

# Annual Report and Accounts 2020/21



# **NHS Business Services Authority Annual Report and Accounts 2020/21**

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

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## Outputs of Discovery

How will we use the discovery phase with

✓ a confirmed list of user needs

✓ a prioritised list of story cards to feed into project teams

✓ understanding of team and capability required to complete the project

✓ ability to scope and plan an alpha

✓ a decision to progress to next phase

✓ create some rough prototypes

✓ create some user personas

✓ a list of stakeholders and input from them about existing services

✓ understanding of existing services, including those run by non-government sources

✓ understanding of how many of our users use digital support, and what



# Contents

<b>1. Performance report</b>	<b>5</b>
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
<b>2. Accountability report</b>	<b>41</b>
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	64
2.2.1 Remuneration report	64
2.2.2 Staff report	70
2.2.3 Trade union facility time	77
2.3 Parliamentary, accountability and audit report	78
2.3.1 Regularity of expenditure	78
2.3.2 Fees and charges	78
2.3.3 Remote contingent liabilities	78
2.3.4 Long term expenditure trends	78
2.3.5 Accounting Officer's disclosure to the auditors	79
2.3.6 External auditors	79
<b>Appendix 1 – Sustainability report</b>	<b>80</b>
<b>Certificate and report of the Comptroller and Auditor General</b>	<b>86</b>
<b>Financial statements and notes to the accounts</b>	<b>92</b>

# 1. Performance report

Our performance report gives an overview of 2020/21, including a section giving details of our purpose, activities and performance during the year.

**Page 7**  
About us

**Page 12**  
Performance  
summary

## 1.1 Overview

### 1.1.1 Statement from our Chief Executive

The NHS Business Services Authority (NHSBSA) continues to go from strength-to-strength, striving to achieve our goal of being a catalyst for better health. We deliver high quality, efficient and effective business services and have become well known for our ability to transition complex and complicated services and to digitise, transform and operationalise them, utilising the data and insight gathered to improve patient outcomes, patient safety and taxpayer value.

Since my appointment as Chief Executive in September 2019, it has been my profound honour to lead an organisation which has developed a great track record of success and to work with colleagues who genuinely want to make a difference to patient's lives and who also care about each other and about ensuring the organisation continues to be a great place to work.

Our drive to make things easier for our users continued throughout 2020/21 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 and transitioned into the NHSBSA the remaining elements of reciprocal healthcare functions formerly undertaken by the Department of Work and Pensions (DWP).

On top of this, in 2020/21 we were named as one of the UK's 25 Best Big Companies to Work For, placing 17th in the Best Companies Live awards. We were also recognised as one of the five Best Not-for-Profits to work for and received four regional awards. The listings are based on feedback from employees themselves about their experiences at work. Each year NHSBSA takes part in Best Companies' annual survey, which gives employees an opportunity to have their say about the organisation and help us to understand what we are doing well and what we might be able to do to be better. To be rated by Best Companies as an Outstanding organisation was great recognition for our people.

In the same year we received the Inspiring Workplaces Communications Award, which recognises organisations that put their people at the heart of their business. We were also named number one out of 136 organisations that took part in the enei (employers network for equality and inclusion) benchmarking.

All of this was set in the context of the COVID-19 pandemic, the biggest health challenge of a century, and in standing up fifty new services to support the NHS frontline and the wider health and care system, we ran towards the fire and stood up to be counted. We ensured that we prioritised health, safety and wellbeing, making sure colleagues could work both safely and remotely throughout. I will be forever proud of and grateful to our people for all they did and continue to do to support the national response.



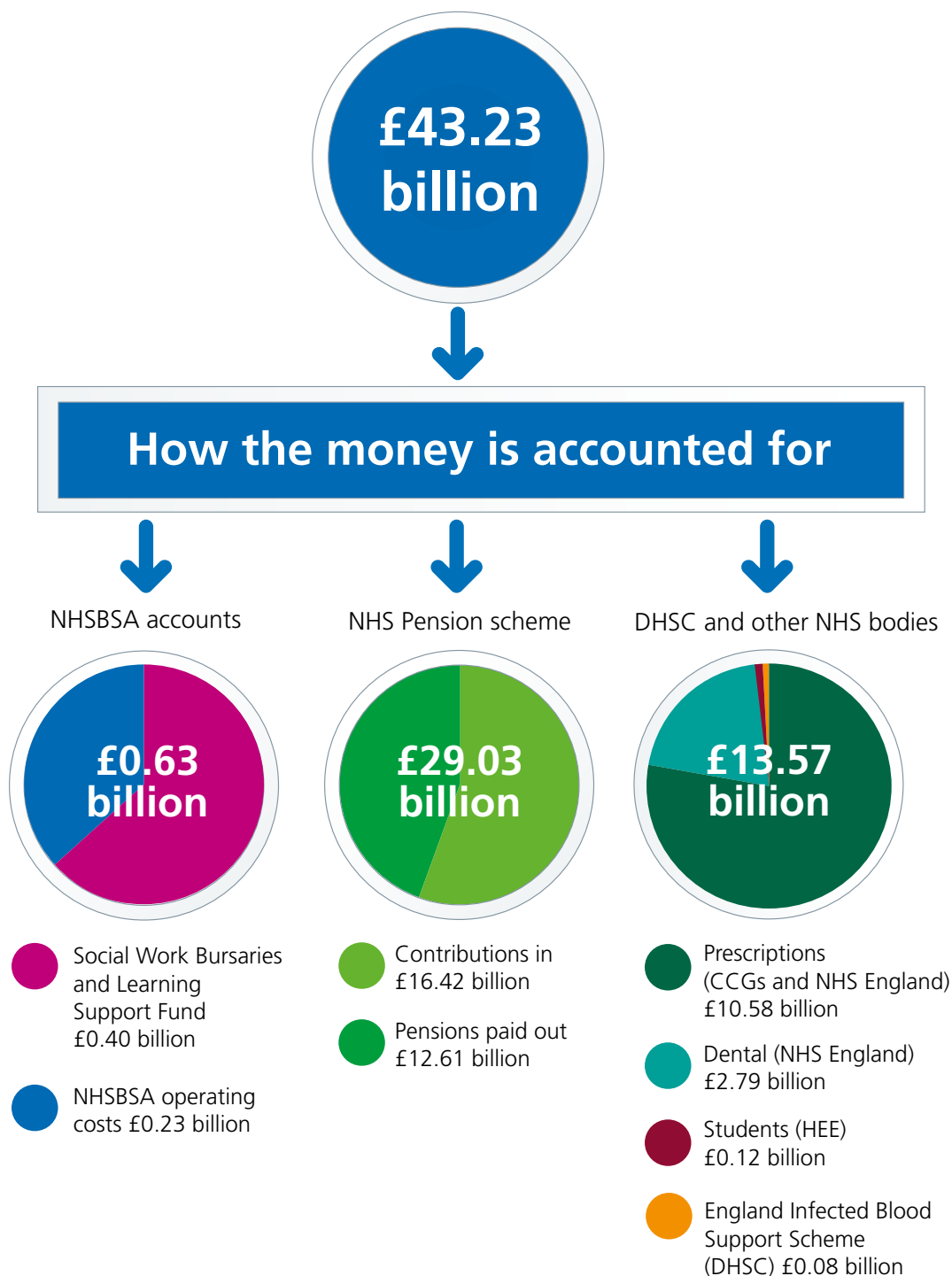
**Michael Brodie**  
Chief Executive

We have achieved all of this and so much more this year and together we have accomplished many successes, showing we are a delivery partner of choice for the health and care system and ultimately that we are making a real difference to patient's lives.

## 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 £43.23 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 an expert delivery organisation relied upon by Government and the health and care system to provide a range of complex and essential high volume business services to support the day to day running of the NHS. We provide a platform for at scale national payments for Primary Care services to dentists and pharmacists. We support the NHS Workforce by providing employment, HR and payroll platforms, as well as providing financial support to NHS students and managing the NHS Pension scheme. We provide a wide range of services direct to the public to help citizens gain access to healthcare and support costs they are entitled to. Data analysis, insight, digitisation and collaboration are at the heart of our business so we can improve patient outcomes and support the NHS workforce.

We have an excellent reputation as a trusted delivery partner and we have ambition to do more by providing 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.

Our three-year rolling strategy is refreshed annually and continues to support delivery of the NHS Long Term Plan, Health and Care Bill and national agenda.

Our organisation is made up of operational and corporate 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 Assurance – 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 Global Health Insurance Card scheme.
- Customer and Contact Services – resolving millions of customer queries quickly and first time across multiple 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.
- Optimisation Team – supporting NHS organisations to get the best use from our platforms.

Our corporate 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. Putting the customer at the heart of what we do helps us to truly understand our customers.

Our Users – anyone who uses our services, from a member of the public to clinical providers.

1. Our Sponsor – we are accountable to DHSC.
2. Our Commissioners – anyone who commissions a service from us.
3. 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
- Suitability of Directions
- IR35 Compliance
- Information Security
- Funding
- Asset Management
- COVID-19 Pandemic

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:



**1.6 million**  
unique portal users  
of Electronic Staff  
Record (ESR)



Over  
**1 billion**  
prescription items  
processed



**4.7 million**  
applications  
submitted to NHS  
Jobs



**3.4 million**  
members of the  
NHS pension  
scheme



**£12 billion**  
paid to pensioners  
each year



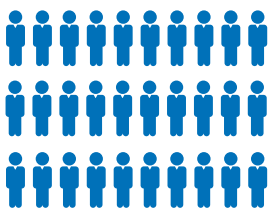
**£9 billion**  
paid to pharmacy  
contractors for vital drugs  
they have dispensed to  
patients



**43.6 million**  
dental claim forms  
processed



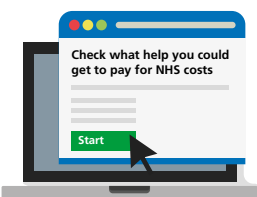
**£2 billion**  
per year paid to dental  
contractors for treatment  
provided to patients



**88%**  
of people using  
Electronic Prescribing  
system



Issued  
**1.6 million**  
digital exemption  
certificates

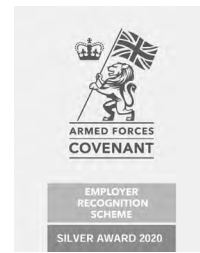


More than  
**380,000**  
people used our  
online eligibility  
checker



Managed  
**5 million**  
contacts to the contact  
centre

## Our certifications and awards



## Working towards our strategic goals



### Customer

**“We actively seek feedback from and listen to our customers to enable us to design and deliver brilliant business in a way that meets their needs.”**

Description	Achievement								
Achieve our annual Net Promoter Score (NPS) and Net Easy Score (NES) targets for 2020/21.	<table border="0"> <tr> <td><u>NPS</u></td> <td><u>NES</u></td> </tr> <tr> <td>Green 13</td> <td>Green 11</td> </tr> <tr> <td>Amber 3</td> <td>Amber 6</td> </tr> <tr> <td>Red 6</td> <td>Red 6</td> </tr> </table> <p>As a result of COVID-19, Dental Provider Surveys were suspended to reduce the burden on recipients. The Health Exemption Services End of Challenge and PPC Picking-up Medication Surveys were active, however there were extremely small sample sizes and therefore results were not reported.</p>	<u>NPS</u>	<u>NES</u>	Green 13	Green 11	Amber 3	Amber 6	Red 6	Red 6
<u>NPS</u>	<u>NES</u>								
Green 13	Green 11								
Amber 3	Amber 6								
Red 6	Red 6								
Achieve our annual “Right First Time” (RFT) and “Delivered in Full/On-Time” (DIFOT) targets for 2020/21.	DIFOT and RFT indicators met or exceeded target in 91.2% of instances, an increase from 90.4% in 2019/20.								
Pay our customers on time and accurately for 2020/21.	<p>Critical payment KPIs met or exceeded target in 89.3% of instances an increase from 89% in 2019/20.</p> <p>Of the 57.35 million payments made in 2020/21, 99.997% were paid on time and accurately. Only 1,749 (0.003%) were not on time or accurate.</p>								
Develop a new Customer Experience Strategy for all four customer groups by 30 June 2020.	Strategy developed and officially launched 4 February 2021.								



### People

**“We enable our people to be their best by creating a fantastic colleague experience, providing ongoing development opportunities with an eye to future needs and being a great, inclusive place to work.”**

Description	Achievement
Continuous annual improvement across the eight factors of engagement within Best Companies to Work For accreditation moving towards One Star Company by 2022/23.	Improvement across all eight factors of the survey, which has resulted in an achievement of a Two Star Company rating in November 2020.



## Social Impact

**“We work with partners to better understand and respond to growing challenges of health inequality, using our systems, services and data insight to have a positive impact and help create better health and care for the wider population, as well as investing and supporting our local communities and local economies.”**

Description and target	Achievement
Establish a community footprint for all NHSBSA locations in 2020/21, then improve year on year in 2021/22 and 2022/23.	Work paused due to impact of COVID-19 and competing demands on Performance Team.
Establish a baseline and increase citizen take up of help with health costs exemptions and other schemes we administer during 2020/21.	<ul style="list-style-type: none"> <li>• End of year application volumes across all areas finished under the original 2020/21 forecast. Low Income Scheme (LIS) and Medical Exemption (MEDEX) were 29% (79,578) and 30% (140,593) below forecast respectively. PPC and Maternity Exemption (MATEX) were 5% (129,833) and 12% (57,323) below forecast.</li> <li>• We have seen a gradual increase in MATEX and MEDEX applications since January 2021 which coincides with lockdowns easing and GPs becoming more accessible.</li> <li>• Digital transformation has continued, with the LIS team being reinstated around January 2021. Focus is to increase the functionality which will allow a larger proportion of the student population to apply digitally for LIS, which will increase the overall digital uptake.</li> <li>• Ongoing communication work is carrying on to increase the MATEX digital uptake. Plans to digitise MEDEX have been pushed back until 2022/23. Discussions are also ongoing around the restart of Exemption Checking services during 2021/22. Once these services are live, we would expect to see application volumes increase to Help with Health Costs services.</li> </ul>
Providing data through our open portal at level four of the five-star open data standard by September 2020.	Three Star Open Data is now available in the Open Data Portal. Following national guidance from the Open Data Task and Finish Group, the NHSBSA will release data to a Three Star standard moving forward to better meet user needs.
Commence publishing Official Statistics on the services we manage from April 2020.	Achieved – first release 16 April 2020, Prescriptions Cost Analysis.





## Value

**“We create value for our customers and stakeholders in the outcomes we deliver, in helping them meet their needs and we generate efficiency across the health and social care system to provide better health and care outcomes and better taxpayer value. We are the NHS, delivering for the NHS.”**

Description	Achievement
Operate within Departmental Expenditure Limit (DEL), delivering against annual financial target during 2020/21.	We operated within the DEL set for both Capital and Revenue expenditure by DHSC.
Generate £94 million of wider system efficiencies by 2020/21.	Wider system efficiencies of £325.1 million were achieved in 2020/21.
Move to Commissioner Pays Model during 2020/21.	Moving to a Commissioner Pays model was explored at length with NHSE and DHSC and at this time there is no appetite to develop this further.



