

# Annual Report 2023 to 2024





NHS Counter Fraud Authority

Annual Report and Accounts 2023 to 2024.  
For the period 1 April 2023 to 31 March 2024.

Presented to Parliament pursuant to the NHS Counter Fraud Authority  
(Establishment, Constitution and Other Transfer Provisions) Order 2017

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# Foreword

Our vision is “Working together to understand, find and prevent fraud, bribery and corruption in the NHS”. As part of our three-year strategy, we identified four counter fraud pillars (**Understand, Prevent, Respond, Assure**), underpinned by two additional pillars (**People, Resources**), to support counter fraud activity which translate into effective service provision. More information on these can be found within the performance section.

The Annual Report and Accounts 2023 to 2024 details how we performed over the year, shows how we remained accountable to the Department of Health and Social Care (DHSC), and provides a detailed picture of the NHS Counter Fraud Authority’s spending and income.

# Message from the Chair

Welcome to the NHSCFA's Annual Report and Accounts for 2023 to 2024.

There have been lots of changes and activity within the NHSCFA over the past year - I was due to step down as Chair of our Board, but this was extended to allow recruitment of my successor to take place. I was delighted to be able to continue as Chair, which has seen the organisation continue to strengthen, expand and deliver in line with our three-year Strategy.

Over the past year we have recorded a number of significant achievements, which you can read about on page 14 and in the performance analysis section. This included an 11-year sentence for Operation Bukowski, the largest sentence the NHSCFA has ever achieved. Our colleagues who worked on these cases deserve a huge amount of credit for the diligence in bringing people who defraud the NHS to justice.

Project Athena, launched in February 2024, is in its early stages. It aims to deliver a dedicated response to fraud by identifying patterns in key areas using data. However, over the coming year there will be more to report on what it is achieving and how it is improving outcomes to help detect fraud within the NHS.

Whilst you can never be too sure what the future will bring, I am sure that this will be my last annual report message as Chair. It has been a pleasure to be Chair for the past six years at the NHSCFA. I will look back on this time with fond memories and wish the organisation the best for the future.



**Tom Taylor**  
Chair

# Performance report overview

This overview summarises our performance in the financial year 2023 to 2024, including information about our vision, objectives, achievements, structure and the way we operate.

## Message from the Chief Executive Officer

Over the past year the NHSCFA has created an operating model that meets our needs within the resources we have available. We began with a new Strategy and, during the year, initiated Project Athena by investing in our data analytical capability. The health sector's financial community has supported us greatly throughout this time, including the DHSC, our sponsors, NHS England (NHSE) and NHS Business Services Authority (NHSBSA).

Project Athena is a significant opportunity for us as an organisation to build a dedicated team to lead the development of new analytical techniques and tools. Data analytics is already used across the NHS and is growing in importance in a wide range of areas, from health innovation and clinical decision making, through to patient access. Ultimately, Project Athena will detect and prevent more fraud occurring in the NHS.

Our performance this year has been met through our integrated planning approach, monitoring, discussing, and reporting against our organisation's Business Plan for the year, and providing assurance that we are achieving our objectives. Together, we have demonstrably delivered on our counter fraud aims, from enabling financial impact across the health group to our activity across our strategic pillars. You can find more detail in this report, but I would like to commend the hard work of our counter fraud community and the work of our people in diligently progressing our counter fraud agenda.

Our colleagues across the health sector have supported us greatly over the past year. We met with our partners at numerous events held across the UK, but also further afield. By working with international counter fraud partners from Denmark, Singapore, Cyprus and more, we have a wider benchmark of activity to compare with. Our partners are facing similar risks and challenges to us, and sharing best practice and exchanging knowledge will increase our understanding of how counter fraud specialists are utilising technology. This also enables us to share thoughts and bring back knowledge to implement here. Our stakeholders have supported us in targeting and delivering on key issues, such as mandate fraud and procurement, and we are starting to see the effects of this across the NHS.

Corruption and fraud are well-documented global issues and therefore we have continued to build strong relationships with international partners. We have re-joined the European Healthcare Fraud & Corruption Network (EHFCN). This has



benefited us through understanding best practice, data analytics, methods, and technology. The EHFCN supports its members in their work of prevention, detection, investigation, prosecution and redress of healthcare fraud, corruption, and waste.

Internally, our Fraud Hub has been operating for over a year and has seen some big successes, particularly in some high-profile cases which are outlined in the performance section of this report. This also includes supporting activity undertaken by our Local Counter Fraud Specialists (LCFSs), which has brought demonstrable improvements and results.

The Fraud Hub is now established as the focal point where our key stakeholders and colleagues can reach out to us and work with us in our challenge to detect and prevent fraud. We have supported the day-to-day activities of LCFSs through our new operating model and by actively reaching out and engaging with them over a sustained period of time to deliver better results. We have continued to recognise the value that counter fraud specialists bring to countering fraud in the NHS.

We anticipate more focus on performance in the future and will put in place measures to ensure we capture the activity that takes place. This includes the production of our annual Strategic Intelligence Assessment (SIA) which provides valuable insight enabling us to focus our activity in the areas of highest risk and financial vulnerability, and our Enterprise Fraud Risk Assessment (EFRA). The EFRA has been developed to support our mandatory Counter Fraud Functional Standards Return (CFFSR), which assesses the overall risk position and appetite across the NHS.

As part of our new operating model, our Technology Team have begun to assess the impact of artificial intelligence (AI). We will continue to monitor the development of AI to ensure that we are best placed to take advantage of this technological development. Our Technology Team have also refreshed our website, improving its navigation, design, and accessibility.

We continue to align ourselves closely with the DHSC AFU and the Public Sector Fraud Authority (PSFA), and have invested in our leadership to support this. Our executives have completed, or are engaged, in the Government Counter Fraud Profession – Counter Fraud Leaders programme, and I have personally delivered numerous presentations, workshops and events representing the NHSCFA and demonstrating the work it has achieved to stakeholders.

We have launched a People and Workforce Strategy which includes our aspirations to make the organisation a great place to work. In line with this, a range of wellbeing events have been arranged by our Mental Health Working Group. We continue to actively review policies that are intended to improve fairness, dignity and respect within the workplace.

We have also completed the preparations for moving to alternative office space in Coventry, reducing our footprint. This move will continue to provide our colleagues with a suitable and appropriate workspace, allowing for flexible working as well as access to several meeting rooms and private areas. We continue to take a hybrid approach to working but come together regularly to interact and discuss counter fraud activity.

In the second year of our three-year Strategy cycle, we will continue to maintain the focus of our collaborative approach, which is at the heart of our Strategy. We have established and developed key relationships over this time, and throughout this year and into the next we will continue to influence the development of a stronger response to fraud. We will pursue the opportunities that exist with vigour whilst respecting the inherent requirements of privacy and security.

During this reporting period we said goodbye to two of our Non-Executive Directors Jayne Scott and Martin Spencer. Our Board remained quorate following the approved extension of our Chair Tom Taylor whilst recruitment has progressed. We look forward to welcoming new Board members in the next reporting period, and thank our departed Board members for their work at the NHSCFA.



**Alex Rothwell**  
Chief Executive Officer

# Background to the NHSCFA

The NHSCFA is a Special Health Authority directly accountable to the DHSC. It is tasked with preventing, detecting or investigating fraud, corruption or other unlawful activities, carried out against or otherwise affecting the NHS and the wider health sector in England.

The NHSCFA's departmental sponsor is the DHSC AFU, which holds the NHSCFA Board to account for the realisation of its strategy. [Statutory Instrument 2017 No 958](#) sets out the establishment and constitution of the organisation. Schedule 2, parts 1 and 2, detail the requirements for specific roles which make up our Board. To find out more about the role of the NHSCFA Board and its members, please see the [NHSCFA Board of Directors section on our website](#).

The DHSC-NHSCFA framework agreement describes how the DHSC and the NHSCFA work in partnership. It defines essential elements of our relationship with DHSC and DHSC AFU and how both discharge their accountability.

In Wales, we provide specialist counter fraud support functions to the Welsh Government under section 83 of the Government of Wales Act 2006. Please see the [NHS Counter Fraud Service Wales](#) page for more details.

## Our vision and purpose

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



To protect the NHS from fraud, bribery and corruption



Being experts and leaders in our field



Leading the NHS response



Putting the interests of the NHS and its patients first



Empowering others



To achieve our vision, we have identified four counter fraud pillars which will enable us to translate our vision into the effective delivery of counter fraud services.

### Our counter fraud pillars

- **understand** how fraud, bribery and corruption affects the NHS
- ensure the NHS is equipped to take proactive action to **prevent** future losses from occurring
- equip ourselves and others to **respond** to fraud
- **assure** our partners, stakeholders and the public that the overall response to fraud across the NHS is robust

### Additional enabling pillars

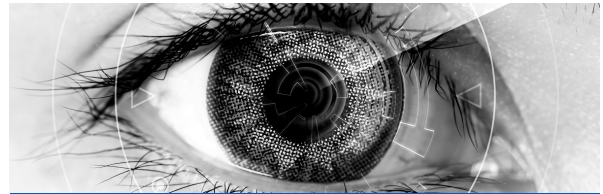
- support our **people** to provide counter fraud services
- use our **resources** to identify and pursue opportunities for growth and innovation

# NHSCFA operating model



## Our advice and guidance

- Strategic Fraud Prevention
- horizon scanning
- local proactive exercises to tackle specific problems and identified fraud risks



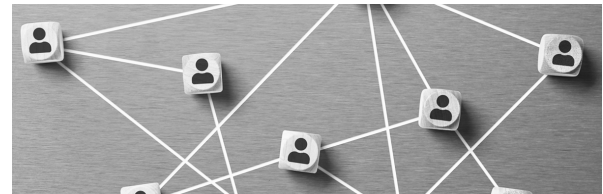
## Our enforcement

- National Investigation Service
- Digital Forensics Unit and financial investigators
- Investigation Quality Management



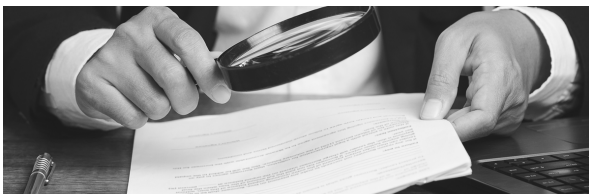
## Our continued change and transformation programme

- development of strategic transformation and change activity
- Project Athena



## Our support

- Corporate Support
- People, Workforce and Development
- Finance
- Technology



## Our counter fraud analytical ability, governance and performance

- information analytics
- data governance
- performance



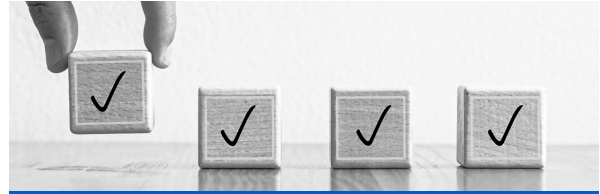
## Our stakeholders and partnership working

- DHSC AFU
- local counter fraud services
- NHS bodies
- PSFA



## Fraud Hub

- developing system-wide counter fraud networks of stakeholders
- maintaining and developing a counter fraud culture
- guidance and toolkits within the NHS network
- Fraud Investigation Model support, advice and guidance
- local fraud prevention activity
- case management system



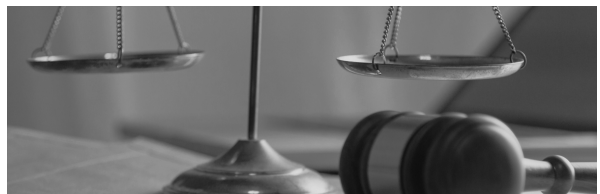
## Compliance

- evaluation and assurance of compliance with Counter Fraud Functional Standards across the health sector
- evaluation and assurance of our own compliance with Counter Fraud Functional Standards



