 calls for the Samaritans. Food drives and volunteering activity coordinated across all sites for the Trussell Trust.
Work collaboratively on three projects that add social value and our data will be used for wider academic research.	We have worked closely with partners on five projects supporting research that improves the health of patients or identify opportunities to avoid harm.
Behavioural change occurred in published dashboards.	Behavioural change has been identified in two out of seven clinical dashboards.
Catalyst open data – annual access rate of 8,000 during 2019/20.	During 2019/20 there were 9,611 sessions logged with our Catalyst Public Insight Portal allowing access to prescription data, 20% higher than originally forecast.



Growth

“We deliver new services in a financially sustainable, ethical way”

Description	Achievement
Business Development Network and Pipeline.	A business development network and pipeline has been established to centrally coordinate business development opportunities across the organisation.
Due diligence framework for new opportunities.	A due diligence framework has been developed and is being used to apply rigour to new NHSBSA business opportunities; ensuring they fit with strategic goals and capacity, mitigating risk to the organisation.



Money

“We generate efficiency across the health and social care system”

Description	Achievement
Generate £250m of wider system efficiencies by March 2021.	<p>We successfully delivered in excess of £279m of efficiencies to the wider system. These were generated from several activities including:</p> <ul style="list-style-type: none">• Provider Assurance• Exemption Checking Services• Electronic Prescription Service (EPS)• Behavioural change from uptake and application of findings from ePact2 dashboards.



Our key areas of work

NHS Jobs



Over the past 12 months the NHS Jobs transformation project has focused around the design, development and delivery of a service that met the needs of small users such as GP practices. The first version of the service was rolled out to a small number of selected GP practices in July 2019. This is now in use by an increasing number of GP practices and charities, with over 2,300 organisations on-boarded with over 1,700 vacancies published.

The service has seen over 15,000 new candidate accounts created, resulting in over 9,000 applications for vacancies.

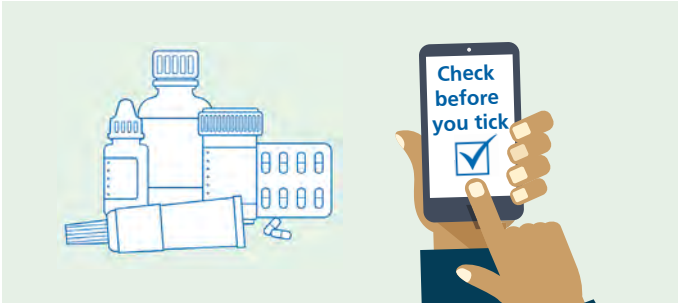
We continue to develop the service to increase levels of functionality and have an implementation team in place to manage the on-boarding of additional NHS organisations over the next 12 months.

We also supported NHS England and Improvement (NHSE&I) with their General Practice Nursing Ten Point Plan Programme. A new website was created to promote hard to fill General Practice Nursing roles, encourage retention for those already in post and engage with those who have left the profession to encourage a return.

This also allowed us to build greater working relationships with NHSE&I. This relationship has been used to access their GP Networks to raise awareness, amongst GP Practice Managers, about NHS Jobs and the need to transition to the new service.

We have supported DHSC around work to identify a future strategy for Social Care recruitment. This included carrying out a discovery exercise in quarter 4 to identify the user needs in this area and any opportunities aligning to the work on developing the new NHS Jobs service. The next steps on this work will be agreed in early 2020/21.

Exemption Checking Services



In 2019/20 the Benefit Eligibility Checking Service (BECS) was brought in-house after a number of years being operated by a third-party provider with all case details from the BECS service transitioning into the NHSBSA Dental Exemption Checking Service (DECS).

Work involved large scale data migration, enabling existing patients to continue payment of their Penalty Charge Notice (PCN) or surcharge as well enabling NHSBSA staff to deal with future queries using the DECS system. As a result, from 1 December 2019 all Penalty Charge Notices issued for dental treatments, where free or reduced dental treatment had been claimed but eligibility could not be confirmed, were issued directly by the NHSBSA.

The NHSBSA now offers one aligned service that recovers monies, that have incorrectly left the NHS, to NHSE&I.

Following on from the successful prescriptions communications campaign 'Check before you tick' carried out in 2018, a continuation of the campaign message was refreshed in October 2019 through to December 2019. January 2020 also saw the launch of the first dental communications campaign using the 'Check before you tick' message.

The refreshed prescriptions campaign re-emphasised the 'Check before you tick' message educating patients on eligibility to free prescriptions and consequences to claiming incorrectly. The results of the campaigns so far have demonstrated an increased awareness amongst the general public and pharmacists.

The launch of the chargeable NHS dental treatments campaign has strengthened the message to patients to understand their eligibility and continue education of what help is available.

Overseas Healthcare Services



In 2019/20 Overseas Healthcare Services (OHS) completed the transition of the remaining reciprocal healthcare functions formerly undertaken by the Department of Work and Pensions (DWP) on behalf of DHSC.

The S2 entitlement service which allows UK insured people to receive planned treatment in the European Economic Area (EEA) transitioned in May 2019.

The Member States Claims Service which processes reimbursement claims made by EEA Member States against the UK transitioned in June 2019.

The Cost Recovery Service provides support to NHS Trusts to improve the reporting of chargeable healthcare costs for overseas visitors from the EEA and the UK Claims Service raises claims against EEA Member States transitioned in July 2019.

The Direct Customer Claims Service transitioned in August 2019 and allows eligible customers, who have been charged for treatment when travelling in the EEA, to make a claim for reimbursement.

Throughout 2019/20, in parallel to the transition of services from DWP, OHS provided extensive support to DHSC in planning and preparing for the EU transition period.

Electronic Prescription Service



Our work with NHS Digital and NHSE&I has continued to increase use of the EPS, providing time savings in practices and pharmacies, utilising a secure, reliable and confidential service for patients and improving the data we capture. In 2019/20 this resulted in over 73% of all prescriptions being sent electronically, an increase of almost 7% since March 2019. This has now contributed to operational savings of over £10 million for the NHSBSA. Our EPS support team have built up a knowledge base around EPS and electronic repeat dispensing which allows them to provide detailed and insightful support to users.

Manage Your Service



The Pharmaceutical Services Negotiating Committee (PSNC) and NHSE&I agreed to mandate the use of MYS for three services this year, those being, Flu Vaccination Claims, Pharmacy Quality Scheme Declarations (formerly Quality Payment Scheme) and Community Pharmacist Consultation Service (CPCS) registrations. These services being mandated resulted in over 90% of pharmacies registering to use Manage Your Service, exceeding our target of having 82% of pharmacies registered by March 2020.

Secondary Care Authoring



We have successfully taken over the secondary care authoring from NHS Digital during 2019/20. This represented a significant step forward as we progress with the long term ambition of linking hospital pharmacy systems and an array of NHS organisational databases to that of our own Common Drug Reference (CDR) database and Dictionary of Drugs and Medical Devices (DM+D).

New FP10 Prescription Form



We have worked with DHSC to make changes to the FP10 prescription form so that, among other things, there is an exemption category for Universal Credit.

One Drug Data



For many years the NHSBSA has had two repositories of drug data; Master Data Replacement (MDR) and CDR. This approach carried a degree of risk to accuracy and quality. The One Drug Data project has remediated this completely by replacing the two sources with a single one, removing MDR drug data usage entirely.

This new version provides prescribing and dispensing data based solely on CDR drug information.

Having one source of drug information brings enormous benefits as it simplifies, standardises and improves the quality of information both within the organisation and for external customers.

Scanning



Our Newcastle Scanning Services have completed the digitisation of archive records for one of the largest hospital trusts in the UK and they continue to deliver a one day forward scanning service for this client.

Our Newcastle scanning team commenced digitisation of mental health care records for patients across the North East region, forging close relationships with regional healthcare providers and supporting better outcomes for both the NHS and the people within our communities.

Our Middlebrook colleagues are undertaking the scanning of Lloyd George Records for a number of CCG's within London. During 2019/20 we expanded on our ability to deliver at scale and reinforced our reputation for reliable service delivery with both external and internal stakeholders.

Provider Assurance



In 2019/20 we delivered benefits in excess of £60 million to NHSE&I and Welsh Health Boards through increased interventions, support and guidance to contractors, and improved controls on claims and financial recoveries. We have expanded the service to cover an increased portfolio. Support and guidance continue to be offered to contractors which has resulted in a decrease in inappropriate or incomplete payment claims. We have piloted a number of performance and contract management activities across the different contractor groups which will be rolled out nationally to drive further improvements and value for money across the system.

Following the successes of these areas NHSE&I have requested NHSBSA to explore a GP Provider Assurance service where the positive principles of service delivery can add value in this area.

Our Provider Assurance Ophthalmic team has rolled out post payment verification activity across all NHSE&I Regional Teams. The Pharmaceutical Services team have successfully facilitated the delivery of the new Pharmacy Quality Scheme and the verification of claims within this. Our Dental team worked with commissioners to co-design and fully roll out a contract management service that provides consistency via a national framework and tackles variation in volume of activity under NHS Dental contracts. This will contribute to improved access to dentistry for patients and provides further assurance about recovery of under-delivered contractual obligations.

NHS Pensions Service Delivery



Insourcing activities were completed in June 2018 bringing in Pensioner Administration and Payroll work that was previously outsourced. Whilst NHS Pensions made organisational, technical and procedural changes ahead of the insourcing, a combination of backlogs and emerging system issues remained in April 2019.

Throughout 2019/20, recovery projects were successfully executed for Awards, Bereavements and Quality ensuring performance in those areas was recovered. The recovery was achieved within timeframes and budgets consistent with agreements made between NHS Pensions, DHSC and the NHS Pensions Board.

By February 2020, with the agreement of the DHSC and the Pensions Board to exclude Substitute Awards, all NHS Pensions performance measures were achieved.

A plan to recover Substitute Awards has since been agreed with the NHS Pensions Board to recover in a two-tiered approach preventing further cases going over twelve months old and maintaining current performance.

Make Contribution Payments



Make Contribution Payments (MCP) was developed by the Pensions digitisation programme and continues to be improved. It has been live since April 2019 and rollout continues to on-board all 9,500+ employers with almost 50% using MCP currently. MCP allows employers to report the total value of member contributions monthly for the scheme to collect that amount of money from their bank. The scheme currently collects circa £11bn per year in contributions.

Customer and Contact Services



NHSBSA's Contact Centre supported the delivery of the National Supply Disruption Response (NSDR) service in relation to the EU transition period over 2019/20. A customer service helpline was created as a key enabler to the Serious Shortage Protocols which monitors the supply situation and coordinates actions to address supply disruption incidents.

They have also been nationally accredited to a Global Standard by CCA, reinforcing the quality processes and provisions in place for excellence in customer service.

Patient Services



Digital reminders, that were previously only available to 12 month Prescription Prepayment Certificate (PPC) holders, have been made available for all eligible PPC customers who applied online. They can now also receive digital direct debit notifications, saving postage costs as well as making the information more accessible for customers. PPCs now currently applied for online are around 85% of overall volume. The postal application route has been decommissioned with only residual forms being submitted, resulting in efficiency savings.

This was the first full year of issuing digital and non-plastic certificates for PPC, Maternity Exemption and Tax Credits customers. This has resulted in those customers receiving digital certificates. These are received more quickly, with reduced postage costs and environmental benefits by removing plastic cards.

We have continued our digital transition within the Low Income Scheme with around 10% of all applications currently being made online. This provides further efficiencies in the process as well as additional postal and printing savings.

Student Services



On 6 June 2019 the Social Work Bursary MyFunding student application went live for students to apply for their annual bursary. This system replaced a legacy system and provided a number of customer journey improvements.

December saw the announcement of the Government's commitment to recruit an additional 50,000 Nurses by providing additional funding for all Nursing, Midwifery and many Allied Health Professional courses (including Paramedics) which we were directed to administer. A project was established and development is underway to deliver this funding from September 2020.

We have also introduced a new work manager solution which has provided many benefits including more accurate work planning, forecasting and modelling.

eDEN



Our primary care dental reporting system has been available to NHS Commissioners since August 2019. Since then, the system has been continually developed to provide all the information our customers were used to.

We've also opened the system up to our colleagues in Public Health England (PHE) to allow them easier access to our data, allowing them to work much more closely with the commissioning teams across England and Wales. The coming year will see a push to deliver eDEN into each dental practice, allowing dentists and their teams greater access to their own data which should result in an improved ability for them to manage their practices more effectively.

Most recently, eDEN has seen a daily data feed implemented, the first of its kind in Information Services, to support the NHS monitor Urgent Dental Centres, a key part of the COVID-19 response work.

In February, another reporting platform, eOPS, was launched. eOPS contains for the first time, a national view on Ophthalmic data for NHSE&I. This system was delivered ahead of time and fully met the expectations of the NHSE&I team sponsoring the project.

In 2020/21 eOPS will transform to contain patient and claim level data, which should allow the NHSBSA to build frameworks for analysing potential fraud, risk and other key metrics around this field of primary care.

Former British Child Migrant Payment Scheme



The NHSBSA set up the scheme under direction from DHSC following a recommendation made in the Independent Inquiry into Child Sexual Abuse (IICSA) and its report on child migration programmes.

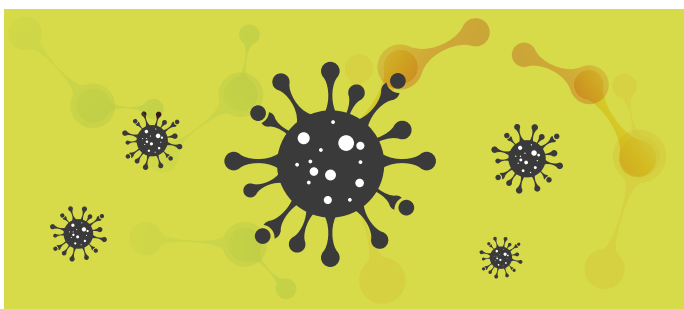
NHSBSA worked collaboratively with DHSC and the Child Migrants Trust (CMT) to establish an ex-gratia payment scheme for former British child migrants, who have been affected by historical child migration programmes. The scheme commenced in April 2019 and will run until 31 March 2021.

Healthy Food Schemes



The NHSBSA manage the 'Healthy Food Schemes' (HFS) supplier contracts on behalf of DHSC. The Healthy Food Schemes are made up of 'Healthy Start', 'Nursery Milk' and 'Schools Fruit and Vegetables'. In October 2019, a Healthy Start digitisation project was transferred to NHSBSA from DHSC. This project will deliver a GDS-compliant digital application and a pre-payment card will replace the paper application and paper voucher process currently in use. The Healthy Start project team have worked extensively with DHSC, suppliers, stakeholders and beneficiaries to ensure the project builds on the work already undertaken by DHSC. Although some milestones have been impacted by the COVID-19 pandemic, this project is expected to deliver the new service in 2020/21, with the NHSBSA becoming the administrators of the scheme under Directions from DHSC.

COVID-19 response



As well as delivering all of our usual services, the latter part of the reporting year had a heavy focus on our contribution to the national COVID-19 response. In addition to the services detailed below, we have also been planning and preparing to support and deliver additional response services early in the 2020/2021 reporting year.

Dedicated 111 COVID-19 Contact Centre helpline

In early March 2020, we stood up a contact centre within 12 hours, ensuring 50 agents (now 150) were identified and trained, scripts written and agreed, and connectivity to telephony/systems established. We went live with c.500 calls per day and within a week we were answering 1,300 calls per day. Volumes peaked at over 7,500 per day and we are providing 20% of the overall call volume for PHE.

Informing at risk patients

NHSBSA took responsibility for the delivery of a bulk text messaging service and from 23 March 2020 we began to contact those members of the public deemed most at risk (c.1 million by text).

Self-isolation text service

At the outset of the outbreak, working with NHSX and PHE, the NHSBSA Digital Team piloted a number of text messaging services to people who had been asked to self-isolate, reminding

them of the latest advice, thanking them for their compliance and updating them to how long they had left in isolation.

Network connectivity for the new NHS Nightingale Hospital

We provided technical expertise to ensure that the new NHS Nightingale Hospital at the Excel Centre in London was connected to the Health and Social Care Network which is the underlying data network for all NHS organisations and fundamental to the functioning of the hospital.

GP Support helpline for personal protective equipment (PPE)

From early March 2020, NHSE&I began issuing PPE packs to all healthcare settings. We were asked to provide a support helpline to GPs to ensure the flow of this vital protective equipment to our NHS colleagues. This was subsequently expanded to cover Pharmacy.

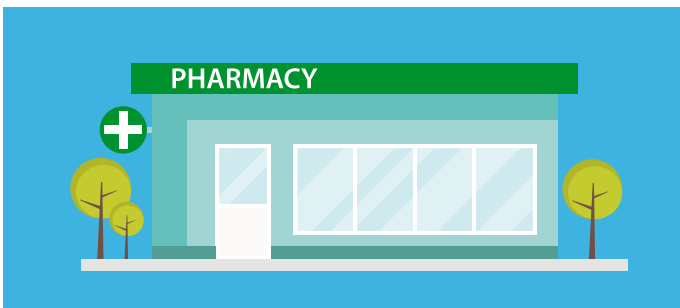
Electronic Staff Record (ESR) Coding

In order to support likely future reporting requirements at the outset of the outbreak, we proactively engaged with DHSC and PHE to create a set of codes in ESR – the national payroll/HR platform which we own and operate on behalf of the NHS. This now allows NHS organisations to identify and report on the level of absence (sickness, isolation etc.) related to the COVID-19 outbreak and help with workforce planning to maximise the resources available to the frontline. We have developed a daily briefing pack which we share with colleagues in NHSE&I to supplement and validate their data from local organisational returns.

NHS Jobs

The NHSBSA launched a COVID-19 indicator tool on its NHS Jobs platform, which allows applicants wishing to work in the NHS to search and filter for roles related to COVID-19 and the unique COVID-19 icon makes them easy to identify. The tool also allows employers to flag new and existing vacancies as COVID-19 related. Our NHS Jobs team have also worked closely with LinkedIn to accelerate recruitment of critical healthcare staff.

Cash flow support for community pharmacy



Working with colleagues in DHSC and NHSE&I we have made additional funds available to support community pharmacy to address an unprecedented increase in demand and to reflect the outstanding response from these contractors to support our Primary Care Services. Over a two-day window we calculated and then made payments to all active pharmacies (c. 10,000) equating to £300m.

Technology Programmes



Our IT improvement programme (ITIS) continued during the year and despite significant delays between June and December 2019 (see Annual Governance Statement), we have now implemented the new service model with full migration of services to our new suppliers. We completed a full end user device refresh for the NHS Pensions service and accelerated a similar device refresh for all users; we also accelerated the deployment of Microsoft Teams.

The greater control we now have with end user computing, the availability of virtual private network access for up to 3,000 staff and the enhanced cloud hosting and management service all became major factors in our COVID-19 response allowing us to achieve remote working for most staff within three weeks of lockdown, and enabling the NHSBSA to deliver a range of new and enhanced services in support of the COVID-19 response.

1.2 Performance analysis

1.2.1 How we measure performance

To ensure we deliver our ‘brilliant business’ throughout the year, our performance is measured and monitored using a range of performance metrics. These metrics are reviewed on an annual basis to ensure that we are measuring the things that matter.

Using a monthly Balanced Business Scorecard we report on our performance to the Leadership Team through our Delivery Boards and to the NHSBSA Board at their meetings. Included within this reporting is:

- strategic goals and overarching measures
- operational KPI's
- sponsor KPI's that are agreed with our sponsor and clients
- customer satisfaction
- complaints
- benefits
- finance
- delivery against our change programmes
- business opportunities
- people insights
- health and safety
- environment and resource efficiency
- spotlights on new services
- watch outs detailing trends, recovery plans etc.

In addition, the Leadership Team and Board also receive reports that provide a deeper review of performance in specific business areas as-and-when appropriate and an Annual Review of Performance Report.

1.2.2 Financial review

Background

The financial statements contained within this report have been prepared in accordance with the Direction given by the Secretary of State for Health and Social Care under the NHS Act 2006 and in a format instructed by the DHSC with the approval of HM Treasury.