## Ambition

**“We seek to improve our services, make better use of our rich data and join up systems to help achieve the NHS prevention, workforce and technology objectives. And through delivering new services, we continue to support the health and care system to have the staff and services it needs and help people live longer and healthier lives.”**

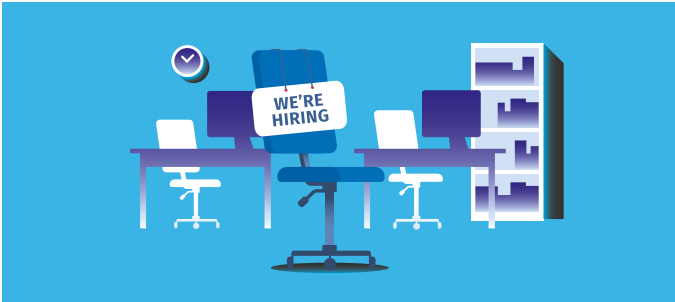
Description	Achievement
Delivery of annual business plan targets for our Big Ambitions during 2020/21.	Of the 13 business plan targets 5 have been completed/achieved, one is ongoing, one is paused and 6 have not been achieved. This was due to the impacts of COVID-19 and utilisation of resource to deliver COVID-19 services.

Details of future plans, targets and objectives can be found in our Strategy and Business Plan here – <https://www.nhsbsa.nhs.uk/what-we-do/strategy-business-plan-and-annual-report>



## Our key areas of work

### NHS Jobs



During 2020/21 over 6,400 organisations have been onboarded onto the new NHS Jobs platform. There have been 228,000 vacancies posted and over 470,000 applicant accounts created.

Focus for the service is now on the development of the platform to further enable on-boarding larger employers throughout 2022. The Stakeholder Engagement and Optimisation teams are taking a bespoke approach, ensuring large trusts and employers are fully supported throughout the process.

A programme of activity and communications is in place to highlight the continuous development and improvements to the NHS Jobs service to give users and prospective users confidence in our ability to continue to improve and develop the service to meet all user needs.

There has been a significant increase in support and training materials for all users to ensure they are getting the most from the service. This has been complemented by engagement and training events to help make sure those users feel supported by NHS Jobs.

We have continued to work collaboratively with key organisations such as NHS England/Improvement (NHSE/I) and NHS Employers, helping to promote and share key messages and campaigns including changes to Right to Work rules following the UK Transition and supporting NHSE/I with 'We are the NHS' campaigns for Healthcare Support Worker and NHS 111 Health

Adviser and Call Handler roles. This allows them to signpost the public directly to the NHS Jobs website to search for vacancies.

The expansion of the NHS Jobs service capability has continued with the successful completion of an Alpha phase for Social Care Jobs and similarly a Discovery phase for NHS Volunteering; both are likely to progress further in the next year.

## Provider Assurance

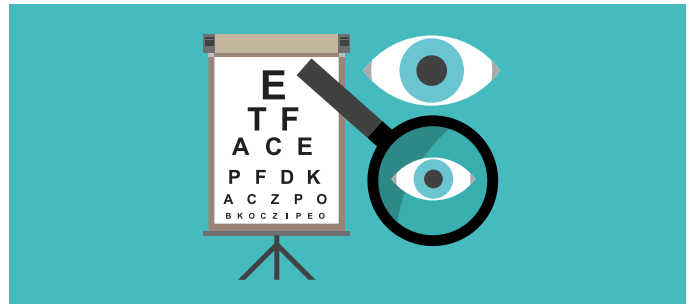


In 2020/21 we delivered benefit of over £50 million to NHSE/I and Welsh Health Boards through increased interventions, support and guidance to contractors, and improved controls on claims and financial recoveries.

We have expanded the service to cover an increased portfolio, specifically the GP service by rolling out the Electronic Repeat Dispensing (eRD) support service from pilot phase to nationally in four days. This resulted in an extra 23 million eRD prescription items being issued since March 2020, saving over 100,000 hours of GP practice time. Our Primary Care assurance teams assisted with the roll out of the COVID-19 Vaccination programme, providing expert advice on quality and financial controls which are supported by robust reviews of risk. Help and guidance continued to be offered to contractors across all four primary care areas which has resulted in an increase in accurate and complete payment claims.

We have successfully implemented a number of performance and contract management activities across the different contractor groups which are being rolled out nationally to drive further improvements and value for money across the system.

## Special Schools Eye Care Service



On behalf of NHSE/I, NHSBSA is managing the pilot scheme for a new in-school visual assessment service for children in special school settings in England. Children with disabilities are 28 times more likely to have visual problems than other children, yet only 7% will ever have had a community eye test or be able to access community services. This new service will have many benefits for children with disabilities and their parents.

## Pharmacy Earlier Payments Scheme (PEPS)



A revised scheme was introduced on 1 July 2020 which provided pharmacy contractors with access to funds in advance of dispensing based on averages. This scheme ran until the end of the financial year when Greensill Bank withdrew from the contract at which point it became a state-funded scheme that now provides contractors access to funds earlier than the original payment timetable.

## Manage Your Service (MYS)



The number of services available via MYS has continued to grow, particularly in response to the pandemic. For the first time contractors, including GP practices, can claim for COVID-19 related services via MYS. We have worked with NHSE/I and NHS Digital to set up an application processing interface to flow COVID-19 vaccination data from primary care point of care (PoC) systems, including Pinnacle, that GPs and pharmacy contractors use to make a monthly declaration for payment.

Other new services in MYS this year include:

- Pharmacy Quality Scheme Aspiration Declaration 2020/21.
- Pharmacy Quality Scheme Full Declaration 2020/21.
- Community Pharmacy Seasonal Influenza Vaccination Advanced Service 2020/21.
- Non-Steroidal Anti Inflammatory Drug Audit.
- Discharge Medicine Essential Service.
- Home Delivery Advanced Service.
- Bank Holiday Opening Hours Claim.
- Flu Premises & Refrigeration Claim.
- COVID-19 Premises & Refrigeration.

## Student Services



In July 2020 Student Services launched an updated online NHS Learning Support Fund (NHS LSF) application and account system. This provides healthcare students with access to additional funding support including the new £5,000 Training Grant supporting the government's manifesto to bring an extra 50,000 into the NHS workforce.

The team developed and successfully launched this new system in a six-month time frame and during the onset of the global pandemic. This saw Student Services process over 100,000 student applications for funding and provide a total of £392 million to healthcare students in the 2020/21 academic year. They also processed 12,145 NHS Bursary applications for medical and dental students totalling £102.5 million and 10,820 social work bursary student applications with a total of £56.3 million.

The service worked closely with DHSC to implement additional funding support to students affected by the COVID-19 pandemic.

The service also started work on creating a new and improved online application system for medical and dental students moving into their NHS Bursary funded years.

## Scanning Services

Despite the challenges posed, Scanning Services continued to operate throughout the pandemic. Work commenced to define the structure of Scanning Services and prepare for the integration of the Warehouse and Digi Suite into one site – Greenfinch. Subsequently internal and external scanning provisions have been consolidated, allowing for greater flexibility and smart resource deployment at key times or as and when levels of work fluctuate.

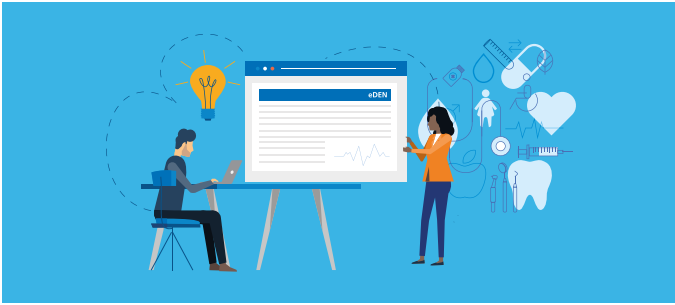
Greenfinch and Middlebrook are now fully connected to provide better resilience for business continuity and additional capacity when bidding for work. The required work was also completed to gain various accreditations at both sites, such as ISO9001, which are common requirements for many of the tender opportunities in the marketplace.

The successful partnership with North Bristol Trust has continued with more than 3.3 million documents being scanned in the year. In addition, work has been undertaken for a variety of primary and secondary care health providers, such as Blackpool Teaching Hospitals and Redbridge CCG, as well as for local government and others.

Scanning Services continues to provide the mailroom and scanning operations for NHS Pensions and Student Services as well as capturing images for Help with Health Costs, dental claims and the England Infected Blood Support Scheme (EIBSS). The total number of documents scanned in 2020/21 is well in excess of 16 million documents (excluding prescriptions).

Greenfinch was utilised both internally and externally to support the national COVID-19 response. PPE was stored and then distributed to primary and secondary care settings on behalf of local CCGs, with around 250,000 items being distributed. Internally the warehouse was used for the continued support of colleagues who had been asked to work from home – chairs, desks, IT equipment and safety equipment were continually distributed or returned throughout the year.

## 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 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 continue 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.

During 2020/21, eDEN has seen quarterly dashboard updates, to support the NHS in both England and Wales in monitoring performance during and post COVID-19.

In 2020, 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 2021/22 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. We will also continue to develop risk-based sampling in collaboration with the Provider Assurance team.

## IT Transformation Programme



We completed the IT transformation programme – migrating the data network at six sites, re-hosting all the business applications on new infrastructure in the crown-hosted data centres and transferring the telephony solutions. This brought the previous IT service contract with Capita to an end, replacing it with a new multiple supplier delivery model and with a full technology refresh across servers, storage, voice, and data networks.

In completing this programme, we realised the benefits of faster processing time across many of our systems and greater agility in how we can respond to new and changing demand.

## COVID-19 – Enabling our staff to work and deliver services



Working at accelerated pace, we increased the number of staff who could work remotely from an average of under 250 a day and a maximum of 400 to over 2,500 supporting staff in the early days of the COVID-19 lockdown. This included deploying over 750 new laptop devices (replacing office desktop computers), increasing our secure remote working system capacity, accelerating the deployment of Microsoft Teams and enabling remote contact centre services including telephony, call and workforce management solutions. At the same time offices were reconfigured to support socially distanced and secure COVID-19 buildings for colleagues whose work required them to continue to be office based.

A number of new cloud and non-cloud development, test and operational servers were implemented in support of various new COVID-19 related business services including some supporting pan-NHS solutions such as faster testing and to support new advice services delivered by our contact centre.

## England Infected Blood Support Scheme (EIBSS)



There were 3,101 people registered for support through the scheme (correct on 1 April 2021), and during 2020/21 EIBSS administered £71m in non-discretionary payments and a further £4.9m in discretionary payments.

Following the Written Ministerial Statement regarding parity payments on 25 March 2021, our priority will be to ensure successful delivery of all additional payments and implementation of a new Bereaved Partner regular payment. This will be before the end of the 2021 calendar year and will result in an additional £97m being administered.



## Health Exemption Services



### Help with Health Costs

We have continued our digital transition within the NHS Low Income Scheme (LIS), opening the online application route to more people which has seen an increase of 19% more digital applications during the year, resulting in 34% of all applications being received digitally. This provides further efficiencies in the process as well as additional postal and printing savings.

The number of healthcare professionals registered to issue digital maternity exemption (MATEX) certificates increased during the year with 60% of applications now being received digitally, an increase of 8% during the year. Around 85% of Prescription Prepayment Certificate (PPC) applications are received online.

We continued to roll out Real Time Exemption Checking (RTEC) during the year with over 4,000 pharmacies live by the end of the year. RTEC saves time for pharmacy teams and patients as well as reducing the use of paper.

### Exemption Checking Services

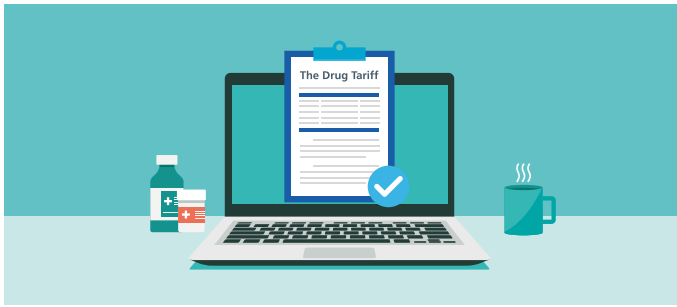
We continued to build awareness and help people understand their eligibility for help with NHS costs, and the consequences of claiming incorrectly by encouraging use of the online eligibility checker, through various communication methods. This included specific campaigns targeting new Universal Credit claimants taking the rise in the number of citizens moving onto the benefit into account.

## Essential information for primary care contractors



We issued essential information on behalf of DHSC and NHSE/I including Monthly Supply Issue Updates, Serious Shortage Protocols and Concession Prices.

## End of the paper Drug Tariff



We adopted a new digital-first approach to the Drug Tariff. From April 2021, the Drug Tariff will no longer be printed and distributed as a paper document to anyone who currently receives it, including dispensing contractors and subscribers. The Drug Tariff will continue to be published on a monthly basis online via our website. Dispensing contractors can also register to receive a monthly email with a link to the publication. The move forms part of our commitment to digital transformation and the NHS Long Term Plan. During 2020/21 approximately 64,800 drug tariffs were printed, which was estimated to equate to 19 million A4 sheets of paper (64 tonnes of paper). The digitisation of the drug tariff saves £211,000 per annum.

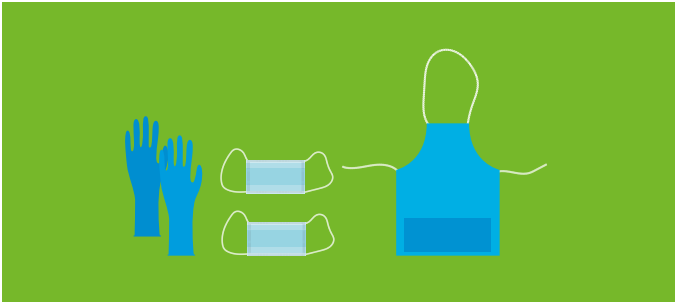
## COVID-19 Response

### PHE and Department for Education COVID-19 Testing kit support helpline



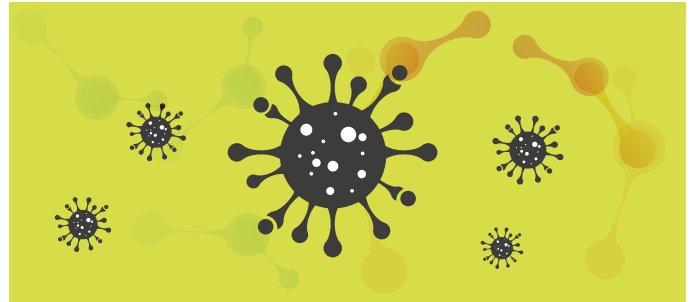
We set up a contact centre helpline to support schools and educational organisations to get additional COVID-19 testing kits for staff who are symptomatic, as well as provide up-to-date guidance on COVID-19 self-isolation procedures. This ensures that staff who test negative can return to work quickly, which helps the continuity of education for students.