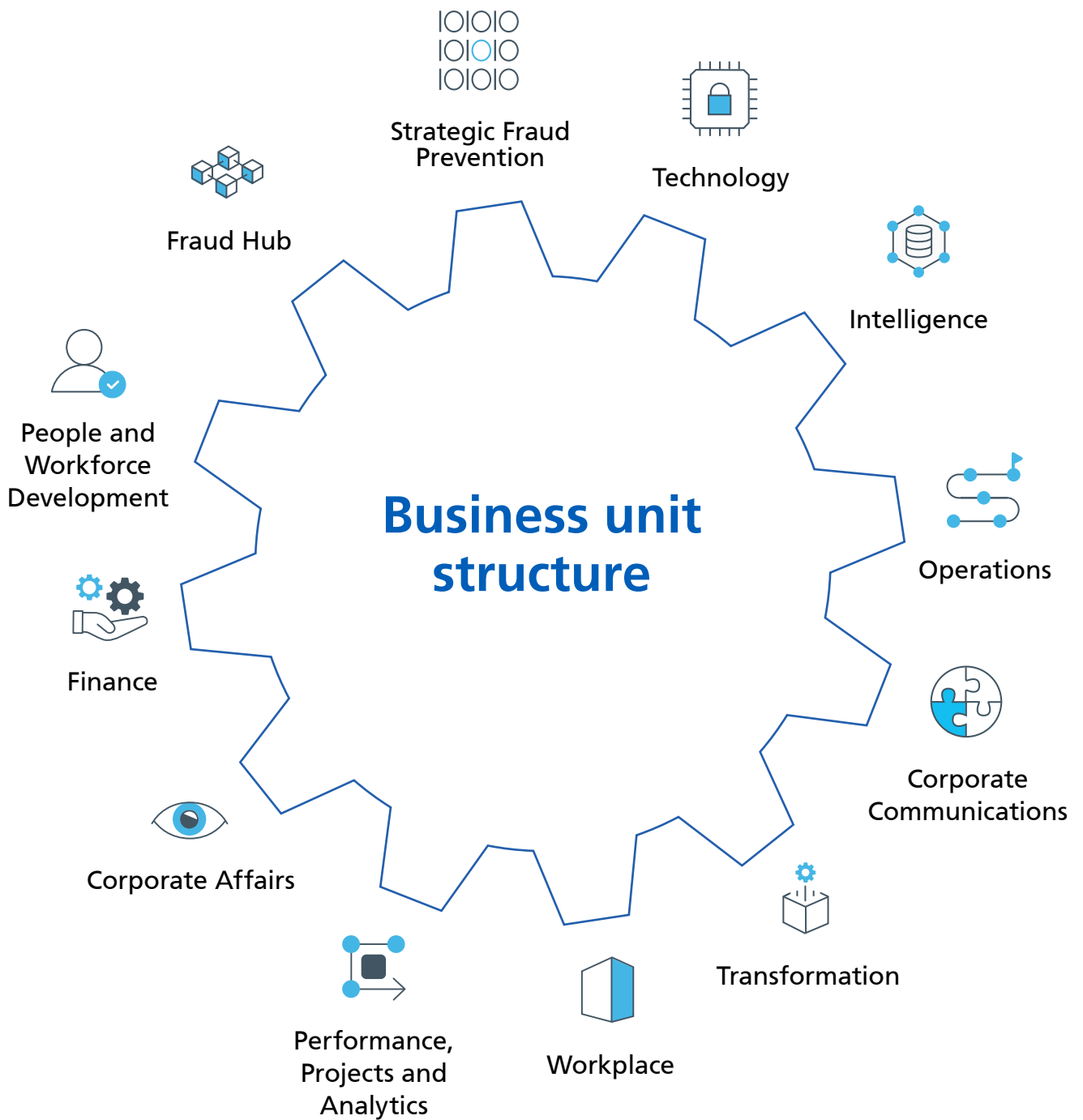
## Identifying, analysing and informing

- collating information against fraud threats
- determining thematic counter fraud priorities
- intelligence and analytical capability
- Strategic Intelligence Assessment (SIA)



## Investigative priorities

- investigations are considered, prioritised and allocated
- investigating allegations of fraud across national and local services



# Board and high level structure

## Board members



**Tom Taylor**

Chair



**Alex Rothwell**

Chief Executive Officer



**Matthew Jordan-Boyd**

Director of Finance  
and Corporate Services



**Tricia Morrison**

Director of Performance  
and Improvement



**Andrew Flanagan**

Non-Executive Director



**Alyson Coates**

Non-Executive Director

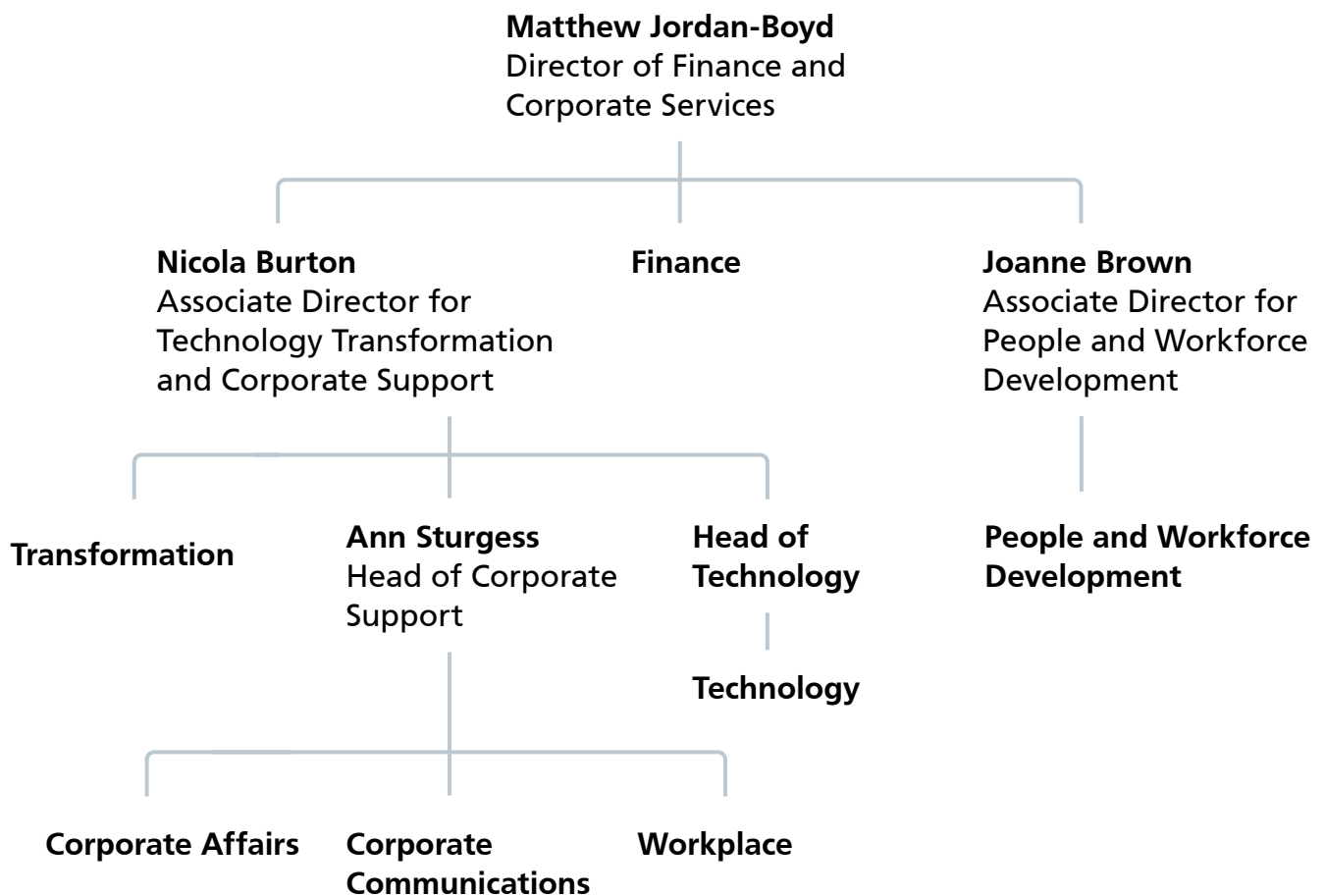


**Gaon Hart**

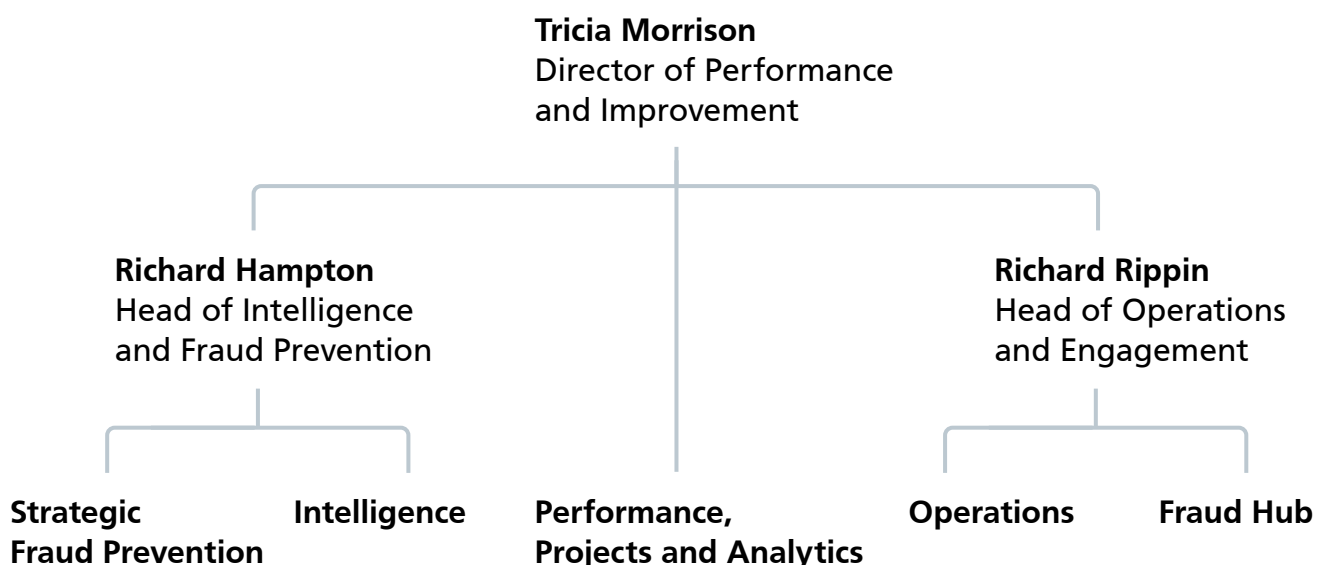
Non-Executive Director



# Finance and Corporate Services



# Performance and Improvement



# Significant achievements in 2023 to 2024

This section sets out our performance against financial targets and our significant achievements over the year. The achievements are grouped under our strategic pillars. Two examples of joint working with the wider counter fraud community are also highlighted, and a new technology-based project for countering fraud.

Further details on our achievements are provided in the performance analysis section.

The overall counter fraud savings financial target for the previous three-year strategic period ending in March 2023 was £400 million. We reported a final figure of £500.7 million achieved in our previous Annual Report. Overall counter fraud savings for the life of this 2023 to 2026 Strategy, encompassing prevented fraud, detected fraud and recovered funds, will be £500 million. This is an aggregated target across the health family, overseen by DHSC and coordinated and led by NHSCFA.

In 2023 to 2024, our target for counter fraud savings was £138.28 million. Including fraud detected, we are reporting savings of £184.60 million during this reporting period. This achievement is broken down in the table below.

Financial summary	2023 to 2024 actual
Direct enforcement	£12.42 million
LCFS function	£14.83 million
DHSC Core and Arm's-Length Bodies	£99.15 million
Other (RTEC)	£58.20 million
<b>Total</b>	<b>£184.60 million</b>

The £184.60 million is 36.9% of our strategic three-year target of £500 million. A comparison of the trend from the first year's achievement in the 2020 to 2023 strategic cycle shows that in the first year of that strategy we achieved £55.2 million of a £400 million strategic three-year target, or 13.8%.

# Achievements grouped by our pillars

Understand	Understand how fraud, bribery and corruption affects the NHS
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## Enabling benchmarking in the health sector

We provided data allowing individual health bodies to monitor and benchmark their own counter fraud outcomes and performance against other health bodies. We gathered data on both proactive and reactive counter fraud activity at the local level.

We collated this data and reported it back to the health sector, providing individual health bodies with information regarding their own performance which will enable them to compare their achievements against others.

## Urgent referrals

Where reports are submitted to us that require our urgent attention, we aim to make sure these are actioned as a matter of priority. In this year our evolved intelligence function introduced a revised process which has resulted in 100% of all urgent referrals being actioned within one week of receipt.

Prevent	We will ensure the NHS is equipped to take proactive action to prevent future losses from occurring
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## The implementation of Real-Time Exemption Checking (RTEC)

RTEC is a mechanism which allows a pharmacy to check whether a patient must pay for prescribed medicines and was implemented across NHS pharmacies between 2020 and 2022. During the year the NHSCFA completed an extensive fraud measurement exercise to determine the financial impact of the programme on preventing prescription fraud within the NHS in England. Working with our partners, NHS England and the NHS Business Services Authority, the exercise has demonstrated that fraudulent claims to prescription exemption has decreased by £58.2 million as a result of its implementation of RTEC.

## Respond

When we know that fraud has occurred, we are equipped to respond

### Enforcement

The financial values for enforcement activity, principally criminal investigations undertaken by the NHSCFA, achieved £12.41 million against a target of 12.4 million.

### Local Counter Fraud Specialist (LCFS) activity

The overall stakeholder achievement by LCFSs in **detection, prevention and recovery** values has substantially exceeded its forecast delivery in all areas. This is a reflection of the counter fraud activity and hard work of our counter fraud community as a whole, and the introduction of our Fraud Hub which in its first year of operation, has provided that community with advice, guidance, and direct support.