Our accounts for 2019/20 have been prepared in accordance with DHSC Group Accounting Manual 2019/20 (GAM) and comply with HM Treasury's Government Financial Reporting Manual 2019/20 (FReM). The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. They comprise a Statement of Financial Position, Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers Equity, all with related notes.

The accounts are based on two distinct segments. Student Support via the payment of Social Work Bursaries, Education Support Grant (ESG) and the Learning Support Fund (LSF) and the Authority's operating expenditure relating to the provision of services to the wider NHS.

The NHSBSA came into operation in April 2006. Based on normal business planning and with the continued financial support of DHSC, as an Arm's Length Body, and our other commissioners across the wider healthcare system, our Leadership Team have a reasonable expectation that we will continue to operationally exist for the foreseeable future. For this reason, we have adopted the

going concern basis for preparing the financial statements.

Financial performance 2019/20

As a Special Health Authority, we receive funding from the DHSC to deliver a range of essential services outlined in our Direction Order.

In 2019/20 the DHSC increased our service portfolio by transferring responsibility to the NHSBSA for provision of the Child Migrant Payment Scheme and for EU transition period preparation. In addition to this we have seen growth in our Provider Assurance service, including the introduction of a new Ophthalmic element. Increases in our operating expenditure were

funded by both an allocation of Revenue DEL from DHSC and revenue generated by the services.

The accounts for the 2019/20 financial year do not include NHS Supply Chain. The operational and reporting responsibility for this service transferred from the NHSBSA to Supply Chain Co-ordination Limited (SCCL) with effect from 1 April 2019. This has removed around £2 billion of income and expenditure from the NHSBSA's accounts and around £183 million of net assets from the Statement of Financial Position.

Table 1 summarises our performance against the financial targets set by DHSC. We are able to report that we successfully operated within our funding envelope.

Table 1: Financial target performance 2019/20		
Funding stream	Limit £m	Achieved
Administration Revenue DEL		
Non Ring-Fenced	75.4	✓
Ring-Fenced	17.0	✓
Programme Revenue DEL		
Non Ring-Fenced	42.1	✓
Ring-Fenced	12.0	✓
Capital expenditure	33.0	✓

Note: DEL - Departmental Expenditure Limits.

Better Payments Practice Code

We are required to report our performance against the Better Payments Practice Code, which requires non-NHS trade creditors to be paid within 30 days or agreed terms. Our performance against this target for 2019/20 is detailed in Table 2 below.

Table 2: Better Payments Practice Code performance 2019/20 (2018/19)	Number	Value £m
Total non-NHS trade invoices paid	11,903 (11,996)	161.4 (188.9)
Total non-NHS trade invoices paid within target	10,632 (10,234)	142.4 (157.5)
Percentage of non-NHS trade invoices paid within target	89% (85%)	88% (83%)

Future financial targets

Background

The Comprehensive Spending Review (CSR) 2015 for the NHS envisaged planned spending growing at 1.1% per annum in real terms. This has created significant financial challenges in the NHS as funding growth is well below the 4% per annum provided historically, plus the NHS is facing a 4% annual increase in demand. For the DHSC Arm's Length Body sector this translated into a requirement to reduce spend by 40% over the period to March 2020.

Under the original CSR 2015, the NHSBSA's direct DHSC baseline (Revenue DEL) reduced from £101m in 2015/16 to an equivalent £58m in 2019/20 (before adjusting for new services and funded increases).

Following the 2019 Spending Review, Arm's Length Bodies were notified of a flat cash settlement plus investment for change agreed with the DHSC. The NHSBSA agreed with the DHSC to reclassify administration funding to programme funding, recognising the front-line services delivered by the NHSBSA.

Audit Opinion

As referenced in the Risks and Issues section of the report, a comprehensive review of Property Plant and Equipment (PPE) and Intangibles Assets was undertaken to address 2018/19 management letter recommendations. The issues which drove the need for the review of PPE and Intangible Assets meant the audit process required significant input from both the Finance Team and our auditors. This was delivered in partnership with external technical advisors.

Unfortunately, the above work failed to provide the auditors with sufficient assurance around £28m of the value of intangible assets. In the interests of avoiding further delays, the NHSBSA

has taken the decision to sign and issue the 2019/20 accounts and has work in hand to resolve these outstanding matters in subsequent accounting periods. This has resulted in a qualified audit opinion due to a limitation in scope in respect of this outstanding issue.

Financial Planning – Our Approach

In developing the NHSBSA Financial Plan, our focus was on adding value to the services we provide and keeping within our overall available financial resources. The emphasis was on seeking to:

- deliver cost improvements in our existing services by implementing digital solutions, and using emerging technology and other efficiency programmes
- develop our range of national services through working with the DHSC, NHSE&I, NHSX, NHS Digital and other key partners to deliver economies of scale
- widen our engagement with stakeholders to ensure we help develop and drive improvements to the health system; a number of these projects receive direct funding linked to other NHS organisation's strategic ambitions.

Revenue Expenditure Plans

Capital Charges

We receive funding to meet our capital charges costs. These capital charges are a way of recognising the cost of ownership and use of capital assets. We estimate that we will require £29m in 2020/21 for such charges.

Total Operating Funding Requirements

Table 3 below sets out our total revenue DEL funding requirements for 2020/21:

Table 3: Revenue DEL Requirement 2020/21	£m
Revenue DEL Baseline	102.3
Growth and Inflation (including Pay Award, Pensions Uplift and RPI)	2.0
New Services and Strategic Growth	11.8
Revised Revenue DEL requirement	116.1

Table 4 summarises our Total Operating Expenditure for 2020/21:

Table 4: Total Operating Expenditure 2020/21	£m
Total Expenditure	222.7
Total Income:	
Revised Revenue DEL Requirement	(116.1)
Commissioner Pays (including Pensions Levy)	(66.8)
Capital Charges	(29.0)
Other Income	(10.8)
Contingency	0.0

Pension costs for current staff

The treatment of pension liabilities and relevant pension scheme details are set out in the accounting policies note 3.6 to the financial statements and in the Remuneration Report.

Hosted services

We provide a range of hosted financial, payroll and HR services to other NHS organisations and DHSC teams. The costs that we incur in providing these services (primarily staff costs) have been included within our operating expenditure, as has the total income contributions received from these organisations to cover costs. For 2019/20 the income received from hosted and managed services was £2.9 million.

The income and expenditure of the organisations to which we provide hosted services, although disbursed by us, is not included in our income and expenditure accounts and is charged to the relevant organisation's accounts.

Auditor

The Comptroller and Auditor General is appointed by statute to audit the NHSBSA. The audit fee for the audit of the NHSBSA accounts for the year ended 31 March 2020 was £0.36 million.

An additional notional fee of £0.11 million relates to the audit of the 2019/20 NHS Pension Scheme accounts.

1.2.3 Corporate Responsibility

Background

Corporate responsibility is about ensuring that we make a positive impact on society by delivering our services. It's about people, communities and our environment and is at the heart of what we do and how we do it – as demonstrated by our strategic goals focused on our people, our customers and the difference we make to the wider health and care agenda.

Along with our organisational goals, we also recognise that some areas require specific focus. Our subject-specific Committees and Staff Networks continue to drive these agendas forward and ensure appropriate oversight and engagement across the organisation.

We also ensure robust arrangements are in place around social, human rights, anti-corruption and anti-bribery matters. This includes training for our staff, standards of business conduct policies and processes, and arrangements to encourage and support speaking up. Human rights and labour standards are also addressed in our procurement processes.

Health and safety

During 2019/20 the NHSBSA had two cases which needed to be reported to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). This number of reportable events is very low for a business of our type and size, when compared to published HSE figures. We believe that this is a result of our proactive approach to health and safety, ensuring all of our people are involved, supported

and understand their role in how we look after ourselves and those around us.

We have delivered all of the actions set out in our 2019/20 Health and Safety Action Plan, including the maintenance and improvement of our Health and Safety Management System, business-wide review of risk assessments and the management of homeworkers, and the delivery of advice and campaigns on back-care awareness and visual stress. Our Safety, Health and Environment (SHE) Team has worked closely with our Estates Team throughout the year ensuring safety considerations are factored into its activities. This has included working collaboratively on our Estate Strategy programme with key elements including the acquisition, design and fit-out of new buildings, and a move to agile working practices.

The SHE Team has also played a vital role in helping to ensure the health, safety and wellbeing of our people as part of the business's COVID-19 response. Looking after our people has been first and foremost during this time, and the skills and knowledge of our health and safety experts has proved invaluable in ensuring the correct guidance and advice has been created, communicated and implemented.

Environment (including HM Treasury Sustainability Report)

Each year the NHSBSA sets its own environmental targets and an action plan aligned to its key impacts and the Greening Government Commitments (GGC). A full data set can be seen in Appendix 1 – Sustainability Report. A summary of our progress against our targets is shown in Table 5 below.

Table 5: Environment and resource efficiency targets and performance (Note: Targets - by the end of 2019/20, on 2009/10 baseline)	
Target	2019/20 performance
60% reduction in greenhouse gas emissions	70%
22% reduction in water consumption	29%
42% reduction in waste generated	51%
Less than 10% of waste to landfill	0.2%
27% reduction in office paper use	49%

Further details can be found in Appendix 1 - Sustainability Report

Environmental Management System (ISO 14001:2015)

During 2019/20 we have successfully maintained our ISO 14001:2015 certification for our business-wide Environmental Management System.

NHS Sustainable Development Unit – Cross System Sustainability Health Check

This year we have taken part in the NHS Sustainable Development Unit's (SDU) Cross System Sustainability Health Check, which demonstrates our support for the environmental commitments made in the NHS Long Term Plan and the For a Greener NHS Programme. <https://www.sduhealth.org.uk/policy-strategy/engagement-resources/health-care-commitments-to-sustainable-action.aspx>

NHS Sustainability Award

The NHSBSA won the NHS Sustainability Award 'waste' category for removing 1.4 million plastic PPC cards from circulation by providing a more efficient digital solution to patients. Through this improvement we have saved the NHS £600k to date.

Public Sector Paperless Awards

The NHSBSA won the Efficiency Savings Project of the Year at the Public Sector Paperless Awards 2019. The winning 'Manage Your Service' project created an online application process that allows pharmacy contractors to securely receive digital images of prescriptions that are referred back for more information. Each year around 1.1 million prescription items (around 0.1% of items) are 'referred back'. This was previously via the sending of a paper form to the contractor in the post, however this can now be completed online; saving paper, time and postage costs.

Environment Network

We have launched our new Environment Network made up of volunteers from across the organisation who are keen to help make a difference. From arranging awareness campaigns around topics such as recycling to organising environmental volunteering opportunities including local beach cleans and litter picks, the Network are helping to raise awareness of how people can get involved and do their bit. The Network has played a key role in bringing together ideas from around the business on how the NHSBSA can be a more sustainable place to work, and we now have an action plan in place to take many of these ideas forward.

Sustainability audits

To better understand how we can reduce the carbon impact of our business, we have commissioned sustainability audits across all NHSBSA sites. The outputs of the audits will be analysed and will be used to inform our future environment plan and estates investments.

Energy monitoring

We have installed a new and bespoke energy monitoring system at Bridge House; our largest and highest energy consuming building. This system will provide greater insight into how energy is used throughout the building and will help to inform changes to improve energy efficiency, for example through system behaviour change and building management system adjustments.

Single use plastics and plastic free pledge

We have continued to support the Government's commitment to eliminate single use plastics from central government estate offices. This year we have continued to work with our soft services supplier to remove all polystyrene packaging and plastic wrapping from our cafes. Instead we now use paper-based or reusable alternatives.

The NHSBSA has supported the NHS Single-Use Plastic Reduction Campaign Pledge which aims to reduce single-use plastics used within catering and office facilities. We have made significant improvements in reducing the volumes of plastic waste we produce and are on track to achieve pledge objectives.

Sustainable procurement

We have continued to measure ourselves against the requirements of the Government's Flexible Framework - Sustainable Procurement benchmarking tool and we continue to operate at Level 3.

We ensure that all procurement activity is fully assessed, and requirements are embedded into contracts; maximising the value we get from the goods and services we procure. As a minimum, Government Buying Standards (GBS) are embedded in relevant contracts, with further requirements being assessed around broader environmental, social and economic value.

For example, this year we have appointed a contractor to dispose of redundant IT equipment. We have ensured that environmental considerations were embedded within the contract and that the waste hierarchy was applied; prioritising reuse over waste recovery and disposal. As a result we have successfully appointed a contractor which allows each piece of redundant equipment to be appraised to

assess its reusability before equipment is reused, repaired or disposed of in-line with Waste Duty of Care.

Biodiversity

During 2019/20 we have continued to maintain grounds in alignment with local biodiversity plans at our two main sites with green spaces. We continue to maintain our pond at Stella House to ensure it remains healthy and supports local ecology.

We adopted 1.5 miles of the Leeds-Liverpool canal from Bridge 63 at Red Rock to Haigh Hall Country Park. Our NHSBSA colleagues have helped look after and maintain this area of natural beauty and this year we've completed a range of volunteering including general maintenance of access routes and towpaths, upkeep of vegetation and litter picking. This is a great example of how our employees from all areas of the community get together to help look after their local environment.

Climate change adaptation

The NHSBSA work closely with each business area to define their Business Impact Analysis and subsequent Business Continuity Plans. Part of this analysis explores any likely cause of disruption, including severe weather and/flooding leading to building damage or disruption to transport links, for example. These factors are considered and plans are tested to ensure that they are robust and that business continuity and recovery are supported.

In addition the NHSBSA Business Continuity Team is linked into national advisory systems for early indication of severe weather forecasts to enable early planning.

Further information about our environmental activity can be found in the NHSBSA Safety, Health and Environment Report <https://www.nhsbsa.nhs.uk/what-we-do/safety-health-and-environment>.

Wellbeing, Inclusion and Community Investment

Our Wellbeing and Diversity & Inclusion Strategies are an integral part of our wider People Strategy, as we aspire to be an employer of choice, which can recruit and retain the most talented of individuals, and create a great, inclusive place to work. We recognise that the wellbeing and inclusion of our people directly relates to our organisational performance and the delivery of our strategic goals, and that we have a broader societal impact in the way we behave as an organisation.

We provide several Wellbeing and Community Investment programmes to support our people to be physically, mentally and emotionally well so that they can be their best at work, and enable our people to give something back to society, creating a positive impact not only on social value but also on their own wellbeing. Our Diversity and Inclusion Strategy outlines our plans for diversity and inclusion and is supported by our equality objectives which explain how we are working towards achieving our vision.

The Wellbeing and Inclusion Committee, which is chaired by the Chief Executive in his role as Executive Champion for Wellbeing and Inclusion, oversee progress of the strategies and provide assurance to the Board on their delivery. The Wellbeing and Inclusion employee networks support the delivery of the strategies at local level, and facilitate engagement with a wide range of colleagues on this agenda. These networks are critical to engaging with colleagues, ensuring they have an opportunity to influence

our interventions and continually build on our previous successes. There are four employee networks specifically focusing on:

- diversity and inclusion (Diversity and Inclusion Network)
- domestic abuse (Domestic Abuse Support Network)
- mental health (Mental Health First Aid Network)
- wellbeing and community (Wellbeing Network).

In 2019/20 an annual programme of wellbeing awareness campaigns was delivered to provide information to colleagues around prevention and reducing the risk of ill health. We continued our increased focus on mental health support for colleagues to ensure our employees facing mental health issues are supported, delivering our 'Time to Change' Employer Pledge action plan and strengthening our Mental Health First Aid Service. We are now accredited by Mental Health First Aid England to deliver this training in-house and have now trained over 60 colleagues across all sites so that we can match provision of mental health first aid, to that of physical first aid.

We also expanded a number of other ongoing wellbeing initiatives, including our:

- annual flu vaccination programme
- regular onsite health checks for over 40s
- local offerings including yoga, running clubs and weight management support
- Cycle to Work Scheme.

Our approach continued to be recognised during 2019/20, maintaining our Continuing Excellence Level Award from Better Health at Work.

One of the main ways that we engage our people on the wellbeing and inclusion agenda is through our corporate volunteering and fundraising

programmes, supporting our Corporate Charity Partners (in 2019/20 Samaritans and the Trussell Trust) and hundreds of smaller community charities local to our sites. All colleagues are encouraged to volunteer in their local community and are offered two days of paid volunteering leave to do so. 968 volunteer days were taken in 2019/20 and this ranged from physical activities including helping to decorate, garden or build community premises, to providing business skills and knowledge to charities or community groups without that specialist resource.

One of the significant benefits gained from our volunteering programme is that it helps colleagues to gain a deeper understanding of issues experienced by our customers and helps them to see the wider impact the NHSBSA can have on society as a whole. Colleagues, including the Chief Executive, have volunteered at Trussell Trust food banks, many of the users of which are also customers of our services such as the Help with Health Costs schemes. In addition to packing food parcels and learning more about the charity, they talked with service users and provided business skills including writing CVs and help applying for jobs. The Wellbeing Network co-ordinated food drives across all sites for the Trussell Trust and in December alone 1.3 tonnes of food were collected in our Newcastle offices, which sustained the busy Gateshead food bank for more than a week (a large food bank issues around one tonne of food a week).

Our partnership with Samaritans has helped us increase awareness and understanding of mental health, one of our key priorities. Our Mental Health First Aid Network delivered a series of awareness-raising and fundraising activities for Samaritans around themed events including World Suicide Prevention Day, Samarathon, World Mental Health Day and Brew Monday. Generous cash donations from colleagues funded over 2,700 calls made to Samaritans in 2019/20.

Samaritans delivered 'lunch and learn' awareness sessions and it has been positive to see that some colleagues have followed up their interest by training to become Samaritans call handlers, an incredibly valuable role.

We have had continued success with our Diversity and Inclusion programmes. In January 2020 we received the fantastic news that the NHSBSA had not only retained its place in Stonewall's Top 100 Employers list in their annual Workplace Equality Index, but had moved up 37 places to 51st place, from 88th last year. Stonewall congratulated us on being the Top 100 employer that has made the most improvement in one year and also on the great feedback from our colleagues in the Stonewall staff survey. This was the seventh year that we had taken part in the Index and Table 6 below shows the significant progress we have made each year.

In July 2019 the NHSBSA was awarded the 'Gold Standard Employer' Award from the Employers Network for Equality and Inclusion (enei) in their TIDE (Talent, Inclusion and Diversity Evaluation) benchmark, achieving a corporate objective in the NHSBSA Strategy well ahead of the 2021 target we had set ourselves. In November 2019 the NHSBSA was shortlisted in the 'Diversity and Inclusion in the Public Sector' category of the Personnel Today Awards in recognition of our diversity and inclusion practices and the positive impact they have on creating a great place to work. The NHSBSA was also recognised by the Chartered Institute of Personnel and Development (CIPD) for our innovative work on wellbeing and inclusion, with the Head of Wellbeing and Inclusion invited to speak at the CIPD's Annual Conference and Exhibition in Manchester in November 2019.

Table 6: Stonewall Workplace Equality Index positions

Year	Position
2014	310
2015	194
2016	152
2017	124
2018	113
2019	88
2020	51

Our Diversity and Inclusion Network help us to develop an inclusive culture where colleagues feel comfortable to be themselves at work. In 2019/20, the Network delivered a programme of awareness raising campaigns and events on a wide range of diversity topics and coordinated the NHSBSA's involvement in various community events including many Pride festivals local to our sites, and Sparkle Weekend, a festival for the Trans community in Manchester. Attending community events such as these are important to attract diverse job applicants and to promote our public services to our diverse customers.

A range of bespoke disability training courses have been developed and delivered this year by the Wellbeing and Inclusion team, to support the recruitment of people with complex disabilities and learning difficulties. As a result of our continued focus on creating recruitment and learning opportunities for people from marginalised groups and working with several disability charities to expand our provision of work experience and placements for people with different needs, it was positive to see that this led to an increase in new colleagues with disabilities. Specialist support was developed to

meet the needs of these individuals, including delivering bespoke Deaf, Visual Impairment and Autism awareness training to managers and teams to help them best support their colleagues, as well as arranging British Sign Language (BSL) training. Colleagues from Technology Solutions produced a fantastic film in BSL about why they had felt learning BSL was important in making their new colleague feel part of their team, which attracted a lot of interest externally. We were also delighted in January 2020 to be awarded Disability Confident 'Level 3 – Leader' status by the DWP in recognition of the NHSBSA's work on disability inclusion.