## National Supply Disruption Response



We receive, triage, and respond to calls if there are any issues with medicines, medical devices, PPE equipment or other product supply in health and care. We provided 24/7 service handling for over 2,000 calls and 2,000 emails a day. We also work with NHSE/I, DHSC and Supply Chain Coordination Limited (SCCL), to gain access to central supply chain routes.

## National coronavirus (COVID-19) diagnostics challenge triage service



We were asked by the DHSC to support the national diagnostics challenge. As part of the government's 5-pillar coronavirus testing strategy, UK companies have been asked to help build a large British diagnostics industry. We quickly identified the need to set up a new contact centre service to triage, record, respond, and escalate offers received from companies.

Within 24 hours we:

- set up the national coronavirus (COVID-19) diagnostics challenge triage service
- drafted scripts
- identified and trained 50 agents
- integrated our customer management systems with the contact forms on the GOV UK website.

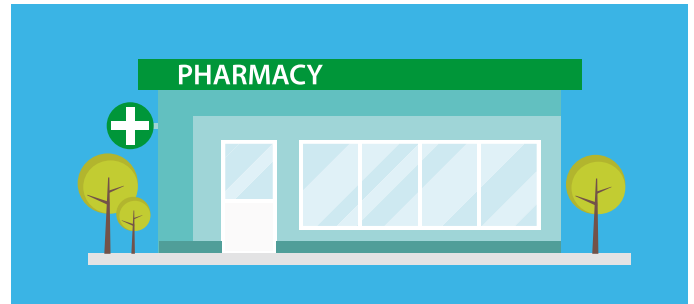
We carried out further work to add DHSC processes and systems to the email management system. This means that all offers and contact from companies were recorded in one system and could be easily tracked and managed. The new service was scalable and flexible so that it can be developed to meet demand as coronavirus testing is increased.

## Support for the NHS COVID-19 contact tracing app



We provided contact centre support for phase one and national rollout of the NHS COVID-19 contact tracing app. Our contact centre was open 24 hours a day for users on the Isle of Wight who were symptomatic and needed to order a home test kit. We linked user addresses with the delivery coordinators on the island so that test kits could be delivered to their homes. We also played a key role in providing customer insight into the app national rollout phase. Our digital and social media team worked with the programme delivery team to listen, review, and respond to app feedback. When the app was launched to the rest of the UK, our contact centre support was replaced by a digital home test kit delivery service. We continue to provide social media management and customer service support during the UK-wide phase.

## Cash flow support for community pharmacy

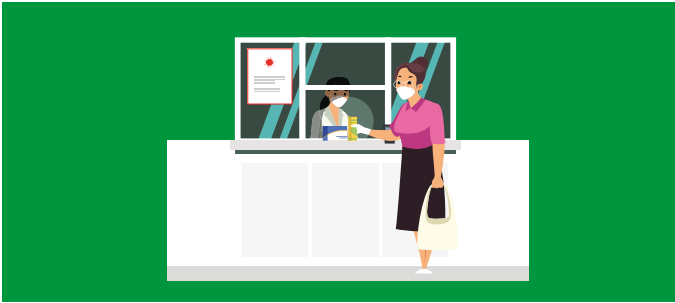


Working with colleagues in DHSC and NHSE/I we made additional funds available by way of a COVID-19 uplift to pharmacy contractors' payment on 1 April and on 1 May 2020.

To mitigate cash flow issues that contractors are facing, and to support community pharmacy to address an unprecedented increase in demand due to COVID-19, an uplift of £300 million in total was made to contractors' 'advance payments'. Over a two-day window we calculated and then made payments to all active pharmacies (c. 10,000) equating to £300 million.

To further mitigate cash flow issues that contractors are facing due to COVID-19, a total uplift of £50 million was made to contractors' advance payments on 1 June 2020 and a total uplift of £20 million on 1 July 2020.

## Suspension of the need for signatures on prescriptions, dental and ophthalmic forms



The Secretary of State for Health and Social Care introduced a temporary measure in England from 1 November 2020 to help limit the transmission of coronavirus (COVID-19) by suspending the need for patients to sign prescription, dental and ophthalmic forms.

## Essential and advanced home delivery services for dispensing contractors



As part of the pandemic response, DHSC introduced measures including home delivery services for patients who are shielding, vulnerable or having to self-isolate. Contractors claimed for these services via MYS and we processed payments. Similarly, we've also facilitated declaration via MYS and payment for other COVID-19 related services, including a contribution payable to pharmacies to cover the general costs of adjustments to support social distancing, the supply of Lateral Flow Devices (Pharmacy Collect), bank holiday opening hours, and the flexible provision of pharmaceutical services to allow temporary changes to pharmacy opening hours or temporary closure of pharmacy premises in response to the COVID-19 pandemic.



## 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 (BBS) 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 KPIs
- sponsor KPIs 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 End of Year 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 2020/21 have been prepared in accordance with DHSC Group Accounting Manual 2020/21 (GAM) and comply with HM Treasury's Government Financial Reporting Manual 2020/21 (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 the 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 2020/21

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

In 2020/21 the DHSC increased our service portfolio by transferring responsibility to the NHSBSA for provision of the Healthy Start and Immigration Health Surcharge Scheme in addition to continued support of the EU transition period such as the Overseas Health Service.

As highlighted within this report, during 2020/21 NHSBSA were involved in a number of national COVID-19 response workstreams. Increases in our operating expenditure were funded by either an allocation of Revenue DEL from DHSC or revenue generated by the services from commissioners.

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 2020/21		
Funding stream	Limit £m	Achieved
<b>Administration Revenue DEL</b>		
Non Ring-Fenced	72.5	✓
Ring-Fenced	17.0	✓
<b>Programme Revenue DEL</b>		
Non Ring-Fenced	59.0	✓
Ring-Fenced	12.0	✓
<b>Capital expenditure</b>	48.9	✓

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 2020/21 is detailed in Table 2 below.

Table 2: Better Payments Practice Code performance 2020/21 (2019/20)	Number	Value £m
Total non-NHS trade invoices paid	10,277 (11,903)	182.0 (161.4)
Total non-NHS trade invoices paid within target	9,668 (10,632)	168.2 (142.4)
Percentage of non-NHS trade invoices paid within target	94% (89%)	92% (88%)



## Future financial targets

### Background

We worked closely with our funders to reach agreement on the Spending Review 2020 (SR20) settlement, which was in light of significant challenges to our funders being tasked with creating efficiencies of 2% on Admin funding for ALBs.

This work ran in parallel with our own internal business planning processes to ensure we could deliver on strategic goals set by the organisation.

During early 2021 we received confirmation of our baseline funding for SR20 which enabled us to develop plans outlined by the organisation.

### Financial Planning – Our Approach

To develop the NHSBSA Financial Plan we focussed on key areas to drive value in the services we provide and maintain our overall available financial resources:

- Creating efficiencies in planned programmes e.g. ITIS.
- Focus on savings through our estates.
- Streamlining other contracts and services to maintain best value for money to taxpayer.

We maintained excellent 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 £22m in 2021/22 for such charges.

### Total Operating Funding Requirements

Table 3 below sets out our total revenue DEL funding requirements for 2021/22:

<b>Table 3: Revenue DEL Requirement 2021/22</b>	<b>£m</b>
Revenue DEL Baseline	125.62
Operating Revenue	23.69
<b>Revised Revenue DEL requirement</b>	<b>149.31</b>

Table 4 summarises our Total Operating Expenditure for 2021/22:

<b>Table 4: Total Operating Expenditure 2021/22 per Board report</b>	<b>£m</b>
Total Expenditure	253.65
<b>Total Income:</b>	
Revised Revenue DEL Requirement	(149.31)
Other Income including Commissioner Pays and Pensions Levy)	(82.34)
Capital Charges	(22.0)
<b>(Surplus)/Deficit</b>	<b>0</b>

### 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 2020/21 the income received from hosted and managed services was £2.8 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 year ended 31 March 2021 of £0.16 million is for the audit of these accounts. An additional notional fee of £0.12 million relates to the audit of the 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, anti-fraud 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 2020/21 the NHSBSA had one case 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 2020/21 Health and Safety Action Plan, with a principle focus on supporting our colleagues and the business through the COVID-19 pandemic. 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. This included:

- Establishment and coordination of weekly COVID-19 testing for colleagues attending sites.
- Health and Safety guidance provided to NHSBSA Tactical Steering and Our Way Ahead Groups.
- COVID-19 Vulnerability Risk Assessment/Building Occupancy Management.
- COVID-Secure Building Assessments and ongoing review with our Estates Team.
- Policy/Procedure production and rollout on unique areas e.g. pregnant workers, vehicle use, face coverings, first aid response etc.
- Electronic assessment of Homeworking and Display Screen Equipment (DSE).
- Homeworking App launched to cover both office and homeworking, replacing previous e-learning module and paper form.

With the vast majority of the NHSBSA's workforce still working remotely (>3,000 headcount) the app has and will prove invaluable in assessing employee home working and workstation arrangements.

### 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.

<b>Table 5: Environment and resource efficiency targets and performance</b> (Note: Targets – by the end of 2019/20, on 2009/10 baseline)	
<b>Target</b>	<b>2020/21 performance</b>
70% reduction in greenhouse gas emissions	77%
22% reduction in water consumption	65%
42% reduction in waste generated	70%
Less than 10% of waste to landfill	0.04%
27% reduction in office paper use	73%

Further details can be found in Appendix 1 – Sustainability Report

### **Declared a Climate Emergency and established Net Zero by 2030 target**

On 23 September 2020 the NHSBSA declared a climate emergency to recognise the risk posed by global warming and climate change. Following analysis of sustainability audits across our estate and in recognition of the climate emergency and the need for further action, we have committed to go Net Zero by 2030. Throughout 2020/21 we have developed an estates carbon management plan supported by a carbon management working group to develop and oversee carbon reduction projects across our estate.

### **Established new Environment Committee**

We have established a new Environment Committee in 2020/21, chaired by our Chief Executive and attended by senior management representing all areas of our business. The committee oversee and make decisions relating to our environmental sustainability agenda.

### **Environmental Management System (ISO 14001:2015)**

During 2020/21 we have successfully maintained our ISO 14001:2015 certification for our business-wide Environmental Management System. The operation of this standard has many benefits, such as helping us to ensure that we are legally compliant and continue to improve our environmental performance. The standard is also valued by our external customers and clients and demonstrates our commitment to environmental issues.

### **Shortlisted for two awards**

We were shortlisted for the Environmental Sustainability Award at the prestigious Health Service Journal Awards 2020 for our journey from paper and plastic to a cleaner, greener more sustainable future. Following our climate emergency declaration, we were also nominated, shortlisted, and commended within the Estates and Facilities category at the Health Business Awards. Being shortlisted for both awards was brilliant recognition for the continued work we're doing to improve our environmental performance.

### **Our national Environment Network continues to engage colleagues**

Throughout 2020/21 our Network continued to engage with colleagues across the business through developing and running awareness campaigns on different environmental topics. This year they have

supported the Wildlife Trust's 30 Days Wild campaign, ran a We Care Café for staff to talk about energy management over winter and supported Recycling Week.

The Network also strengthened their structure through establishing a guide to what it means to be an Environment Network member. 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 these ideas forward.

### **Facilities upgrades**

We continued to improve the energy and water efficiency of our estate. During 2020/21 our Estates Team replaced the gantry windows at Hesketh House with more energy efficient alternatives and completed a full refurbishment of the toilet facilities at Bridge House which included PIR controlled LED lighting, more energy efficient hand driers and new water efficient fixtures. During 2020/21, the Estates Team completed an extensive lighting upgrade at Greenfinch Way which included installation of LEDs with PIR sensors throughout two-thirds of the warehouse space to coincide with new racking. They also upgraded the lighting in the plant room at Greenfinch Way to LEDs.

### **Biodiversity survey**

A biodiversity survey has been completed by local ecologists at Stella House and Greenfinch Way to assess the current ecological value of our greenspace at both sites and the potential for enhancing the value of our grounds.

### **Digitisation of our services**

As part of our core business strategy, we are continuing to modernise and improve how we deliver our services. We are engaging with our customers and clients to improve the delivery of many of our services including those currently delivered using paper-based forms and admin-heavy processes. During 2020/21 the ongoing promotion and uptake of the Electronic Prescription Service (EPS) has resulted in 88% of all prescriptions being processed electronically; an increase of over 19% since last year. This has enabled significant paper waste savings to be made. We have also worked with partners to enable the Drug Tariff to be published electronically, reducing the need for the 64,800 copies of the drug tariff to be printed each year.

### **Technology refresh**

Throughout 2020/21 we have completed an extensive technology refresh, upgrading laptops, ultra-form factor desktops (Tinys) and monitors across the business. This refresh has introduced improved video conferencing facilities as well as more energy efficiency equipment. As we have responded to the pandemic, we have also identified opportunities to reuse equipment to support our staff to work from home.

### **Sustainable procurement**

We have continued to measure ourselves against the requirements of the government's Flexible Framework Sustainable Procurement benchmarking tool. During 2020/21 we have further developed our systems and processes for sustainable procurement which has enabled us to move from level 3 to level 4 of the Flexible Framework. We have continued to assess procurements and embed sustainability requirements e.g. adherence to Government Buying Standards and Government Timber Policy where applicable.

We have continued to work with our food and catering supplier, Compass Group, to purchase in accordance with Government Buying Standards and phase out single use plastics from our catering facilities.

Throughout 2020/21 we have reviewed and embedded the Social Value Public Procurement Note (PPN) and Social Value Model within our sustainable procurement processes and procedures. We ensure that all procurements are fully assessed around broader environmental, social and economic value, and embed social value criteria with a weighting of 10%. We have trained key stakeholders across the business on the new Social Value Model to ensure there is an appropriate level of awareness.

### **Achieved the Chartered Institute of Procurement and Supply (CIPS) Ethical Procurement Kitemark**

The NHSBSA Commercial Services Team have been working toward achieving the CIPS Ethical Procurement Kitemark and in February 2021 the team were awarded the foremost ethical practice accreditation given by CIPS. This places us on the CIPS Global Register of Ethical Organisations.

The CIPS Corporate Ethics Mark publicly reinforces our commitment to ethical sourcing and supplier management and shows we have taken proactive steps to safeguard against unethical conduct. These have included:

- Adopting the CIPS code of ethics.
- Ensuring all colleagues in the team are trained in ethical procurement and sourcing.
- Making a public commitment to source ethically.

The Kitemark demonstrates our commitment to the integrity of our procurement and supply management practices, and ensure the correct governance is in place.