## Assure

We will ensure the NHS is equipped to take proactive action to prevent future losses from occurring

Our intention to give assurance that organisations providing NHS funded services are compliant with the **NHS Counter Fraud Functional Standards Return (CFFSR)** was successfully completed this year. In addition to demonstrating compliance, the information we gathered has identified areas of strengths and weakness in the counter fraud response across the health sector. This, together with information from other CFFSRs, has informed a programme of engagement which is focused not only on strengths and weaknesses, but also on specific fraud threats.

### Calculation of our outcomes

The calculation and recording of counter fraud financial outcomes across the NHS is undertaken in accordance with guidance issued by the PSFA relating to the Consolidated Data Return (CDR), (the central process for the collation of fraud and error reporting across government departments and all public bodies). Additional sector specific guidance for NHS bodies was issued alongside the revised CDR guidance issued by the PSFA in November 2023.

We launched a People and Workforce Development Strategy setting a range of aspirations including -

- strategic workforce planning
- delivering a responsive and proactive Human Resources (HR) service
- inclusive and effective leaders and managers at all levels
- making the NHSCFA a great place to work
- refreshing our performance management structure
- offering personal and professional development for all staff

Our Freedom to Speak Up policy was approved. This is aimed at encouraging a culture where staff feel safe to raise any issue that prevents them from working effectively or that affects their working life.

Delivery of proactive and responsive HR provision has continued. A range of our HR policies were reviewed and relaunched with processes refined and simplified to make them more user-friendly.

Attendance at internal and external training events were supported to expand the expertise of our people. Further details are provided in the performance analysis section.

We have continued to concentrate on the wellbeing of our people with a variety of activities, including continuing the work of the Mental Health Working Group and running drop-in sessions on a variety of topics including mindfulness and menopause.

Our Workspace Strategy was published, which aims to continuously assess the efficiency of our office space to enable our people to work as effectively as possible. We have continued to address corporate social responsibility areas when considering future requirements and have delivered training in this area to relevant staff.

## Operating model and business planning

### The Fraud Hub

Having identified that existing joint working and support provision for the NHS fraud community was a risk and was undermining the ability to proactively fight fraud, we continued to develop our new operating model. The work of the Fraud Hub has mitigated this risk.

### Business planning

We continued our integrated and collaborative approach to business planning and the 2023 to 2024 Business Plan along with the 2023 to 2026 Strategy were launched on 8 June 2023. The 2024 to 2025 Business Plan was launched on 21 March 2024.

### Contract management and procurement

We have invested in additional support for those employees with procurement and contract management responsibilities, by providing training and revising guidance/procedures. We intend to continue to review guidance, procedures, and training needs in the coming year.

### Cyber threats

Cyber threats have been monitored to ensure the controls we have in place are effective. The evolution and increasing use of artificial intelligence has been tracked and the potential effects are being considered.

### Corporate information

The reorganisation of our corporate information arrangements now provides managers with monthly snapshots of live databases, centralising a range of business information in one easily accessible place. This has enhanced informed decision making and increased efficiency.

### Campaigns and reach

An integrated approach was taken to engagement with stakeholders and promotion of the work of the NHSCFA across social media channels. The campaign work for International Fraud Awareness Week 2023 (IFAW), resulted in direct engagement with LCFs promoting and increasing traffic on our extranet, Ngage.

This new integrated approach introduced across all social media platforms for co-ordination and influence is seeing steady growth.

The Fraud Hub Quarterly Bulletin is also now directing users to important documents and encouraging reach across the site.

Highlights for the year included:

- IFAW 2023 – The provision of dedicated social media materials and resource packs to stakeholders to promote the week, increasing reach and awareness
- the 12 Frauds of the 2023 Festive Season campaign – a campaign on social media which raised awareness of 12 fraud types and how to report them
- Counter Fraud Conference 2024

## Working with the wider NHS counter fraud community

We work closely with our stakeholders to achieve our objectives and financial targets. We work closely with our sponsor, the DHSC AFU, as well as the DHSC, NHS England (NHSE), NHS Business Services Authority (NHSBSA) and the Public Sector Fraud Authority (PSFA) to provide a full range of counter fraud services across the NHS and the wider health group.

Our key stakeholders also include LCFs who provide local counter fraud services to individual health organisations. An essential part of the NHS counter fraud community, LCFs work closely with Counter Fraud Champions, Audit Committee Chairs and Directors of Finance. This relationship is being developed through our Fraud Hub and we continue to develop these strategic partnerships.

The work of our colleagues across NHS organisations is a vital part of preventing fraud in the NHS. The Fraud Hub is the primary focal point for our colleagues in NHS organisations who work with us to fight fraud. It acts as the main point of contact between the NHSCFA and the wider NHS counter fraud community, bringing together the national and local counter fraud response. This collective working approach improves information sharing, amplifies our collective message, and achieves better results across all parts of the NHS to reduce and prevent fraud.

To improve success at a local level the enforcement arm of the Fraud Hub has started to provide case-specific investigative expertise to assure that local investigations are evidentially sound and comply with statutory obligations, for example, the disclosure of unused material. This has helped the NHS counter fraud community to increase criminal sanctions at a local level by over 200%.

# Enterprise Fraud Risk Assessment

Working jointly with representation from the DHSC, NHSBSA, NHSE and the UK Health Security Agency, the project team has identified and assessed 75 thematic and 277 sub-thematic fraud risks across 10 strategic areas. In conjunction with the Strategic Intelligence Assessment, these fraud risks inform the health group's understanding of the fraud landscape. This supports an informed approach to counter fraud activity.

## Project Athena

During 2023 to 2024 we increasingly directed our attention towards increased use of data and data analytics to counter fraud. We intend to develop plans in the coming year to place this on a strong footing using innovative analytic tools and expertise. These developments come under the Project Athena umbrella for which we gained ministerial support and DHSC approval for additional funding.

Project Athena:

- is a pilot project led by the NHSCFA to take data analysis to a new level for greater, faster and wider detection of fraud
- creates new, innovative ways of using NHS data by looking for patterns and trends to detect potential fraud and prevent losses to the NHS
- takes an innovative approach to analysing and applying data and aims to increase detection and prevention of more complex and sophisticated fraud
- uses data from just one investigation that can positively impact across the whole fraud community as this new approach shares data findings and predicts further potential fraud before it happens
- manages data in accordance with relevant legislation and using approved and recognised ethical and professional standards and practices by experienced qualified data professionals

## Risks

Principal performance risks faced over the reporting period and the potential impact are shown below alongside an overview of the key action taken to reduce the risk of the impact occurring. Further analysis of our risks is contained in the performance and analysis section and the accountability report. The risks and challenges faced changed at the end of the year as Project Athena commenced, and the risk register will be reviewed in the early part of the next reporting period to reflect these emerging risks.



<b>Risk</b>	Inability to proactively fight fraud
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**Potential impact:** opportunities to reduce fraud in the NHS cannot be maximised.

**Key action:** implementation of a new structure to support the agile achievement of strategic objectives.

<b>Risk</b>	Failure to deliver new strategic objectives
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**Potential impact:** the financial target associated with the strategic objectives cannot be achieved.

**Key action:** implementation of an enhanced performance management framework.

<b>Risk</b>	Cyber risk to our information systems
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**Potential impact:** breach of our IT systems resulting in loss of data, reduced integrity of our data and/or service disruption.

**Key action:** assurance via external accreditations, increased penetration testing and active recruitment to fill vacancies.

<b>Risk</b>	Cyber enabled fraud
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**Potential impact:** the vulnerability of cyber enabled fraud in the NHS is increased.

**Key action:** active strategic liaison with stakeholders via a dedicated and coordinated group (control strategy strategic tasking and coordination group) to review/assess the impact of intelligence led emerging issues and trends.

In addition to the emerging risks linked to Project Athena, we have identified and tracked a range of concerns including:

- effective contract management
- rising economic costs
- data analytical ambition

We also noted a key emerging opportunity to widen our profile and work closely with the PSFA.

# Our finances

## Overview of financial performance 2023 to 2024

As a Special Health Authority, we receive funding from the DHSC to deliver the services outlined in the 2006 National Health Service Act. Increases in our operating expenditure were funded by an additional allocation from DHSC.

The table below shows our performance against the financial targets set by DHSC.

Financial obligations		2023/24			2022/23		
Target (£000)	Target £'000	Performance £'000	Variance £'000	Target £'000	Performance £'000	Variance £'000	
Capital resource limit does not exceed target set by DHSC (excludes IFRS16)	2,086	1,949	-137	1,619	1,632	13	
Capital resource limit does not exceed target set by DHSC (IFRS16 only)	-	200	200	3,754	3,792	38	
Non-ring-fenced revenue resource expenditure does not exceed the limit set by DHSC (excludes depreciation and amortisation)	14,618	14,070	-548	12,550	12,594	44	
Depreciation and amortisation resource limit does not exceed target set by DHSC	2,234	2,276	42	3,719	1,856	-1,863	

The revenue outturn position excluding depreciation and amortisation is an underspend of £0.548 million. This underspend primarily relates to planned delays in recruitment pending formal approval of Project Athena funding through 2024 to 2025.

Throughout 2023 to 2024, the NHSCFA spent £10.953 million on salaries and wages, £2.222 million on administration costs and £1.126 million on estates and facilities. The NHSCFA received £0.285 million of income, of which £0.269 million related to contracts for services provided.

The NHSCFA's total capital programme spend for the year was £2.149 million against a budget of £2.086 million. This outturn includes spend relating to the renewal of the NHSCFA's data analytics and digital forensic software. The £0.137 million underspend against the capital resource limit was offset by a non-cash adjustment for the remeasurement of leases (under IFRS16<sup>1</sup>) totalling £0.200 million.

The assets and liabilities of the NHSCFA are set out in the Statement of Financial Position in the Financial Statements and include external and internally generated software as well as amounts due to the NHSCFA in relation to contract income and amounts owed to suppliers for services delivered. This statement shows that the total assets have increased by £0.968 million from £9.592 million as of 31 March 2023 to £10.560 million as of 31 March 2024. The movement relates primarily to capital purchases and increased cash and cash equivalents. Total liabilities have decreased by £0.067 million from £7.005m as of 31 March 2023 to £6.938 million as of 31 March 2024. This movement relates to increased estates accruals in 2023 to 2024, offset by reduced borrowing costs (IFRS16).

## Better Payment Practice Code performance

The Better Payment Practice Code requires the NHSFCA to aim to pay all valid invoices by the due date or within 30 days of receipt of a valid invoice, whichever is later. The target percentage to be reached is 95% of invoices paid and in 2023 to 2024, the NHSCFA achieved this target. Additional budget manager training and the implementation of a 'no PO no pay' policy in 2023 to 2024 significantly improved the Authority's performance against the previous year.

<sup>1</sup>IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise ('right-of-use') assets and lease liabilities. The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of an asset identified in a contract.

	2023/24		2022/23	
	Number	£'000	Number	£'000
<b>Non-NHS payables</b>				
Non-NHS payables	1,227	8,345	1,365	6,947
Total non-NHS invoices paid within target	1,213	7,200	1,037	6,025
<b>Percentage of non-NHSCFA invoices paid within target</b>	<b>99%</b>	<b>86%</b>	<b>76%</b>	<b>87%</b>
<b>NHS payables</b>				
NHS payables	43	588	36	749
Total NHS invoices paid within target	43	588	29	620
<b>Percentage of NHSCFA invoices paid within target</b>	<b>100%</b>	<b>100%</b>	<b>81%</b>	<b>83%</b>
<b>Total NHSCFA invoices paid</b>	<b>1,270</b>	<b>8,934</b>	<b>1,401</b>	<b>7,696</b>
<b>Total NHSCFA invoices paid within target</b>	<b>1,256</b>	<b>7,788</b>	<b>1,066</b>	<b>6,645</b>
<b>Percentage of total NHSCFA invoices paid within target</b>	<b>99%</b>	<b>87%</b>	<b>76%</b>	<b>86%</b>

## Going concern

The NHSCFA's Annual Report and Accounts have been prepared on a going concern basis. The NHSCFA was established under the NHS Counter Fraud Authority (NHSCFA) (Establishment, Constitution and Staff and Other Transfer Provisions) Order 2017 (SI 2017 Number 958). The reference to the abolition date in respect of special health authorities was removed by section 86(2) of the Health and Social Care Act 2022. The NHSCFA is financed by and draws its funding from the DHSC. Parliament has demonstrated its commitment to fund DHSC for the foreseeable future and DHSC has demonstrated its commitment to the funding of the NHSCFA. There is therefore no evidence that the services we provide will not continue into the future, and therefore we have applied continuation of service provision in making our decision to use the going concern assumption.

# Performance analysis

This section provides further analysis of performance against our counter fraud strategic and enabling pillars.

## Understand

### The implementation of Real-Time Exemption Checking (RTEC)

RTEC is a mechanism which allows a pharmacy to check whether a patient has a valid exemption from NHS prescription charges. The NHSCFA compared recent results with the previous measurement exercise undertaken in 2020. The results showed a decrease of £58.2 million in the estimated amount of potential fraud. This would suggest that RTEC, at the point of dispensing, is having a positive effect in preventing fraud.

### Enabling benchmarking in the health sector

We gathered data on both proactive and reactive counter fraud activity at the local level. We collated this data and reported it back to the health sector, providing individual health bodies with information regarding their own performance which will enable them to compare their achievements against others.