The Wellbeing and Inclusion Team have also played a major role in helping to ensure the health and wellbeing of our people in response to the COVID-19 pandemic. This has included the roll out of Vulnerability Assessments and action plans for all colleagues working in our premises, Wellbeing support guides for colleagues working at home including access to several new mental health support services and apps, Virtual WeCare cafes and awareness sessions run by the Wellbeing and Inclusion Networks and themed to different issues people are experiencing, specific support sessions and guides for managers, new guides on bereavement and implementation of grief support services, strengthened mental health support including the Mental Health First Aid Network so that it can be accessed remotely, and as part of a preventative package; virtual wellbeing sessions on mindfulness, desk-based pilates, and good sleep hygiene. The business had continued to monitor the impact on colleagues through surveys and broader engagement, and ensure appropriate support is in place.

Michael Brodie
 Chief Executive
 NHS Business Services Authority
 14 April 2022



2. Accountability report

The accountability report summarises our corporate governance arrangements and contributes to our accountability to Parliament.

2.1 Corporate governance report

2.1.1 Directors' report

Composition of Board, directorships and significant interests - A list of executive and non-executive directors and a declaration of their interests is shown in Section 2.1.3 Annual Governance Statement Table 7. No company directorships or significant interests were held by the Board members which may conflict with their management responsibilities.

Personal data related incidents - The NHSBSA has had one security incident (based on the set NHS Data Security & Protection Toolkit criteria) which required onward reporting to both NHS Digital and the Information Commissioners Office (ICO). The ICO were satisfied with the remediation actions taken and closed the case without their need to investigate further.

Communications, Engagement and Consultation - We regularly communicate and engage with our people through a number of communications channels. Our weekly staff newsletter, The Loop, features stories about key business updates, staff achievements and charity events.

Our corporate intranet, The Hub, is a central information portal for our colleagues. It provides news, information and updates about all our service areas along with updates from Board meetings, key diary dates and interactive discussion boards on a variety of topics. Our Chief Executive also introduced a regular blog, which has received a very positive response from staff.

We continued with our on-going communications and engagement campaign to embed our business strategy and values right through the organisation. Starting with events that brought together over 400 leaders from across the organisation, this was followed by our senior

leadership team delivering updates and running question and answer sessions within all our offices across the country.

The engagement, motivation and satisfaction levels of our people are critical in the success of our business as part of our People strategic goal and we measure these through our annual staff survey. We continued to work on improving engagement based on our 2018 survey results and, for the second year running, in 2019 we worked with Best Companies Ltd to measure engagement across our organisation, achieving 'Ones to watch' status. New action plans have been developed by staff and, along with a continuing programme of internal communications and engagement activity, these are helping us move closer to our aspiration of being a great and inclusive place to work.

In the latter part of 2019/20, our primary focus shifted towards supporting staff with information on our response, both for themselves and our customers, to the challenges presented by COVID-19. This also included providing access to additional resources to help them keep in contact and informed, as well as changing the ways in which we communicated to better meet the needs of our colleagues.

There are times when we want to informally consult with our people and test new ideas out. This is undertaken using a variety of methods including team meetings, subject specific workshops, online forums, etc. Formal consultation with trade unions is undertaken at the National Joint Committee when broad matters of common interest are negotiated and discussed. Other committees and groups also meet to discuss specific issues, for example health and safety, and diversity and inclusion.

2.1.2 Statement of Accounting Officer's responsibilities

The Principal Accounting Officer for the DHSC has appointed the NHSBSA Chief Executive as the NHSBSA Accounting Officer.

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives. I also have responsibility for safeguarding the public funds and the organisation's assets for which I am personally responsible, in accordance with the responsibilities set out in HM Treasury's Managing Public Money and as assigned to me in the Accounting Officer Memorandum.

Under the National Health Service Act 2006 and directions made there under by the Secretary of State with the approval of Treasury, we are required to prepare a statement of accounts for each financial year in the form, and on the basis, determined by the Secretary of State, with the approval of Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NHSBSA and of its net operating costs, changes in taxpayers' equity and cash flows for the financial year. As Accounting Officer, I have responsibility for ensuring the preparation of our accounts and transmission to the Comptroller and Auditor General.

In preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the FReM, have been followed and disclosed and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis, unless inappropriate to presume that the NHSBSA will continue in operation.

My relevant responsibilities as Accounting Officer, including responsibility for the propriety and regularity of the public funds and assets vested in the NHSBSA, and for the keeping of proper records, are set out in Managing Public Money issued by the Treasury.

As Accounting Officer I can confirm that:

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

2.1.3 Annual Governance Statement

Introduction

The Accounting Officer for the NHSBSA is required to provide assurances about the stewardship of the organisation. These assurances are provided in this Governance Statement, in line with HM Treasury guidance.

The Accounting Officer for the NHSBSA is Michael Brodie, NHSBSA Chief Executive.

Alistair McDonald retired as Chief Executive and Accounting Officer of the NHSBSA at the end of June 2019. Andy McKinlay, Executive Director of Finance and Commercial Services, was NHSBSA Accounting Officer from 1 July 2019 to 31 August 2019, and Michael Brodie was appointed as Chief Executive and NHSBSA Accounting Officer from 1 September 2019. A thorough handover process was undertaken to provide appropriate assurances on the governance of the NHSBSA over the reporting period at each point of transition.

Scope of responsibilities

The NHSBSA's Board is accountable for internal control, ensuring that its business is conducted in accordance with the law and proper standards. It also ensures that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively in accordance with HM Treasury's Managing Public Money. In discharging this responsibility the Board is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions. This includes ensuring a sound system of internal control is maintained throughout the year which supports the achievement of the NHSBSA's policies, aims and objectives and arrangements are in place for the management of risk.

As Accounting Officer for the NHSBSA, the NHSBSA Chief Executive has overall responsibility for ensuring that contracted administrators for any outsourced activity manage risks effectively, and for reviewing the effectiveness of the administrator's systems of internal control.

The purpose of the Governance Framework

The NHSBSA operates an integrated governance framework. This framework comprises the systems and processes by which the NHSBSA leads, directs and controls its functions and accounts to, and engages with, the DHSC and the wider NHS community. The NHSBSA takes its responsibilities seriously, striving to be a good corporate citizen. In aiming to embed this, the corporate governance framework is underpinned by the culture, values and behaviours adopted across the NHSBSA.

A significant element of the framework is the system of internal control, which is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to achieving our policies, aims and objectives
- evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework and system of internal control have been in place for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

NHSBSA Governance Framework

The overarching Corporate Governance Framework has been approved and adopted by the Board and is subject to annual review. The framework incorporates the following elements:

- Statutory Instruments and Directions which describe and govern the NHSBSA's core operations, processes and structure.
- Code of Conduct for Board Members of Public Bodies, setting out clearly and openly, the standards expected from those who serve on the Board.
- Matters determined by the Board which ensure that the NHSBSA has appropriate decision making processes in place, including:
 - Standing Orders
 - Standing Financial Instructions
 - Scheme of Delegation.
- Other management information which supports effective governance and operation, i.e. corporate policies and procedures.

The Director of People and Corporate Services and Corporate Secretary is responsible for ensuring that all decisions made are legal and comply with the NHSBSA Corporate Governance Framework. The NHSBSA complies with the Corporate Governance Code for Central Government Departments where it applies to us.

NHSBSA Board

The Board is responsible for the strategic direction and integrated governance of the NHSBSA, including the stewardship of its finances. In fulfilling these responsibilities the Board reserves certain decision making powers, including decisions on strategy and budgets, but other key duties have been delegated to the NHSBSA's two standing committees:

- Audit and Risk Management Committee.
- Remuneration and Nominations Committee.

The roles and responsibilities of these standing committees are described more fully below.

Board membership and responsibilities

Membership of the Board is currently made up of a non-executive Chair, five non-executive directors, Chief Executive and three executive directors, one of which is a finance director. The key roles and responsibilities of the Board are:

- to set and oversee the strategic direction of the NHSBSA
- continued appraisal of the financial and operational performance of the NHSBSA
- to discharge its duties of regulation and control
- to receive reports and updates from the Standing Committees
- to approve and adopt the Annual Report and Accounts.

The Board has met nine times up to the end of March 2020 and is responsible for approving

the business plan and budget in advance of the financial year. Subsequent reporting is based on an exception principle ensuring that the Board focuses on key issues and utilises its time effectively.

The Board receives regular updates from its standing committees on the business covered, risks identified and actions taken. These updates are delivered by the non-executive Chair of the respective Committee.

At each meeting, the Board receives an integrated balanced scorecard which includes details on:

- performance against the identified key performance indicators and strategic goals
- the current financial position
- people related issues
- customer insight including satisfaction, complaints and contact volumes
- digital take up
- progress against key change projects
- business development pipeline
- corporate risks and issues.

The data presented to the Board is produced and quality assured by the NHSBSA Information Services Team adopting the six dimensions of data quality (Accuracy, Validity, Reliability, Completeness, Relevance and Timeliness).





The NHSBSA's Senior DHSC Sponsor is also invited to Board meetings to ensure members of the Board, in particular non-executive directors, are able to get an understanding of the key stakeholders' views.



Board members must declare their interests to the Chair and Corporate Secretary in any matter relating to the NHSBSA's business at the time that they become aware of a potential conflict. Members will normally be excluded from the discussion after declaring an interest related to that issue. The minutes of the meeting will record the member's declaration.

Table 7 shows the number of meetings attended by Board members during the financial year and also highlights their declared business interests.

Table 7: Board members

Board member	Meetings attended	Register of interests
 <p>Non-executive Chair: Silla Maizey</p>	9 of 9	Non-executive director, Network Rail Director, Saffron Solutions Ltd Non-executive director, John Menzies plc. Non-executive director, Crown Commercial Service
 <p>Non-executive: Debra Bailey</p>	7 of 9	Chief Information Officer, Telefonica UK
 <p>Non-executive, Chair of Remuneration and Nominations Committee, Senior Independent Director: Mark Ellerby</p>	8 of 9	Director and Trustee, Dementia Forward (until 1 November 2019)
 <p>Non-executive, Chair of Audit and Risk Management Committee: Andrew Flanagan</p>	9 of 9	Non-executive director, Criminal Injuries Compensation Authority Member of Advisory Board, NHS NEL Commissioning Support Unit (CSU) (until 31 March 2020)
 <p>Non-executive: Tim Nolan</p>	9 of 9	Partner, LORW Ltd Management Consultancy Director, LORW Investments Ltd Member of Patient & Carer Group (PCAG), Royal Marsden NHS Foundation Trust Governor, Royal Marsden NHS Foundation Trust (from 31 May 2019) Non-executive director, Department Audit and Risk Assessment Committee (DARAC), Department of Work and Pensions (DWP) (from 1 July 2019)

	<p>Non-executive: Karen Seth</p>	<p>9 of 9</p>	<p>People Director, Operating Model, Co-op (from 4 March 2020)</p> <p>Trustee, Reuben's Retreat (from 11 December 2019)</p> <p>HR Director, Funeralcare, Life Planning and Legal Services, Co-op (until 3 March 2020)</p>
	<p>Chief Executive: Michael Brodie (from 1 September 2019)</p>	<p>2 of 2</p>	<p>Member of Council, Chartered Institute of Public Finance and Accountancy (CIPFA)</p> <p>Chair of Health and Social Care Faculty Board, Chartered Institute of Public Finance and Accountancy (CIPFA)</p> <p>Executive Committee Member - Chartered Institute of Public Finance and Accountancy (CIPFA) North East</p> <p>Member of Oversight Board and Chair of Audit and Risk Committee, National Infrastructure Commission</p> <p>Elected Member of Committee, Ashington Cricket Club</p> <p>Independent Member of Audit and Risk Committee, SCOPE (until 31 January 2020)</p> <p>Trustee, Community Foundation (from 11 February 2020)</p>
	<p>Executive Director of People and Corporate Services (Corporate Secretary): Mark Dibble</p>	<p>9 of 9</p>	<p>Director, Personal Development Academy Ltd (from 23 July 2019)</p>
	<p>Executive Director of Finance and Commercial Services: Andy McKinlay</p>	<p>9 of 9</p>	<p>Parent Governor, Allerton Grange High School</p>

	<p>Executive Director of Strategy, Performance, Business Development and Growth: Allison Newell</p>	<p>8 of 9</p>	<p>Nothing declared</p>
	<p>Chief Executive: Alistair McDonald (until 30 June 2019)</p>	<p>2 of 2</p>	<p>Nothing declared</p>

Note: Details of our current Board are available on our website: <https://www.nhsbsa.nhs.uk/what-we-do/our-board>

NHSBSA Board review of effectiveness

The NHSBSA Board is required to consider its own effectiveness on a regular basis.

The NHSBSA undertakes such a review annually.

The Board engaged an independent and experienced assessor to undertake the review for 2018/19. The process included an online survey and follow-up one-to-one interview with each member and regular attendee. This level of review is undertaken every three years, with online reviews being undertaken in the other years. The results of the 2019/20 online review indicated that the Board continued to be highly effective and high scores were registered across all of the survey areas including 'Board Skills', 'Board Behaviours', 'Board Decision Making', 'Board Processes', 'Strategy' and 'Stakeholders'. The results and recommendations were accepted by the Board and actions taken forward, including to continue to monitor initiatives being taken forward around Board succession planning and colleague development in this area.

During 2019/20, the Board continued to operate within its governance framework and codes of conduct. Furthermore, the NHSBSA has:

- achieved its financial targets
- delivered against the majority of its agreed key performance indicators
- continued to operate its assurance process through the assurance map process
- maintained its robust performance reporting mechanism using a dashboard style approach
- maintained its risk management procedures using dashboard reporting giving an overview of the risk profile of the whole organisation yet focusing attention on relevant areas
- maintained an effective, risk-based internal audit programme, ensuring internal audit recommendations are addressed appropriately.

Audit and Risk Management Committee

The Committee is chaired by a non-executive director and has met six times during 2019/20. Membership of this Committee is made up of three non-executive directors including the Chair, one of whom is required to have recent and relevant financial experience. Andrew Flanagan provides this experience and also chairs the Committee. There is also a requirement for regular attendance from the Director of Finance

and Commercial Services and representatives from both internal and external audit. The Chief Executive and Accounting Officer also attends the meeting, including specifically to discuss the assurance processes which support the production of the Annual Report and Accounts. Other colleagues are invited to attend meetings as appropriate (Table 8).

Table 8: Audit and Risk Management Committee	Meetings attended
Non-executive directors:	
Andrew Flanagan (Chair of Committee)	6 of 6
Debra Bailey	5 of 6
Tim Nolan	6 of 6
Executive directors:	
Michael Brodie (Chief Executive) – Appointed September 2019	3 of 3
Mark Dibble (Director of People and Corporate Services)	5 of 6
Andy McKinlay (Director of Finance and Commercial)	6 of 6
Alistair McDonald (Chief Executive) – Retired June 2019	2 of 2

The Committee is responsible for providing the Board with an independent and objective view of the adequacy and effectiveness of the NHSBSA's governance and assurance arrangements, including the governance framework, risk management, controls and related assurances. Updates are provided to the Board following each meeting and subsequent Board meetings receive copies of the confirmed minutes. An

annual report is submitted to the Board which summarises the work undertaken by the Committee during the previous year. In addition, the Committee receives an annual review of the NHSBSA Risk Management Framework. This was most recently undertaken in June 2019 and concluded that the framework was effective and fit-for-purpose.

The Audit and Risk Management Committee's key responsibilities are:

- monitoring financial governance and reviewing the draft financial statements
- reviewing the effectiveness of internal controls
- monitoring the effectiveness of risk management controls
- monitoring the effectiveness of fraud and security management
- seeking assurance regarding the control environment
- reviewing the effectiveness of internal audit arrangements.

These standing items are complemented by a series of risk-based presentations on 'Areas of Focus' providing an opportunity for members to seek more detailed assurance from senior leaders (see Assurance Arrangements).

Audit and Risk Management Committee review of effectiveness

The Committee reviewed its effectiveness using an online survey sent to each member and regular attendee. Overall, the results were highly positive and confirmed the effectiveness of the Committee.



Remuneration and Nominations Committee

The Remuneration and Nominations Committee is a standing committee of the Board and comprises three non-executive directors, one of whom chairs the Committee. The Chief Executive and/or other executive directors attend these meetings on an 'as required' basis (Table 9).

Table 9: Remuneration and Nominations Committee	Meetings attended
Non-executive directors:	
Mark Ellerby (Chair of Committee)	4 of 4
Silla Maizey (Chair of Board)	4 of 4
Karen Seth	4 of 4
Executive directors (specific meetings/ items):	
Michael Brodie (Chief Executive) – Appointed September 2019	2 of 2
Mark Dibble (Director of People and Corporate Services)	4 of 4
Alistair McDonald (Chief Executive) – Retired June 2019	2 of 2

The key responsibilities of the Remuneration and Nominations Committee are to:

- determine the terms of service, remuneration and other benefits of the executive team and any other relevant employees, in accordance with the NHS Executive and Senior Managers Pay Framework and other relevant guidance issued by DHSC
- monitor systems to evaluate the performance of relevant employees
- oversee contractual arrangements for relevant employees
- nominate candidates for appointment as officer members of the Board

- monitor succession planning arrangements
- support the process operated by the DHSC for the appointment (or proposed reappointment) of the Chair or non-executive members of the Board.

The Chair of the Committee provides updates to the Board following each meeting and confirmed minutes are shared at subsequent Board meetings. The Committee also reviews and approves the Remuneration Report of the Annual Report to ensure its accuracy.

Remuneration and Nominations Committee review of effectiveness

The Committee reviewed its effectiveness during 2019/20 using a survey sent to each member and regular attendee. Overall, the results were positive and confirmed the effectiveness of the Committee. The Committee members highlighted ways in which they could be kept up to date on policy changes that impacted on their areas of responsibility as well as ensuring the right balance of skills amongst members.

Terms of Reference

The full terms of reference for both of these Committees can be found in the NHSBSA's Corporate Governance Framework which is published on the NHSBSA website:

www.nhsbsa.nhs.uk/our-policies/governance-framework

NHSBSA sponsorship arrangements

The NHSBSA manages a complex range of business activities on behalf of the DHSC. Accountability arrangements with the Department comprise an overall Senior Departmental Sponsor, with individual sponsors providing policy direction for each core service stream.

A clear ongoing accountability framework is in operation, which includes formal reviews with

Senior Sponsors. This is consolidated through a formal framework agreement between the NHSBSA and DHSC. Strategic, policy and operational issues are reviewed alongside the corporate risk register, assurance arrangements and the latest financial position at review meetings. Additionally, regular scheduled meetings are held with the individual service sponsors.

NHSBSA management

Other than those matters reserved for the Board, responsibility for the day-to-day management of the NHSBSA is delegated to the Chief Executive, who is the Accounting Officer. The Chief Executive is supported by a Leadership Team as shown in Figure 2.

Figure 2: NHSBSA Leadership Team



Note: Only the Chief Executive and Executive Directors are members of the Board.

Key governance systems

The NHSBSA has identified the following areas which support the overarching governance arrangements:

- Risk management.
- Assurance.
- Managing information.

The Audit and Risk Management Committee regularly reviews these areas to ensure that they remain robust and effective. This enables the Committee to provide assurances to the Board that appropriate risk identification and management processes are taking place across the organisation.

Risk management

Risk appetite – Risk appetite can be defined as the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives. The NHSBSA Board reviewed and agreed the organisation's Risk Appetite Statement in February 2020, setting appetite levels for key areas. The NHSBSA's aim is to seek to terminate, treat, tolerate or transfer risks as appropriate to ensure that it meets its objectives.

Process – The NHSBSA Risk Management Framework comprises:

- Risk management policy.
- Risk management methodology.
- Risk and issue register.