### **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 [www.nhsbsa.nhs.uk/what-we-do/safety-health-and-environment](http://www.nhsbsa.nhs.uk/what-we-do/safety-health-and-environment)

## Wellbeing, Inclusion and Community Investment

The past year brought about challenges no organisation was expecting to face and these required us to adopt wholesale changes in the way we progress the Wellbeing and Inclusion agendas within our organisation. We have continued to put our people at the very heart of everything we do, supporting them to thrive and reach their full potential, however this has had to be delivered in a much changed working environment. Our already strong Wellbeing and Inclusion focus and infrastructure allowed us to be dynamic in reacting to the COVID-19 pandemic to support the unprecedented change within our organisation and the impacts the pandemic has had on our people.

Embracing new technology has allowed us to keep connected, despite the challenges of working remotely for the first time for the majority of our colleagues. Our Wellbeing and Inclusion Colleague Networks have done an incredible job, ensuring all colleagues whether working from home or socially distanced in one of our office buildings, have been connected more than ever before. We have reached all parts of the NHSBSA in our wellbeing and inclusion awareness and support work by moving our events online and introducing a new comprehensive remote Wellbeing and Inclusion offer, tailored to the different needs of our diverse colleagues. This includes our innovative WeCARE cafes and various wellbeing and inclusion initiatives to support the continued physical and mental wellbeing of all colleagues. Our approach has been highlighted and shared by both the Chartered Institute for Personnel and Development (CIPD) and Employers Network for Equality and Inclusion (enei) as best practice.

We've been able to launch four new Lived Experience colleague networks and our Shadow Board initiative which have helped us to have a constant focus on the equality groups who have been most affected by the pandemic and are also most underrepresented in the NHSBSA workforce, especially within our leadership community; BAME, Disability and Neurodiversity, LGBTQ+ and Women.

As part of our commitment to inclusion and social value we have continued reaching out to the communities we serve and recruit from. We've offered support to those in our communities who are often marginalised and left behind in society. We have done this by fundraising, sponsorship and creating links with external networks and organisations.

To ensure our wellbeing and inclusion work is effective and continually improving, we have continued to have our performance externally assessed by participating in national benchmarking and accreditation schemes including; enei's TIDE (Talent, Inclusion and Diversity Evaluation) benchmark, the NHS Workforce Race Equality Standard (WRES) and the NHS Workforce Disability Equality Standard (WDES) to help us understand our current performance and how we can continue improving our internal and external inclusion work. We were delighted to be awarded the Gold Standard by enei in their TIDE benchmark for the third year running, in recognition of our performance on diversity and inclusion, and were 2nd out of 93 other UK organisations participating. We also received the fantastic news that the NHSBSA had been awarded Ambassador status in the annual Better Health at Work Awards, in recognition of our wellbeing provision for colleagues and the wide-ranging and proactive support in place.

## Over 2020/21 we:

- ensured wellbeing and inclusion considerations were a fundamental part of our People response to the pandemic, and continually listened and responded to the needs of our diverse colleagues
- developed a new Wellbeing and Inclusion remote offer for colleagues
- supported the 50 new NHS services the NHSBSA stood up as part of the pandemic response, by completing Wellbeing and Inclusion Analysis assessments to ensure these services would not discriminate or prevent access to equality groups
- launched four new lived experience colleague networks based around the most underrepresented groups within the leadership community in the NHSBSA – BAME, Disability and Neurodiversity, LGBTQ+ and Women
- launched our Shadow Board initiative, a development opportunity for senior managers who aspire to Director level positions, with reserved seats for colleagues identifying from those groups, who also Co-Chair the lived experience networks. Each Shadow Board member is also sponsored by a Leadership Team member
- developed our Race Inclusion Plan in partnership with our BAME Network, with specific focus on increasing diversity within recruitment and building leadership capability on race, and improving our performance on metrics in the NHS Workforce Race Equality Standard
- carried out a pilot to trial gender and race diversification of shortlisting panels which will help inform our approach across the whole organisation going forwards
- increased leadership confidence and awareness around race by facilitating 'Let's Talk About Race' conversations with our Leadership Team and wider Senior Leadership Community, invited guest speakers on race as part of our Catalyse programme and launched a new resource library for leaders
- developed a new 'Let's Talk About Race' programme of e-learning and facilitated team conversations, and trialled this with a pilot to inform our organisation wide approach
- increased Wellbeing and Inclusion network visibility and colleague engagement and connection with network activities, with all networks delivering an amazing programme of awareness campaigns and events which more colleagues than ever before engaged with, despite working remotely
- delivered 88 'WeCARE Cafes' and 29 wellbeing awareness sessions throughout the year, providing safe spaces for colleagues and managers to connect, learn and support each other during the pandemic
- took part in the NHS Workforce Disability Equality Standard for the first time and developed an action plan in partnership with our Disability and Neurodiversity Network
- developed leadership competence and confidence around disability and mental health through creation and delivery of our bespoke programme for all managers
- developed new toolkits for managers and colleagues to support them through bereavement and the loss of colleagues, including the provision of bereavement counselling services
- developed a new Substance Misuse Policy and supporting toolkits for managers and colleagues with appropriate support in place
- developed guidance to help managers understand how to support colleagues experiencing the menopause, and created our Menopause Champions network of trained volunteers who run regular menopause cafes and are available to support colleagues
- further strengthened mental health support including the Mental Health First Aid Network so that it can be accessed remotely and implemented funded access to additional psychiatric services for colleagues where appropriate



- as part of our ill health preventative package provided virtual wellbeing sessions for colleagues including mindfulness, mind management, desk-based pilates, and good sleep hygiene, delivered by external experts
- published our Gender Pay Gap report and continued to progress supporting actions to help continue to reduce our gender pay gap and increase the representation of women in senior leadership roles, including piloting a bespoke development programme for female colleagues, in partnership with our Women's Network
- continued to support LGBTQ+ equality groups and communities by attending and supporting online Pride events and sponsorship of Pride Radio, and progress our Stonewall Workplace Equality Index action plan, in partnership with our LGBTQ+ Network, in readiness for the Stonewall Index running again in late 2021 (Stonewall decided not to run it during the pandemic).

*Michael Brodie*

**Michael Brodie**

Chief Executive

NHS Business Services Authority

25 November 2022

## 2. Accountability report

**Page 44**

Annual  
Governance  
Statement

**Page 64**

Remuneration  
and staff  
Report

**Page 78**

Parliamentary,  
accountability  
and audit report

## 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 no security incidents (based on the set NHS Data Security & Protection Toolkit criteria) which required onward reporting to both NHS Digital and the Information Commissioners Office (ICO).

**Communications, Engagement and Consultation** – We regularly communicate and engage with our people through several internal communications channels.

Our corporate intranet, My 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 and key diary dates. Our chief executive also has a regular blog, which has received a very positive response from staff.

Throughout 2020/21, our primary focus was to continue 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 evolving the ways in which we communicated to better meet the needs of our colleagues

We continued with our ongoing communications and engagement campaign with the senior leadership team delivering updates and running question and answer sessions within all our offices across the country. This included updates on working during the COVID-19 pandemic.

We often want to talk to our colleagues about new ideas and initiatives. This is undertaken using a variety of methods including team meetings, subject specific workshops, online forums, etc. We work closely with the Trade Unions we recognise, discussing broad matters of common interest at our National Joint Committee, and undertaking formal consultation when needed. 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
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

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.

### 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.

### 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 ending 31 March 2021 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 ten times up to the end of March 2021 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 KPIs and strategic goals including critical measures
- 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><b>Non-executive Chair:</b> Silla Maizey</p>	<p>10 of 10</p>	<p>Non-executive director, Network Rail            Director, Saffron Solutions Ltd            Non-executive director, John Menzies plc.            Non-executive director, Crown Commercial Service            IAG, shareholder            Easyjet, shareholder            John Menzies, shareholder            Royal Mail, shareholder            Whitbread, shareholder            Iberdrola, shareholder            BT, shareholder            FirstGroup, shareholder            National Grid, shareholder            Severn Trent, shareholder            Stagecoach, shareholder</p>
 <p><b>Non-executive:</b> Debra Bailey</p>	<p>10 of 10</p>	<p>Chief Information Officer, Telefonica UK            Telefonica, shareholder            BT, shareholder            Barclays Bank, shareholder</p>
 <p><b>Non-executive, Chair of Remuneration and Nominations Committee, Senior Independent Director:</b> Mark Ellerby</p>	<p>10 of 10</p>	<p>BP, shareholder            GSK, shareholder            Lloyds Bank, shareholder            RDSB, shareholder            Syncona, shareholder            Unilever, shareholder            Vodaphone, shareholder</p>
 <p><b>Non-executive, Chair of Audit and Risk Management Committee:</b> Andrew Flanagan</p>	<p>10 of 10</p>	<p>Non-executive director, Criminal Injuries Compensation Authority (until 31 July 2020)            Member of Advisory Board, NHS NEL Commissioning Support Unit (CSU) (until 31 March 2020)</p>

Board member		Meetings attended	Register of interests
 <p><b>Non-executive:</b> Tim Nolan (until 30 September 2020)</p>	3 of 4	<p>Partner, LORW Ltd Management Consultancy</p> <p>Director, LORW Investments Ltd</p> <p>Member of Patient &amp; Carer Group (PCAG), Royal Marsden NHS Foundation Trust</p> <p>Governor, Royal Marsden NHS Foundation Trust (from 31 May 2019)</p> <p>Non-executive director, Department Audit and Risk Assessment Committee (DARAC), Department of Work and Pensions (DWP) (from 1 July 2019)</p>	
 <p><b>Non-executive:</b> Karen Seth</p>	10 of 10	<p>People Director, Operating Model, Co-op</p> <p>Trustee, Reuben's Retreat</p>	
 <p><b>Chief Executive:</b> Michael Brodie</p>	10 of 10	<p>Interim Chief Executive, Public Health England (from 1 September 2020)</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>Member of Oversight Board and Chair of Audit and Risk Committee, National Infrastructure Commission</p> <p>Trustee, Community Foundation – Tyne and Wear and Northumberland</p> <p>Elected Member of Committee, Ashington Cricket Club (until 4 July 2020)</p> <p>Executive Committee Member – Chartered Institute of Public Finance and Accountancy (CIPFA) North East (until 16 July 2020)</p>	



Board member		Meetings attended	Register of interests
	<b>Executive Director of People and Corporate Services (Corporate Secretary):</b> Mark Dibble	10 of 10	Director, Personal Development Academy Ltd
	<b>Executive Director of Finance and Commercial Services:</b> Andy McKinlay	10 of 10	Parent Governor, Allerton Grange High School Trustee, Shadwell Recreation Centre
	<b>Executive Director of Strategy, Performance, Business Development and Growth:</b> Allison Newell	10 of 10	Nothing declared
	<b>Non-executive:</b> Kathryn Gillatt (from 1 October 2020)	6 of 6	Non-Executive Director (and Vice Chair), Trust Group Holdings Ltd Associate Non-Executive Director, University Hospitals Leicester NHS Trust (from 27 January 2021) Non-Executive Director, Nottingham CityCare Partnership CIC Ltd (from May 2020) Pavegen, shareholder Severn Trent, shareholder Saga, shareholder Long Whatton Primary School, Governor (until 26 March 2021) Independent Non-Executive Director (and Vice Chair), Trust Group Holdings Ltd (until 26 January 2021)

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 usually undertaken every three years, with online reviews being undertaken in the other years. The results of the 2020/21 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 Board also recognised the challenges faced during 2020/21 due to the pandemic and the requirement for the Board to adopt to new ways of working – and that this had not impacted the Board's effectiveness. The results and recommendations were accepted by the Board and actions taken forward, including to continue to develop how feedback from service users was reported to the Board.

During 2020/21, 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 five times during 2020/21. 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. During 2020/21, Andrew Flanagan provided this experience and also chaired 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
<b>Non-executive directors:</b>	
Andrew Flanagan (Chair of Committee)	5 of 5
Debra Bailey	4 of 5
Tim Nolan (until 30 September 2020)	3 of 3
Kathryn Gillatt (from 1 October 2020)	2 of 2
<b>Executive directors:</b>	
Michael Brodie (Chief Executive)	5 of 5
Mark Dibble (Director of People and Corporate Services)	5 of 5
Andy McKinlay (Director of Finance and Commercial Services)	5 of 5

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 2020 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 continued 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
<b>Non-executive directors:</b>	
Mark Ellerby (Chair of Committee)	4 of 4
Silla Maizey (Chair of Board)	4 of 4
Karen Seth	2 of 4
<b>Executive directors (specific meetings/items):</b>	
Michael Brodie (Chief Executive)	4 of 4
Mark Dibble (Director of People and Corporate Services)	4 of 4

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 2020/21 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 and guidance that impacted on their areas of responsibility as well as their awareness of succession planning within the organisation.

### 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](http://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. Arrangements are aligned to the DHSC Accounting Officer System Statement requirements.

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**

<p><b>Director of Primary Care Services</b> Providing payments, support and assurance across primary care services.</p>	<p>NHS Dental Services NHS Prescription Services Provider Assurance Scanning Services</p>
<p><b>Director of Citizen Services</b> Delivering a wide range of contact, support, signposting and other essential services to the population of the UK.</p>	<p>Customer Operations Exemption Services Health &amp; Community Services Overseas Healthcare Services Student Services</p>
<p><b>Director of NHS Workforce Services</b> Providing workforce services across the NHS and wider system, enabling our customers to maximise the benefits from the use of our workforce solution.</p>	<p>NHS Pensions HR Shared Services NHS Jobs Electronic Staff Record (ESR) Workforce Service Optimisation</p>
<p><b>Executive Director of Finance, Commercial and Estates</b> Financial, Commercial and Estates strategy, planning, management, operations, compliance and reporting. Loss and fraud prevention. Strategic sourcing including supplier management, procurement and contract management.</p>	<p>Strategic Finance and Reporting Financial Operations Loss and Fraud Prevention Commercial Services Estates and Facilities Management</p>
<p><b>Executive Director of Strategy, Performance, Business Development and Growth</b> Leading on the strategic direction of the organisation, providing assurance to our Board and Sponsors, identifying opportunities for driving and improving customer experience and innovation.</p>	<p>Strategy, Planning and Performance Partnership and Opportunity Development Business Innovation and Customer Experience Professional and Clinical Services</p>
<p><b>Executive Director of People and Corporate Services</b> Enabling our people to be their best and creating a great inclusive environment. Delivering professional services to advise, govern and transform the business as well as manage its reputation.</p>	<p>People Communications and Marketing Governance, Risk and Assurance Safety, Health and Environment Information Governance and Security Change and Project Delivery</p>
<p><b>Chief Technology Officer</b> Design, specify, deliver, manage and support technology platforms, services and solutions that empower our business services.</p>	<p>Technology Applications Technology Governance Technology Operations Technology Service Integration and Management</p>
<p><b>Chief Digital and Data Officer</b> Providing digital transformation based around user experience, whilst making the most of the data we manage.</p>	<p>Digital Transformation – end to end User Experience, User Research and service Design Digital Application Development and Continuous Improvement Customer Insight External Information Services Business Intelligence and Data Warehousing Data Science Official Statistics Producer and Data Provider Data Strategy and Governance</p>

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 2021, 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

### EU Exit – Operational Changes

As a result of the UK having a new relationship with the EU, there was a risk that changes to existing NHSBSA services, and the stand-up of new NHSBSA services were required at short notice, resulting in increased costs, service impact for customers and reputational damage if not delivered on time. The Leadership Team monitored this risk throughout the year and worked closely with DHSC and other key stakeholders to ensure early sight and involvement in key decisions. Following the final negotiated outcome with the EU – including reciprocal healthcare – relevant NHSBSA services transitioned to new arrangements without major operational impact. Service delivery and policy continues to be monitored at service level.