### Intelligence

The Intelligence Unit received 4,020 reports through our fraud and corruption reporting routes during 2023 to 2024, these reports are reviewed, analysed and circulated to relevant stakeholders for further action.

Our response to these reports can be broken down into:

**1,309**

no further action was possible, for example where insufficient information was provided to follow up the report

**2,689**

fraud allegations distributed to counter fraud partners, for example LCFs

**14**

reports received in the last year are currently being developed within the Intelligence Unit prior to being allocated for further actions

**8**

allegations met the criteria for the NHSCFA to take direct action

The operating model implemented in April 2023 allows for a risk-based approach to the timely review and distribution of reports. The Central Intelligence Team has standardised its distribution processes and used a recognised assessment model to ensure a consistent approach to the supply of actionable intelligence.

The Intelligence Unit has worked closely with our Technology Team to improve our Fraud and Corruption Reporting Line (FCROL) with the beta version of the new Online Fraud Reporting (OFR) tool launched in October 2023, allowing for simplified and more user-friendly reporting.

The Strategic Intelligence Team is tasked with producing an annual Strategic Intelligence Assessment (SIA), detailing the threats, vulnerabilities, and enablers to fraud within the NHS.

The SIA 2023 indicates that the NHS was financially vulnerable to £1.264 billion of fraud. There are two main methods we use to calculate the financial vulnerability:

- loss measurement exercises – conducted by the NHSCFA
- comparative loss assessments – not directly measured by the NHSCFA and may not directly relate to the NHS

More detail on how we calculate vulnerability can be found here: [How do we calculate fraud vulnerability | Strategic Intelligence Assessment \(cfa.nhs.uk\)](https://cfa.nhs.uk/strategic-intelligence-assessment)

We are currently producing our latest SIA, covering the financial period 2023 to 2024 and emerging findings show that most of the reports the NHSCFA have received relate to four thematic areas. These are NHS staff fraud, patient exemption fraud, procurement and commissioning and fraudulent access from overseas visitors.

The Intelligence Unit also produces Quarterly Threat Assessments (QTA) providing regular updates on any pertinent, new, or emerging trends in fraudulent activity or reporting, and works continuously throughout the year to improve the organisation's understanding of fraud affecting the NHS.

In 2023 to 2024 thematic intelligence assessments were produced on agency fraud, bursary fraud, and a baseline assessment on the role of corruption in fraud against the NHS has been developed. To improve understanding and address some intelligence gaps, thematic intelligence assessments were commissioned in pharmaceutical contractor fraud and the NHS payment scheme.

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By using analytical techniques and tooling, alongside our deep understanding of fraud against the NHS, Project Athena enables the NHSCFA to reduce losses from fraud so that money is redirected back into patient care. I am delighted the Department of Health and Social Care recognises the critical role counter fraud professionals play in enabling the NHS to deliver on its core objectives."

Alex Rothwell

Chief Executive Officer of NHS Counter Fraud Authority

### **Project Athena – A new way of fighting fraud in the NHS**

This is an innovative project to find fraud and prevent losses to the NHS through the way data is collected. It was launched in February 2024 at the Counter Fraud Conference. It is a new pilot project aiming to both prevent fraud and provide a dedicated response by identifying patterns in data on a scale that has never been done before across the NHS for counter fraud purposes.

It gives the NHSCFA the expertise to concentrate on significant areas using data analytics. This means that not only can more fraud be detected, but also prevented.

By anticipating and identifying new and emerging patterns in data, the NHSCFA can quickly reduce the effects and loss from fraud. Not only will this lead to improved operational outcomes it will guide insight and policy change as well as strengthen controls and prioritisation.

### **The Enterprise Fraud Risk Assessment (EFRA)**

This project has supported organisations with identification and assessment of potential risks to fraud. It has enabled health bodies to reflect on the fraud risks faced across business activities and introduce appropriate mitigations. It is expected that as fraud risk management continues to mature across the health group, the number of fraud risk assessments, and the details captured, will continue to grow. In conjunction with the Strategic Intelligence Assessment, these fraud risks inform the health groups' understanding of the fraud landscape and support future planning decisions and inform a targeted response.

## Prevent

### Preventing payment diversion fraud

Activity across the NHS in preventing payment diversion fraud, also known as “mandate fraud”, achieved savings of £4.8 million in 2023 to 2024. Payment diversion fraud is a criminal activity whereby health bodies are deceived into changing the payment details of those to whom they make payments for goods and services. The deceit sometimes involves the hacking of NHS staff email accounts and/or the use of almost identical email domains. If the fraud is successful, monies paid into the bogus accounts are swiftly withdrawn by the fraudsters and dispersed.

During 2023 to 2024 we surveyed our stakeholders to assess the effects of the Fraud Prevention Resource Pack issued in 2022 to prevent and disrupt mandate fraud. Most respondents (75%) found the resource pack helped in preventing mandate fraud, 73% of LCFs found that it improved their understanding of how to report mandate fraud correctly, and 87% of non-LCFs found that their understanding of mandate fraud had improved. The resources assisted LCFs to promote fraud awareness activities, Local Proactive Exercises (LPE), fraud risk assessments and reviews of finance processes and procedures.

This year we have maintained the Resource Pack responding to any new referrals and feedback from the health sector. Intelligence indicates that although no new methods have emerged, the threat of cyber enabled mandate fraud remains. As a result, the current guidance was reviewed and re-issued.

NHSCFA work undertaken in previous years in this area and our continuing efforts are thought to have reduced reporting, having built effective defences against cyber enabled mandate fraud. We will encourage continued local engagement in this area for the remainder of our 2023 to 2026 strategy.

In addition, we published various communications during 2023 to 2024, emphasising the need for ongoing prevention activity and the need for early reporting to the NHSCFA’s Financial Investigation and Intelligence Teams via a dedicated mailbox. This has proved effective as the financial investigators continue to freeze accounts, make recoveries for affected NHS organisations, and close suspect bank accounts, as part of our ongoing disruption activity.

A final communication was shared with the health sector summarising the considerable successes and lessons learned from the mandate fraud project which was delivered in 2022 to 2023.

### The Strategic Fraud Prevention Unit

The Strategic Fraud Prevention Unit (SFPU), is responsible for developing a range of fraud prevention solutions to mitigate identified fraud risks across the NHS. This can include reviewing and redesigning whole processes and developing tailored guidance.



## Local Proactive Exercise and supporting materials

A previous national exercise in NHS procurement identified two areas of risk in the health sector: due diligence and contract management. In 2023 to 2024 the SFPU led a project to develop a LPE to inform improvements in due diligence and contract management arrangements within the health sector in England. The project aims to reduce the fraud risk and identify fraud prevention savings resulting from local proactive activity, with estimated savings of between £5-20 million expected for 2024 to 2025.

The SFPU engaged with stakeholders throughout 2023 to 2024, drawing on the knowledge and support of the health sector, including LCFs, procurement and finance leads, and stakeholders such as NHS Shared Business Services amongst others, to develop the LPE.

In January 2024, the SFPU launched a range of materials, and supporting documents, to assist LCFs to review their internal controls to test compliance with relevant guidance. This is intended to enable the tightening of existing controls and processes, resulting in a reduction of opportunities to commit procurement fraud. This early launch date allows for this work to be factored into LCFs' work plans for the coming year, with the reporting of outcomes starting on 1 April 2024. A report of findings will be made available to LCFs in 2024 to 2025.

## Respond

### Enforcement activity

The financial values for enforcement activity, principally criminal investigations undertaken by the NHSCFA, achieved £12.41 million against a target of 12.4 million. However, it should be noted that most of the value within the total current caseload has been reported this financial year. Further financial value from casework going into the second year of the 2023 to 2026 Strategy will be dependent on new cases. The time from when the NHSCFA take on a case to achieving an outcome is another factor to be considered, and we will be monitoring this closely next year.

The imposition of criminal sanctions against fraudsters is highly dependent on charging decisions from the Crown Prosecution Service (CPS), and proceedings in the courts. The criminal justice system has delays. Our ability to contribute to the overall counter fraud savings target, where criminal sanctions are a factor, is largely reliant on the outcomes of cases. The delay is a significant factor in the organisation achieving sanctions. It is anticipated that these delays within the criminal justice system will not abate soon. We are continually monitoring the situation.

## National Investigation Service

The NHSCFA National Investigation Service (NIS) is responsible for conducting criminal investigations into the most serious and complex economic crime against the NHS. It is comprised of three investigation teams:

- Digital Forensics Unit (DFU)
- Financial Investigation
- Fraud Investigation

The DFU supports criminal investigations across the health sector by enabling the collection and analysis of digital investigation material. Recent enhancements to this service in terms of case management and analysis platforms will provide improvements in efficiency and safeguard the DFU infrastructure. This has included the installation of new hardware in its data centre and network upgrades. The DFU Newcastle laboratory is a UKAS accredited testing laboratory, No. 9707. Full details can be found here [9707Testing Single \(ukas.com\)](https://www.ukas.com/9707TestingSingle) DFU maintained this accreditation following a thorough, independent inspection of its work and procedures by UKAS.

In 2023 to 2024 the DFU carried out analysis of 175 electronic devices and data which contribute to its expertise for the NHSCFA, NHS England, DHSC Anti-Fraud Unit, NHS Counter Fraud Services in Scotland and Wales as well as to the local counter fraud community.

The Financial Investigation and Intelligence Unit, using powers under the Proceeds of Crime Act 2002, has continued to ensure that monies obtained fraudulently are subject to restraint to prevent dissipation, and where appropriate, recovered and returned to patient care. The Unit also supports criminal investigations by gathering financial intelligence to support them.

The three investigation teams provide an investigative response across England using a range of investigative tools and powers. Two examples of their casework can be found below.

### Case study Operation Bukowski

In May 2023 at St Albans Crown Court, Hasan Abusheikha, 47, was sentenced to 11 years in prison for theft, fraud and bribery offences against the NHS. Abusheikha, formerly a Theatre Manager at St Albans City Hospital Trust, was sentenced having been found guilty the preceding March of six offences.

Judge Lana Wood said on his sentencing, "The earning of commission was your primary objective when your primary concern should have been to act in the best interests of the trust. You acted in breach of the trust's expectations of impartiality."

Also in March 2023, Elmo Emanuel, 74, the Chief Executive Officer of Implants International and Xtremity Solutions Ltd, (both of which were suppliers of medical equipment to the hospital), was sentenced to 28 months in prison having been found guilty of one charge of bribing Abusheikha.

A second Trust supplier, Jawid Khan, 51, a Director of TSI Med Ltd, had pleaded guilty to one charge of bribing Abusheikha in March 2022 and was sentenced to 18 months imprisonment, suspended for 18 months. He was also ordered to undertake 200 hours of unpaid work.

The investigation was undertaken by the NHSCFA's National Investigation Service (NIS), with the prosecution led by the CPS. The total value of all offences being more than £600,000.

During the trial, the Court heard that Abusheikha was in a position of responsibility within the NHS, where he was able to procure medical items on its behalf. As part of his role, he was required to make purchase order requests for items required for surgical procedures carried out at the hospital. The investigation was able to prove that Abusheikha was in a relationship with two Trust suppliers from whom he accepted bribes to ensure that the Trust procured medical items including implants from the companies concerned.

Abusheikha was also convicted of receiving payments from two further suppliers to the Trust. Abusheikha ordered goods from these companies that he himself had supplied to them. In return, Abusheikha received at least two-thirds of the value of the goods invoiced.

During the investigation Abusheikha's house was searched, and orthopaedic implantable devices, surgical instruments, and medical equipment with a value in excess of £65,000 was recovered. The investigation was able to prove that these had been stolen from the Trust.

The NHSCFA and CPS will be using the provisions of the Proceeds of Crime Act to recover any funds fraudulently obtained back to the NHS.

The NHSCFA investigators were both commended by the judge for their work throughout the investigation and the trial.

#### Case study

#### Operation Welsh

This investigation concerned Thomas Elrick, former Assistant Managing Director of NHS Harrow Clinical Commissioning Group (CCG). Our NIS team uncovered evidence to demonstrate that over a period of two years, Thomas Elrick was submitting and authorising false invoices to the CCG from a company he had created and registered at his home address.

During this time, he authorised payments totalling £564,484, which was paid into a bank account he controlled. He was the sole approver for all invoices submitted and it was established that no services were delivered, or any work conducted, for the CCG by that company.

The CPS authorised that Thomas Elrick be charged with fraud by abuse of position. He appeared at Willesden Magistrates Court on 28 April 2023 where he entered a guilty plea.

Sentencing took place at Harrow Crown Court on 30 August 2023 and Thomas Elrick was sentenced to imprisonment for three years and eight months.

There was significant national and local press coverage following the conclusion of the trial, with many outlets referring to the sentencing remarks of Judge Vanessa Francis:

“You have worked in the NHS all your life. You are clearly someone who clearly cares deeply about helping others. Yet you used the system to systematically defraud the local authority who had employed you to the tune in total of over £565,000. For an NHS department already in deficit, what you did was take away the opportunity for people to be treated, for people to be helped and get what they needed. It meant in practical terms the vulnerable people who needed care did not get as much care as they needed, and you are responsible for that. You abused the position of responsibility that you were given and in a relatively planned and sophisticated way.”