These are applied consistently across the NHSBSA, with risks and issues being escalated up the hierarchy as dictated by our policy. These tiers consist of:

- Services / Corporate Teams – Risks and issues are managed on an ongoing basis as part of business-as-usual, with registers owned and managed by the Head of Service.
- Project / Programme – Risks are reviewed and managed by Project Managers as part of the project governance process. Significant risks and issues are escalated to the Programme Manager and Portfolio Board.
- Corporate – Each quarter the Leadership Team review the top-level Corporate Risk Register. This review is informed by collated versions of team and project risk registers, and a paper produced by the NHSBSA Risk Management Group. The Leadership Team is also free to identify further risks and issues at this meeting.
- Audit and Risk Management Committee – The Committee receives updates on the work undertaken in the area of risk and issue management. The Committee also receives a copy of the Corporate Risk Register, and 'Areas of Focus' presentations on specific risk / issue areas. This process enables the Committee to provide assurances to the Board that appropriate risk management processes are in place and risk mitigation is taking place.

Significant risks and issues

In a dynamic and complex business environment significant risks can always be encountered.

Significant risks and issues managed and closed in year

IT Infrastructure and Sourcing (ITIS) Programme

The ITIS Programme, created to deliver the replacement of the organisation's outsourced IT arrangements, continued to progress throughout 2019/20. The programme incurred significant delays between June and December 2019 due to a failure of a critical path supplier to deliver services. The risk of not completing the programme by December 2019 was triggered, however the programme has now completed implementation of the new service model with full migration of services to new suppliers. This was achieved despite some delays caused by COVID-19. In addition the replacement of over 3,000 end user computing devices and the application of new security management tools has reduced previous risks related to legacy devices and tools nearing the end of their supported life.

Penalty Change Notices in Healthcare

As a result of the findings of the NAO investigation into penalty charge notices in healthcare, and outcome of the Public Accounts Committee hearing in July 2019, a joint DHSC, NHSE&I & NHSBSA working group was established to address the concerns flagged. Revised policy needed to be developed to better identify potentially vulnerable patients and treat these people with greater compassion. Amongst other things, a new pre-penalty notice letter stage was implemented. NHSBSA also created an online 'am I exempt' checker tool so people can

verify in advance if they are exempt from paying NHS charges. In addition, a real-time exemption checker tool for pharmacies was launched by NHSBSA to check patient exemptions before dispensing prescription items to them free of charge.

System Re-Organisation

During 2019/20 the system change and re-structure in the health and care system created a risk for the NHSBSA around our key stakeholders having competing priorities, and the related impact of us not being able to take forward cross-system initiatives which would have a wide-scale system benefit. This risk was mitigated over the last twelve months via a focused approach to stakeholder management and relationship building. This approach has resulted in a major shift in the organisation's position and visibility within the system, and the number and diversity of system-wide initiatives being taken forward – for example, the number of initiatives the NHSBSA has been asked to lead and/or contribute to as part of the national COVID-19 response, Board to board activities with stakeholders such as NHSX and NHS Digital, and the visit to the NHSBSA by the Secretary of State for Health and Social Care. Whilst closing this risk, the business will continue to focus on building robust relationships across health and the wider system and delivery of the services we are entrusted to provide.

In relation to this risk, the Leadership Team is now focusing on the impact of the COVID-19 pandemic (see 'Current risks/ issues' below), to ensure system-wide collaboration continues, and system-wide benefits can continue to be delivered moving forward.

Current risks / issues

Public Sector Pensions Ruling

The NHSBSA are continuing to monitor developments in relation to the ruling in the Court of Appeal on the transitional arrangements within the firefighter and judicial pension schemes, and the potential for changes to the NHS Pension scheme. This could result in a significant increase in Pension Service administration work and associated costs.

Serious Shortage Protocols

In July 2019 the Human Medicines Regulations 2012 were amended to introduce a new protocol (Serious Shortage Protocol - SSP). This allowed the DHSC to determine when a shortage occurs that pharmacists, using their professional judgment, are able to change a patient's prescribed order.

From a NHSBSA operational perspective, this substitution can only be processed through manual intervention. Therefore the volume of medicine or appliances that can be part of this protocol has to be regulated.

Our mitigation for this risk is that DHSC have agreed to limit the volume to 250k items per month. This is the maximum number of additional transactions the business can comfortably process at short notice. This is an approximation and determining the exact volume of a medicine or appliances that will be prescribed in a future month cannot be guaranteed. Therefore, there is a risk that volumes of SSP items exceed resources. If this occurs, we have an agreed position with DHSC that we would retrospectively process these adjustments in bulk. This would ensure accurate payment, but would impact the accuracy of our prescribing data, with a potential impact on our broader social value work.

EU Transition Period – Operational Changes

As a result of the UK having a new relationship with the EU, there is a risk that changes to existing NHSBSA services, and the stand-up of new NHSBSA services are required at short notice, resulting in increased costs, service impact for customers and reputational damage if not delivered on time. The Leadership Team continue to monitor this risk and work closely with DHSC and other key stakeholders to ensure early sight and involvement in key decisions.

IR35 Compliance

During 2019/20 the NHSBSA has worked with HMRC to review its current approach to IR35, as part of a cross-public sector body initiative. The business awaits communication on the next steps and is monitoring the risk of any financial impact.

Information Security

The volumes and sensitivity of data we hold means the Leadership Team and Board have purposefully continued to closely monitor the organisation's approach to information and cyber security. Ongoing benchmarking against best practice standards and ongoing scrutiny by the Audit and Risk Management Committee ensures the risk is managed as threats continue to evolve on a day-by-day basis. Improvements are also being made through our IT and digitisation programmes, and the implementation of a new Information Security Management System (ISMS) aligned to the requirements of ISO27001, with external certification planned for 2020/21 – which was delayed due to the COVID-19 outbreak.

Funding

The organisation continues to monitor its funding requirements, aligned to service pressures, service improvements and new services either transferred into or developed by the NHSBSA. Any risk to our financial position is being mitigated by our close working relationship DHSC, and the ongoing negotiations around the funding required to support our financial plan.

COVID-19 Pandemic

As a result of the COVID-19 pandemic and introduction of national controls, the NHSBSA has implemented actions across its business to ensure the health and wellbeing of people, the ongoing delivery of its critical services and ensure further support is provided to the wider health and care system as-and-when required. This includes the stand-up of the NHSBSA Business Continuity Management Gold Group (Leadership Team level), Tactical Steering Group (Silver level) and Operational Steering Group (Bronze Level) – ensuring that the situation and any issues arising are monitored and assessed on a day-by-day basis, and teams are provided with the support and guidance required.

The support being provided to the wider system in addressing the pandemic has required a diversion of focus from some of the NHSBSA's strategic ambitions, and a pause to some non-critical services. These are being kept under regular review by the Leadership Team.

Suitability of Directions

One of the NHSBSA's strategic goals is to collaborate to maximise the return on data to improve health outcomes. The delivery of this goal is dependent upon an appropriate governance framework and directions aligned to this aspiration, specifically in relation to data and analytics. The NHSBSA continues to work with the DHSC to assess its directions to ensure this goal is supported moving forward – whilst recognising the current priority of resources for COVID-19 response work.

Asset Register Review and Audit

A comprehensive review of Property Plant and Equipment (PPE) and Intangible Assets was undertaken to address 2018/19 management letter recommendations. This was delivered in partnership with external technical advisors. As a result of the review, cost and depreciation/amortisation figures relating to 2019/20 and prior years were restated.

The audit of the accounts was deferred during the first phase of the above exercise and recommenced as planned in Spring 2021. The review resolved issues relating to existence and completeness of both PPE and Intangible Assets.

However, despite our best endeavours, it was not possible in the available timeframe to complete the work required to assure the auditors over the valuation of £28 million of the total of £79 million of intangible assets.

In the interests of avoiding further delays, the NHSBSA has taken the decision to sign and issue the 2019/20 accounts and has work in hand to resolve these outstanding matters in subsequent accounting periods. This has resulted in a qualified audit opinion due to a limitation in scope in respect of this outstanding issue. Management will review the residual risk with the audit team and develop plans, drawing on the most appropriate options available to reduce the risk.

Assurance arrangements

The NHSBSA uses an assurance map approach, using the best practice three lines of defence model, to identify the sources of assurance in place over each of the key functions and services we deliver. The three lines of defence represent:

- first line: management control and reporting
- second line: functional oversight and governance systems
- third line: independent review and regulatory oversight.

This model provides the basis upon which the NHSBSA Leadership Team can determine the focus of assurance effort. The assurance map is fully integrated with the risk management process with areas of concern being reflected in the relevant business area risk register and escalated to the Corporate Risk Register, where required.

The Audit and Risk Management Committee review, at least annually, the process in place around assurance mapping. The Leadership Team members are responsible for ensuring their maps are up to date for their areas of responsibility.

The Audit and Risk Management Committee has continued a programme of 'Areas of Focus' exercises to assure itself on behalf of the Board regarding the robustness of controls. During 2019/20 exercises were carried out in the following areas:

- IT Infrastructure and Sourcing Programme (ITIS) - (standing agenda item for 2019/20)
- Public Sector Pensions Ruling
- IR35
- Public Accounts Committee Penalty Charge Notices
- Due Diligence Framework.

The Committee has gained an increased awareness over the assurances in place for each of the areas reviewed. The assurance provided by these reports constitute the key report highlights from the committee during 2019/20.

Third party assurance

The NHSBSA provides services to the wider health system including making dental, prescription and student bursary payments on behalf of our clients, and the management of the NHS Electronic Staff Record (ESR). In order to give users of the services greater assurance about the quality of the NHSBSA's infrastructure, management engage auditors to review the controls and deliver an independent third party opinion of their design and operating effectiveness, resulting in the production of ISAE 3000/3402 reports.

For 2019/20 the ISAE 3402 reports for dental, prescription and student bursary payments, and the ISAE 3000 report for ESR, were unqualified.

Managing information

During 2019/20 the NHSBSA has maintained its approach to handling information efficiently and securely. Each year, the NHSBSA undertakes a detailed self-assessment using the NHS-wide Data Security & Protection Toolkit (DSPT). The DSPT return is based on the National Data Guardian's ten data security standards which were issued to all non-executive directors in July 2017. Our return was due to be submitted at the end of March 2020, but due to the COVID-19 pandemic this has been extended to 30 September 2020. Frequent compliance updates are provided to the NHSBSA Audit and Risk Management Committee and NHSBSA Board.

561 security incidents were raised during 2019/20. Upon investigation and risk assessment (based on the set DSPT criteria), one incident required onward reporting to both NHS Digital and the Information Commissioners Office (ICO). The ICO were satisfied with the remediation actions taken and closed the case without their need to investigate further

In the course of the NHSBSA's business, information is held and used about members of the public and NHS colleagues. Some of this information is of a personal and sensitive nature and as a consequence stringent controls are in place to ensure the security of this information. Issues relating to information security within the NHSBSA are coordinated by the Business Information Security Group (BISG) which is chaired by the Executive Director of People and Corporate Services who holds the position of Senior Information Risk Owner (SIRO). The remit of the SIRO is to take ownership of the NHSBSA's information security policy, act as advocate for information risk to the Board and provide written advice to the Accounting Officer on the content of the Annual Governance Statement with regard to information risk.

Data protection and freedom of information

As a Special Health Authority, the NHSBSA is subject to the requirements of the General Data Protection Regulation (GDPR) and the Data Protection Act (DPA) 2018. Appropriate notifications have been filed with the ICO. This means that all subject access requests are responded to within the provisions of the Act, typically within a calendar month. The NHSBSA is also subject to the requirements of the Freedom of Information Act (FOI) 2000. This means that all requests for information are responded to within the provisions of the Act, typically within 20 working days.

During 2019/20 we have dealt with:

- 727 DPA requests, 99 more than the previous year. All but 57 were responded to within the required timeframe
- 463 FOI requests, 48 more than the previous year. All but 7 were responded to within the required timeframe

The root causes for these exceptions have been identified and corrective action taken to avoid a recurrence. There are no trends that would give rise to any systemic issue. The reason for the targets not being met were due to a backlog of requests needing to be cleared at the beginning of the year. This was addressed through a combination of increased resource and improvements to processes.

As a public sector information holder, the NHSBSA complies with the cost allocation and charging requirements set out in HM Treasury and the ICO guidance. The NHSBSA can confirm that for 2019/20 no charges were made for access to information under the Freedom of Information Act or DPA requests made under the provisions of the Data Protection legislation.

Whistleblowing

The NHSBSA has appropriate, effective whistleblowing arrangements in place i.e. policy and procedure. The overall effectiveness of these arrangements is reviewed by the Audit and Risk Management Committee on an annual basis. This includes having an identified non-executive director with specific accountability for these arrangements. This role is held by Tim Nolan.

Health inequalities

The Health and Social Care Act 2012 created a legal responsibility for the Secretary of State for Health to have regard for the need to reduce health inequalities. As a Special Health Authority, the NHSBSA supports the Secretary of State in delivering these functions so far as our functions allow. We believe that our most significant contribution to reducing health inequalities can be delivered through our ability to provide accurate information and insight to our NHS commissioning colleagues. Questions on health inequalities are included in our Wellbeing and Inclusion Analysis tool which assesses the impact of any policy and service changes we make.

Handling complaints

We pride ourselves on the level of service that we provide to our customers and other service users. We aim to resolve all complaints fairly and promptly in accordance with our defined policy. We view complaints as an opportunity to learn about how we can improve our services.

During 2019/20 we have maintained our approach to handling complaints and resolved 885 cases compared to 1,185 in 2018/19. 6.67% of the complaints in 2019/20 were found to be justified compared 10.38% of those in 2018/19. Complaint volumes overall have reduced in

2019/20 compared with the previous year. A factor in this is that as part of our business strategy we have enabled our Contact Centre agents and our customers to use self-serve options. Many of our queries have been resolved locally by our skilled agents supporting customers through such self-serve options such as our online challenge facility linked to Penalty Charge Notices.

As we move into 2020/21 we are further aligning our complaints approach across the business and implementing a new, more robust process to capture the information we need to effectively deal with and accurately record complaints. Insight from this will allow us to drive forward more business wide improvements.

Details of formal complaints relating to the NHS Pension Scheme are available in the NHS Pension Scheme Annual Accounts – at <https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports>

Sources of assurance

Audit and Risk Management Committee

One of the key sources of assurance provision for the NHSBSA's Board is from the Audit and Risk Management Committee, whose key responsibilities are described in the Audit and Risk Management Committee section. The Committee meets these responsibilities by receiving regular reports on a range of audit and assurance topics.

The following is a list of the key reports:

- Risk Management updates – setting out and assessing the major risks and issues that we face along with progress and impact of mitigation actions.
- Annual Risk Management report – outlining how our risk management arrangements have continued to operate during the year and how they have been reviewed and strengthened.
- Assurance Map review – annual review of the assurance mapping arrangements in place across the business.
- Areas of Focus presentations – focusing on high-risk areas, or other topics highlighted, for example, through internal audits, assurance maps, etc.
- Internal Audit progress report – regular progress reports on the work undertaken by Internal Audit against the agreed plan.
- External Audit reports – regular progress reports on the work undertaken by External Audit. This includes both NHSBSA Accounts and NHS Pension Scheme Accounts.
- Internal / External Audit recommendations tracker – updates on progress made across the NHSBSA implementing audit recommendations.
- Fraud / Local Security Management annual reports – reports detailing the work

undertaken during the year mapped against the agreed work plans.

- Whistleblowing update report – updates on whistleblowing activity across the business each year.
- Third Party Assurance reports – the outcome of the third party assurance engagements undertaken to review the control environment covering prescription, dental and student bursary payments, and ESR. The outcome of these engagements is shared with clients, as appropriate, to provide third party assurance for the services we provide on their behalf.

Head of Internal Audit Opinion

NHSBSA's internal audit service is provided by the Government Internal Audit Agency (GIAA). The team plays a role in the review of the effectiveness of risk management, controls and governance within NHSBSA by:

- focusing audit activity on the key business risks
- being available to guide managers and staff through improvements in internal controls
- auditing the application of risk management and control as part of Internal Audit reviews of key systems and processes, and
- providing advice to management on internal control implications of proposed and emerging changes.

The team operates in accordance with Public Sector Internal Audit Standards and to an Internal Audit Plan, which has been agreed with the Accounting Officer and the Audit and Risk Management Committee. With the agreement of the Committee, this Plan is updated appropriately throughout the year to reflect changes in risk profile and key priorities.

The Head of Internal Audit submits regular reports to the Committee relating to the adequacy and effectiveness of NHSBSA's systems of internal control, and the management of key business risks, together with recommendations for improvement. These recommendations have been discussed and the resulting action plan is agreed by management and includes a timetable for implementation. The status of Internal Audit recommendations and the collection of evidence to verify their implementation are reported to the Committee.

Internal Audit Opinion

Following completion of a programme of risk-based audit work throughout NHSBSA during 2019/20, the Head of Internal Audit has objectively considered the overall adequacy and effectiveness of NHSBSA's systems of risk management, governance and internal control. As such, the Head of Internal Audit's opinion is that he can give 'Moderate' Assurance to the NHSBSA's Accounting Officer in relation to the 2019/20 reporting year. Overall, he judged that appropriate measures have been put in place during the year to maintain adequate frameworks and practice in relation to risk management, governance and internal control. The Head of Internal Audit records that the NHSBSA has delivered existing services and continued their strong track record in setting up and delivering new services within short timescales across diverse business areas. Internal Audit has reported that well embedded control environments are in place with clear governance structures, policies/procedures and a range of directive, preventative and detective controls across service lines. Pace of delivery, assisted by robust governance and well embedded stakeholder management processes are key to ensuring that the NHSBSA continue to push towards their vision of being the delivery partner of choice for the NHS. Across the year areas of improvement were highlighted, which

NHSBSA management reacted positively to and have taken forward action. These focused around enhancement of detective controls across services including scope of evidence verification and level/frequency of sampling; and also clarification of roles and responsibilities between NHSBSA and its delivery partners in some areas.

Other sources of assurance

Supporting the role of the Board and the Audit and Risk Management Committee, the NHSBSA's governance and control environment also includes the following elements:

- Risk Management Process – see Risk Management section.
- Performance Management Framework – reviewed by the Leadership Team on a monthly basis and by the Board at each meeting. The framework provides a balanced scorecard approach covering the key areas of performance.
- Wellbeing and Inclusion Committee – controls are in place to ensure that all of our obligations under equality, diversity and human rights legislation are adhered to. The Wellbeing and Inclusion Committee, which is chaired by the Chief Executive, monitors performance against our Diversity and Inclusion Strategy and achievement of our equality objectives. It also oversees the delivery of our wellbeing and community investment goals.
- Statutory Function Register – a register which details the current Statutory Instruments, Directions and other applicable agreements is maintained to ensure correct arrangements are in place, and the NHSBSA is legally compliant in discharging its duties.
- NHS Pension Scheme – as an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations

contained within the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

- National Joint Safety, Health and Environment (SHE) Committee – controls are in place to ensure that we comply with relevant health and safety, and environmental law and good practice. The National Joint SHE Committee, which is chaired by the Executive Director of People and Corporate Services, monitors performance against our Health and Safety Strategy and Action Plan, and Environment and Resource Efficiency Strategy and Action Plan

COVID-19 Assurance

The importance of safeguarding the appropriate use of public money through effective governance has remained as important during this national emergency as at other times.

The following aspects of NHSBSA financial governance arrangements have been reviewed and adapted to provide financial governance that is fit for the operating environment:

- **Financial and Commercial Reporting and Funding** - Service Heads and their Finance and Commercial Business Partners working in partnership to develop and maintain records of key decisions, rationale and corresponding commitments. As well as supporting reporting requirements this information informs the development of Accounting Officer Assessments (see below).

- **Financial Operating Framework** - To ensure flexibility for staff to take on different roles, guidance and procedures have been reviewed and updated. Business Continuity Plans are in place for all NHSBSA finance operations. A prioritisation exercise has been undertaken with those critical to ongoing business having been reviewed and updated.
- **Accounting Officer Assessment** - These records document the key arguments that form the basis of decisions reached and apply to changes to existing commitments and new commitments due to the impact of COVID-19. An Accounting Officer Assessment addresses 4 key standards:
 - Regularity - powers to act
 - Propriety
 - o compliance with Managing Public Money
 - o meets user need
 - o acceptable risks
 - o sustainable including funding commitment
 - Value for Money
 - Feasibility – deliverable.