## Accessibility Compliance

The requirements of the Accessibility Regulations 2018, and wide scope of NHSBSA services, led to a risk of some NHSBSA services not being compliant by the required date (September 2020). Following the establishment of a business-wide project, requirements were delivered and rolled-out aligned to the required deadlines. Also, a new role – Accessibility Advisor – was established to provide expert advice and guidance to the business.

## Delivery of the IT Infrastructure and Sourcing (ITIS) Programme

The ITIS Programme was created to deliver the replacement of the organisation's outsourced IT arrangements. 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, and extended transition support arrangements with Capita were put in place that avoided any business disruption. The ITIS programme made good progress between January and March 2020, and after a short pause to put in place COVID-safe working, completed the transfer of all services from Capita to the new suppliers between May and August 2020; with final programme closure in September 2020. Key risk mitigation actions included establishing a new achievable baseline, agreed by all suppliers and utilising internal and external programme governance and assurance oversight by the Infrastructure and Projects Authority (IPA).

## Current risks/issues

### 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.

## 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 has conducted a review of its Directions to explore where explicit powers relating to data and analytics would support delivery of the strategy, with consideration of gaps in the Directions that do not align to required data use. The findings are being taken forward with the relevant NHSBSA services and their DHSC Policy teams, with the support of the DHSC Sponsor team. The progress of the work continues to be monitored through a NHSBSA and DHSC working group.

## Asset Management

As part of a 2019/20 exercise to assure the Fixed Assets Register, the organisation adopted a Depreciated Replacement Cost (DRC) approach for its Intangible Assets.

Whilst management worked at length with NAO it was not possible to provide the necessary assurance that a material misstatement would not arise.

This resulted in a qualification to the opinion of the C&AG on the 2019/20 and 2020/21 Financial Statements, which management will be looking to remove from the 2021/22 Financial Statements.

## 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 the business currently in the final stages of external certification.

## Funding

The organisation continues to monitor its funding requirements, aligned to service pressures, service improvements, new services either transferred into or developed by the NHSBSA and any potential impact from the wider economic backdrop. With a Comprehensive Spending Review due in 2021/22 any risk to our financial position will be partially mitigated by our close working relationship DHSC, following successful negotiations around the funding required to support our 2021/22 financial plan.

## Public Sector Pensions Ruling

In December 2018 the Court of Appeal ruled that the difference in treatment provided by transitional protection was not objectively justified and constituted unlawful age discrimination. Subsequently HM Treasury's published response to the Public Consultation determined that the removal of discrimination will be delivered under a Deferred Choice Underpin where members will be given the choice at retirement of how they wish their service to be considered during the Remedy Period which is from 1 April 2015 to 31 March 2022.

The government has determined that all Public Sector Pension Schemes must adhere to the findings of the court and implement the removal of the age discrimination that was determined to be in place. A programme for the delivery of these changes, chaired by DHSC, has commenced and the projects within that programme are following internal governance

policies and procedures. The ongoing delivery of the programme is continuing to be tracked on the Corporate Risk Register.

## Serious Shortage Protocols

In July 2019 the Human Medicines Regulation 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.

## IR35 Compliance

While processes and controls had been implemented to provide necessary assurance around off-payroll engagements on an ongoing basis, the NHSBSA engaged with HMRC to provide information as and when requested to support their review of historic IR35 assessments.

HMRC challenged our assessment and, in line with organisations across the DHSC group, a settlement was reached and £3.1 million has been recognised in relation to any historic liability due.

## 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 2020/21 exercises were carried out in the following areas:

- Business Continuity and COVID-19.
- NHSBSA involvement in COVID-19 response workstreams.
- User access management.
- IT Infrastructure and Sourcing Programme (ITIS).
- Electronic Staff Record System (ESR) Re-Procurement Programme.
- NHS Jobs Programme.
- Impact of COVID-19 on the delivery of the Change Programme.
- Pensions legal challenges.

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 2020/21.

## 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 2020/21, the ISAE 3402 reports for dental, prescription and student bursary payments, and the ISAE 3000 report for ESR, were qualified. There were no major findings, with the majority relating to user access management. For the findings, actions have been completed to resolve the issues. There were no findings relating to the accuracy of any financial transactions.

## Managing information

During 2020/21 the NHSBSA has maintained its approach to handling information efficiently and securely. Each year, the NHSBSA undertakes the NHS-wide Data Security & Protection Toolkit (DSPT) which is based on the National Data Guardian's ten data security standards. Our return was due to be submitted at the end of March 2021, but due to the COVID-19 pandemic this has been extended to 30 June 2021.

Frequent compliance updates are provided to the NHSBSA Audit and Risk Management Committee and NHSBSA Board.

411 security incidents were raised during 2020/21. Upon investigation and risk assessment (based on the set DSPT criteria), no incidents

required onward reporting to both NHS Digital and the Information Commissioners Office (ICO).

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 2020/21 we have dealt with:

- 379 Data Subject Rights requests, 48% less than the previous year. All bar 38 were responded to within the required timeframe.
- 373 FOI requests, 19% less than the previous year. All bar 15 were responded to within the required timeframe.

The root causes for these exceptions have been identified and corrective action taken to avoid

a recurrence. The reason for the targets not being met were due to the changing working arrangements which were quickly put in place at the start of the COVID-19 pandemic and a backlog developed until staff had full remote working capabilities in place.

## Whistleblowing and Freedom to Speak Up (FTSU)

During 2020/21 the NHSBSA rolled-out 'Freedom to Speak Up' across the organisation. This included a new FTSU Policy, a FTSU Strategy and Improvement Plan, establishment of the FTSU Guardian role, and the formalisation of Executive (Mark Dibble) and Non-executive (Karen Seth) lead roles. Oversight of the agenda was provided by a new FTSU Network, and regular reports were provided to the Board aligned to National Guardian's Office guidance. Focussed communications and training material were also rolled out across the business.

During 2020/21 one case was raised and addressed via the FTSU Guardian. Feedback from the colleague raising the case was positive in relation to the action taken and support received. Volumes and themes of cases will continue to be monitored as further communication campaigns and other initiatives are rolled out during 2021/22.

## 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 2020/21 we have maintained our approach to handling complaints and have resolved 1,274 complaints. 83.5% of these were resolved at the Local Resolution stage of our complaints policy with 4.55% escalating to Stage 1 and 2.28% escalating to Stage 2. The remainder were linked to contact from Members of Parliament.

77.7% of all of the complaints resolved are reported as not upheld.

As part of our business strategy we have continued to enable our contact centre agents and our customers to use self-serve options and many of our queries have been resolved locally by our skilled agents supporting customers through this process.

We have further aligned our complaints approach and reporting giving us an overview of complaints as a whole. Insight from this will allow us to continue to further 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 – looking at 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.
- 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.
- Freedom to Speak Up (Whistleblowing) update report – updates on 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.

Following completion of a programme of risk-based audit work throughout NHSBSA during 2020/21, the Head of Internal Audit has objectively considered the overall adequacy and effectiveness of the 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 2020/21 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 and has responded and adapted well to the challenges placed on the organisation by the COVID-19 pandemic. 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. The ability to deliver a flexible and responsive service, underpinned 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 optimising the opportunities available to the NHSBSA to influence strategic decision-making relating to the design of services it is directed and commissioned to deliver, enhancing controls associated with project assurance and monitoring of benefits delivered as part of in-flight change initiatives and improving the consistency of risk management activity in some cross-cutting support services.

## 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.
- 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.

### Learning Support Fund

During 2020/21 the NHSBSA implemented the new Learning Support Fund (LSF) making payments of approximately £300m to students on qualifying courses.

Given the material level of expenditure the NHSBSA chose to undertake an assurance exercise with the Higher Education Institutes (HEIs) to confirm that students in receipt of funding for the 2020/21 academic year were in attendance for the full year.

The exercise identified an estimated level of overpayments of £1.1m in the 2020/21 financial year and the NHSBSA has taken steps to recover those overpayments.

The NHSBSA is considering a range of options that would ultimately strengthen controls and provide management with the necessary assurance around this expenditure.

### 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 2020/21.

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 the submission of updates, 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

There were no significant issues raised during 2020/21.

## 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 from 2021/22.





## 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 2021 is produced by the Board. The Remuneration and Nominations Committee met on four occasions during the period 1 April 2020 to 31 March 2021.

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 2020/21 is detailed in the tables below which identify the salary, other payments and allowances and pension benefits applicable to both executives and non-executives.

## 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*

Name and title	2020/21						2019/20						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		
<b>S Maizey</b> Chair	60-65	0.4	0	0	0	60-65	4.2	0	0	0	0	65-70	9 Sep 2013 9 Sep 2017 9 Sep 2020	8 Sep 2017 8 Sep 2020 8 Sep 2021
<b>M Ellerby</b> Non-executive director, Senior Independent Director and Chair of Remuneration and Nominations Committee	5-10	0.5	0	0	0	5-10	2.4	0	0	0	0	10-15	1 Apr 2014 1 Apr 2017 1 Apr 2018	31 Mar 2017 31 Mar 2018 31 Mar 2021
<b>A Flanagan</b> Non-executive director and Chair of Audit and Risk Management Committee	10-15	0.3	0	0	0	10-15	3.6	0	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
<b>K Seth</b> Non-executive director	5-10	0.4	0	0	0	5-10	1.4	0	0	0	0	5-10	15 Sep 2017 15 Sep 2020	14 Sep 2020 14 Sep 2023
<b>D Bailey</b> Non-executive director	0 <sup>1</sup>	0.5	0	0	0	0-5	4.9	0	0	0	0	0-5	1 Jun 2016 1 Jun 2019	31 May 2019 31 May 2022
<b>T Nolan</b> Non-executive director	0-5	1.0	0	0	0	0-5	6.2	0	0	0	0	10-15	1 Apr 2017 1 Apr 2020	31 Mar 2020 30 Sep 2020
<b>K Gillatt</b> Non-executive director	0-5	0	0	0	0	0-5	0	0	0	0	0	0	1 Oct 2020	30 Sep 2023

<sup>1</sup> 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		2020/21						2019/20						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)							
<b>M Brodie</b> Chief Executive (from 1 Sep 2019)	85-90 <sup>1</sup>	0 <sup>3</sup>	0	0	0	105-110	£000	£000	£000	£000	£000	£000	95-100 <sup>2</sup>	0	0	0	22	120-125	1 Sep 2019	Permanent contract (6 months' notice)
<b>M Dibble</b> Director of People Corporate Services (Corporate Secretary)	120-125	0	5-10	0	24	150-155	£000	£000	£000	£000	£000	£000	120-125	0	0	0	73	190-195	1 Sep 2017	Permanent contract (6 months' notice)
<b>A Newell</b> Director of Strategy, Performance, Business Development and Growth	130-135	0 <sup>3</sup>	5-10	0	31	170-175	£000	£000	£000	£000	£000	£000	130-135	0	0	0	30	170-175	16 Apr 2018	Permanent contract (6 months' notice)
<b>A McKinlay</b> Director of Finance and Commercial Services	115-120	1.8 <sup>3</sup>	5-10	0	27	150-155	£000	£000	£000	£000	£000	£000	115-120	5.1 <sup>3</sup>	0	0	27	145-150	9 Apr 2018	Permanent contract (6 months' notice)
<b>A McDonald</b> Chief Executive (until 30 June 2019)	n/a	n/a	n/a	n/a	n/a	n/a	£000	£000	£000	£000	£000	£000	40-45 <sup>2</sup>	0	0	0	2	45-50	1 May 2006	30 Jun 2019

<sup>1</sup> From 1 September 2020 to 31 March 2021, 80% of M Brodie's salary was recharged to Public Health England to reflect his time spent as Interim Chief Executive. His full year equivalent salary was in the £170-175k band.

<sup>2</sup> part year (full year equivalent: £170-175k)

<sup>3</sup> Staff have the option to sacrifice part of their salary in return for the use of a lease car. Where Senior Managers have taken up this option, this has been netted off their salary disclosed above. The taxable benefit of the lease cars provided to senior managers is disclosed in the Expense payments column where indicated. Where the lease car was electric, the value of the taxable benefit disclosed is nil, as the HMRC rate for 2020/21 on such cars was 0% of list price.

## 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 2020/21 was £170,000 – £175,000 (2019/20: £170,000 – £175,000). This was 8.2 times (2019/20: 9.1) the median remuneration of the workforce, which was £21,142 (2019/20: £19,020). The range of staff remuneration was £15,000-£20,000 to £170,000-£175,000.

In 2020/21 no employees received remuneration in excess of the highest paid director. This was also the case in 2019/20.

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

<b>Table 12: Fair pay disclosure</b>	<b>2020/21</b>	<b>2019/20</b>
Band of highest paid director's total remuneration (£000)	170-175	170-175
Median total (£)	21,142	19,020
Remuneration ratio	8.2	9.1

## 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 2021 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2021 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2021	Cash Equivalent Transfer Value at 31 March 2020	Real increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000	£000	£000
<b>M Brodie</b> Chief Executive	0-2.5	0	35-40	100-105	774	707	16
<b>M Dibble</b> Director of People and Corporate Services (Corporate Secretary)	0-2.5	(2.5)-0	40-45	90-95	836	779	27
<b>A Newell</b> Director of Strategy, Performance, Business Development and Growth	0-2.5	0	5-10	0	120	76	24
<b>A McKinlay</b> Director of Finance and Commercial Services	0-2.5	0	5-10	0	70	44	10

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 2020/21 £000	Permanently employed £000	Other £000	Total 2019/20 £000
Salaries and wages	92,325	87,110	5,215	80,817
Social security costs	7,880	7,880	0	6,679
Employer contributions to NHS Pensions	14,584	14,584	0	13,116
Other pensions costs	525	525	0	517
Termination costs	143	143	0	(2,693)
Apprenticeship levy	487	487	0	418
<b>Total</b>	<b>115,944</b>	<b>110,729</b>	<b>5,215</b>	<b>98,854</b>
Capitalised staff costs	(3,145)			(2,032)
	<b>112,799</b>			<b>96,822</b>

The average full-time equivalent staff employed during the year was:

*Subject to audit*

Table 15: Average numbers of persons employed			
Total	Permanently employed	Other	2019/20
3,194	3,116	78	3,042

The whole time equivalent number of staff whose cost was capitalised was 42 (2019/20: 29).