Steps to recover funds are currently being taken under the Proceeds of Crime Act 2002.

At the end of the reporting period, the NHSCFA was investigating 44 cases with a fraud loss figure estimated to be in excess of £34 million. Some of these cases are already with the CPS or in the court system itself. Due to a variety of reasons within the criminal justice system, the time taken for offences to be brought to trial is considerable.

NIS also maintains a quality assurance function which oversee a quality management framework to provides assurance that investigations are conducted ethically and strictly in accordance with legal and procedural requirements.

### LCFS activity

The overall stakeholder achievement by local counter fraud specialists in **detection, prevention and recovery** values has substantially exceeded its forecast objective of £2.88 million, with an achievement in excess of **£10 million**. This is broken down as follows:

- fraud prevented target £1.95 million with an achievement of **£4.39 million**
- fraud detected target £360,000 with an achievement of **£5.04 million**
- fraud recovered target £570,000 with an achievement of **£607,422**

To achieve further improvements to the fraud recovered value, the NHSCFA is supporting the LCFS community by providing advice and expertise from our financial investigators in using the Proceeds of Crime Act 2002 to recover money together with greater support from the Fraud Hub.

## The Fraud Hub

The stakeholder engagement, prevention, and enforcement teams within the newly formed Fraud Hub work together to form part of NHSCFA counter fraud response.

### Stakeholder engagement

The primary objective of the stakeholder engagement team is to support, guide, and advise organisations and LCFSs alongside other Fraud Hub colleagues. Good practice has been shared via publications, including a quarterly bulletin and engagement events, such as site visits and group engagements. The outcomes from the engagement process are threefold. Firstly, organisations that have been engaged with receive their own report on compliance with requirements, as well as any recommendations for improvement. Secondly, the lessons from the engagements are compiled into a sector report, which is issued nationally. This ensures that organisations who have not been directly engaged with obtain the same benefits. To date, we have issued a sector report on gifts, hospitality and conflicts of interest. Thirdly, if any organisations wish to discuss any of the reports in more detail, we arrange calls or webinars to provide further support.

This work is being supported and expanded by development of a client relationship management (CRM), system which will provide a comprehensive stakeholder database and additional support to the whole organisation. It is intended that it will have the ability to report on all our interactions with specific groups. This means we will be able to further target stakeholders with the appropriate information.

For the last two years (2022 to 2023 and 2023 to 2024), we have tested the effectiveness of our stakeholder engagement via surveys. The results from the 2023 to 2024 survey demonstrate very positive improvements on the previous year. Highlights include:

- a significant increase in communications and engagement being rated as either excellent or good from last year. The 2022 to 2023 percentage was 29% and this has increased to 58%
- working relationships with us rated as either satisfactory or good, an increase by 21% from last year (46% in 2022 to 2023 increased to 56% this year)

- the effectiveness of the Fraud Hub was rated positively - 52% of respondents said it assisted or greatly assisted their work. No one was negative - the remainder respondents indicated no real change

We asked how respondents would rate the help, advice and direct support provided by the NHSCFA across eight areas. Examples were:

- fraud investigations, which saw an increase of 22% in excellent or good responses
- data benchmarking, which saw an increase of 21% from 19% in 2023 to 40% in 2024
- engagements, which saw an increase of 31% from 22% in 2023 to 53% in 2024

All eight showed a decrease in dissatisfaction and an increase in satisfaction. These are extremely positive results and indicate that stakeholder engagement with the sector is improving and welcomed by the sector.

### **Prevention response**

The Fraud Hub Prevention team provides support, advice, and guidance to the health sector in undertaking local preventative work. This year has seen the launch the first of a series of learning reports. These identify and share learning outcomes from real investigation case studies. The implementation of changed and improved local processes and measures has reduced risks and built a culture of continuous improvement, better communication and joint working to prevent reoccurrences.

New guidance on planning, designing and conducting all Local Proactive Exercises (LPE) that are risk-based and outcomes-led has been issued to the sector. This guidance was developed to ensure proactive work in countering fraud is consistent across the NHS. In turn, this will enable the NHSCFA to provide a more dynamic programme of support to the sector in undertaking such work.

New guidance on calculating and recording financial amounts on the NHS fraud case management system has ensured values, such as fraud prevented, detected, and recovered are captured in a consistent manner. These values contribute to the NHSCFA's overall counter fraud savings target.

Six Fraud Prevention Notices (FPN) on a range of prominent fraud trends were issued. These included information on preventing instances of fraud committed by dual working; working elsewhere when claiming sick pay from an initial employer. These FPNs produced over 500 pieces of work that were entered onto our case management system. The first FPN forum on dual working gave the counter fraud community the opportunity to learn from colleagues, understand what issues are faced in reactive and proactive work regarding dual working fraud, and how they can be resolved. The outcomes from these pieces of proactive work included disruption to ongoing fraudulent activity, reduction of risk scores, introduction

of new policies and controls and targeted awareness campaigns. Furthermore, 15 criminal investigations were undertaken following the issue of these FPNs.

## Enforcement response

The Fraud Hub Enforcement Team provides support, advice and guidance aimed at maximising outcomes in respect of allegations of fraud across the NHS. The Enforcement Team workstream has fundamentally changed the way the NHSCFA is now able to support LCFSs with criminal investigations undertaken at a local level. This has altered from providing minimal support to offering 'cradle to grave' practical and objective advice, support and guidance. This new working model has included presentations and a variety of face-to-face joint engagement events with LCFSs. Guidance on requirements common to all criminal investigations, such as Director of Public Prosecutions' Guidance on Charging, Attorney General's Guidance on Disclosure and The Code for Crown Prosecutors has been provided.

Assistance with the application of the fraud investigation model throughout investigations has resulted in decisions by investigators not to pursue criminal investigations any further on 18 occasions. Promoting a culture of timely decision-making by investigators rather than by the CPS prevents time, resources and money being spent on criminal investigations which have little likelihood of a positive outcome.

Active promotion of the use of NHSCFA Financial Investigators in all criminal investigations has allowed full exploration of financial recoveries.

A total of 46 prosecution files were referred to the Fraud Hub Enforcement Team by LCFSs for review prior to submission to the CPS. Of these 21 prosecution files were submitted to CPS for charging decisions and 25 cases were returned to LCFSs for additional work. From the 21 files submitted

- seven submissions resulted in charges being authorised. Four of which resulted in convictions and financial recoveries of £78,504.61 and 2 await trial
- two cases had no further action taken following a review of the evidence
- one case had no further action taken following a review of the CPS action plan which was not considered to be cost effective to progress
- eleven cases are awaiting a decision by the CPS

The team has developed a formal pathway with the City of London Police Proactive Economic Crime Team with a view to securing police cooperation to administer non-prosecution disposals (for example, simple cautions, conditional cautions) in LCFS cases. Advice was given in two further cases submitted by LCFSs that non-prosecution disposal was appropriate. Both instances resulted in conditional cautions being issued by police, leading to a financial recovery of £1,738.02. One of these outcomes resulted directly from the new pathway described above.



## Strategic Fraud Prevention Unit

With input from other units, the Strategic Fraud Prevention Unit (SFPU) developed and agreed a horizon scanning definition and a new horizon scanning policy document and working group terms of reference. Horizon scanning is now incorporated into the Integrated Planning and Coordination Group (IPCG) function.

The SFPU leads organisational level horizon scanning, looking for new and emerging risks that may affect the NHSCFA, its operations and stakeholders. We have engaged with the wider organisation to encourage increased participation with horizon scanning via discussion at team meetings, regular news bulletins and the creation of a dedicated horizon scanning email inbox.

We successfully organised and held monthly working group meetings where all referrals are flagged and discussed by representatives from each NHSCFA business unit. SFPU provides administrative support at each meeting and maintains a log and record of findings. At these, we have assessed and discussed each horizon scanning item, made effective decisions and recommended action to the IPCG where appropriate.

The horizon scanning items scoped and referred have included consultations and open calls for evidence, news articles, white papers, policy papers, media briefing notes, government press releases, government fact sheets, independent reports, government bills and Hansard report debates and letters to NHS leaders and boards.

We have kept the organisation informed of any potential risk and opportunity that might inform our understanding and response by publishing quarterly news articles.

Based on a previous horizon scanning referral around mandate fraud, throughout 2023 to 2024 SFPU has continued its business-as-usual activity to raise awareness locally, asking NHS organisations to remain vigilant to the risk of mandate fraud.

## Strategic response

We have led the discussions with stakeholders to agree priorities and new and emerging frauds to deal with. This has resulted in four priority areas of activity being agreed in the strategic action plan:

- procurement fraud
- agency fraud
- enterprise fraud risk assessment
- multi-employment fraud

As well as this, there are two areas, pharmaceutical contractor fraud and NHS payment schemes, where intelligence requirements have been identified concerning understanding the fraud rate within provider assurance.



## Assure

In addition to the work developed and services delivered by the Fraud Hub under the respond pillar, additional Fraud Hub workstreams also develop the assure response.

We have developed a risk analysis tool to support gathering evidence for engagements using data from the Counter Fraud Functional Standard Return (CFFSR) and the NHSCFA case management system. This is used by the NHSCFA to identify NHS organisations suitable for further support across a number of criteria. This ensures that we engage with organisations that need our support and advice the most.

We have re-procured a case management system during the year and continue to further enhance this for specific use within the NHS. The system is used by the NHSCFA and NHS Counter Fraud Service Wales, DHSC AFU and LCFSs in England and Wales to record counter fraud activity and outcomes. Scheduled system upgrades have improved user functionality when inputting case management information and submissions of files to the CPS. Enhancements to the intelligence register have been used by NHSCFA to disseminate intelligence reports to LCFSs and other law enforcement partners. This has added value to LCFS reactive activities, enabling the development of intelligence and information into investigations or local prevention exercises.

To support our counter fraud response, specialist trainers from NHSCFA have provided training to 91 internal delegates and 80 external delegates across different organisations engaged in NHS counter fraud activity. The bespoke training content focuses on application within the NHS and highlights any new requirements or good practice. Sessions are adapted to meet the needs of both those new to the profession as well as those requiring refresher training. This assures continued professional development. Following a review of requirements in 2023 to 2024 examples of the areas covered have included:

- disclosure and Attorney General's guidelines
- case management training
- prosecution file completion
- preparing witness statements
- investigation skills
- digital analysis processes
- witness and suspect interviewing

### Calculation of our outcomes

The calculation and recording of counter fraud financial outcomes across the NHS is undertaken in accordance with guidance issued by the PSFA relating to the

Consolidated Data Return (CDR). The PSFA, as part of its responsibilities, collects detected, prevented and recovered fraud and error data quarterly on behalf of Cabinet Office and HM Treasury through the CDR across government departments and public bodies. This enables the PSFA to maintain and analyse the wider government fraud evidence base on fraud and error loss.

Additional sector specific guidance for NHS bodies was issued alongside the revised CDR guidance issued by the PSFA in November 2023. The changes emphasised timely and accurate data submission and have been incorporated into the calculation and reporting of outcomes in this financial year.

## People

### Strategic workforce planning

A succession planning pilot exercise was delivered and will be rolled out in 2024 to 2025, to ensure organisational readiness when people leave business critical roles.

### Achieving great performance

The LIFE (Leading, Influence, Fairness and Expertise) Values and Behaviours Framework have been embedded with senior leaders taking an active part to champion these.

Examples of activities have included:

- developing and successfully hosting the first NHSCFA Leadership Summit. The next step is to involve our leaders and aspiring leaders in planning their continued professional development activities to develop their leadership capability and effectiveness
- working with expertise leads to identify and implement organisational wide learning and development including strategic meetings
- development of the NHSCFA coaching strategy promoting coaching as a development activity and as a leadership style
- the NHSCFA coaching pool has been launched with qualified internal coaches

### Responsive and proactive Human Resources (HR) service

The introduction of an internalised HR advisory service has led to a full range of HR support being offered across the organisation.

Integration with existing outsourced transactional services, such as payroll, has taken place to improve processes and reaction times as required.

Policies have been reviewed to ensure compliance with current standards, as well as making them more understandable when used by managers in day-to-day situations. Policies that were ratified during 2023 to 2024 include induction, probation, managing sickness absence, capability/performance and disciplinary policies, with a further five under development.

Training on these policies has been taken up by most managers, who now know to approach HR if they come across a situation outside of their experience.

Recruitment across the organisation has been centralised within HR, who offer subject matter expertise and support through the process with line managers. This has streamlined the process leading to decreased recruiting times.

### **Inclusive and effective leaders and managers at all levels**

Two Leadership Essentials programmes were delivered (compared to one in 2022 to 2023). No Aspiring Leaders programmes were delivered (compared to two in 2022 to 2023), however one is taking place in Q1 (2024 to 2025). It should be noted that the volume of these programmes depends on the number of new managers for the mandatory Leadership Essentials programme and the demand for the Aspiring Leaders programme arising from personal development plans.