Accounting Officer's review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed in a number of ways. The Head of Internal Audit provides me with my annual opinion of the overall adequacy and effectiveness of the organisation's risk management, control and governance processes.

The Head of Internal Audit's opinion was that, based on the work completed to date, there is moderate assurance given to the Accounting Officer that the NHSBSA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2019/20.

The Assurance Framework itself provides me with evidence that the effectiveness of controls that manage the risks to the NHSBSA achieving its principal objectives have been reviewed. My review is informed by:

- The work of the Audit and Risk Management Committee which informs the Board about the outcome of its activities through submission of its minutes and its annual report to the Board.
- The findings of both the external and the internal audit reviews. The Audit and Risk Management Committee oversees progress towards the implementation of all such recommendations.
- The work of the Fraud Specialists is to prevent, deter, investigate and report fraud activity. The Audit and Risk Management Committee receives the annual work plan and annual report of the Fraud Specialists and provides updates to the Board as appropriate.

Significant governance issues

The exceptional impact of the pandemic response on the organisation and as referenced in the governance statement, the additional work to review our Property Plant and Equipment (PPE) and Intangible Assets resulted in our Accounts not being laid until the first quarter of 2022/23. As the Comptroller and Auditor-General (C&AG) could not obtain sufficient, appropriate audit evidence over the value of £28m (of £79m) of Intangible Assets, he chose to qualify his audit opinion on the 2019/20 Financial Statements.

Conclusion

My review confirms that the NHSBSA has a system of governance that supports the achievement of its policies, aims and objectives and that continuous improvement is ongoing. In relation to the qualified audit opinion, our respective teams will work together to further understand requirements to remove the qualification in future years.



2.2 Remuneration and staff report

2.2.1 Remuneration report

The remuneration of the NHSBSA executive directors is set by the Remuneration and Nominations Committee on behalf of the NHSBSA Board, subject to approval by the DHSC. The Committee is chaired by a non-executive director. The NHSBSA Chair also attends.

This report for the year ended 31 March 2020 is produced by the Board. The Remuneration and Nominations Committee met on four occasions during the period 1 April 2019 to 31 March 2020.

The Remuneration and Nominations Committee operates within a framework laid down by the DHSC, and taking into account the recommendations of the Senior Salaries Review Body. Its remit is to determine, on behalf of the NHSBSA, the Terms of Service, remuneration and other benefits of the Chief Executive, executive directors and such other posts that are specifically designated by the Board to be within their purview, with the intention that relevant employees are fairly rewarded for their individual contributions to the organisation. This includes setting the terms for the recruitment of any new executive directors within the DHSC framework.

The Committee has an objective to satisfy itself that appropriate and effective succession planning arrangements are in place for relevant employees. During the last year, the Committee has made further progress in ensuring that adequate arrangements are in place for our executive directors.

The Committee also ensures that an effective system is in place and being properly administered to monitor and evaluate the

performance of relevant employees, including such assessments as may be required to determine their level of remuneration.

The remuneration of executive directors is reviewed at least annually by the Remuneration and Nominations Committee, taking account of NHS national awards, central DHSC directions or guidance and other relevant factors. The remuneration for the tenure of non-executive directors is determined by the Secretary of State for Health and Social Care.

With the approval of the DHSC Remuneration Committee, we operate the NHS Executive and Senior Managers (ESM) pay framework.

Appointments

Non-executive directors are appointed to the NHSBSA Board by the Secretary of State for a fixed period of time. Executive directors have NHSBSA contracts of employment, in which there are no contractual clauses or other agreements for compensation in the event of early termination of office other than those provided by statutory requirements and normal pay provisions

Emoluments of Board members

The remuneration of all directors in post during 2019/20 is detailed in the tables below which identify the salary, other payments and allowances and pension benefits applicable to both executives and non-executives.



No.	NAME	2019/20
1	Mr. [Name]	18753.37
2	Mr. [Name]	27284.32
3	Mr. [Name]	99471.24
4	Mr. [Name]	2243
5	Mr. [Name]	9110
6	Mr. [Name]	9810
7	Mr. [Name]	9870
8	Mr. [Name]	9870
9	Mr. [Name]	9870
10	Mr. [Name]	9870
11	Mr. [Name]	9870
12	Mr. [Name]	9870
13	Mr. [Name]	9870
14	Mr. [Name]	9870
15	Mr. [Name]	9870
16	Mr. [Name]	9870
17	Mr. [Name]	9870
18	Mr. [Name]	9870
19	Mr. [Name]	9870
20	Mr. [Name]	9870

No.	NAME	2019/20
1	Mr. [Name]	14184.26
2	Mr. [Name]	9870
3	Mr. [Name]	9870
4	Mr. [Name]	9870
5	Mr. [Name]	9870
6	Mr. [Name]	9870
7	Mr. [Name]	9870
8	Mr. [Name]	9870
9	Mr. [Name]	9870
10	Mr. [Name]	9870
11	Mr. [Name]	9870
12	Mr. [Name]	9870
13	Mr. [Name]	9870
14	Mr. [Name]	9870
15	Mr. [Name]	9870
16	Mr. [Name]	9870
17	Mr. [Name]	9870
18	Mr. [Name]	9870
19	Mr. [Name]	9870
20	Mr. [Name]	9870

Non-executive directors

The following table sets out details of payments made and appointment term details for the Chair and non-executive members.

Subject to audit

Table 10: Non-executive director remuneration														
Name and title	2019/20						2018/19						Date of appointment/re appointment	Appointment ends
	Salary (bands of (£5,000))	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)	Salary (bands of (£5,000))	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension-related benefits (bands of £2,500)	TOTAL (bands of £5,000)		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
S Maizey Chair	60-65	4.2	0	0	0	65-70	60-65	4.5	0	0	0	65-70	9 Sep 2013 9 Sep 2017 9 Sep 2020	8 Sep 2017 8 Sep 2020 8 Sep 2021
M Ellerby Non-executive director, Senior Independent Director and Chair of Remuneration and Nominations Committee	5-10	2.4	0	0	0	10-15	5-10	1.6	0	0	0	5-10	1 Apr 2014 1 Apr 2017 1 Apr 2018	31 Mar 2017 31 Mar 2018 31 Mar 2021
A Flanagan Non-executive director and Chair of Audit and Risk Management Committee	10-15	3.6	0	0	0	15-20	10-15	3.5	0	0	0	15-20	1 Apr 2014 1 Apr 2017 1 Apr 2020 1 Oct 2020	31 Mar 2017 31 Mar 2020 30 Sep 2020 31 Mar 2021
K Seth Non-executive director	5-10	1.4	0	0	0	5-10	5-10	0	0	0	0	5-10	15 Sep 2017 15 Sep 2020	14 Sep 2020 14 Sep 2023

D Bailey Non-executive director	0 ¹	4.9	0	0	0	0-5	0 ¹	4.9	0	0	0	0-5	1 Jun 2016 1 Jun 2019	31 May 2019 31 May 2022
T Nolan Non-executive director	5-10	6.2	0	0	0	10- 15	5-10	5.5	0	0	0	10-15	1 Apr 2017 1 Apr 2020	31 Mar 2020 30 Sep 2020

1. Does not draw a salary

Senior manager remuneration

The following table sets out details of payments made and appointment term details for the Chief Executive and senior managers

Subject to audit

Table 11: Senior manager remuneration														
Name and title	2019/20						2018/19						Date of appointment/re appointment	Appointment ends
	Salary (bands of (£5,000))	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)	Salary (bands of (£5,000))	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
M Brodie Chief Executive (from 1 Sep 2019)	95-100 ¹	0	0	0	22	120-125	n/a	n/a	n/a	n/a	n/a	n/a	1 Sep 2019	Permanent contract (6 months' notice)
M Dibble Director of People Corporate Services (Corporate Secretary)	120-125	0	0	0	73	190-195	110-115	0	0	0	63	170-175	1 Sep 2017	Permanent contract (6 months' notice)
A Newell Director of Strategy, Performance, Business Development and Growth	130-135	0	5-10	0	30	170-175	125-130 ²	0	0	0	28	155-160	16 Apr 2018	Permanent contract (6 months' notice)
A McKinlay Director of Finance and Commercial Services	115-120	5.1	0	0	27	145-150	110-115 ³	2.1	0	0	27	140-145	9 Apr 2018	Permanent contract (6 months' notice)

A McDonald Chief Executive (until 30 June 2019)	40- 45 ¹	0	0	0	2	45-50	165- 170	0	5-10	0	73	245- 250	1 May 2006	30 Jun 2019
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¹ part year (full year equivalent: £170-175k)

² part year (full year equivalent: £130-135k)

³ part year (full year equivalent: £115-£120k)

Fair pay disclosure *Subject to audit*

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce, often referred to as the 'fair pay disclosure' (Table 12).

The banded remuneration of the highest paid director in the NHSBSA in the financial year 2019/20 was £170,000 - £175,000 (2018/19: £175,000 - £180,000). This was 9.1 times (2018/19: 9.5) the median remuneration of

the workforce, which was £19,020 (2018/19: £18,702). The range of staff remuneration was £15,000-£20,000 to £170,000-£175,000.

In 2019/20 no employees received remuneration in excess of the highest paid director. This was also the case in 2018/19.

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

Table 12: Fair pay disclosure	2019/20	2018/19
Band of highest paid director's total remuneration (£000)	170-175	175-180
Median total (£)	19,020	18,702
Remuneration ratio	9.1	9.5

Pension benefits

The table below sets out the pension benefits of the Chief Executive and senior managers of the NHSBSA:

Subject to audit

Table 13: Pension benefits of senior managers							
Name and title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2020 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2020 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2020	Cash Equivalent Transfer Value at 31 March 2019	Real increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000	£000	£000
M Brodie Chief Executive (from 1 Sep 2019)	0-2.5	(2.5)-0	35-40	100-105	707	653	24
M Dibble Director of People and Corporate Services (Corporate Secretary)	2.5-5	5-7.5	40-45	90-95	779	677	69
A Newell Director of Strategy, Performance, Business Development and Growth	0-2.5	0	0-5	0	76	35	21
A McKinlay Director of Finance and Commercial Services	0-2.5	0	0-5	0	44	21	8
A McDonald Chief Executive (until 30 June 2019)	0-2.5	0-2.5	75-80	235-240	n/a ¹	1,817	n/a ¹

¹ no CETV as in receipt of pension.

There are no entries in respect of the pensions for non-executive directors as they do not receive pensionable remuneration.

Cash Equivalent Transfer Value

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

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.

2.2.2 Staff report

Staff numbers and costs

Table 14 gives details of staff numbers and costs.

Subject to audit

Table 14: Staff numbers and related costs - Executive members and staff costs				
	Total 2019/20 £000	Permanently employed £000	Other £000	Total 2018/19 £000
Salaries and wages	80,817	75,717	5,100	74,099
Social security costs	6,679	6,679	0	5,959
Employer contributions to NHS Pensions	13,116	13,116	0	7,586
Other pensions costs	517	517	0	451
Termination costs	(2,693)	(2,693)	0	3,126
Apprenticeship levy	418	418	0	362
Total	98,854	93,754	5,100	91,583
Capitalised staff costs	(2,032)	-	-	(1,699)
	96,822	-	-	89,884

Note: The employer contribution rate to the NHS Pension Scheme rose from 14.3% in 2018-19 to 20.6% in 2019-20.

The average number of persons employed during the year was:

Subject to audit

Table 15: Average numbers of persons employed			
Total	Permanently employed	Other	2018/19
3,042	2,967	75	2,688

The whole time equivalent number of staff whose cost was capitalised was 29 (2018/19: 24).

Ill-health retirements

No members of staff retired due to ill health during 2019/20.

occupying more roles in the lower pay bands. It is encouraging to note that this had also reduced by 0.6%.

Gender balance

Table 16 below provides details of the number of colleagues by gender at director, senior manager and other employee levels. The NHSBSA 2019/20 Gender Pay Gap Report revealed that there was a 0.6% median gender pay gap which had reduced by 0.2% from the previous year. The mean gender pay gap for hourly pay was 11.3% and this difference in hourly pay is influenced by the greater proportion of female colleagues

The report sets out what we are doing to continue to address the gender pay gap in our organisation and explains the wide range of actions we are undertaking to reduce this. We are committed to creating a diverse and inclusive culture which supports the fair treatment and reward of all our colleagues, irrespective of gender, and our pay framework is based on the principles of fairness, transparency and consistency.

Table 16: Employee data (based on head count, not full-time equivalent)

	Female	Male	Total (31 March 2020)
Directors	1	8	9
Senior managers (band 8c and above)	18	23	41
Total employees	1,849	1,293	3,142

Employee sickness

We have an absence management policy covering the whole organisation which provides a consistent framework approach. The policy is underpinned by an externally provided occupational health service and employee assistance programme.

All figures calculated by Full Time Equivalent (FTE)

Table 17: NHS sickness absence figures

Figures converted by DHSC to best estimates of required data items			Statistics published by NHS Digital from ESR data warehouse	
Average FTE 2019	Adjusted FTE days lost to Cabinet Office definitions	Average sick days per FTE	FTE days available	FTE days recorded sickness absence
3,186	23,322	7.3	1,162,728	37,833

Source: NHS Digital - Sickness Absence and Publication - based on data from the ESR Data Warehouse. Period covered: January to December 2019

NHS sickness absence figures notes:

Data items: ESR does not hold details of the planned working/non-working days for employees so days lost and days available are reported based upon a 365-day year. For the Annual Report and Accounts the following figures are used:

The number of FTE-days available has been taken directly from ESR. This has been converted to FTE years in the first column by dividing by 365.

The number of FTE-days lost to sickness absence has been taken directly from ESR. The adjusted FTE days lost has been calculated by multiplying by 225/365 to give the Cabinet Office measure.

The average number of sick days per FTE has been estimated by dividing the FTE Days by the FTE days lost and multiplying by 225/365 to give the Cabinet Office measure. This figure is replicated on returns by dividing the adjusted FTE days lost by Average FTE.

Supporting disabled people

We recognise that we need diverse talent and that people with disabilities bring many different talents and assets to our business. In an era of technology and application development, having neuro-diverse colleagues who have different ways of working contributes enormously to our creativity as an organisation.

We were delighted in January 2020 to be awarded Disability Confident 'Level 3 – Leader' status by DWP in recognition of the NHSBSA's work on disability inclusion. We also continued our support of the NHS Learning Disability Employment pledge by taking part in a 'easy read application form' pilot scheme run by NHSE&I to support the employment of more people with learning disabilities into the NHS.

We believe in creating opportunities for disabled people and continue to encourage people from marginalised groups (including people with disabilities) to engage with us for recruitment or learning opportunities. This has involved making our recruitment processes more accessible and inclusive from the outset, in addition to already providing a Guaranteed Interview Scheme and making adjustments to our recruitment processes. We also further expanded the provision of work experience and placements for people with disabilities. During 2019/20 we worked with several charities and education providers to offer work experience and placements, and successfully recruited several colleagues with a wide range of different needs. Specialist support was developed to meet these needs including delivering bespoke Deaf, Visual Impairment and Autism awareness training to managers and teams to help them best support their colleagues, as well as arranging British Sign Language (BSL) training. Colleagues from Technology Solutions produced a fantastic film in BSL about why they had felt learning BSL was important in making their new colleague feel part of their team.

Our focus is not only on initiatives that break down barriers to recruitment and progression for disabled people, but also on the health and wellbeing of our colleagues. We take a holistic approach to staff wellbeing, with our interventions aimed at prevention, reducing the risk of ill health and ensuring that staff with or who develop a disability are supported at work. We have a wide range of wellbeing initiatives and strategies to do so including supportive policies and services such as our Occupational

Health Service, Employee Assistance Programme, Wellbeing Network and Mental Health First Aid Network. Through our appraisal process and by monitoring our recruitment and promotion statistics, we ensure that there are no barriers to the training, career development and promotion of employees with disabilities.

Supporting and engaging with our people

We support and invest in our people in a range of ways:

- Diversity and Inclusion – We are committed to equality, diversity and inclusion. Our Wellbeing and Inclusion Committee oversee the delivery of our Diversity and Inclusion Strategy and we publish details of our progress on our website: www.nhsbsa.nhs.uk/our-policies/diversity-and-inclusion
- Trade Union Partnership Working – We have good working relationships with our Trade Unions and are committed to working in partnership with them. From a whole NHSBSA perspective, and a Directorate level, we consult on colleague-impacting activity, and have an overarching National Joint Committee that provides a forum for detailed discussions.
- Health and Safety – We have a dedicated Safety, Health and Environment (SHE) Team, management system and we consult with our people through our National Joint Health and Safety Committee. Our Health and Safety Strategy and Annual Report are published on our website at: www.nhsbsa.nhs.uk/what-we-do/safety-health-and-environment
- Developing Our People - We are committed to maximising the performance and potential of all of our people and we ensure development opportunities are open and accessible to all. Our Virtual Learning Resource Centre ensures all colleagues can access learning on a vast range of topics to support their personal development.

- Developing our Leaders - We have developed a suite of learning offerings to support our leaders and managers at both an individual and collective level. The purpose is to build capability and confidence in leading others.
- Developing Talent - We have continued to integrate our appraisal process with an emphasis on identifying and growing our aspirant colleagues. This is supported by the introduction of our approach to supporting internal talent through effective initiatives and opportunities.

Expenditure on consultancy and temporary staff

The total consultancy expenditure incurred on the provision of operating services was £0 (2018/19 – £0). The total contingent labour expenditure incurred on the provision of operating services was £4 million (2018/19 – £4.9 million).

Off-payroll engagements

Table 18 below summarises our off-payroll appointments.

Table 18: Off-payroll appointments	
For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of existing engagements as of 31st March 2020	17
	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	9
Number that have existed for between two and three years at time of reporting	2
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0
For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2020	12
	Of which...
Number assessed as caught by IR35	9
Number assessed as not caught by IR35	3
Number engaged directly (via PSC contracted to Authority) and are on the Authority payroll	0
Number of engagement reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0
For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
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	11

All of the appointments have been subject to a risk based assessment regarding the payment of correct tax.

Exit packages

These tables report the number and value of exit packages agreed in the year. The expense associated with these departures may have been recognised in part or in full in a previous period. The Remuneration Report includes disclosure of exit payments payable to individuals named in that report.

Subject to audit

Table 19: Staff numbers and related costs – Exit costs

2019/20	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Cost of compulsory redundancies £000	Cost of other departures agreed £000	Total cost of exit packages £000
<£10,000	0	1	1	0	9	9
£10,000-£25,000	3	0	3	52	0	52
£25,000-£50,000	1	0	1	27	0	27
£50,000-£100,000	3	4	7	204	259	463
£100,000-£150,000	1	2	3	111	239	350
£150,000-£200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total	8	7	15	394	507	901

There were no special payments made during the year.

Subject to audit

Table 19a: Other departures excluding compulsory redundancy

2019/20	Number of agreements	Total value of agreements £000
Voluntary redundancies incl. early retirement	7	481
Mutually agreed resignations	0	0
Early retirements in the efficiency of services	0	0
Contractual payments in lieu of notice	5	26
Exit payments	0	0
Non-contractual payments	0	0
Total	12	507

Table 20: Staff numbers and related costs – Exit costs						
2018/19	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Cost of compulsory redundancies £000	Cost of other departures agreed £000	Total cost of exit packages £000
<£10,000	5	2	7	34	13	48
£10,000-£25,000	12	8	20	181	148	329
£25,000-£50,000	11	14	25	421	459	880
£50,000-£100,000	8	8	16	566	566	1,132
£100,000-£150,000	2	0	2	226	0	226
£150,000-£200,000	0	1	1	0	152	152
>£200,000	0	0	0	0	0	0
Total	38	33	71	1,429	1,338	2,767

There were no special payments made during the year.