### Ill-health retirements

Two members of staff retired due to ill health during 2020/21 at a cost of £109,071, borne by the NHS Pension Scheme.

## Gender balance

Table 16 below provides details of the number of colleagues by gender at director, senior manager and other employee levels. The NHSBSA 2020/21 Gender Pay Gap Report revealed that there was a 2.3% median gender pay gap which had increased by 1.7% from the previous year. The mean gender pay gap for hourly pay was 12.6% and this difference in hourly pay is influenced by the greater proportion of female colleagues occupying more roles in the lower pay bands. This measure had increased by 1.3% over the previous year.

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. Significant progress had been made in key areas including the development of our Women's Network to increase the voice of female colleagues, and the launch of our women's development programme aimed specifically at female colleagues to help career progression.

The full report is published on our website –

[www.nhsbsa.nhs.uk/our-policies/diversity-and-inclusion/gender-pay-gap-reports](http://www.nhsbsa.nhs.uk/our-policies/diversity-and-inclusion/gender-pay-gap-reports)

Table 16: Employee data (based on head count, not full-time equivalent)			
	Female	Male	Total (31 March 2021)
Directors	1	8	9
Senior managers (band 8c and above)	17	29	46
Total employees	2,022	1,389	3,411

## 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 2020	Adjusted FTE days lost to Cabinet Office definitions	Average sick days per FTE	FTE days available	FTE days recorded sickness absence
3,557	23,023	6.5	1,298,252	37,348

Source: NHS Digital – Sickness Absence and Publication – based on data from the ESR Data Warehouse. Period covered: January to December 2020



## 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. Having neuro-diverse colleagues with different ways of working contributes enormously to our creativity and innovation as an organisation.

We are a Disability Confident 'Level 3 – Leader' organisation in recognition of our commitment to disability inclusion, and voluntarily take part in the NHS Workforce Disability Equality Standard as good practice. 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 work with a range of disability charities to provide work experience and placements for people with disabilities, however opportunities to do so have been impacted during 2020/21 due to the pandemic.

During 2020/21 we implemented a wide range of interventions focussed on disability inclusion. These included; the creation of our Disability and Neurodiversity Colleague Network to increase the voice of colleagues with that lived experience, the launch of our Shadow Board, which is a leadership development opportunity, with a ringfenced seat for a senior colleague who identifies as disabled or neurodiverse, and the launch of our Workplace Adjustment Passport to support colleagues needing adjustments.

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, by monitoring our recruitment and promotion statistics, and listening to our Disability and Neurodiversity Colleague Network, 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](http://www.nhsbsa.nhs.uk/our-policies/diversity-and-inclusion)
- Trade Union Partnership Working – We continue to have strong working relationships with our recognised Trade Unions, where partnership working over the last 12 months has been paramount as we have navigated through the pandemic. Our overarching National Joint Committee has met more frequently during these uncertain times, and Trade Union colleagues have been key members of our Tactical Steering Group who led through the pandemic.
- 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](http://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.

We conducted our annual employee engagement survey in October 2020 which achieved over a 72% response rate. As a result of employee feedback we saw increased engagement scores across all areas that are measured and received 2 star accreditation from Best Companies Ltd for 'outstanding' commitment to workplace engagement, a jump from 'ones to watch' in the previous year. We were also listed as a top 10 not for profit organisation, top 25 best big companies to work for and included in all the regional lists where we have offices.

For each area we measure our scores increased from our 2019/2020 survey by:

Leadership +16%  
My Company +9%  
My Manager +9%  
Personal Growth +6%  
My Team +6%  
Wellbeing +6%  
Fair Deal +7%  
Giving Something back +4%

## Expenditure on consultancy and temporary staff

The total consultancy expenditure incurred on the provision of operating services was £0 (2019/20 – £0). The total contingent labour expenditure incurred on the provision of operating services was £4.1 million (2019/20 – £4.0 million).

## Off-payroll engagements

Table 18 below summarises our off-payroll appointments.

<b>Table 18: Off-payroll appointments</b>	
<b>For all off-payroll engagements as of 31 March 2021, for more than £245 per day</b>	
Number of existing engagements as of 31st March 2021	17
	Of which...
Number that have existed for less than one year at time of reporting	11
Number that have existed for between one and two years at time of reporting	4
Number that have existed for between two and three years at time of reporting	1
Number that have existed for between three and four years at time of reporting	1
Number that have existed for four or more years at time of reporting	0
<b>For all off-payroll engagements between 1 April 2020 and 31 March 2021, for more than £245 per day</b>	
Number of temporary off-payroll workers engaged between 1 April 2020 and 31 March 2021	12
	Of which...
Number not subject to off-payroll legislation	11
Number subject to off-payroll legislation and determined as in-scope of IR35	1
Number subject to off-payroll legislation and determined as out of scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following review	0
<b>For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2020 and 31 March 2021</b>	
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	10

## 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.

The increase in the number and cost of exit packages during the year relates to staff redundancies arising from bringing the Benefits Eligibility Checks service inhouse.

*Subject to audit*

Table 19: Staff numbers and related costs – Exit costs						
2020/21	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	2	0	2	19	0	19
£10,000-£25,000	5	0	5	94	0	94
£25,000-£50,000	2	0	2	71	0	71
£50,000-£100,000	7	0	7	462	0	462
£100,000-£150,000	8	1	9	980	124	1,104
£150,000-£200,000	3	0	3	505	0	505
>£200,000	0	0	0	0	0	0
<b>Total</b>	<b>27</b>	<b>1</b>	<b>28</b>	<b>2,131</b>	<b>124</b>	<b>2,255</b>

There were no special payments made during the year.

*Subject to audit*

Table 19a: Other departures excluding compulsory redundancy		
2020/21	Number of agreements	Total value of agreements £000
Voluntary redundancies incl. early retirement	1	124
Mutually agreed resignations	0	0
Early retirements in the efficiency of services	0	0
Contractual payments in lieu of notice	0	0
Exit payments	0	0
Non-contractual payments	0	0
<b>Total</b>	<b>1</b>	<b>124</b>

**Table 20: 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
<b>Total</b>	<b>8</b>	<b>7</b>	<b>15</b>	<b>394</b>	<b>507</b>	<b>901</b>

There were no special payments made during the year.

**Table 20a: 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
<b>Total</b>	<b>12</b>	<b>507</b>

## 2.2.3 Trade union facility time

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

<b>Table 21: Relevant union officials</b>	
<b>Number of employees who were relevant union officials during 2020/21</b>	<b>Full-time equivalent employee number</b>
24	22.64

<b>Table 22: Percentage of time spent on facility time during 2020/21</b>	
<b>Percentage of time</b>	<b>Number of employees</b>
0%	2
1-50%	21
51%-99%	0
100%	1

<b>Table 23: Percentage of pay bill spent on facility time during 2020/21</b>	
Total cost of facility time	£47,263
Total pay bill	£110,136,000
Percentage of the total pay bill spent on facility time	0.04%

<b>Table 24: Paid trade union activities</b>	
<b>Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:</b>	
Hours on paid time	2,938
Total paid facility time hours	777
(Total hours spent on paid trade union activities ÷ total paid facility time hours) x 100	26.45%

## 2.3 Parliamentary, accountability and audit report

### 2.3.1 Regularity of expenditure

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.

Details of losses and special payments are included in Table 25 below.

*Subject to audit*

Table 25: Losses and special payments				
	2020/21		2019/20	
	No. of cases	£000	No. of cases	£000
Losses	334	6,781	94	109
Special payments	2,129	1,734	149	118

There were three losses of more than £300,000 during the year. One loss related to the HMRC IR35 settlement of £3.1m. The remaining two are constructive losses of £2.3m and £1.3m respectively. These are related to IT system development works carried out by 3rd party providers that were not implemented because of changes in technology requirements and were subsequently impaired.

2,122 special payments, totalling £1.7m, resulted from a backlog of Pensions Scheme substitute awards which missed HMRC deadlines. These attracted a scheme sanction charge and tax liabilities, which the NHSBSA has paid on behalf of affected members.

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.



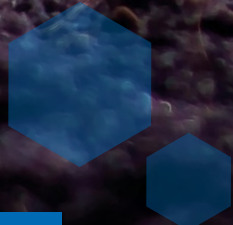
**Michael Brodie**

Chief Executive  
NHS Business Services Authority  
25 November 2022



# Appendix 1

## Sustainability report



**Table 1: Greenhouse gas emissions**

This section of the report has been prepared in accordance with the guidelines laid down by HM Treasury in 'Public Sector Sustainability Reporting'.

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Non-financial Indicators (t CO<sub>2</sub>e)*</b>												
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	0.4k
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	1.0k
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	0.1k
<b>TOTAL</b>	<b>6.6k</b>	<b>5.8k</b>	<b>5.2k</b>	<b>5.6k</b>	<b>3.7k</b>	<b>3.6k</b>	<b>3.3k</b>	<b>3.1k</b>	<b>2.4k</b>	<b>2.1k</b>	<b>2.0k</b>	<b>1.5k</b>
Building CO <sub>2</sub> 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	0.49
Business travel CO <sub>2</sub> 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	0.03
<b>Related energy consumption (kWh)</b>												
Gas	8.2m	5.9m	4.5m	5.4m	2.5m	2.1m	1.8m	1.8m	1.7m	1.5m	1.7m	2.1m
Electricity: Grid	10.6m	9.8m	9.2m	8.1m	5.9m	5.5m	5.2m	5.3m	5.0m	4.7m	4.8m	4.3m
Gas Oil	N/A	N/A	N/A	0.2m	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Self-generated energy (kWh)</b>												
PV	N/A	N/A	N/A	65k	65k	35k	31k	48k	53k	60k	57k	53k
<b>Financial indicators*****</b>												
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	£0.8m
Expenditure on carbon reduction commitment	N/A	<£2k	<£2k	£66k	£63k	£46k	£3k	£44k	£41k	£35k	£31k	N/A
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	£0.2m
<b>TOTAL</b>	<b>£2.3m</b>	<b>£2.2m</b>	<b>£2.1m</b>	<b>£2.1m</b>	<b>£2.1m</b>	<b>£1.7m</b>	<b>£1.6m</b>	<b>£1.6m</b>	<b>£1.9m</b>	<b>£1.7m</b>	<b>£1.6m</b>	<b>£1.0m</b>

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).

Financial indicators \*\*\*\*\* NHSBSA was not required to report on financial indicators for 2020/21.

### **Performance commentary including measures**

We have increased gas consumption and fleet travel because of our response to COVID-19 which has slightly increased our scope 1 greenhouse gas emissions, however reduced electricity usage from significantly reduced building occupancy has reduced scope 2 emissions. We have also experienced a significant reduction in business travel due to COVID-19 restrictions which has reduced our scope 3 greenhouse gas emissions. We are reviewing the changes in business practices throughout the pandemic and redesigning how we work in the future to ensure we continue to utilise technology infrastructure and a smarter way of working.

### **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	2020/21
<b>Non-financial Indicators (tonnes)*</b>												
Landfilled	492	459	254	154	183	182	182	89	62	59	1	0.2
Recycled/reused/composted (non-prescription/dental form waste)**	592	457	299	499	208	199	177	207	183	314	305	172
ICT waste recycled externally	2	0	16	36	2	3	0	15	15	15	15	0
Recycled/reused/composted (prescription/dental form waste)***	200	586	114	350	175	137	125	1009	798	613	544	336
Recycled/reused/composted (prescriptions stored offsite by third party)***	575	575	575	575	200	599	596	0	0	0	0	0
Incinerated/energy from waste	26	23	50	17	98	87	75	88	103	115	117	60
<b>TOTAL</b>	<b>1887</b>	<b>2100</b>	<b>1308</b>	<b>1631</b>	<b>866</b>	<b>1207</b>	<b>1155</b>	<b>1408</b>	<b>1161</b>	<b>1116</b>	<b>982</b>	<b>568</b>
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	0.07
<b>Financial Indicators ****</b>												
Landfilled	-	-	-	£26.7k	£5.0k	£3.1k	£3.1k	£4.7k	£9.5k	£9.8k	£9.8k	£0.1k
Recycled/reused/composted (non-prescription/dental form waste)	-	-	-	£31.0k	£18.5k	£18.7k	£16.2k	£24.1k	£31.7k	£40.4k	£40.4k	£61.0k
Recycled/reused/composted (prescription/dental form waste)***	-	-	-	-	£31.6k	£29.0k	£22.5k	£8.3k	£44.8k	£34.7k	£47.7k	£27.5k
ICT waste recycled externally	-	-	-	-	0	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	£35.6k
<b>TOTAL</b>	<b>£36k</b>	<b>£36k</b>	<b>£39k</b>	<b>£60k</b>	<b>£69k</b>	<b>£66k</b>	<b>£56k</b>	<b>£52k</b>	<b>£79k</b>	<b>£103k</b>	<b>£90k</b>	<b>£69k</b>

\* 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. Confidential paper from offices is an estimated value using an assumed weight per bin.

\*\*\* 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 from 2018/19 has been excluded from the NHSBSA data as this waste is being processed on behalf of a third party and this waste is reported within the third party waste returns.

\*\*\*\* 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. 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. For 2020/21, the NHSBSA were not required to report on waste management financial indicators.

## **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 have experienced an increase in the uptake of many of our digital services throughout the pandemic and as a result of our engagement activities. We have increased the retention period of some of our paper records from 6 months to 18 months, which has reduced paper waste temporarily in some areas. Reduced building occupancy throughout the COVID-19 pandemic has seen reduced office waste. 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 and increase the number of services we deliver through our digital portals e.g. Manage Your Service. 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	2020/21
<b>Non-financial Indicators (m<sup>3</sup>)*</b>												
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	8.6k
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	0.2k
<b>TOTAL</b>	<b>25.0k</b>	<b>23.2k</b>	<b>23.7k</b>	<b>20.5k</b>	<b>19.3k</b>	<b>17.6k</b>	<b>18.2k</b>	<b>18.5k</b>	<b>19.9k</b>	<b>17.2k</b>	<b>17.8k</b>	<b>8.8k</b>
Water – m <sup>3</sup> 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	3
Paper – reams of A4**	43k	43k	32k	25k	24k	26k	26k	28k	27k	26k	21k	11k
Paper – reams per FTE	18	19	15	12	10	11	11	11	10	9	6.7	3.6k
<b>Financial Indicators ***</b>												
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	£75.1k

\* Water (m<sup>3</sup>): 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. For 2020/21, the NHSBSA were not required to report on finite resource consumption financial indicators.

### 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. During 2020/21 water usage reduced due to reduced building occupancy during the COVID-19 pandemic. Paper consumption significantly reduced during 2020/21 due to increased uptake in our digital services and pausing our Exemption Checking Services which significantly reduced the numbers of letters being issued.