We have provided support for managers in developing and leading team events. This has included offering an 'Insights' psychometric tool across the organisation to assist individuals and teams to understand their style and strengths in the workplace. This has been taken up by 63 people across eight teams to date.

### **A great place to work with good morale**

We have continued to develop workplace groups including the People Engagement Group and Mental Health Working Group to support and advocate for our people on issues and queries. A comprehensive programme of events and articles from the Mental Health Working Group to support wellbeing in the workplace have been delivered. This included supporting mental health awareness week by focusing on managing anxiety.

Our Freedom to Speak Up policy was approved and a Freedom to Speak Up Guardian appointed who is completing the mandatory training needed as well as setting up the processes to launch the Freedom to Speak Up function.

### **Building skills and capabilities**

Each of our people meets regularly with line managers to review performance and aspirations under the optimising performance development scheme. Personal development is supported with 137 external training events attended. Organisation development needs are reviewed, and 32 internal events have been identified and attended. The total number of delegate attendances at these internal and external events is 427 for the year.

During the year, eight lunch and learn sessions have been delivered on a range of topics to support various programmes and areas of interest across leadership, management and general subjects.

A range of specialist counter fraud training has been delivered to staff ranging from sessions introducing people to the counter fraud profession to legislative updates and interview training.

This specialist training was offered to the sector, and the NHSCFA received £12,817 income in 2023 to 2024 from this.

## **Equality, Diversity and Inclusion**

Our People and Workforce Development Strategy was published in January 2024 and includes a commitment in the first year to develop an Equity, Diversity and Inclusion programme. This work will be supported by the Equality, Diversity and Inclusion (EDI) Group. The EDI Group is made up of volunteers from across the organisation, at all levels including senior management. The remit of the EDI group includes –

- developing an annual action plan
- reporting to the board and management on progress against the plan
- promoting and supporting the development and revision of policies and other materials related to EDI
- providing a forum for the discussion of EDI issues
- offering colleagues support and information on EDI issues

## **Sustainability**

The NHSCFA continues to make efforts to meet the Greening Government Commitments (GGCs) where applicable to our operations. Obtaining data in all the GGCs sub targets has continued to be a challenge. We have reviewed with situation with the DHSC and are in discussion with the Government Property Agency who are now commencing the supply of data in some areas.

The location of our offices and staff means that it is significantly more difficult to take independent action in response to the GGCs. Each of our three offices are in multi-occupant buildings and many of our staff are either fully or partially home based.

We are unable to provide figures for employees' domestic energy use, or the reduction in emissions etc. arising from reduced commuting.

We have considered the applicability of the 17 United Nations sustainability goals and have noted the third goal regarding ensuring healthy lives and promotion of well-being as being relevant to the organisation. Further information outlines how we have supported our people is set out at various points within this report.

## **Green House Gas emissions**

We have invested in carbon literacy training, including bespoke arm's length body training, to meet all the requirements of the Carbon Literacy Standard. Following on from this we are developing sustainability mini awareness sessions for our people.

### **Scope 1 emissions**

The NHSCFA does not own or control any sources for Scope 1 Green House Gas emissions in its offices. Details of Scope 1 emissions in relation to vehicles and travel are contained in the table below.

### **Scope 2 emissions**

Building management at all our offices are currently unable to provide disaggregated figures for Scope 2 GHG emissions.

We do not have any agreement with other tenants relating to attributing a share of the overall GHG emission figures for each building and so we are unable to provide an analysis of our energy consumption.

All our offices have automatic lighting which senses when a location is unoccupied and switches the lights in that area off reducing unnecessary energy use.

### **Scope 3 emissions**

Figures for our Scope 3 emissions in relation to business travel are provided in the table below.

While figures for business travel have increased since the end of the COVID-19 pandemic they are still far below pre-pandemic figures. This is mainly due to our transition to a hybrid working model.

76% of the workforce are fully home based, with an expectation that they will attend regular and ad-hoc in-person meetings as required.

24% of the workforce are office based and work a minimum of three days per week in the office.

Office based workers are not paid for travel to their usual place of work. Home based workers living more than five miles from their nearest office can claim business travel. We encourage the use of public transport and the use of electric or hybrid vehicles rather than Internal Combustion Engine (ICE) vehicles.

Unless the role requires office working, most of our posts offer hybrid or home working. This has enlarged the pool of available potential employees, enhanced staff work/life balance and made opportunities available to rural communities who may otherwise have not considered employment with the NHSCFA when we were fully office based.

Our air travel has increased from 1,002 miles in 2022 to 2023 to 15,840 miles in 2023 to 2024. This is due to the staff attending events with the aim of building partnerships to share knowledge and experience across the international counter fraud landscape.

Air travel			
Flight type	Haul	Class	Total distance (Km)
Domestic	n/a	Economy	10,239
International	Long	Economy	15,253

<sup>1</sup> Scope 1 emissions arise from organisation owned and operated vehicles, plant and machinery  
<sup>2</sup> Scope 2 emissions arise from the consumption of purchased electricity, heat, steam and cooling  
<sup>3</sup> Scope 3 emissions arise from official business travel by vehicles not owned by the organisation  
<sup>4</sup> Miles and £ rounded to nearest whole number  
<sup>5</sup> tCO2e stands for tonnes of carbon dioxide equivalent, a standard unit for counting greenhouse gas emissions

## Emissions information (see footnotes on page 42)

Greenhouse gas emissions			2019/20	2020/21	2021/22	2022/23	2023/24	Movement from 2019/20 baseline	
Scope 1 emissions <sup>1</sup> (tCO <sub>2</sub> e) <sup>5</sup>	Emissions from organisation-owned fleet vehicles		2.81	2.19	3.23	2.13	1.08		
	Gas		-	-	-	-	-		
	Total Scope 1 emissions		2.81	2.19	3.23	2.13	1.08	-62%	
Scope 2 emissions <sup>2</sup> (tCO <sub>2</sub> e)	Electricity		-	-	-	-	-		
	Total Scope 2 emissions		-	-	-	-	-	0%	
Scope 3 emissions <sup>3</sup> (tCO <sub>2</sub> e)	Road travel		8.11	0.34	2.46	3.29	4.03		
	Rail travel		31.81	0.09	2.33	10.01	14.05		
	Domestic air travel		-	-	-	0.44	2.79		
	International air travel		-	-	-	-	3.05		
	Total Scope 3 emissions		39.92	0.43	4.79	13.74	23.92	-40%	
Total tCO <sub>2</sub> e			42.73	2.62	8.02	15.87	25.00	-41%	
Related use and cost <sup>4</sup>									
Scope 1 related use	Scope 1 business travel	Miles	46,654	37,816	53,957	33,988	16,171		
		£	6,532	5,294	7,554	4,758	2,264		
	Gas	kWh	-	-	-	-	-		
		£	-	-	-	-	-		
Scope 2 related use	Electricity	kWh	-	-	-	-	-		
		£	-	-	-	-	-		
Scope 3 related use	Road travel	Miles	101,452	4,182	30,659	41,665	50,110		
		£	25,055	949	8,438	17,524	22,172		
	Rail travel	Miles	454,056	1,410	35,612	163,024	246,564		
		£	192,250	598	13,877	72,914	128,167		
	Domestic air travel	Miles	-	-	-	1,002	6,362		
		£	-	-	-	336	1,129		
	International air travel	Miles	-	-	-	-	9,478		
		£	-	-	-	-	946		
	Total miles (Scope 1 and 3)			602,162	43,408	120,228	239,679	328,685	
	Total cost of business travel £'000 (Scope 1 and 3)			223,837	6,841	29,869	95,532	154,678	
Total cost of all related use £'000 (all Scopes)			223,837	6,841	29,869	95,532	154,678		

## Infrastructure and estates

We are currently in the process of relocating our Coventry office in Earlsdon Park to Cheylesmore House, Coventry. This move will result in a further reduction in our estates carbon footprint in 2024.

We are also reviewing future options for our Citygate office in Newcastle. The lease of this office expires in 2025 and a decision on its future is yet to be made.

Our London office is 10 South Colonnade, Canary Wharf (a government hub building) – the lease of which runs until 2032.

No construction or refurbishment projects have been undertaken during the reporting period.

The organisation does not own any property or land recovery or biodiversity activities.

## Waste

Building management at all our offices are currently unable to provide disaggregated figures in the following areas for individual tenants:

- total waste produced
- total waste recycled
- total waste composted/food waste from 2022
- total waste incinerated with energy recovery
- total waste incinerated without energy recovery
- total waste to landfill

We do not have any agreement with other tenants relating to attributing a share of the overall waste, recycling figures etc., for each building and so we are unable to provide an analysis of our waste.

All our offices have recycling schemes in place so staff can separate any waste into recyclable and non-recyclable.

NHSCFA does not produce any waste that could be considered hazardous or require separate disposal.

## Paper use

In this reporting period we purchased 120 reams of paper. In the last reporting period, we declared we had made no orders for paper. Therefore there is no percentage reduction on the paper usage comparison. This was due to using up existing stock left unused following the office closures during the COVID-19



pandemic, the subsequent move to hybrid/home-based working and an increase in paper free working practices. Any confidential printed information is disposed of via the confidential waste bins which are available at each office or if not, confidentially recycled via the recycling points.

Printing is discouraged and where it is necessary, we have invested in energy efficient printers. All staff can be provided with multiple large monitors to enable them to view multiple documents simultaneously further reducing the need for printing. Where practical, teams are encouraged to work paper free and this is reflected in the limited paper consumption.

### **Water use**

Building management at all our offices are currently unable to provide disaggregated figures in relation to water use by individual tenants.

We do not have any agreement with other tenants relating to attributing a share of the overall water use figures for each building and so we are unable to provide an analysis of our water use.

All our offices have automatic taps for handwashing and instant hot water taps for making hot drinks, both of which reduce unnecessary water use.

### **Sustainable procurement**

We continue to consider our corporate responsibility when procuring goods. In support of this we have provided contract management training that includes social values awareness and the use of social value awareness questions. Examples of these include seeking information of suppliers' approach to sustainability, environmental considerations, any awards or certifications held and how this is integrated into working practices. These questions are used in procurement exercises exceeding £10,000. However, we are exploring the options to expand this approach to lower-value purchases.

Due to the nature of our estate the NHSCFA does not directly procure energy supplies.

Catering facilities are currently only available at our London office. These are provided by ISS who are committed to reducing the environmental effects of their services and supporting the UN Sustainable Development Goals. [Our approach - ISS World](#)

### **Climate change adaptation**

The nature of our estate means that we are very limited in taking action in relation climate change adaptation directly. Our Workplace Team actively supports environmental initiatives and supports our landlords in the promotion of sustainability and greening government commitments.

The NHSCFA promotes and supports environmental volunteering initiatives including the offer of two special days annual leave for volunteering events. One recent environmental volunteering event was a tree planting initiative to increase woodland within Mile End Park, London.

### **Reducing environmental impacts from ICT and Digital**

All end-of-life IT equipment is disposed of appropriately as part of a wider contract which is managed by the NHS Business Services Authority to which we are a third party. Disposal includes recycling items and parts and disposal of electrical appliances in accordance with regulations. This includes working alongside suppliers to review technology related waste and assets, and opportunities to create improvements in this.

We have recognised Project Athena will require additional power to undertake the data analytical work as the workstreams come online. Consideration has been given to reducing the impact of Project Athena, including shared resourcing of off-site data storage.

### **Sustainable construction**

No construction or refurbishment projects have been undertaken during the reporting period.

### **Next steps**

We will look to develop our own sustainability strategy to support the DHSC's sustainability strategy and reflect our commitment to the Greening Government Commitment.

Our Workplace Team are members of the Civil Service Environmental Network and will continue to provide quarterly building-based data to the Head of Sustainability at DHSC to inform overall reporting. At present this information is not considered or detailed enough to enable us to report accurately on our performance in relation to energy, water and waste. We believe we have now resolved the issue for our London office and will have accurate information for the next reporting period. Discussions are ongoing in relation to our new premises in Coventry. Where we are unable to obtain information directly, our Workplace Team will seek to engage with building management and other tenants with a view to reaching an agreement on apportioning figures for each tenant on energy, water and waste for the next reporting period.

# Our resources

## Business planning

Our integrated planning approach, overseen by our Project, Performance and Analytics Team, monitors challenges and progress against our annual Business Plan to deliver our counter fraud Strategy. As part of our performance and assurance process, we meet with all units in the organisation on a quarterly basis, providing an inclusive and open environment to review progress against the annual Business Plan and to address any issues arising. We provide the NHSCFA Board with a timely and accurate performance position on a quarterly basis. Following on from a successful GIAA audit this year looking at our performance and monitoring against our Strategy and Business Plan, we were assured that effective governance structures are in place providing 'robust' strategic performance and reporting, supporting scrutiny and oversight which are 'substantially' effective in informing decision making by senior management.