Table 20a: Other departures excluding compulsory redundancy		
2018/19	Number of agreements	Total value of agreements £000
Voluntary redundancies incl. early retirement	33	1,282
Mutually agreed resignations	0	0
Early retirements in the efficiency of services	0	0
Contractual payments in lieu of notice	19	56
Exit payments	0	0
Non-contractual payments	0	0
Total	52	1,338

The reduction in exit packages compared to the previous year from 71 to 15 (£1.9m decrease) is a result of a reduction in restructures across the organisation since 2018/19. These previous year's restructures were across a number of corporate services, plus a result of efficiencies from increased utilisation of the Electronic Prescription Service (EPS) and insourcing within Pensions Services and Dental Services.

2.2.3 Trade union facility time

The following information relates to the requirements of the Trade Union (Facility Time Publication Requirements) Regulations 2017.

Table 21: Relevant union officials

Number of employees who were relevant union officials during 2019/20	Full-time equivalent employee number
20	18.77

Table 22: Percentage of time spent on facility time during 2019/20

Percentage of time	Number of employees
0%	2
1-50%	17
51%-99%	0
100%	1

Table 23: Percentage of pay bill spent on facility time during 2019/20

Total cost of facility time	£47,822
Total pay bill	£96,029,45
Percentage of the total pay bill spent on facility time	0.05%

Table 24: Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	
Hours on paid time	1,784
Total paid facility time hours	3,590
(Total hours spent on paid trade union activities ÷ total paid facility time hours) x 100	49.70%

2.3 Parliamentary, accountability and audit report

2.3.1 Regularity of expenditure

Details of losses and special payments are included in Table 25 below. The value of losses decreased between 2018/19 and 2019/20 with the transfer of NHS Supply Chain to SCCL removing the stores losses previously reported.

Subject to audit

Losses	2019/20		2018/19	
	No. of cases	£000	No. of cases	£000
'Cash' losses	0	0	0	0
Stores losses	0	0	84	562
Fruitless payments	1	1	0	0
Claims waived or abandoned	93	108	126	156
Losses total	94	109	210	718
Special payments	149	118	169	113

Note: A "fruitless payment" is a payment for which liability ought not to have been incurred, or where the demand for the goods or services in question could have been cancelled in time to avoid liability.

No gifts exceeding £300,000 have been made by the NHSBSA.

2.3.2 Fees and charges

The NHSBSA does not have any income from fees and charges (Subject to audit).

2.3.3 Remote contingent liabilities

The Authority has signed an Assured Guarantee Agreement relating to a distribution centre used by NHS Supply Chain. This agreement indemnifies the landlord should the logistics service provider be unable to fulfil its commitments under the lease. The service provider is not expected to default on the lease. Should they do so, then the Authority would be liable for the annual rent of £870k for the period of default. This agreement ends when the lease on the premises ends on 30 September 2026. (Subject to audit).

2.3.4 Long term expenditure trends

The NHSBSA operates a programme of schemes as determined by the DHSC with funding allocated based on the portfolio of work they are expected to deliver in a particular financial year. As such, long term expenditure trends are not

applicable as the NHSBSA has no control over the projects they deliver in a given year.

2.3.5 Accounting Officer's disclosure to the auditors

As far as the Accounting Officer is aware, there is no relevant audit information of which our auditors are unaware and the Accounting Officer has taken all steps he ought to have taken to make himself aware of any relevant audit information and to establish that our auditors are aware of that information.

2.3.6 External auditors

The Comptroller and Auditor General is appointed by Statute as external auditor for the NHSBSA accounts. The National Audit Office (NAO) do not undertake any non-audit services on behalf of the NHSBSA.

Michael Brodie, Chief Executive
NHS Business Services Authority
14 April 2022



Appendix 1

Sustainability report



Table 1: Greenhouse gas emissions

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Non-financial Indicators (t CO₂e)*											
Gross emissions Scope 1** (direct)	1.6k	1.2k	0.9k	1.1k	0.5k	0.6k	0.4k	0.5k	0.3k	0.4k	0.3k
Gross emissions Scope 2*** (indirect)	4.4k	4.0k	3.8k	3.9k	2.6k	2.5k	2.4k	2.2k	1.7k	1.3k	1.2k
Gross emissions Scope 3**** (indirect – business travel)	0.6k	0.6k	0.5k	0.6k	0.6k	0.5k	0.5k	0.4k	0.4k	0.4k	0.4k
TOTAL	6.6k	5.8k	5.2k	5.6k	3.7k	3.6k	3.3k	3.1k	2.4k	2.1k	2.0k
Building CO ₂ e per FTE	2.10	2.14	2.08	1.97	1.17	1.04	0.98	0.92	0.86	0.67	0.64
Business travel CO ₂ e per FTE	0.12	0.13	0.13	0.14	0.09	0.13	0.12	0.11	0.11	0.16	0.14
Related energy consumption (kWh)											
Gas	8.2m	5.9m	4.5m	5.4m	2.5m	2.1m	1.8m	1.8m	1.7m	1.5m	1.7m
Electricity: Grid	10.6m	9.8m	9.2m	8.1m	5.9m	5.5m	5.2m	5.3m	5.0m	4.7m	4.8m
Gas Oil	N/A	N/A	N/A	0.2m	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Self-generated energy (kWh)											
PV	N/A	N/A	N/A	65k	65k	35k	31k	48k	53k	60k	57k

Financial indicators*****											
Expenditure on energy	£1.2m	£1.1m	£1.1m	£1.0m	£0.8m	£0.7m	£0.7m	£0.7m	£0.7m	£0.7m	£0.8m
Expenditure on carbon reduction commitment	N/A	<£2k	<£2k	£66k	£63k	£46k	£3k	£44k	£41k	£35k	£31k
Expenditure on official business travel	£1.1m	£1.1m	£1.0m	£1.1m	£1.3m	£1.0m	£0.9m	£0.9m	£1.2m	£1.0m	£0.8m
TOTAL	£2.3m	£2.2m	£2.1m	£2.1m	£2.1m	£1.7m	£1.6m	£1.6m	£1.9m	£1.7m	£1.6m

Notes: * emissions accounting includes all Scope 1 and 2 emissions along with separately identified Scope 3 emissions related to official business travel. Details of carbon accounting within the NHSBSA, in support of HM Treasury Guidance, are available on request. Government emission conversion factors provided by Department for Business, Energy & Industrial Strategy have been used.

Scope 1** gas used in buildings (Approx. 1% has been estimated where we are a minor tenant in large office blocks, and there is no direct metering), fugitive emissions from air conditioning units in buildings we own and/or control, transport emissions from vehicles we own or lease.

Scope 2*** electricity used in buildings (approx. 8% has been estimated where we are a tenant in large office blocks, and there is no direct metering).

Scope 3**** transport emissions from hire cars, grey fleet, taxis (some figures are approximated using spend data and assumptions), buses (figures are approximated using number of bus tickets issued), air (data prior to June 2010 is estimated using data from 2010/11), rail (data prior to June 2010 is estimated using data from 2010/11).

Performance commentary including measures

Although we have increased gas use, electricity use and fleet travel as a result of business growth, we have continued to see an improvement in our greenhouse gas emissions and building greenhouse gas emissions per FTE. Reduced greenhouse gas conversion factors (from grid decarbonisation for example) has reduced our scope 1 and 2 greenhouse gas emissions. Business travel emissions have remained consistent despite increased headcount and service provision. We continue to improve our smarter working practices and make improvements to our technology infrastructure and collaboration tools.

Controllable impacts commentary

Our main impacts are from the operation of our offices (electricity and gas), and to a lesser extent our business travel; having offices, customers, clients and sponsors spread around the UK.

Overview of influenced impacts

Our key influential impacts are related to our supply chain.

Table 2: Waste

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Non-financial Indicators (tonnes)*											
Landfilled	492	459	254	154	183	182	182	89	62	59	1
Recycled / reused / composted (non-prescription / dental form waste)**	592	457	299	499	208	199	177	207	183	314	305
ICT waste recycled externally	2	0	16	36	2	3	0	15	15	15	15
Recycled / reused / composted (prescription / dental form waste)***	200	586	114	350	175	137	125	1009	798	613	544
Recycled / reused / composted (prescriptions stored offsite by third party)***	575	575	575	575	200	599	596	0	0	0	0
Incinerated / energy from waste	26	23	50	17	98	87	75	88	103	115	117
TOTAL	1887	2100	1308	1631	866	1207	1155	1408	1161	1116	982
Office waste per FTE	0.48	0.41	0.30	0.34	0.21	0.19	0.18	0.16	0.14	0.18	0.14
Financial Indicators ****											
Landfilled	-	-	-	£26.7k	£5.0k	£3.1k	£3.1k	£4.7k	£9.5k	£9.8k	£9.8k
Recycled / reused / composted (non-prescription / dental form waste)	-	-	-	£31.0k	£18.5k	£18.7k	£16.2k	£24.1k	£31.7k	£40.4k	£40.4k
Recycled / reused / composted (prescription / dental form waste)***	-	-	-	-	£31.6k	£29.0k	£22.5k	£8.3k	-£44.8k	-£34.7k	-£47.7k
ICT waste recycled externally	-	-	-	-	0	0	0	0	0	0	0
Incinerated / energy from waste	-	-	-	£2.6k	£14.3k	£15.1k	£14.0k	£14.9k	£82.1k	£87.5k	£87.5k
TOTAL	£36k	£36k	£39k	£60k	£69k	£66k	£56k	£52k	£79k	£103k	£90k

** waste (tonnes): less than 1% has been estimated where we are a minor tenant in large office blocks, and waste is managed through the service agreement.*

*** Recycled / reused / composted (non-prescription / dental form waste): approx. 1% has been estimated due to a short period of contract transition for confidential waste recycling during 2016/17.*

**** Recycled prescriptions: We have used estimates between 2009/10 and 2013/14 as data was not available. Costs for this third party service were for storage and records management and a specific value for recycling was not made available. Since 2017/18, the NHSBSA started to receive a rebate for prescription waste which is included in the financial indicators. Waste costs have been estimated for 2017/18 as these were not made available by the third party contractor. Waste from external scanning contracts in 2018/19 has been excluded from the NHSBSA data as this waste is being processed on behalf of a third party, and therefore is not deemed as our waste.*

***** minor estimates included aligned to non-financial estimates listed here, and due to some data reporting issues for 2009/10. All waste costs are included together up to 2012/13 due to level of reporting possible, with 2012/13 data split. ICT waste costs are included within managed service contract costs so have not been included here. Waste financials for 2018/19 has been divided between waste incinerated and waste recycled, based on the waste tonnage for each waste category. Waste financials for landfilled, recycled non-prescription and incinerated waste was unavailable and 2018/19 waste costs were used as an estimate.*

Performance commentary including measures

As we digitise many of the services we deliver, we continue to make waste savings across the business, despite increasing our service portfolio and number of employees.

Controllable impacts commentary

Our key controllable impact is the production of office waste. Our strategy to digitise our services and move away from paper-based processes supports ongoing reduction in office waste produced and we continue to see these improvements in our waste tonnage. We continue to engage with our colleagues to reduce waste and maximise recycling.

Overview of influenced impacts

We have influence over the roll-out of EPS and continue to engage with stakeholders to promote the further take-up of EPS. We are also working with our suppliers to reduce waste in our supply chain.

Table 3: Finite resource consumption

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Non-financial Indicators (m³)*											
Water from office estate	25.0k	23.0k	23.4k	20.4k	19.1k	17.4k	18.0k	18.3k	19.7k	16.9k	17.5k
Water from non-office estate	0.01k	0.2k	0.3k	0.1k	0.2k	0.2k	0.2k	0.2k	0.2k	0.3k	0.3K
TOTAL	25.0k	23.2k	23.7k	20.5k	19.3k	17.6k	18.2k	18.5k	19.9k	17.2k	17.8k
Water - m ³ per FTE (office estate)	9.39	11.07	11.96	11.97	10.80	10.27	10.65	9.79	9.69	10.50	5.61
Paper - reams of A4**	43k	43k	32k	25k	24k	26k	26k	28k	27k	26k	21k
Paper - reams per FTE	18	19	15	12	10	11	11	11	10	9	6.7
Financial Indicators ***											
Mains water supply and treatment	£93.3k	£96.7k	£83.7k	£90.2k	£74.0k	£86.2k	£75.1k	£88.7k	£89.5k	£79.2k	£65.8k

* water (m³): less than 1% has been estimated where we are a minor tenant in large office blocks, and there is no direct metering.

** paper (reams): reams of A4 reported here refer to office paper purchased by the NHSBSA directly. It does not include paper purchased on our behalf e.g. leaflets, scheme documents etc. linked to our outsourced services. Data for Q4 2017/18 and March 2019 has been estimated due to an issue with the report provided by the third-party supplier. Paper is reported as A4 reams or equivalent, so also includes A5 and A3 paper consumption.

*** minor estimates have been included for areas without direct billing, for example, where the water bills are part of the service charge for a building.

Performance commentary including measures

We have significantly reduced our water consumption since 2009/10 through estate rationalisation and improved controls and fittings across our buildings. Our Estates team continue to monitor usage site-by-site and look at operational improvements where appropriate. Water consumption is monitored on a regular basis and any unexpected increases in water usage are investigated.

Controllable impacts commentary

Our key controllable impact is water use in our buildings. We continue to monitor office paper and our strategy to digitise our services should deliver further reductions.

Overview of influenced impacts

Our key influential impacts are related to our supply chain. We are also working with our suppliers to reduce resource consumption in our supply chain.

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



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

Qualified opinion on financial statements

I certify that I have audited the financial statements of the NHS Business Services Authority for the year ended 31 March 2020 under the National Health Service Act 2006. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, except for the possible effects of the matters described in the Basis for qualified audit opinion on the financial statements section of my certificate, the financial statements:

- give a true and fair view of the state of the NHS Business Services Authority's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with the National Health Service Act 2006 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for qualified audit opinion on the financial statements

I have qualified my opinion on the financial statements in one respect:

NHS Business Services Authority recognise on their Statement of Financial Position intangible assets totalling £79m. Of these intangible assets, I was unable to obtain sufficient appropriate audit evidence that the valuation of £28m of the £79m is free from material error because management have been unable to provide adequate records to support the valuations in the timeframe required.

Basis for opinions

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the NHS Business Services 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

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

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

Responsibilities of Accounting Officer for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Health Service Act 2006.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NHS Business Services Authority's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the NHS Business Services Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NHS Business Services Authority ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my certificate to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my certificate. However, future events or conditions may cause the NHS Business Services Authority to cease to continue as a going concern.

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

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

transactions conform to the authorities which govern them.

Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate and report thereon. 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. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Health Service Act 2006;
- I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance and Accountability Reports for the financial year

for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the NHS Business Services Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability reports. In respect solely of the matters referred to in the basis for our qualified opinion on the financial statements as a result of a limitation of audit evidence to support the valuation of intangible assets:

- I have not received all of the information and explanations I require for my audit.
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff.

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

- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Gareth Davies **Date: 22 April 2022**
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

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

1. Given the significant delay in issuing these 2019/20 financial statements and my related decision to qualify my opinion, I have decided to report to set out the reasons for the delay and the qualification.
2. During 2019/20, the establishment of a new NHS supply chain model and transfer of functions from NHSBSA to Supply Chain Coordination Ltd (SCCL) had a significant impact on the NHSBSA business. The impact of this transfer was reflected in my audit approach, risk assessment and determination of materiality. Most significantly, the materiality I applied to the audit fell by 90 per cent from a little over £30 million in 2018/19 to £2.9 million in 2019/20.
3. The practical impact of this change was to increase the relative significance of the NHSBSA's intangible assets and property, plant and equipment to the financial statements. These assets include a range of IT systems used in the maintenance of NHS electronic staff records, the management of prescriptions and payments to pharmacists, together with the physical infrastructure used by the NHSBSA to carry out its functions. These assets now held significant risks of misstatement for my audit. Consequently, these assets now required higher levels of audit scrutiny than had been the case previously.
4. During the course of my audit, I found that the evidence available to me in respect of these classes of assets was not sufficient to address the level of audit risk I had assessed. The delay in my audit of 2019/20, which began in the autumn of 2020, reflects the extent of work that NHSBSA has needed to carry out to improve its records so that management could provide me with sufficient and appropriate audit evidence. I recognise management's commitment, and the substantial effort put in by NHSBSA staff, to resolve these issues during what was a demanding time for the organisation as it supported the NHS's response to the pandemic. The work needed has been extensive, including a complete revision of its Fixed Asset Register and professional valuations of key assets.
5. NHSBSA has resolved the issues in the underlying records relating to property, plant and equipment and I am satisfied that the disclosures relating to these are materially accurate. I have not, however, been able to obtain sufficient, appropriate evidence as to the valuation of a portion of the NHSBSA's intangible assets. Assets like these should, under the HM Treasury's Financial Reporting Manual (as adapted by the Department of Health and Social Care's General Accounting Manual) be measured at their depreciated replacement cost (DRC).
6. The NHSBSA had estimated DRC by applying indexation across its intangible assets to modify the originally recorded historic cost. This can be an appropriate method. However, further adjustments may be required to properly reflect factors such as obsolescence, changes in technology and the impact of changes in how an asset is used. My audit found that management had not fully assessed these factors over the years. More fundamentally, this approach inherently relies upon accurate and complete historic cost records, which, in some cases went back many years and were complex, involving the application of management judgement. Taken together, these matters led me to assess a significant risk to my audit in respect of the valuation of NHSBSA's intangible assets.

7. To partly address this risk, NHSBSA commissioned detailed valuations of two of the highest value systems (representing £32m of the total balance of £69m of information technology assets as set out in Note 4.1) These valuations were completed in December 2021 and provided me with sufficient and appropriate evidence as to the amounts included in the financial statements in relation to these assets (£32m net book value). Taking all the evidence available to me at this point, I concluded that I did not have sufficient assurance over the historic cost of the remaining balance of information technology intangible assets that had been valued using an index applied to the historic cost. After discussions with NHSBSA, I concluded in February 2022 that I needed to seek additional evidence to address this assurance gap. In addition to the two highest value systems, I was able to obtain sufficient and appropriate audit evidence in relation to the £9m of the balance which relates to additions to information technology intangible assets made in the 2019/20 year. However, despite our best mutual efforts I have not yet been able to obtain sufficient and appropriate evidence in relation to the historic costs of the remaining information technology intangible assets, which provide the baseline for subsequent adjustment and held at a value of £28m once indexation is applied.
8. In the interests of avoiding further delays to issuing its annual report and accounts, NHSBSA has taken the decision to sign and issue its 2019/20 accounts and has work in hand to resolve these outstanding matters in subsequent accounting periods. Accordingly, I have qualified my audit opinion due to a limitation in scope in respect of this outstanding issue.

Gareth Davies

Date: 22 April 2022

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Financial statements and notes to the accounts



Account of NHS Business Services Authority 2019-20

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

	Notes	2019-20 £000	2018-19 Restated * £000
Income from sale of goods and services (contracts)	2.2	0	2,087,797
Other operating income	3.1	170,015	159,389
Total operating income		170,015	2,247,186
Staff Costs	3.4	96,822	89,884
Purchase of goods and services	2.2	0	1,912,774
Other operating expenditure	3.2	199,425	418,355
Total operating expenditure		296,247	2,421,013
Net operating expenditure		126,232	173,827
Net loss/(gain) on transfers by absorption	3.5	182,600	(22,346)
Total Net Expenditure		308,832	151,481
Other Comprehensive Net Expenditure			
Net loss on revaluation of property, plant & equipment		3,116	0
Net gain on revaluation of intangible assets		(27,646)	0
Total comprehensive net expenditure for the year		284,302	151,481

* The Statement of Comprehensive Net Expenditure for 2018-19 has been restated as a result of changes in premises, depreciation and amortisation charges arising from the extensive review of the fixed asset register carried out during the year. The impact is a reduction in Other operating expenditure of £2,842k.

The notes on pages 101 to 125 form part of these accounts.