### 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.

# Certificate and report of the Comptroller and Auditor General



# 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 2021 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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

In my opinion, except for the possible effects of matters described in the Basis for qualified 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 2021 and of the NHS Business Services Authority's net expenditure for the year then ended;
- 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 recognises on its Statement of Financial Position intangible assets totalling £77m. Of these intangible assets, I was unable to obtain sufficient appropriate audit evidence that £23m of the £77m is free from material error because management has been unable to provide adequate records to support valuation 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 2019. I have also elected to apply the ethical standards relevant to listed entities. 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

In auditing the financial statements, I have concluded that NHS Business Services Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

## Other Information

The other information comprises information included in the Annual Report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Health Service Act 2006; and
- the information given in the Performance Report or 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 Report or Accountability Report. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Accounting Officer for the financial statements

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

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

My procedures included the following:

- Inquiring of management, the NHS Business Services Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the NHS Business Services Authority's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the NHS Business Services Authority's controls relating to the National Health Service Act 2006 and Managing Public Money.
- discussing among the engagement team and involving relevant internal specialists, including IT specialists, regarding how and where fraud might occur in the financial

statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals, inappropriate payments from the Learning Support Fund and management estimates, including valuation of intangible assets;

- obtaining an understanding of the NHS Business Services Authority's framework of authority as well as other legal and regulatory frameworks that the NHS Business Services Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the NHS Business Services Authority. The key laws and regulations I considered in this context included the National Health Service Act 2006 and Managing Public Money.

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

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

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud

or non-compliance with laws and regulations throughout the audit.

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

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

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

**Gareth Davies**                      **Date: 1 December 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

There have been significant delays in issuing these 2020/21 financial statements. My report sets out the reasons for the delay and the qualification.

As explained in last year's Annual Report and Accounts, 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. This resulted in a significant reduction in the size of the entity and the value of transactions within the financial statements. The practical impact of these changes was to increase the relative significance of the NHSBSA's intangible assets to the financial statements, consequently requiring higher levels of audit scrutiny than had been the case previously.

During the course of my audit for 2019/20, I found that the evidence available to me in respect of intangible assets was not sufficient to address the level of audit risk I had assessed. As a result of being unable to obtain sufficient appropriate audit evidence that NHSBSA's intangible assets had been measured appropriately at their depreciated replacement cost, my audit opinion for 2019/20 was qualified in respect of a limitation of scope relating to assets valued at £28m, as included in note 4.1. Further details were included in my explanatory report on accounts included in the 2019/20 Annual Report and Accounts which was finalised in April 2022. This allowed the 2020/21 audit cycle to commence.

In 2020/21, the value of the same intangible assets over which I was unable to obtain sufficient appropriate audit evidence remained material to the financial statements at £23.0m, as included in note 4.1. The reduction in value compared to 2019/20 primarily represents another year's amortisation. Management has carried out no new work to support this balance

for the 2020/21 audit cycle. Accordingly, I have again qualified my audit opinion due to a limitation of scope in respect of this issue.

As detailed in the governance statement, management has confirmed that it intends to commission detailed valuations of material items which make up the £23.0m for the purpose of the 2021/22 Annual Report and Accounts. This is with the aim of being able to provide sufficient, appropriate evidence for the purpose of my 2021/22 audit.

**Gareth Davies**                      **Date: 1 December 2022**  
**Comptroller and Auditor General**

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

# Financial statements and notes to the accounts



## Statement of Comprehensive Net Expenditure for the year ended 31 March 2021

	Notes	2020-21 £000	2019-20 £000
<b>Operating income</b>	3.1	<b>474,930</b>	170,015
Staff Costs	3.4	<b>112,799</b>	96,822
Other operating expenditure	3.2	<b>525,686</b>	199,425
<b>Total operating expenditure</b>		<b>638,485</b>	296,247
<b>Net operating expenditure</b>		<b>163,555</b>	126,232
Net loss on transfers	3.5	<b>4,850</b>	182,600
<b>Total Net Expenditure</b>		<b>168,405</b>	308,832
<b>Other Comprehensive Net Expenditure</b>			
Net (gain)/loss on revaluation of property, plant & equipment		<b>(497)</b>	3,116
Net gain on revaluation of intangible assets		<b>(1,471)</b>	(27,646)
<b>Total comprehensive net expenditure for the year</b>		<b>166,437</b>	284,302

The notes on pages 97 to 122 form part of these accounts.

# Statement of Financial Position at 31 March 2021

	Notes	31 March 2021 £000	31 March 2020 £000
<b>Non Current Assets</b>			
Property, Plant & Equipment	4.2	35,083	26,427
Intangible Assets	4.1	77,468	79,122
<b>Total non-current assets</b>		<b>112,551</b>	105,549
<b>Current Assets</b>			
Inventories	4.4	0	0
Trade and other receivables	4.5	57,720	34,198
Cash and cash equivalents	4.6	10,216	24,842
<b>Total current assets</b>		<b>67,936</b>	59,040
<b>Total Assets</b>		<b>180,487</b>	164,589
<b>Current Liabilities</b>			
Trade and other payables	4.7	45,109	28,714
Provisions for liabilities and charges	4.8	5,321	4,478
<b>Total current liabilities</b>		<b>50,430</b>	33,192
<b>Net current assets/liabilities</b>		<b>17,506</b>	25,848
<b>Total assets less current liabilities</b>		<b>130,057</b>	131,397
<b>Non-current liabilities</b>			
Provisions for liabilities and charges	4.8	858	859
<b>Total non-current liabilities</b>		<b>858</b>	859
<b>Total Assets Less Liabilities:</b>		<b>129,199</b>	130,538
<b>Taxpayers' Equity</b>			
General Fund		99,634	102,356
Revaluation Reserve		29,565	28,182
<b>Total Taxpayers' Equity:</b>		<b>129,199</b>	130,538

The notes on pages 97 to 122 form part of these accounts.

*Michael Brodie*

**Michael Brodie**

Chief Executive

25 November 2022

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2021

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Balance at 31 March 2020</b>	102,356	28,182	<b>130,538</b>
<b>Changes in taxpayers' equity for 2020-21</b>			
Total net expenditure for the year	(168,405)	0	<b>(168,405)</b>
Net gain on revaluation of property, plant and equipment	0	497	<b>497</b>
Net gain on revaluation of intangible assets	0	1,471	<b>1,471</b>
Non-cash charges – notional costs	118	0	<b>118</b>
Movement between reserves	585	(585)	<b>0</b>
<b>Total recognised income and expense for 2020-21</b>	<b>(167,702)</b>	<b>1,383</b>	<b>(166,319)</b>
Net Parliamentary Funding	164,980	0	<b>164,980</b>
<b>Balance at 31 March 2021</b>	<b>99,634</b>	<b>29,565</b>	<b>129,199</b>

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
<b>Balance at 31 March 2019</b>	349,659	3,652	<b>353,311</b>
<b>Changes in taxpayers' equity for 2019-20</b>			
Total net expenditure for the year	(308,832)	0	<b>(308,832)</b>
Net loss on revaluation of Property, Plant and Equipment	0	(3,116)	<b>(3,116)</b>
Net gain on revaluation of Intangible Assets	0	27,646	<b>27,646</b>
Non-cash charges – notional costs	106	0	<b>106</b>
<b>Total recognised income and expense for 2019-20</b>	<b>(308,726)</b>	<b>24,530</b>	<b>(284,196)</b>
Net Parliamentary Funding *	61,423	0	<b>61,423</b>
<b>Balance at 31 March 2020</b>	<b>102,356</b>	<b>28,182</b>	<b>130,538</b>

The revaluation reserve balance at 31 March 2021 includes £29,117k relating to Intangible Assets (31 March 2020: £27,646k).

\* 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 97 to 122 form part of these accounts.



## Statement of Cash Flows for the year ended 31 March 2021

	Notes	2020-21 £000	2019-20 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure		<b>(163,555)</b>	(126,232)
Other cash flow adjustments	5.2	<b>30,347</b>	28,532
Movement in working capital	5.1	<b>(7,127)</b>	60,773
Provisions utilised	4.8	<b>(2,911)</b>	(1,241)
<b>Net cash (outflow) from operating activities</b>		<b>(143,246)</b>	(38,168)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	4.2	<b>(18,916)</b>	(3,925)
Purchase of intangible assets	4.1	<b>(17,444)</b>	(16,810)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(36,360)</b>	(20,735)
<b>Cash flows from financing activities</b>			
Net Parliamentary Funding		<b>164,980</b>	61,423
Adjustment for non-cash items*		<b>0</b>	(3,864)
Net Cash transferred under absorption accounting		<b>0</b>	(68,606)
<b>Net financing</b>		<b>164,980</b>	(11,047)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(14,626)</b>	(69,950)
<b>Cash and cash equivalents at 31 March 2020</b>	4.6	<b>24,842</b>	94,792
<b>Cash and cash equivalents at 31 March 2021</b>	4.6	<b>10,216</b>	24,842

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

The notes on pages 97 to 122 form part of these accounts.

# 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 (FReM) 2020-21, issued by HM Treasury, and the Department of Health and Social Care Group Accounting Manual (GAM) 2020-21. The accounting policies contained in the FReM and GAM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM 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 31 March 2020, 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.

## 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.

### 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.

### 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. Additionally, Stella House was revalued as at 31 March 2021 prior to its transfer to GPA.

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.

## **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 31 March 2020. 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. The results of this valuation were rolled forward and a further year's indexation applied to arrive at the 31 March 2021 values.

## **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.

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.

## **1.7 Inventories**

Inventories were formerly valued at the lower of cost and estimated net realisable value using a weighted average cost formula. Since the transfer of NHS Supply Chain to Supply Chain Coordination Ltd on 1 April 2019, the Authority has not had any inventories.

## **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 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. NHSBSA does not currently have any leases classified as finance leases.

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

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

## 1.12 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.

## 1.13 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.

## **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.

### **1.14 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 2020-21. These standards are still subject to HM Treasury FReM adoption.

- 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 £9.5m, which IFRS 16 will require to be recognised in the statement of financial position as right of use assets with corresponding lease liabilities.

## 2. Operating segments

The Authority's activities are considered to fall within two 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.

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	Student Support		Service Provision		Total	
		2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
<b>Statement of Comprehensive Net Expenditure</b>							
Operating income	3.1	<b>(403,922)</b>	(92,554)	<b>(71,008)</b>	(77,461)	<b>(474,930)</b>	(170,015)
Staff costs	3.4	<b>0</b>	0	<b>112,799</b>	96,822	<b>112,799</b>	96,822
Other operating expenditure	3.2	<b>403,922</b>	92,554	<b>121,764</b>	106,871	<b>525,686</b>	199,425
<b>Total operating expenditure</b>		<b>403,922</b>	92,554	<b>234,563</b>	203,693	<b>638,485</b>	296,247
<b>Net Operating Expenditure/(Income)</b>		<b>0</b>	0	<b>163,555</b>	126,232	<b>163,555</b>	126,232
<b>Statement of Financial Position</b>							
Assets		<b>23,839</b>	13,417	<b>156,648</b>	151,172	<b>180,487</b>	164,589
Liabilities		<b>(21,053)</b>	(10,631)	<b>(30,235)</b>	(23,420)	<b>(51,288)</b>	(34,051)
Assets less Liabilities		<b>2,786</b>	2,786	<b>126,413</b>	127,752	<b>129,199</b>	130,538

### 3. Notes to Statement of Comprehensive Net Expenditure

#### 3.1 Operating income

	2020-21 £000	2019-20 £000
<b>Service Provision revenue from contracts with customers</b>		
Department of Health and Social Care (DHSC) invoiced services	2,134	480
Services to other DHSC Group Bodies	24,089	30,036
Services provided to UK Devolved Administrations and Crown Dependencies	5,473	4,425
NHS Pension Scheme administration recharge	37,681	37,265
Benefit Exemption Checking Service penalty fee income	0	3,128
Other income	1,631	2,127
	<b>71,008</b>	77,461
<b>Student Support income</b>		
Social Work Bursary and ESG funding from DHSC	69,057	70,534
LSF funding from DHSC	334,865	22,020
	<b>403,922</b>	92,554
<b>Total Operating income</b>	<b>474,930</b>	170,015

### 3.2 Other operating expenditure (Non-Staff)

	2020-21 £000	2019-20 £000
<b>Service Provision expenditure</b>		
Non-executive members' remuneration	<b>108</b>	110
Rentals under operating leases	<b>2,788</b>	2,251
Establishment expenses	<b>7,988</b>	11,070
Transport	<b>339</b>	539
Premises	<b>17,232</b>	11,466
External contractors	<b>44,813</b>	47,548
Non-cash: Depreciation	<b>5,588</b>	5,156
Amortisation	<b>16,382</b>	14,515
Impairments & reversals intangible	<b>3,615</b>	0
(Profit)/loss on disposal of PPE	<b>318</b>	177
(Profit)/loss on disposal of intangible fixed assets	<b>572</b>	199
Loss on revaluation of PPE	<b>1</b>	1,570
Notional fee for the audit of the NHS Pension Scheme accounts	<b>118</b>	106
	<b>26,594</b>	21,723
Auditors' remuneration – audit fees	<b>160</b>	365
Legal & Professional fees	<b>16,797</b>	12,169
Other costs	<b>4,945</b>	(370)
	<b>121,764</b>	106,871
<b>Student Support expenditure</b>		
Social Work Bursaries and ESG	<b>69,057</b>	70,534
LSF	<b>334,865</b>	22,020
	<b>403,922</b>	92,554
<b>Total non-staff operating expenditure</b>	<b>525,686</b>	199,425

### 3.3 Operating leases

#### Authority as lessee

	2020-21 £000	2019-20 £000
<b>Payments recognised as an expense</b>		
Minimum lease payments	<b>2,788</b>	2,251
	<b>2,788</b>	2,251
<b>Total future minimum lease payments</b>		
<b>Payable:</b>		
Within one year	<b>2,020</b>	1,689
Later than one year and not later than five years	<b>5,342</b>	3,694
Later than five years	<b>2,187</b>	2,827
<b>Total</b>	<b>9,549</b>	8,210

### 3.4 Staff costs

#### Executive members and staff costs:

	2020-21 £000	2019-20 £000
Salaries and wages	<b>92,325</b>	80,817
Social security costs	<b>7,880</b>	6,679
Employer contributions to NHS Pensions	<b>14,584</b>	13,116
Other pension costs	<b>525</b>	517
Apprenticeship levy	<b>487</b>	418
Termination costs	<b>143</b>	(2,693)
<b>Total</b>	<b>115,944</b>	98,854
Capitalised staff costs	<b>(3,145)</b>	(2,032)
	<b>112,799</b>	96,822

### 3.5 Net Loss on transfers

The Authority transferred freehold land and buildings at Stella House to the Government Property Agency on 31st March 2021.