In the middle of the year, we also undertook our annual business planning process for 2024 to 2025, liaising across the organisation in a series of workshops to reflect on our organisation's achievements and to lay out the principles for our second year, guided by the NHSCFA Strategy 2023 to 2026. We worked to develop these discussions into a Business Plan for 2024 to 2025 which was successfully launched in March 2024, laying out the organisation's vision and purpose for the forthcoming year. This Business Plan will provide the basis for our performance and assurance function for the second year of our Strategy.

## Project management

We have also initiated the process of consolidation and expansion of our project management services. This has included a year-long approach to ensuring our practices, people, tools, and knowledge are aligned with the embedding of a performance culture, with the aim of engaging our people to enable and facilitate the highest level of achievement. To this end, we have introduced Project and Performance Management Frameworks which set out the NHSCFA's approach to the management of key delivery and metric management within the organisation. These work as part of the NHSCFA Board Assurance Framework to provide a solid basis for the evaluation of our organisation's performance on all aspects of the delivery of our annual Business Plan.

## Data analytics

Key activities included collaborating with our stakeholders across the NHS and wider public sector to acquire key datasets and proactively analyse several explicit problems, seeking outliers that can be indicative of fraud. This supports the NHSCFA (and our wider NHS stakeholders) through formalised fraud investigations drawn from these findings, alongside the development of appropriate fraud prevention activities that mitigate fraud risks.

We have also developed key external reporting suites that provide both internal and external users with access to management information to empower data-driven decisions. These were produced alongside an extensive engagement and development process. The external tool provides a bespoke reporting experience that allows oversight of individual organisations and their counter fraud provisions and outcomes, alongside the ability to gain a wider perspective through a national or sector specific lens. A similar tool – the NHS Corporate Dashboard Suite (CDS) – has also been created internally within the NHSCFA that allows oversight of organisational performance measures and management information on a monthly basis.

Finally, this year marked a significant update and upgrade of our analytical capability through the procurement and implementation of new analytical software.

## **Technology**

To ensure we have an IT infrastructure and service delivery model which is flexible and can support the organisation to meet its strategic objectives, we have enhanced the structure and created a new infrastructure team.

Assurance regarding our information security and IT service management has been provided via the ISO 27001 and ISO 20000 accreditations. These detail requirements for the maintenance of information security management and IT services.

A software asset management tool has also been implemented and a review of our cloud back-up and ability to restore data requirements completed.

Our people have been supported with the roll out of new laptops and mobile phones. The implementation of a new service desk tool has provided enhanced analytical capability to improve response times and improve workflows.

The range of internal development work has included the release of the online fraud reporting tool and website redevelopment. The expanded use of applications has supported and streamlined activities including travel bookings.

We have continued raising awareness of cyber security with our people. This included several phishing exercises to highlight the importance of checking the authenticity of emails and associated links within these.

## Communications

### Corporate documents

The Communication Team have played a significant role in producing a number of corporate documents, including:

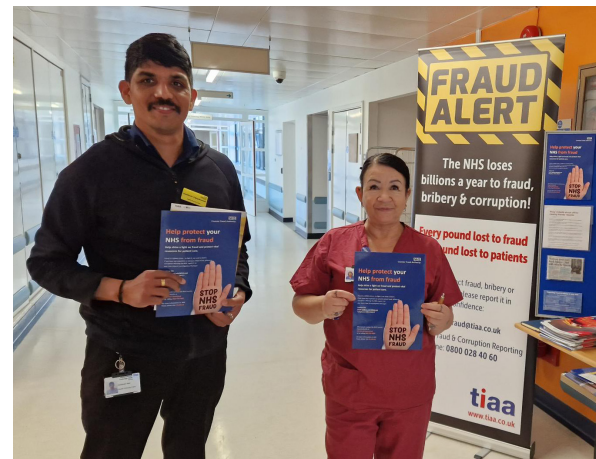
- [2023 Strategic Intelligence Assessment](#)
- [2023 to 2026 Strategy](#)
- [2024 to 2025 Business Plan](#)

All these documents can be found in the following section of our website [Corporate publications | About | NHSCFA](#)

### Campaigns

We marked International Fraud Awareness Week (IFAW) 2023 by producing a range of social media assets and materials for our stakeholders to use in support of local initiatives. The materials include both branded and unbranded imagery to allow them to add their own organisational logo if required.

We also launched a procurement Local Proactive Exercise (LPE), which looks at two fraud risk areas: due diligence and contract management. Part of this involved creating a guidance pack, which is being used to engage with our stakeholders to support NHS provider organisations in England and Wales.



We continue to work with external stakeholders on a range of fraud campaigns across the public sector such as the City of London Police's Multi-Agency Campaign Group. This includes working with a range of public and private sector organisations, allowing us to take a co-ordinated approach to fighting fraud.

### Events

In May 2023, we played a major part in the first Counter Fraud Conference, which was hosted by GovNet. With more than 250 delegates, the conference brought together counter fraud professionals from all parts of the healthcare sector. This brought learning, discussion and joint working from across the NHS to enhance the awareness and response to fraud.

The event welcomed experts from the NHSCFA, the PSFA, NHS Counter Fraud Services Scotland, NHS Counter Fraud Wales, and local trusts who discussed topics such as data sharing, insider fraud, and different detection and prevention tactics.

In February 2024 the second Counter Fraud Conference was held, building on the event in 2023. The launch of Project Athena, a project to find fraud and prevent losses to the NHS through the way data is collected was announced. You can find out more about Project Athena on page 20.

## Media

One of the most successful cases brought to court by the NHSCFA featured on BBC Crimewatch Live in October 2023.

Two of our investigators talked about Operation Bukowski where more than five years of their investigation work led to three convictions for theft, fraud, and bribery with a total value of more than £600,000.

CEO Alex Rothwell was also interviewed live on the programme talking about the NHSCFA and how it fights to prevent fraud, bribery and corruption in the NHS.



Our Communications Team also helped publicise several convictions of criminals convicted of fraud offences. These can be found in our case studies section on pages 30 and 31.

## Awards

Our mandate fraud corporate project team was a finalist in the Outstanding Public Sector/Law Enforcement Category at the Tackling Economic Crime Awards in November 2023. The team was also a finalist in the Outstanding Fraud Prevention, Detection and Recovery category at the Public Finance Awards for 2023.

Following the second Counter Fraud Conference, an award ceremony was held to announce the winners of the Public Sector Counter Fraud Awards. The NHSCFA was shortlisted in three categories:

- Pioneering Female – Tricia Morrison, Director of Performance and Improvement
- Outstanding Leadership – Tim Barlow, Senior Fraud Risk Officer
- Outstanding Contribution – Richard Rippin, Head of Operations

## Corporate Services

The introduction of a Business Support Unit has provided the whole organisation with centralised support providing a range of services including administrative support, logistics and travel bookings.



As part of our work in meeting the requirements of the Government Functional Standard GovS 013: Counter Fraud, we have appointed an internal counter fraud specialist, who will operate as part of the Governance and Assurance Team.

An Enterprise Fraud Risk Assessment for the NHSCFA was completed and thematic risk assessments commenced.

### **Finance and procurement**

The Finance and Procurement Team plays a critical role in supporting the delivery of our objectives by effectively managing financial resources and procurement processes to optimise value for money and ensure sustainability.

### **Operational risks, challenges, and opportunities**

This section explores some of the risks to operational activities encountered during the reporting period and how they have been managed or mitigated. Our risk management framework provides the mechanism for recording, challenging and reviewing both emerging and identified risks.

Risks to the integrity of our own systems and data through cyber-enabled attack are mitigated through adherence to proven security management techniques. Frequent exercises are carried out to ensure awareness and compliance across the organisation using penetration and phish testing.

Certain risks are perennial, for example the risk to the health sector posed by cyber enabled fraud. This has been instrumental in instances of mandate/payment diversion fraud using hijacked employee email accounts.

Notable risks successfully mitigated or terminated during 2023 to 2024 are set out below.

Nature of risk	Action taken
Risks to the progress of our People Strategy	Terminated by embedding dedicated HR expertise and processes within the organisation
Risk that investment in a new operational case management system may have reduced operational effectiveness across the sector	Terminated by the re-procurement of the Clue case management system
Risk that our Business Continuity Plan may not be effective in the event of an incident	Mitigated by completing a range of exercises to test procedures

- it is anticipated that the implementation of Project Athena will directly further mitigate the last of these, by proactive data analysis, possibly to the point of termination
- Project Athena carries its own risks and opportunities. These are set out below

Risk	Proposed mitigation
Difficulty in recruiting staff in a highly competitive market on fixed term contracts	Simplified processes put in place under the management of a dedicated programme board
The IT infrastructure, environment and security is not suitable for the likely requirements for large scale data analysis	Joint working with provider and development and use of in-house expertise
Inability to meet the required return on investment within the set timescale of 24 months and associated reputational damage	Appointments made to leading roles and the project will be under the control of the dedicated programme board. Additional oversight will be undertaken by other coordination and governance groups and ultimately by an independent group at board and very senior management level.

- Project Athena's full business case approval was received on 16 January 2024. Recruitment to the project commenced later than we would have liked as this could not commence until such time as the funding for the project was confirmed
- these risks acknowledge that 50% funding for the project has only been agreed for the first year of the project with a second 50% tranche projected due from March 2025. The risks also recognise that where internal recruitment to new posts occurs then there may be a requirement to backfill to maintain business as usual

Signed:



**Alex Rothwell**  
Chief Executive Officer

Date: 12 July 2024



# Accountability report

## Overview

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

1. The Corporate Governance Report: which explains our governance structure, is set out in three parts:

- Directors' Report: setting out statutory disclosures not covered elsewhere
- Statement of Accounting Officer Responsibilities: setting out the requirements placed upon the Accounting Officer and the legislative basis for these
- Governance Statement: setting out the composition of the NHSCFA and the governance framework

2. The Remuneration and Staff Report. This sets out remuneration and staffing details.

3. The Parliamentary Accountability and Audit Report. Disclosures required by Parliament.

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

# Corporate Governance Report

## Directors' report

The NHSCFA is the Special Health Authority responsible for discharging the Secretary of State for Health and Social Care's counter fraud functions in relation to the health service. These functions are set out at s.195 (2) of the 2006 National Health Service Act.

The NHSCFA, accountable to the Secretary of State, supports the policies of the Secretary of State and complies with statute and any directions given by the Secretary of State. The NHSCFA presents our report and audited financial statement for the year ending 31 March 2024 in the form directed. The Accounting Officer has authorised these financial statements for issue on the date of certification by the Comptroller and Auditor General.

The NHSCFA (Establishment, Constitution and Staff and Other Transfer Provisions) (Amendments) Order 2020, sets out requirements for the constitution and membership of the Board.

From 1 April 2023 to 31 October 2023 the Board comprised of our chair, Tom Taylor, five Non-Executive Directors (NEDs) and three Executive Directors, including our CEO, Alex Rothwell. From 1 November 2023 the NEDs reduced to three. The current composition of the Board can be found in the Performance Report at page 12.

Biographies of all our Board members and their declarations of interest are found on our website.

[The Board of directors | NHS Counter Fraud Authority | NHSCFA](#)

[NHSCFA Board - register of interests | NHS Counter Fraud Authority](#)

Potential conflicts of interests are considered pre-appointment and reviewed at the beginning of each meeting of the Board and its committees.

The Board has two committees: an Audit and Risk Assurance Committee (ARAC) and a People, Remuneration and Nominations Committee (PREMCO). Together these provide strategic direction and oversight of assurance on risk management, governance, and internal control.

The composition and terms of reference for these committees can be found at [NHSCFA Board and Committees Terms of Reference](#). The Board supports the Accounting Officer in ensuring that the NHSCFA exercises proper stewardship of public funds, including compliance with the principles laid out in "Managing Public

Money”<sup>3</sup>. The relevant sections of HM Treasury’s Corporate Governance Code<sup>4</sup> are also taken into consideration. Further details relating to the legislation can be found at the NHS Counter Fraud Authority (Establishment, Constitution and Staff and Other Transfer Provision) (Amendments) (SI 2020/1071) Order 2020.

The Accounting Officer is responsible for maintaining a system of internal controls which support the achieving of the NHSCFA objectives in accordance with the above legislation. The effectiveness of these controls is described in our Governance Statement from page 58, which explores aspects such as:

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

An analysis of our performance is set out on pages 25 to 52 of the Performance Report. This includes our work to build and maintain the resilience of our people by promoting wellbeing and good morale, supporting measures to improve their professional development by building skills and capabilities, and strategic workforce and succession planning, at pages 38 to 40.

The Comptroller and Auditor General is the statutory auditor of the NHSCFA. The fee for 2023 to 2024 is £78,000 compared with £71,000 in 2022 to 2023. No fees for non-audit work have been charged.

<sup>3</sup> [Managing public money - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/managing-public-money)

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

## Statement of Accounting Officers Responsibilities

These accounts are prepared under the requirements of the National Health Service Act 2006, and under 6(1) of the NHS Counter Fraud Authority Directions, with Supplemental Directions to the NHS Business Service Authority 2017<sup>2</sup>, the Secretary of State has directed the NHS Counter Fraud Authority (NHSCFA) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the NHSCFA and of its income and expenditure, financial position and cash flows for the financial year.