Account of NHS Business Services Authority 2019-20

Statement of Financial Position at 31 March 2020

	Notes	31 March 2020 £000	31 March 2019 Restated * £000	31 March 2018 Restated * £000
Non Current Assets				
Property, Plant & Equipment	4.2	26,427	49,207	30,929
Intangible Assets	4.1	79,122	49,380	29,878
Other Financial Assets	4.3	0	0	92,955
Total non-current assets		105,549	98,587	153,762
Current Assets				
Inventories	4.4	0	187,392	81,723
Trade and other receivables	4.5	34,198	408,122	178,482
Cash and cash equivalents	4.6	24,842	94,792	89,543
Total current assets		59,040	690,306	349,748
Total Assets		164,589	788,893	503,510
Current Liabilities				
Trade and other payables	4.7	28,714	419,680	208,579
Provisions for liabilities and charges	4.8	4,478	15,301	3,066
Total current liabilities		33,192	434,981	211,645
Net current assets/liabilities		25,848	255,325	138,103
Total assets less current liabilities		131,397	353,912	291,865
Non-current liabilities				
Provisions for liabilities and charges	4.8	859	601	603
Total non-current liabilities		859	601	603
Total Assets Less Liabilities:		130,538	353,311	291,262
Taxpayers' Equity				
General Fund		102,356	349,659	287,610
Revaluation Reserve		28,182	3,652	3,652
Total Taxpayers' Equity:		130,538	353,311	291,262

* The Statement of Financial Position for 2018-19 and 2017-18 has been restated to reflect changes arising from the extensive review of the fixed asset register carried out during the year. Property, Plant & Equipment has been reduced by £1,556k in 2017-18 and, cumulatively, £818k in 2018-19 - see Note 4.2. Intangible Assets has been reduced by £2,568k in 2017-18 and, cumulatively, £464k in 2018-19 - see Note 4.1.

The notes on pages 101 to 125 form part of these accounts.

Michael Brodie
Chief Executive
14 April 2022



Account of NHS Business Services Authority 2019-20

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2020

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2019	349,737	4,856	354,593
Prior period adjustment *	(78)	(1,204)	(1,282)
Restated balance at 31 March 2019	349,659	3,652	353,311
Changes in taxpayers' equity for 2019-20			
Total net expenditure for the year	(308,832)	0	(308,832)
Net loss on revaluation of property, plant and equipment	0	(3,116)	(3,116)
Net gain on revaluation of intangible assets	0	27,646	27,646
Non-cash charges – notional costs	106	0	106
Total recognised income and expense for 2019-20	(308,726)	24,530	(284,196)
Net Parliamentary Funding **	61,423	0	61,423
Balance at 31 March 2020	102,356	28,182	130,538
Prior period adjustment *	(2,920)		
Restated balance at 31 March 2018	287,610	3,652	291,262
Changes in taxpayers' equity for 2018-19			
Total net expenditure for the year	(151,481)	0	(151,481)
Non-cash charges – notional costs	95	0	95
Total recognised income and expense for 2018-19	(151,386)	0	(151,386)
Net Parliamentary Funding	213,435		
Balance at 31 March 2019 - restated	349,659	3,652	353,311

* The opening balances of the general fund and revaluation reserve for 2018-19 and 2017-18 have been restated to reflect changes arising from the extensive review of the fixed asset register carried out during the year.

** Included within 2019-20 Parliamentary funding is non-cash funding from DHSC of £3,864k, which offsets the increase of 6.3% in NHS Employers' Pension Contribution rates included within the Statement of Comprehensive Net Expenditure for the period. The increased cost was paid directly to the NHS Pension Scheme on our behalf by DHSC.

The notes on pages 101 to 125 form part of these accounts

Account of NHS Business Services Authority 2019-20

Statement of Cash Flows for the year ended 31 March 2020

	Notes	2019-20 £000	2018-19 Restated * £000
Cash flows from operating activities			
Net operating expenditure		(126,232)	(173,827)
Other cash flow adjustments	5.3	28,532	37,396
Movement in working capital	5.1	60,773	(125,926)
Provisions utilised	4.8	(1,241)	(1,553)
Net cash (outflow) from operating activities		(38,168)	(263,910)
Cash flows from investing activities			
Purchase of property, plant and equipment	4.2	(3,925)	(28,048)
Purchase of intangible assets	4.1	(16,810)	(14,253)
Proceeds from disposal of property, plant and equipment		0	3,025
Proceeds from disposal of financial assets	4.3	0	95,000
Net cash inflow/(outflow) from investing activities		(20,735)	55,724
Cash flows from financing activities			
Net Parliamentary Funding		61,423	213,435
Adjustment for non-cash items **		(3,864)	0
Net Cash transferred under absorption accounting		(68,606)	0
Net financing		(11,047)	213,435
Net increase/(decrease) in cash and cash equivalents		(69,950)	5,249
Cash and cash equivalents at 31 March 2019	5.2	94,792	89,543
Cash and cash equivalents at 31 March 2020	5.2	24,842	94,792

* The Statement of Cash Flows for 2018-19 has been restated as a result of changes in operating expenditure and purchase of property, plant and equipment and intangible assets arising from the extensive review of the fixed asset register carried out during the year. The impact is a reduction in Net operating expenditure of £2,842k, a reduction in Other cash flow adjustments of £3,269k, an increase in Purchase of property, plant and equipment of £640k and a reduction in Purchase of intangible assets of £1,067k.

** See note to the Statement of Changes in Taxpayers' Equity

The notes on pages 101 to 125 form part of these accounts.

Account of NHS Business Services Authority 2019-20

Notes to the Accounts

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 (FRoM) 2019-20, issued by HM Treasury, and the Department of Health and Social Care Group Accounting Manual (GAM) 2019-20. The accounting policies contained in the FRoM and GAM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRoM or GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHSBSA 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 Accounting Conventions

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

Going concern

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

Transfer of Functions

As public sector bodies are deemed to operate under common control, business reconfigurations within the DHSC group are outside the scope of IFRS 3 *Business Combinations*. Where functions transfer between two public bodies, the GAM requires the application of 'absorption accounting'. Absorption accounting requires that entities account for their transactions in the period in which they took place. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure (SOCNE), and is disclosed separately from operating costs.

Critical accounting 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.

The key critical judgements and estimations that management have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements relate to the valuation of Intangible IT Assets. During the full depreciated replacement cost valuation of intangible IT assets, which was undertaken as at the year end, indexed historic cost was considered to be a reasonable proxy for replacement cost for all but two of our IT systems. It was considered that, due to the size, age and complexity of the Electronic Staff Record and Prescription Processing systems, that this would be inappropriate, and independent replacement cost valuations were carried out. As is common with reports of this nature, the valuation of the Prescription Processing system was expressed as being within a range. We assessed this range, using our experience of the software development market, and determined that the higher end of the range best represented the public sector position on both risk and retaining skilled roles within the United Kingdom, with lower levels of offshoring of development work than might be seen in the private sector.

Account of NHS Business Services Authority 2019-20

1. Accounting Policies (continued)

1.2 Income & Expenditure

1.2.1 Income

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

- NHSBSA does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- NHSBSA 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 NHSBSA to reflect the aggregate effect of all contracts modified before the date of initial application.

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.

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.

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

The funding of Social Work Bursary payments, the Education Support Grant and the Learning Support Fund comes from the DHSC Policy Team. This income is treated as operating income.

The Supply Chain trading function was transferred to SCCL on 1st April 2019. Prior to this, the main source of funding was income from sales to NHS customers, with additional income from similar sales to non-NHS customers. From 1st July 2018 sales included capital equipment and maintenance contracts relating to capital equipment; up to this date only the management fees relating to such sales were included. Income from maintenance contracts was recognised over the length of the each contract.

1.2.2 Expenditure

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.

1.2.3 Grants Payable

Where grant funding is not intended to be directly related to activity undertaken by a grant recipient in a specific period, NHSBSA recognises the expenditure in the period in which the grant is paid. All other grants are accounted for on an accruals basis.

1.3 Taxation

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

Account of NHS Business Services Authority 2019-20

1. Accounting Policies (continued)

1.4 Property, Plant & Equipment

(a) 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 the NHSBSA
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably, and either
 - a) the item has a cost equal of at least £5,000; or
 - b) 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.

(b) 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 and non-specialised buildings – market value for existing use. The latest formal revaluation was carried out by an independent RICS qualified valuer as at 31 March 2020.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees but not borrowing costs, which are recognised as expenses immediately, as allowed by IAS 23 for assets held at fair value. Assets are revalued and depreciation commences when they are brought into use.

IT equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

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. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive net expenditure in the Statement of Comprehensive Net Expenditure.

(c) Subsequent expenditure

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

Account of NHS Business Services Authority 2019-20

1. Accounting Policies (continued)

1.5 Intangible Assets

(a) Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of the NHSBSA'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, the NHSBSA; 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 use the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

(b) 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 charged to the Statement of Comprehensive Net Expenditure (SoCNE) in the period in which it is incurred.

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of depreciated replacement cost (modern equivalent assets basis) and value in use where the asset is income generating.

A full depreciated replacement cost valuation of intangible IT assets was undertaken as at the year end. In the majority of cases, indexed historic cost was used as a proxy for replacement cost. However, in two cases (the Electronic Staff Record and Prescription Processing systems), we considered that, due to the size, age and complexity of the assets, that this would be inappropriate, and independent replacement cost valuations were carried out. Increases arising from this revaluation were taken to the revaluation reserve.

1.6 Depreciation, amortisation and impairments

Freehold land, assets under construction or development and assets held for sale are not depreciated/amortised.

Otherwise, depreciation and amortisation are charged on a straight line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives. The estimated useful life of an asset is the period over which the NHSBSA expects to obtain economic benefits or service potential from the asset. The 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 their estimated useful lives or, where shorter, the lease term.

At each Statement of Financial Position date, the Authority checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, 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.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. 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 the SoCNE to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

Account of NHS Business Services Authority 2019-20

1. Accounting Policies (continued)

1.7 Inventories

Inventories are valued at the lower of cost and estimated net realisable value using a weighted average cost formula.

1.8 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.

1.9 Losses and Special Payments

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

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

1.10 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.11 Research and Development

Research and development expenditure is charged against income in the year in which it is incurred, except insofar as development expenditure relates to a clearly defined project and the benefits of it can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefits expected and is amortised through the SoCNE on a systematic basis over the period expected to benefit from the project. It is revalued on the basis of current cost. The amortisation is calculated on the same basis as depreciation, on a quarterly basis.

Account of NHS Business Services Authority 2019-20

1. Accounting Policies (continued)

1.12 Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Authority as lessee

Property, plant and equipment held under finance leases are initially recognised, at the inception of the lease, at fair value or, if lower, at the present value of the minimum lease payments, with a matching liability for the lease obligation to the lessor. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate on interest on the remaining balance of the liability. Finance charges are recognised in calculating the Authority's net operating cost.

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

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

Where a lease is for land and buildings, the land and building components are separated. Leased land is treated as an operating lease. Leased buildings are assessed as to whether they are operating or finance leases.

The Authority as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Authority's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Authority's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

1.13 Provisions

Provisions are recognised when NHSBSA has a present legal or constructive obligation as a result of a past event, it is probable that NHSBSA 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, and the effect of the time value of money is significant, 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 0.50% (2018-19: positive 0.29%) 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 0.51% (2018-19: 0.76%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 0.55% (2018-19: 1.14%) 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 1.99% (2018-19: 1.99%) 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 1.99% (2018-19: 1.99%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

Account of NHS Business Services Authority 2019-20

1. Accounting Policies (continued)

1.14 Financial Instruments

Financial assets

Financial assets are recognised when NHSBSA 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 NHSBSA 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.

All of NHSBSA'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 most trade receivables, loans receivable, and other simple debt instruments.

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.

Impairment

For all financial assets measured at amortised cost, and any lease receivables and contract assets, NHSBSA recognises a loss allowance representing expected credit losses on the financial instrument.

NHSBSA 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. NHSBSA 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 NHSBSA 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.

Account of NHS Business Services Authority 2019-20

1. Accounting Policies (continued)

1.14 Financial Instruments (continued)

Financial liabilities

Financial liabilities are recognised on the Statement of Financial Position when the Authority becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are derecognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' or 'at amortised cost'.

All of NHSBSA's financial liabilities are classified as 'at amortised cost'. After initial recognition, the financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount (amortised cost) of the financial liability.

1.15 Accounting standards that have been issued but have not yet been adopted

The DHSC GAM does not require the following Standards and Interpretations to be applied in 2019-20. These standards are still subject to HM Treasury FReM adoption, with IFRS 16 being for implementation in 2021-22, and the government implementation date for IFRS 17 still subject to HM Treasury consideration.

- IFRS 16 *Leases* – The standard is effective 1 April 2022 as adapted and interpreted by the FReM.
- IFRS 17 *Insurance Contracts* – Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM: early adoption is not therefore permitted.

Application of these standards is not expected to have a material impact on future financial statements, with the exception of IFRS 16. The Authority currently has commitments under operating leases of £8.2m, which IFRS 16 will require to be recognised in the statement of financial position as right of use assets with corresponding lease liabilities.

Account of NHS Business Services Authority 2019-20

2.1 Operating segments

The Authority's activities are considered to fall within two segments (2018-19: three): Student Support via the payment of Social Work Bursaries, Education Support Grant (ESG) and the Learning Support Fund (LSF), and the Authority's operating expenditure relating to the provision of services to the wider NHS. Supply Chain trading was a third segment until the end of 2018-19.

Details of the income and expenditure and assets and liabilities of the segments are shown below. The segments' shares of assets and liabilities are disclosed in more detail within the relevant notes to the accounts.

	Notes	Supply Chain		Student Support		Service Provision		Intra-segment Adjustments		Total	
		2019-20	2018-19	2019-20	2018-19	2019-20	2018-19 Restated *	2019-20	2018-19	2019-20	2018-19 Restated *
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Statement of Comprehensive Net Expenditure											
Income from sale of goods and services	2.2	0	(2,087,797)	0	0	0	0	0	0	0	(2,087,797)
Other operating income	3.1	0	0	(92,554)	(82,313)	(77,461)	(77,076)	0	0	(170,015)	(159,389)
Total operating income		0	(2,087,797)	(92,554)	(82,313)	(77,461)	(77,076)	0	0	(170,015)	(2,247,186)
Staff costs	3.4	0	0	0	0	96,822	89,884	0	0	96,822	89,884
Purchase of goods and services	2.2	0	1,912,774	0	0	0	0	0	0	0	1,912,774
Other operating expenditure	3.2	0	227,273	92,554	82,313	106,871	108,769	0	0	199,425	418,355
Total operating expenditure		0	2,140,047	92,554	82,313	203,693	198,653	0	0	296,247	2,421,013
Net Operating Expenditure/(Income)		0	52,250	0	0	126,232	121,577	0	0	126,232	173,827
Statement of Financial Position											
Assets		0	645,831	13,417	11,685	151,172	201,513	0	(70,136)	164,589	788,893
Liabilities		0	(463,231)	(10,631)	(8,899)	(23,420)	(33,588)	0	70,136	(34,051)	(435,582)
Assets less Liabilities		0	182,600	2,786	2,786	127,752	167,925	0	0	130,538	353,311

* Operating expenditure and Assets for 2018-19 have been restated to reflect changes arising from the extensive review of the fixed asset register carried out during the year. The impact is a reduction in Service Provision Other operating expenditure of £2,842k and a reduction in Service Provision Assets of £1,282k.

2.2 Supply Chain

	2019-20 £000	2018-19 £000
Income from sale of goods and services	0	2,087,797
Purchase of goods and services	0	1,912,774
Gross operating income	0	175,023
Operating costs	0	227,273
Net operating income/(expenditure)	0	(52,250)

Under the new category tower contracts, from 1st July 2018 control over the capital and maintenance trading elements of the service passed from the outsourced provider back to NHSBSA. All related working capital balances are included in the NHSBSA's Statement of Financial Position from this date, and all related trading from this date is included in the NHSBSA's Statement of Comprehensive Net Expenditure. Prior to 1st July 2018 only the net income arising from these services was included.

The above trading figures for 2018-19 therefore reflect 9 months gross capital and maintenance sales and purchases and 3 months net income.

Supply Chain operating costs for 2018-19 included £16.3m payable to Supply Chain Co-ordination Limited to cover their running costs in managing the service.

Account of NHS Business Services Authority 2019-20

3.1 Other operating income

	2019-20 £000	2018-19 £000
Service Provision income		
Department of Health and Social Care (DHSC) invoiced funding	480	315
Services to other DHSC Group Bodies	30,036	26,549
Services provided to UK Devolved Administrations and Crown Dependencies	4,425	4,386
NHS Pension Scheme administration recharge	37,265	37,563
Benefit Exemption Checking Service penalty fee income	3,128	5,784
Other income	2,127	2,479
	<u>77,461</u>	<u>77,076</u>
Student Support income		
Social Work Bursary and ESG funding from DHSC	70,534	71,385
LSF funding from DHSC	22,020	10,928
	<u>92,554</u>	<u>82,313</u>
Total Operating income	<u>170,015</u>	<u>159,389</u>

3.2 Other operating expenditure (Non-Staff)

	2019-20 £000	2018-19 Restated * £000
Non-executive members' remuneration	110	108
Rentals under operating leases	2,251	1,872
Establishment expenses	11,070	12,503
Transport	539	411
Premises	11,466	11,028
External contractors	47,548	273,869
Non-cash: Depreciation	5,156	7,667
Amortisation	14,515	17,798
(Profit)/loss on disposal of PPE	177	70
(Profit)/loss on disposal of intangible fixed assets	199	25
Loss on revaluation of PPE	1,570	0
Change in carrying value of Financial Assets	0	(2,045)
Notional fee for the audit of the NHS Pension Scheme accounts	106	95
	<u>21,723</u>	<u>23,610</u>
Auditors' remuneration - audit fees	365	260
Legal & Professional fees	12,169	12,306
Other costs	(370)	75
Social Work Bursaries and ESG	70,534	71,385
LSF	22,020	10,928
Total non-staff costs	<u>199,425</u>	<u>418,355</u>

* Other operating expenditure for 2018-19 has been restated as a result of changes in premises, depreciation and amortisation charges arising from the extensive review of the fixed asset register carried out during the year. The impact is an increase of £427k in Premises, a reduction in Depreciation of £375k and a reduction in Amortisation of £2,894k.

External contractors includes £0k relating to **Supply Chain** (2018-19 £224,504k)

Account of NHS Business Services Authority 2019-20

3.3 Operating leases

Authority as lessee

	2019-20 £000	2018-19 £000
Payments recognised as an expense		
Minimum lease payments	2,251	1,872
	<u>2,251</u>	<u>1,872</u>
Total future minimum lease payments		
Payable:		
Within one year	1,689	1,906
Later than one year and not later than five years	3,694	4,188
Later than five years	2,827	3,467
Total	<u>8,210</u>	<u>9,561</u>

3.4 Staff costs

Executive members and staff costs:

	2019-20 £000	2018-19 £000
Salaries and wages	80,817	74,099
Social security costs	6,679	5,959
Employer contributions to NHS Pensions	13,116	7,586
Other pension costs	517	451
Apprenticeship levy	418	362
Termination costs	(2,693)	3,126
Total	<u>98,854</u>	<u>91,583</u>
Capitalised staff costs	(2,032)	(1,699)
	<u>96,822</u>	<u>89,884</u>

3.5 Net Loss on transfers by absorption

The Authority transferred all NHS Supply Chain functions to Supply Chain Coordination Limited (SCCL) on 1st April 2019.

Last year, the Authority took over the Electronic Staff Record (ESR) and NHS Jobs functions from DHSC on 1st April 2018.

The following assets and liabilities were transferred from/to the Authority on these dates:

	2019-20 £000	2018-19 £000
Property, Plant & Equipment at Net Book Value	16,685	(1,269)
Intangible Assets at Net Book Value	0	(22,795)
Inventories	187,392	0
Trade and Other Receivables	373,148	(399)
Cash at bank	68,606	0
Trade and Other Payables	(450,962)	2,117
Provisions	(12,269)	0
Loss/(Gain) on net assets transferred	<u>182,600</u>	<u>(22,346)</u>

Account of NHS Business Services Authority 2019-20

3.6 Pension costs

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

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

a) Full actuarial (funding) valuation

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

The 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%, and the Scheme Regulations were amended accordingly.