Last year, the Authority transferred all NHS Supply Chain functions to Supply Chain Coordination Limited (SCCL) on 1st April 2019.

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

	2020-21 £000	2019-20 £000
Property, Plant & Equipment at Net Book Value	4,850	16,685
Inventories	0	187,392
Trade and Other Receivables	0	373,148
Cash at bank	0	68,606
Trade and Other Payables	0	(450,962)
Provisions	0	(12,269)
<b>Loss/(Gain) on net assets transferred</b>	<b>4,850</b>	<b>182,600</b>

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

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

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

The Government subsequently announced in July 2020 that the pause had been lifted, and so the cost control element of the 2016 valuations could be completed. The Government has set out that the costs of remedy of the discrimination will be included in this process. HMT valuation directions

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

## **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 is accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2021 is based on valuation data as 31 March 2020, updated to 31 March 2021 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the 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.

## 4. Notes to Statement of Financial Position

### 4.1 Intangible assets

#### 4.1.1 Intangible assets 2020-21

	Software Licences £000	Information Technology £000	Development Expenditure £000	Total £000
<b>Cost or Valuation</b>				
At 1 April 2020	4,167	154,246	7,889	<b>166,302</b>
Additions – purchased	4,325	8,642	4,477	<b>17,444</b>
Reclassifications	0	1,230	(1,230)	<b>0</b>
Disposals	(2,371)	(3,924)	0	<b>(6,295)</b>
Indexation	0	4,086	0	<b>4,086</b>
Impairments	0	0	(3,615)	<b>(3,615)</b>
<b>At 31 March 2021</b>	<b>6,121</b>	<b>164,280</b>	<b>7,521</b>	<b>177,922</b>
<b>Amortisation</b>				
At 1 April 2020	2,292	84,888	0	<b>87,180</b>
Charged during the year	1,404	14,978	0	<b>16,382</b>
Disposals	(2,275)	(3,448)	0	<b>(5,723)</b>
Indexation	0	2,615	0	<b>2,615</b>
<b>At 31 March 2021</b>	<b>1,421</b>	<b>99,033</b>	<b>0</b>	<b>100,454</b>
Net book value at 31 March 2020	1,875	69,358	7,889	79,122
<b>Net book value at 31 March 2021</b>	<b>4,700</b>	<b>65,247</b>	<b>7,521</b>	<b>77,468</b>



## 4.1.2 Intangible assets 2019-20

	Software Licences £000	Information Technology £000	Development Expenditure £000	Total £000
<b>Cost or Valuation</b>				
At 1 April 2019	7,577	287,396	8,454	<b>303,427</b>
Additions – purchased	840	9,978	5,992	<b>16,810</b>
Reclassifications	252	6,305	(6,557)	<b>0</b>
Disposals	(4,502)	(23,963)	0	<b>(28,465)</b>
Revaluations	0	(125,470)	0	<b>(125,470)</b>
<b>At 31 March 2020</b>	<b>4,167</b>	<b>154,246</b>	<b>7,889</b>	<b>166,302</b>
<b>Amortisation</b>				
At 1 April 2019	5,319	248,728	0	<b>254,047</b>
Charged during the year	1,447	13,068	0	<b>14,515</b>
Disposals	(4,474)	(23,792)	0	<b>(28,266)</b>
Revaluations	0	(153,116)	0	<b>(153,116)</b>
<b>At 31 March 2020</b>	<b>2,292</b>	<b>84,888</b>	<b>0</b>	<b>87,180</b>
Net book value at 31 March 2019	2,258	38,668	8,454	49,380
<b>Net book value at 31 March 2020</b>	<b>1,875</b>	<b>69,358</b>	<b>7,889</b>	<b>79,122</b>

**Bursaries** had no Intangible assets during the accounting period (2019-20 – £Nil)

## 4.1.3 Intangible assets – carrying value of individually material assets

	2021 Gross £000	2021 Net £000	2020 Gross £000	2020 Net £000
<b>Material intangible assets ranked by current year net book value</b>				
Electronic Staff Record System	78,364	20,688	76,290	24,829
NHS Pensions Administration System	21,811	12,225	19,662	12,933
Prescription Processing System	21,927	5,814	22,110	7,438

## 4.2 Property, Plant and Equipment

### 4.2.1 Property, Plant and Equipment 2020/21

	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or Valuation</b>							
At 1 April 2020	1,415	18,998	287	0	19,672	7,731	<b>48,103</b>
Additions – purchased	0	787	0	0	17,401	728	<b>18,916</b>
Disposals	0	0	0	0	(5,279)	0	<b>(5,279)</b>
Revaluation	585	(160)	0	0	0	0	<b>425</b>
Transferred to GPA	(1,455)	(3,395)	0	0	0	0	<b>(4,850)</b>
<b>Gross cost at 31 March 2021</b>	<b>545</b>	<b>16,230</b>	<b>287</b>	<b>0</b>	<b>31,794</b>	<b>8,459</b>	<b>57,315</b>
<b>Depreciation</b>							
At 1 April 2020	0	4,891	258	0	11,567	4,960	<b>21,676</b>
Disposals	0	0	0	0	(4,961)	0	<b>(4,961)</b>
Revaluation	0	(71)	0	0	0	0	<b>(71)</b>
Charged during the year	0	1,624	9	0	3,063	892	<b>5,588</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>6,444</b>	<b>267</b>	<b>0</b>	<b>9,669</b>	<b>5,852</b>	<b>22,232</b>
Net book value at 31 March 2020	1,415	14,107	29	0	8,105	2,771	26,427
<b>Net book value at 31 March 2021</b>	<b>545</b>	<b>9,786</b>	<b>20</b>	<b>0</b>	<b>22,125</b>	<b>2,607</b>	<b>35,083</b>

### 4.2.2 Property, Plant and Equipment 2019/20

	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Furniture & fittings £000	Total £000
<b>Cost or Valuation</b>							
At 1 April 2019	4,934	26,277	19,485	11	23,230	7,980	<b>81,917</b>
Additions – purchased	0	625	0	0	3,106	194	<b>3,925</b>
Disposals	0	(427)	(27)	(11)	(6,664)	(443)	<b>(7,572)</b>
Revaluations	(3,519)	(7,477)	0	0	0	0	<b>(10,996)</b>
Transferred to SCCL	0	0	(19,171)	0	0	0	<b>(19,171)</b>
<b>At 31 March 2020</b>	<b>1,415</b>	<b>18,998</b>	<b>287</b>	<b>0</b>	<b>19,672</b>	<b>7,731</b>	<b>48,103</b>
<b>Depreciation</b>							
At 1 April 2019	0	9,764	2,762	11	15,677	4,496	<b>32,710</b>
Disposals	0	(427)	(27)	(11)	(6,487)	(443)	<b>(7,395)</b>
Revaluations	0	(6,309)	0	0	0	0	<b>(6,309)</b>
Charged during the year	0	1,863	9	0	2,377	907	<b>5,156</b>
Transferred to SCCL	0	0	(2,486)	0	0	0	<b>(2,486)</b>
<b>At 31 March 2020</b>	<b>0</b>	<b>4,891</b>	<b>258</b>	<b>0</b>	<b>11,567</b>	<b>4,960</b>	<b>21,676</b>
Net book value at 31 March 2019	4,934	16,513	16,723	0	7,553	3,484	49,207
<b>Net book value at 31 March 2020</b>	<b>1,415</b>	<b>14,107</b>	<b>29</b>	<b>0</b>	<b>8,105</b>	<b>2,771</b>	<b>26,427</b>

**Bursaries** had no Property, Plant & Equipment during the accounting period (2019-20 – £Nil)

### 4.3 Economic Lives of Non-current Assets

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

### 4.4 Inventories

	31 March 2021 £000	31 March 2020 £000
Opening balance	0	187,392
Additions	0	0
Cost of sales	0	0
Transfer to SCCL	0	(187,392)
<b>Closing balance</b>	<b>0</b>	<b>0</b>

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

## 4.5 Receivables

	Current	
	31 March 2021 £000	31 March 2020 £000
Trade receivables	19,692	17,948
Accrued income	18,369	7,670
Expected credit loss allowance – contract receivables	(535)	(517)
Prepayments	9,576	4,670
Other receivables	11,722	5,417
Expected credit loss allowance – other receivables	(1,104)	(990)
<b>Trade and other receivables</b>	<b>57,720</b>	<b>34,198</b>
<b>Segmental split</b>		
Service Provision	42,660	28,651
Bursaries	15,060	5,547
	<b>57,720</b>	<b>34,198</b>

There are no non-current receivables (2020 – Nil)

## 4.6 Cash and Cash equivalents

	2020-21 £000	2019-20 £000
Balance at 1 April	24,842	94,792
Net change in the year	(14,626)	(69,950)
Balance at 31 March	<b>10,216</b>	24,842

### Comprising:

	31 March 2021 £000	31 March 2020 £000
Held with the Government Banking Service	10,215	24,841
Commercial banks and cash in hand	1	1
Cash and Cash equivalents	<b>10,216</b>	24,842
<b>Segmental split</b>		
Service Provision	1,437	16,972
Bursaries	8,779	7,870
	<b>10,216</b>	<b>24,842</b>

## 4.7 Trade and other payables

	Current	
	31 March 2021 £000	31 March 2020 £000
Trade payables	801	783
Tax and social security	1,965	12
Deferred income	2,183	2,540
Accruals	36,763	24,072
Other payables	3,397	1,307
<b>Trade and other payables</b>	<b>45,109</b>	<b>28,714</b>
<b>Segmental split</b>		
Service Provision	29,347	22,547
Bursaries	15,762	6,167
	<b>45,109</b>	<b>28,714</b>

There are no non-current trade and other payables (2020 – Nil)

## 4.8 Provisions for liabilities and charges

	Current	
	31 March 2021 £000	31 March 2020 £000
Pensions relating to other staff	0	0
Legal claims	30	14
Other	5,291	4,464
<b>Total</b>	<b>5,321</b>	<b>4,478</b>

	Non-current	
	31 March 2021 £000	31 March 2020 £000
Pensions relating to other staff	0	0
Legal claims	25	26
Other	833	833
<b>Total</b>	<b>858</b>	<b>859</b>

<b>Segmental split</b>		
Service Provision	888	873
Bursaries	5,291	4,464
	<b>6,179</b>	<b>5,337</b>

	Pensions relating to other staff	Legal claims	Other	Total
	£000	£000	£000	£000
At 1 April 2019	9,000	117	6,785	<b>15,902</b>
Arising during the year	0	13	4,111	<b>4,124</b>
Utilised during the year	0	(12)	(1,229)	<b>(1,241)</b>
Reversed unused	0	(78)	(1,101)	<b>(1,179)</b>
Transferred to SCCL	(9,000)	0	(3,269)	<b>(12,269)</b>
At 1 April 2020	0	40	5,297	<b>5,337</b>
Arising during the year	0	16	6,505	<b>6,521</b>
Utilised during the year	0	(1)	(2,910)	<b>(2,911)</b>
Reversed unused	0	0	(2,768)	<b>(2,768)</b>
<b>At 31 March 2021</b>	<b>0</b>	<b>55</b>	<b>6,124</b>	<b>6,179</b>
Expected timing of cash-flows:				
Within one year	0	30	5,291	<b>5,321</b>
Later than one year and not later than five years	0	6	833	<b>839</b>
Later than five years	0	19	0	<b>19</b>

Other provisions at 31 March 2021 relate to Leasehold Property Decommissioning, based on professional valuations (£833k), and Social Work Bursary tuition fee entitlement (£5,291k).

### Contingencies at 31 March 2021

At 31 March 2021, there were no known contingent assets or liabilities (March 2020: £nil).

### 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.

## 5. Notes to Statement of Cash Flows

### 5.1 Movements in working capital

	2020-21 £000	2019-20 £000
(Increase)/decrease in receivables within 1 year	<b>(23,522)</b>	373,925
(Increase)/decrease in inventories	<b>0</b>	187,392
Increase/(decrease) in payables within 1 year	<b>16,395</b>	(390,966)
Increase/(decrease) in receivables arising from absorption transfers	<b>0</b>	(373,148)
Increase/(decrease) in inventories arising from absorption transfers	<b>0</b>	(187,392)
(Increase)/decrease in payables arising from absorption transfers	<b>0</b>	450,962
<b>Total</b>	<b>(7,127)</b>	60,773

### 5.2 Other cash flow adjustments

	2020-21 £000	2019-20 £000
Depreciation	<b>5,588</b>	5,156
Amortisation	<b>16,382</b>	14,515
Impairments and reversals	<b>3,615</b>	0
(Profit)/Loss on disposal of assets	<b>890</b>	376
Loss on revaluation of property plant and equipment	<b>1</b>	1,570
NHS Employers' Pension Contribution uplift funded centrally*	<b>0</b>	3,864
Notional Costs	<b>118</b>	106
Provisions – Arising in Year	<b>6,521</b>	4,124
Provisions – Reversed unused	<b>(2,768)</b>	(1,179)
<b>Total</b>	<b>30,347</b>	28,532

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



## 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 2021 £000	31 March 2020 £000
In one year or less	37,253	31,272
In more than one year but not more than five years	90,649	35,224
In more than five years	0	0
<b>Total</b>	<b>127,902</b>	<b>66,496</b>

## 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	17,431	0	17,431
Other receivables	0	12,097	0	12,097
Cash at bank and in hand	0	24,842	0	24,842
<b>Total at 31 March 2020</b>	<b>0</b>	<b>54,370</b>	<b>0</b>	<b>54,370</b>
Trade receivables	<b>0</b>	<b>19,157</b>	<b>0</b>	<b>19,157</b>
Other receivables	<b>0</b>	<b>28,987</b>	<b>0</b>	<b>28,987</b>
Cash at bank and in hand	<b>0</b>	<b>10,216</b>	<b>0</b>	<b>10,216</b>
<b>Total at 31 March 2021</b>	<b>0</b>	<b>58,360</b>	<b>0</b>	<b>58,360</b>

### 8.2 Financial Liabilities

	At 'fair value through profit and loss'	At 'amortised cost'	Total
	£000	£000	£000
Trade Payables	0	783	783
Other payables	0	1,319	1,319
Other financial liabilities	0	29,369	29,369
<b>Total at 31 March 2020</b>	<b>0</b>	<b>31,471</b>	<b>31,471</b>
Trade Payables	<b>0</b>	<b>801</b>	<b>801</b>
Other payables	<b>0</b>	<b>5,362</b>	<b>5,362</b>
Other financial liabilities	<b>0</b>	<b>42,887</b>	<b>42,887</b>
<b>Total at 31 March 2021</b>	<b>0</b>	<b>49,050</b>	<b>49,050</b>

### 8.3 Maturity of financial liabilities

	31 March 2021 £000	31 March 2020 £000
In one year or less	<b>48,217</b>	30,638
In more than one year but not more than five years	<b>833</b>	833
In more than five years	<b>0</b>	0
<b>Total</b>	<b>49,050</b>	31,471