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

b) 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 are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2020 is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

Civil Service Pension Scheme

Some past and present employees are covered by the provisions of the Civil Service Pension Scheme (CSPS). The defined benefit elements of the scheme are unfunded and non-contributory except in respect of dependents' benefits. The Authority recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the CSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the CSPS. In respect of the defined contribution elements of the scheme, the Authority recognises the contributions payable for the year.

Account of NHS Business Services Authority 2019-20

4.1 Intangible assets

4.1.1 Intangible assets 2019-20

	Software Licences £000	Information Technology £000	Development Expenditure £000	Total £000
Cost or Valuation				
At 1 April 2019	7,618	298,094	9,709	315,421
Prior Period Adjustments *	(41)	(10,698)	(1,255)	(11,994)
At 1 April 2019 - Restated	7,577	287,396	8,454	303,427
Additions - purchased	840	9,978	5,992	16,810
Reclassifications	252	6,305	(6,557)	0
Disposals	(4,502)	(23,963)	0	(28,465)
Revaluations	0	(125,470)	0	(125,470)
At 31 March 2020	4,167	154,246	7,889	166,302
Amortisation				
At 1 April 2019	5,318	260,259	0	265,577
Prior Period Adjustments *	1	(11,531)	0	(11,530)
At 1 April 2019 - Restated	5,319	248,728	0	254,047
Charged during the year	1,447	13,068	0	14,515
Disposals	(4,474)	(23,792)	0	(28,266)
Revaluation	0	(153,116)	0	(153,116)
At 31 March 2020	2,292	84,888	0	87,180
Net book value at 31 March 2019 - restated *	2,258	38,668	8,454	49,380
Net book value at 31 March 2020	1,875	69,358	7,889	79,122

* Intangible assets for 2018-19 and 2017-18 have been restated to reflect changes arising from the extensive review of the fixed asset register carried out during the year. The net book value of Software Licences has been reduced by £1k in 2017-18 and, cumulatively, £42k in 2018-19. The net book value of Information Technology has been reduced by £1,206k in 2017-18 and, cumulatively, £833k in 2018-19. The net book value of Development Expenditure has been reduced by £1,361k in 2017-18 and, cumulatively, £1,255k in 2018-19. See notes 4.1.2 and 4.1.3.

4.1.2 Intangible assets 2018-19 - Restated*

	Software Licences £000	Information Technology £000	Development Expenditure £000	Total £000
Cost or Valuation				
At 1 April 2018	6,181	74,742	9,124	90,047
Additions - purchased	1,450	7,586	5,217	14,253
Reclassifications	0	1,652	(5,887)	(4,235)
Disposals	(54)	0	0	(54)
Transferred from DHSC	0	203,416	0	203,416
At 31 March 2019	7,577	287,396	8,454	303,427
Amortisation				
At 1 April 2018	3,670	56,499	0	60,169
Charged during the year	1,678	16,120	0	17,798
Reclassifications	0	(4,512)	0	(4,512)
Disposals	(29)	0	0	(29)
Transferred from DHSC	0	180,621	0	180,621
At 31 March 2019	5,319	248,728	0	254,047
Net book value at 31 March 2018	2,511	18,243	9,124	29,878
Net book value at 31 March 2019	2,258	38,668	8,454	49,380

Account of NHS Business Services Authority 2019-20

4.1 Intangible assets (continued)

4.1.3 Intangible assets 2018-19 - Previously Stated

	Software Licences £000	Information Technology £000	Development Expenditure £000	Total £000
Cost or Valuation				
At 1 April 2018	6,182	80,072	10,485	96,739
Additions - purchased	1,490	5,640	8,190	15,320
Reclassifications	0	8,966	(8,966)	0
Disposals	(54)	0	0	(54)
Transferred from DHSC	0	203,416	0	203,416
At 31 March 2019	7,618	298,094	9,709	315,421
Amortisation				
At 1 April 2018	3,670	60,623	0	64,293
Charged during the year	1,677	19,015	0	20,692
Disposals	(29)	0	0	(29)
Transferred from DHSC	0	180,621	0	180,621
At 31 March 2019	5,318	260,259	0	265,577
Net book value at 31 March 2018	2,512	19,449	10,485	32,446
Net book value at 31 March 2019	2,300	37,835	9,709	49,844

Supply Chain and **Bursaries** had no Intangible assets during the accounting period (2018-19 - £Nil)

4.1.4 Intangible assets - carrying value of individually material assets

	2020 Gross £000	2020 Net £000	2019 Gross £000	2019 Net £000
Material intangible assets ranked by current year net book value				
Electronic Staff Record System	76,290	24,829	205,786	15,271
NHS Pensions Administration System	19,662	12,933	16,502	9,038
Prescription Processing System	22,110	7,438	23,698	1,036
IT Infrastructure	4,163	4,163	0	0
Dental Contractors Payment System	7,150	4,061	6,347	3,065
Eligibility Services System	3,769	3,170	2,551	2,181

Account of NHS Business Services Authority 2019-20

4.2 Property, Plant and Equipment

4.2.1 Property, Plant and Equipment 2019/20

	Land	Buildings excluding dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2019	4,934	25,794	19,485	11	40,177	9,401	99,802
Prior period adjustments *	0	483	0	0	(16,947)	(1,421)	(17,885)
At 1 April 2019 - restated	4,934	26,277	19,485	11	23,230	7,980	81,917
Additions - purchased	0	625	0	0	3,106	194	3,925
Disposals	0	(427)	(27)	(11)	(6,664)	(443)	(7,572)
Revaluation	(3,519)	(7,477)	0	0	0	0	(10,996)
Transferred to SCCL	0	0	(19,171)	0	0	0	(19,171)
At 31 March 2020	1,415	18,998	287	0	19,672	7,731	48,103
Depreciation							
At 1 April 2019	0	9,355	2,762	11	31,721	5,928	49,777
Prior period adjustments *	0	409	0	0	(16,044)	(1,432)	(17,067)
At 1 April 2019 - restated	0	9,764	2,762	11	15,677	4,496	32,710
Disposals	0	(427)	(27)	(11)	(6,487)	(443)	(7,395)
Revaluation	0	(6,309)	0	0	0	0	(6,309)
Charged during the year	0	1,863	9	0	2,377	907	5,156
Transferred to SCCL	0	0	(2,486)	0	0	0	(2,486)
At 31 March 2020	0	4,891	258	0	11,567	4,960	21,676
Net book value at 31 March 2019 - restated	4,934	16,513	16,723	0	7,553	3,484	49,207
Net book value at 31 March 2020	1,415	14,107	29	0	8,105	2,771	26,427
Segmental split							
Supply Chain	0	0	0	0	0	0	0
Service Provision	1,415	14,107	29	0	8,105	2,771	26,427
Bursaries	0	0	0	0	0	0	0
	1,415	14,107	29	0	8,105	2,771	26,427

* Property, Plant and Equipment for 2018-19 and 2017-18 have been restated to reflect changes arising from the extensive review of the fixed asset register carried out during the year. The net book value of Buildings has been increased by £409k in 2017-18 and, cumulatively, £74k in 2018-19. The net book value of Information Technology has been reduced by £1,071k in 2017-18 and, cumulatively, £903k in 2018-19. The net book value of Furniture & Fittings has been reduced by £894k in 2017-18 and, cumulatively, £11k in 2018-19. See notes 4.2.2 and 4.2.3.

Account of NHS Business Services Authority 2019-20

4.2 Property, Plant and Equipment (continued)

4.2.2 Property, Plant and Equipment 2018/19 - Restated

	Land	Buildings excluding dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2018	4,934	24,267	271	11	19,955	6,209	55,647
Additions - purchased	0	2,010	19,214	0	1,662	5,162	28,048
Reclassifications	0	0	0	0	4,235	0	4,235
Disposals	0	0	0	0	(17,778)	(3,391)	(21,169)
Transferred from DHSC	0	0	0	0	15,156	0	15,156
At 31 March 2019	4,934	26,277	19,485	11	23,230	7,980	81,917
Depreciation							
At 1 April 2018	0	8,337	238	11	12,411	3,721	24,718
Reclassifications	0	0	0	0	4,512	0	4,512
Disposals	0	0	0	0	(17,758)	(316)	(18,074)
Charged during the year	0	1,427	2,524	0	2,625	1,091	7,667
Transferred from DHSC	0	0	0	0	13,887	0	13,887
At 31 March 2019	0	9,764	2,762	11	15,677	4,496	32,710
Net book value at 31 March 2018	4,934	15,930	33	0	7,544	2,488	30,929
Net book value at 31 March 2019	4,934	16,513	16,723	0	7,553	3,484	49,207
Segmental split							
Supply Chain	0	0	16,685	0	0	0	16,685
Service Provision	4,934	16,513	38	0	7,553	3,484	32,522
Bursaries	0	0	0	0	0	0	0
	4,934	16,513	16,723	0	7,553	3,484	49,207

4.2.3 Property, Plant and Equipment 2018/19 - Previously Stated

	Land	Buildings excluding dwellings	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2018	4,934	23,603	271	11	23,516	8,327	60,662
Additions - purchased	0	2,191	19,214	0	1,538	4,465	27,408
Reclassifications	0	0	0	0	0	0	0
Disposals	0	0	0	0	(33)	(3,391)	(3,424)
Transferred from DHSC	0	0	0	0	15,156	0	15,156
At 31 March 2019	4,934	25,794	19,485	11	40,177	9,401	99,802
Depreciation							
At 1 April 2018	0	8,082	238	11	14,901	4,945	28,177
Reclassifications	0	0	0	0	0	0	0
Disposals	0	0	0	0	(13)	(316)	(329)
Charged during the year	0	1,273	2,524	0	2,946	1,299	8,042
Transferred from DHSC	0	0	0	0	13,887	0	13,887
At 31 March 2019	0	9,355	2,762	11	31,721	5,928	49,777
Net book value at 31 March 2018	4,934	15,521	33	0	8,615	3,382	32,485
Net book value at 31 March 2019	4,934	16,439	16,723	0	8,456	3,473	50,025
Segmental split							
Supply Chain	0	0	16,685	0	0	0	16,685
Service Provision	4,934	16,439	38	0	8,456	3,473	33,340
Bursaries	0	0	0	0	0	0	0
	4,934	16,439	16,723	0	8,456	3,473	50,025

Account of NHS Business Services Authority 2019-20

4.2.4 Economic Lives of Non-current Assets

	Min Life Years	Max Life Years
Intangible assets		
Software licences	1	20
Information technology	1	20
Development expenditure	1	12
Property, Plant and Equipment		
Buildings excl. dwellings	3	65
Plant & machinery	5	10
Transport equipment	5	7
Information technology	3	10
Furniture & fittings	5	10

4.3 Financial Assets

	Supply Chain Working Capital 2019-20 £000	Supply Chain Working Capital 2018-19 £000
Value at 1 April	0	92,955
Additions	0	0
Disposals	0	(95,000)
Changes in carrying value	0	2,045
Value at 31 March	0	0

The above asset represented the working capital loaned to the outsourced provider to run the NHS Supply Chain capital service.

The asset was carried at amortised cost (Note 9), calculated using the effective interest method. Changes in carrying value during the year were taken to operating expenditure (Note 3.2).

Account of NHS Business Services Authority 2019-20

4.4 Inventories

	31 March 2020	31 March 2019
	£000	£000
Opening balance	187,392	81,723
Additions	0	2,018,443
Cost of sales	0	(1,912,774)
Transfer to SCCL	(187,392)	0
Closing balance	<u>0</u>	<u>187,392</u>

All inventories related to **Supply Chain** goods held for resale

4.5 Receivables

	31 March 2020	Current 31 March 2019
	£000	£000
Trade receivables	17,948	271,781
Accrued income	7,670	49,789
Expected credit loss allowance - contract receivables	(517)	(557)
Finance lease receivables	0	2,711
Contract assets	0	53,155
Prepayments	4,670	17,661
Other receivables	5,417	14,571
Expected credit loss allowance - other receivables	(990)	(989)
Trade and other receivables	<u>34,198</u>	<u>408,122</u>

Segmental split

Supply Chain	0	373,148
Service Provision	28,651	30,375
Bursaries	5,547	4,599
	<u>34,198</u>	<u>408,122</u>

Contract assets comprise costs incurred to fulfil contracts which will be recovered when the income from these contracts is recognised in the next financial year.

There are no non-current receivables (2019 - Nil)

Account of NHS Business Services Authority 2019-20

4.6 Cash and Cash equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April	94,792	89,543
Net change in the year	<u>(69,950)</u>	<u>5,249</u>
Balance at 31 March	<u>24,842</u>	<u>94,792</u>

Comprising:

	31 March 2020 £000	31 March 2019 £000
Held with the Government Banking Service	24,841	94,791
Commercial banks and cash in hand	<u>1</u>	<u>1</u>
Cash and Cash equivalents as in Statement of financial position	24,842	94,792
Bank overdraft	<u>0</u>	<u>0</u>
Cash and Cash equivalents	<u>24,842</u>	<u>94,792</u>

Segmental split

Supply Chain	0	68,606
Service Provision	16,972	19,100
Bursaries	<u>7,870</u>	<u>7,086</u>
	<u>24,842</u>	<u>94,792</u>

4.7 Trade and other payables

	Current	
	31 March 2020 £000	31 March 2019 £000
Trade payables	783	139,766
Tax and social security	12	12
Contract liabilities	0	75,083
Deferred income	2,540	10,425
Accruals	24,072	187,081
Other payables	1,307	<u>7,313</u>
Trade and other payables	28,714	<u>419,680</u>

Segmental split

Supply Chain	0	380,826
Service Provision	22,547	32,898
Bursaries	6,167	<u>5,956</u>
	<u>28,714</u>	<u>419,680</u>

Contract liabilities reflect the income receivable on contracts which will be recognised in the next financial year.

There are no non-current trade and other payables (2019 - Nil)

Account of NHS Business Services Authority 2019-20

4.8 Provisions for liabilities and charges

	Current			
Pensions relating to other staff				
Legal claims				
Other				
Total				
	Non-current			
Pensions relating to other staff	0			0
Legal claims	26			28
Other	833			573
Total				
Segmental split				
Supply Chain	0		12,269	
Service Provision	873		690	
Bursaries	4,464		2,943	
Total	5,337		15,902	
	Pensions relating to other staff £000	Legal claims £000	Other £000	Total £000
At 1 April 2018	0	119	3,550	3,669
Arising during the year	9,000	0	5,995	14,995
Utilised during the year	0	(2)	(1,551)	(1,553)
Reversed unused	0	0	(1,209)	(1,209)
At 1 April 2019	9,000	117	6,785	15,902
Arising during the year	0	13	4,111	4,124
Utilised during the year	0	(12)	(1,229)	(1,241)
Reversed unused	0	(78)	(1,101)	(1,179)
Transferred to SCCL	(9,000)	0	(3,269)	(12,269)
At 31 March 2020	0	40	5,297	5,337
Expected timing of cash-flows:				
Within one year	0	14	4,464	4,478
Later than one year and not later than five years	0	6	833	839
Later than five years	0	20	0	20

Other provisions at 31 March 2020 relate to Leasehold Property Decommissioning, based on professional valuations (£833k), and Social Work Bursary tuition fee entitlement (£4,464k).

Contingencies at 31 March 2020

At 31 March 2020, there were no known contingent assets or liabilities (March 2019: £nil).

Account of NHS Business Services Authority 2019-20

4.9 Events after the reporting period

The Accounts were authorised for issue by the NHS BSA Chief Executive and Accounting Officer on the same date as the C&AG's certificate.

4.10 Capital commitments

The Authority had contracted capital commitments as at 31 March for which no provision has been made:

	31 March 2020	31 March 2019
	£000	£000
Property, plant and equipment	0	0
Intangible assets	0	0
Total	0	0

Account of NHS Business Services Authority 2019-20

5.1 Movements in working capital

	2019-20 £000	2018-19 £000
(Increase)/decrease in receivables within 1 year	373,925	(229,640)
(Increase)/decrease in inventories	187,392	(105,669)
Increase/(decrease) in payables within 1 year	(390,966)	211,101
Increase/(decrease) in receivables arising from absorption transfers	(373,148)	399
Increase/(decrease) in inventories arising from absorption transfers	(187,392)	0
(Increase)/decrease in payables arising from absorption transfers	450,962	(2,117)
Total	60,773	(125,926)

5.2 Analysis of changes in net debt

	As at 1 April 2018 £000	Cash flows £000	As at 1 April 2019 £000	Cash flows £000	As at 31 March 2020 £000
GBS cash at bank	89,542	5,249	94,791	(69,950)	24,841
Commercial cash at bank and in hand	1	0	1	0	1
Total	89,543	5,249	94,792	(69,950)	24,842

5.3 Other cash flow adjustments

	2019-20 £000	2018-19 Restated * £000
Depreciation	5,156	7,667
Amortisation	14,515	17,798
(Profit)/Loss on disposal of assets	376	95
Loss on revaluation of property plant and equipment	1,570	0
Change in carrying value of Financial Assets	0	(2,045)
NHS Employers' Pension Contribution uplift funded centrally **	3,864	0
Notional Costs	106	95
Provisions - Arising in Year	4,124	14,995
Provisions - Reversed unused	(1,179)	(1,209)
Total	28,532	37,396

* Other cash flow adjustments for 2018-19 has been restated as a result of changes in depreciation and amortisation charges arising from the extensive review of the fixed asset register carried out during the year. The impact is a reduction in Depreciation of £375k and a reduction in Amortisation of £2,894k.

** See note to the Statement of Changes in Taxpayers' Equity

Account of NHS Business Services Authority 2019-20

6. Related Party Transactions

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

The Department of Health and Social Care is regarded as a related party. During the year the Authority had a significant number of material transactions with the Department and with other entities for which the Department is regarded as the parent Department including NHS England, Public Health England, Health Education England and NHS Trusts and Foundation Trusts.

During the year none of the Department of Health and Social Care Ministers, Authority board members or members of the key management staff, or parties related to any of them, has undertaken any material transactions with NHSBSA. Compensation paid to directors has been disclosed in the Remuneration Report.

7. Other commitments

The Authority has entered into non-cancellable contracts (which are not operating leases) for the provision of contracted out Pensions, ESR and IT services, due as follows:

	31 March 2020	31 March 2019
	£000	£000
In one year or less	31,272	30,574
In more than one year but not more than five years	35,224	15,282
In more than five years	0	0
Total	<u>66,496</u>	<u>45,856</u>

Account of NHS Business Services Authority 2019-20

8. Financial Instruments

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.

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.

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.

Credit Risk

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

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.

8.1 Financial Assets

	At 'fair value through profit and loss'	At 'amortised cost'	At 'fair value through other comprehensive income'	Total
	£000	£000	£000	£000
Trade receivables	0	271,781	0	271,781
Other receivables	0	65,525	0	65,525
Cash at bank and in hand	0	94,792	0	94,792
Other financial assets	0	0	0	0
Total at 31 March 2019	0	432,098	0	432,098
Trade receivables	0	17,948	0	17,948
Other receivables	0	12,097	0	12,097
Cash at bank and in hand	0	24,842	0	24,842
Other financial assets	0	0	0	0
Total at 31 March 2020	0	54,887	0	54,887

8.2 Financial Liabilities

	At 'fair value through profit and loss'	At 'amortised cost'	Total
	£000	£000	£000
Trade Payables	0	139,766	139,766
Other payables	0	7,325	7,325
Borrowings	0	0	0
Other financial liabilities	0	193,866	193,866
Total at 31 March 2019	0	340,957	340,957
Trade Payables	0	783	783
Other payables	0	1,319	1,319
Borrowings	0	0	0
Other financial liabilities	0	29,369	29,369
Total at 31 March 2020	0	31,471	31,471

Account of NHS Business Services Authority 2019-20

8 Financial Instruments (continued)

8.3 Maturity of financial liabilities

	31 March 2020	31 March 2019
	£000	£000
In one year or less	30,638	340,384
In more than one year but not more than five years	833	573
In more than five years	0	0
Total	31,471	<u>340,957</u>