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

- observe the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis, including those judgements involved in consolidating the accounting information provided by non-departmental public bodies
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis; and
- 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 judgements required for determining that it is fair, balanced and understandable

As CEO and Accounting Officer I am personally responsible for the controls which underpin the achievement of the NHSCFA's objectives as set out in the business plan.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the NHSCFA's assets, are set out in Managing Public Money published by the HM Treasury.

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

Signed:



**Alex Rothwell**  
Chief Executive Officer

Date: 12 July 2024

<sup>2</sup> The NHS Counter Fraud Authority (Establishment, Constitution and Staff and Other Transfer Provision) (Amendments) Order 2020 came into force 30 October 2020, extending the tenure of the organisation to 30 October 2023. The Health and Care Act 2022, removed the requirement to obtain Parliamentary approval to renew special health authorities, allowing the lifespan of the NHSCFA to continue.

# Governance Statement

## Introduction

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

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

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

Overall, it concludes that risk management arrangements are sound, with some areas for improvement identified to further enhance the effectiveness of existing controls, in relation to keeping strategies updated, enhancing monitoring and oversight, clarity and improvement in reporting and further developing processes.

## Sponsor oversight

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

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

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

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

## NHSCFA Board

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

- proposals from our Technology Transformation Programme
- our aspirations in the data analytics field, underpinning our strategic objective of increasing our work on data and data analytics
- consolidating our data governance framework to maintain our professional and ethical principles, and support our strategic aims for data analytics and exploration of advanced analytical techniques and approaches
- pilot programmes with the emphasis on exploring novel insights from data
- developing the performance framework and Corporate Dashboard Suite, supporting more informed decision making, earlier sight of developing issues and identification of opportunities
- ongoing effective implementation of our new operating model
- service line reporting and arrangements to challenge efficiencies and improvements in operational service provision
- the integration of horizon scanning within our strategic planning cycle, and robust integrated planning approach
- strengthening our approach to procurement

This year detailed areas of scrutiny by the Board included the oversight of significant contract renewals and tenders, in particular our case management system and data analytics tooling; and oversight of the NHSCFA transformational programme of work.

In addition, directed Board assurance and briefing days were held five times during the year, when the Board considered the proposals and developments set out on the next page;

Event date	Focus
25 May 2023	Discussion and review of the NHSCFA Board Assurance Framework, composition and reports
26 May 2023	Board workshop: data analytics project, strategic risk and issues, risk appetite statement and Fraud Hub overview
15 September 2023	Review of findings from the Board Effectiveness Report 2022 to 2023 and agreed follow up actions
9 October 2023	Awareness and training workshop on the application of machine learning in the fields of fraud prevention and detection
5 February 2024	The Board considered 2024 performance trajectories, discussed and challenged case studies on two complex areas of analysis, and received the appropriate level of assurance that the analytical approaches applied, and scale of work undertaken were suitably robust
22 March 2024	Briefing and review of Project Athena planning, progress and governance arrangements

The Board received updates during the year on the progress of the internal audit plan, and the follow-up of recommendations agreed for implementation. The Board noted the observations of the ARAC concerning a number of internal audit reports and in particular had discussion on the areas listed on the next page.



Audit title	Assurance rating	Number and priority of actions	Nature of discussion and improvements agreed
Strategy, Business Plan: Performance and Monitoring	Moderate	1 medium, and 2 low priority	Arrangements for the monitoring of metrics are sound. Suggested improvements centred on clarity of report content for the Board within Board Performance Reports (see page 69)
Data retention	Moderate	1 high, 1 medium, and 1 low priority	Improvement will focus on enhancing the current overarching controls in place, and in particular assuring business units' standard operating procedures for records management on an annual basis (see page 72)
Operations: Quality Management System	Moderate	3 medium, and 1 low priority	The newly implemented quality management framework will be further improved by enhancing some elements of the framework to achieve greater consistency in quality checks performed

In addition, the Board noted the observations of the ARAC on the following audits

- Financial Controls: Substantial assurance rating
- Data Security & Protection Toolkit: Moderate assurance rating
- Business Continuity Management arrangements: Moderate assurance rating
- Risk Management: Moderate assurance rating (improvements are detailed at page 68)

Overall, the main theme through these reports confirmed the presence of effective control measures which addressed governance risks. Areas for improvement predominantly focused on refining the effectiveness of those controls. A range of suggested improvements will be introduced next year as a result of the insight provided from these audits. Further discussion of intended improvement can be found in the respective areas under internal controls and risk management, and are summarised in the overall statement of effectiveness of internal controls.

The Board noted the observations of the ARAC reflecting significant improvement in timely implementation of audit recommendations.

The Board reflected and provided feedback during the year on the standard of Board papers, reports and presentations by subject matter experts. The Board received and noted the high standard of operational reporting demonstrating operational impact and launch of the Learning Reports programme which identified and shared with stakeholders on our extranet details and outcomes from real cases to create change and improve local processes.

Overall, the Board remained satisfied with the quality of papers received, the standard of accompanying narratives, and confirmed that the information they were provided with carried sufficient detail and was both balanced and accurate. The Board welcomed the improvements in the clarity of the Board Performance Report received for the quarter three reporting period.

During 2023 to 2024 the Board members engaged with the workforce through an informal written update provided for staff via a virtual platform by a member of our internal Communications Team, following each board meeting. Engagement by the Board continues to take place periodically at workplaces. Active engagement also continued with the Board Apprentice who was supported to contribute to all areas of business.

A Board effectiveness evaluation survey was completed at the start of 2023 to 2024. As a result, action was taken to expand the information in the performance reports to provide the Board with increased visibility in respect of the trajectory of financial targets. In addition, the approach to presenting procurement requirements requiring approval by the Board was modified. An independent review of the effectiveness of the Board is included in the internal audit plan for 2024 to 2025.

A review of the effectiveness of Board and sub-committee meetings is routinely conducted at the end of each meeting. All Board members' performance is appraised annually. This year the Board agreed that, in respect of both the ARAC and PREMCO, formal effectiveness reviews would be deferred until recruitment to the vacant NED roles was completed and the membership established and stabilised. Whilst quoracy has been maintained, the reduced number of NEDs has presented challenges in terms of achieving this, recruitment remains ongoing.

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

The ARAC is comprised of three Non-Executive Board members. Between 1 April 2023 and 15 October 2023, it was chaired by Jayne Scott, who was succeeded by Andrew Flanagan as Chair from 16 October 2023 - both have recent and relevant financial experience. The ARAC reviews our internal control arrangements and the adequacy of all aspects of our risk management, governance and assurance and audit mechanisms. This includes the review and appraisal of:

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

This year detailed areas of oversight and scrutiny noted by the ARAC included:

- the ARAC noted the receipt of assurance maps highlighting areas with lower levels or fewer means of assurance across corporate areas of delivery, compliance and meeting objectives. The committee received information on the detailed review of first and second lines of defence following the re-organisation of many corporate areas resulting from our Evolution programme. It received and noted a focused extract relating to the formalisation of our internal and external performance indicators and associated data methodologies.
- the ARAC conducted a deep-dive into the process for capturing and applying assurance map ratings, and noted the proposed guidance issued, resulting in greater shared understanding, clarity and robust assessment. The ARAC noted the re-prioritisation of resources to support pre and post-audit engagement.
- challenge and feedback provided on the overview of the assurance map has fed into further development of this and ongoing use in our wider assurance framework. This has informed discussion of the management of risks and mitigating actions.
- the ARAC has regularly scrutinised corporate risks and issues, including ratings and the adequacy of mitigating actions and control measures. The ARAC continued to receive enhanced Summary Strategic Risk Reporting with the provision of detailed supplementary risk appendix reports. The committee reviewed the NHSCFA risk appetite statement in the context of the wider environment and risk landscape.

The ARAC considered in detail the findings of all internal audit reports, noting the assurance levels. The ARAC considered the management response to these and plans to implement recommended improvements. The ARAC received updates on the progress of the final audit of the year regarding Recruitment and Retention, which received a Moderate assurance rating and was tabled at the meeting on 31 May 2024.

The ARAC presented an annual report to the Board on 4 July 2024.

## NHSCFA People, Remuneration and Nominations Committee (PREMCO)

The PREMCO, formerly REMCO, is also comprised of three Non-Executive Board members. Between 1 April and 1 October 2023, it was chaired by Martin Spencer, who was succeeded by Alyson Coates as Chair from 2 October 2023. The PREMCO oversees contractual and remuneration issues concerning the CEO and Executive Directors. From 12 February 2024, an amendment to the terms of reference of the committee took effect renaming the committee to reflect its expanded role in providing assurance to the Board on NHSCFA people and workforce development arrangements. During the year 2023 to 2024, the PREMCO considered the remuneration of the CEO and received assurances on the monitoring of his personal objectives, and those of the Director of Finance and Corporate Resources and Director of Performance and Improvement. The committee has also discussed and challenged reports in the following important areas of our work, including:

- development and progress of the People and Workforce Development (PWD) Strategy
- our equality, diversity and inclusion aspirations
- planned implementation of the Freedom to Speak Up initiative
- significant findings from workforce spotlight surveys and follow-up action
- areas to note from workforce data and analysis, recruitment and retention strategies, and succession planning

The committee provided valuable feedback on:

- a suggested workforce data report dashboard
- recruitment policies and plans, and arrangement for identifying and developing workforce potential
- work to embed the LIFE Values and Behaviours Framework, and the importance of NHSCFA staff integrity
- counter-fraud safeguards around external recruitment
- a board skills matrix, and arrangements for assessment of values and behaviours at board level

NHSCFA Board and Committee Member Appointments and attendance records  
2023 to 2024

Board member and appointment date	Board	Title	ARAC	PREMCO	Notes
<b>Tom Taylor</b> 01.08.2018	7/7	Board Chair – Non-Executive Director	N/A	N/A	
<b>Jayne Scott</b> 01.08.2018	4/4	Former ARAC Chair – Non-Executive Director	4/4	1/3	Tenure ended 31.10.2023
<b>Martin Spencer</b> 01.08.2018	2/4	Former REMCO Chair – Non-Executive Director	3/4	3/3	Tenure ended 31.10.2023
<b>Alyson Coates</b> 01.04.2021	7/7	Non-Executive Director	N/A	5/5	Chair of PREMCO from 2.10.2023
<b>Andrew Flanagan</b> 01.04.2021	6/7	Non-Executive Director	5/5	N/A	Chair of ARAC from 16.10.2023
<b>Gaon Hart</b> 01.04.2021	6/7	Non-Executive Director	1/1**	2/2**	
<b>Alex Rothwell</b> 01.11.2021	7/7	Chief Executive	4/5	5/5*	
<b>Matthew Jordan-Boyd</b> 30.01.2018	6/7	Director of Finance and Corporate Services	5/5	5/5*	
<b>Tricia Morrison</b> 15.06.2020	7/7	Director of Performance and Improvement	2/5	N/A	

Notes :

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

\*\*Gaon Hart attended some committees' meetings to provide quoracy

## Internal controls

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

The elements that form these controls include:



risk management



corporate performance assurance, project management,  
integrated planning



integrated data assurance framework



financial control framework



procurement governance



managing conflicts of interests, gifts and hospitality



assurance mapping



information governance framework, including data breaches



counter fraud and anti-bribery arrangements



Freedom to Speak Up and complaints

Together these underpin our organisational culture and integrity, support the meeting of objectives and inform our leaders and managers on strategic and operational risks.

A description of strategic risks and challenges is included under Principal Risks at page 68. A description of risks that have or will affect meeting of objectives is set out in the performance report. Our response to these challenges during the year, the effect on service delivery, and how we will approach mitigating these risks are discussed in the Performance Analysis section at pages 51 to 52.

A description of the organisation's process for review and the main features which support regular monitoring are described under each feature below. Planned enhancement to our internal control arrangements are described throughout this section and summarised in our overall review of effectiveness of controls.

## Internal control

## Risk management

Our approach to managing risk, including tools and methodologies for identifying, assessing, documenting and reporting risks to our organisational success and the meeting of our objectives is described here, along with arrangements to strengthen our approach in year.

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

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

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

The overall risk profile of the organisation is considered when the risk appetite statement is reviewed. This statement was monitored throughout the year.

<sup>5</sup> [Orange Book - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/the-orange-book)

During the year we implemented improvements to enhance the effectiveness of our risk management framework, including:

- development and release of e-learning, training and guidance for managers on evaluating and scoring risks, in particular risks of strategic significance
- SWOT/PESTLE template for initial risk assessment to enable the potential effects of risks to be more clearly understood and articulated
- convening risk ambassador workshops to support the identification of risks by our people
- migration of operational, corporate and strategic risks to our project management platform to enable more effective flagging of risk interdependencies

These improvements were identified for implementation during the year and formed part of our agreed management response to audit.

### **Principal risks**

Principal and emerging risks and opportunities which were reviewed in-year and scrutinised at RRRG, ARAC, included strategic risks which have been consolidated under the following headings:

#### **Failure to meet strategic objectives for 2023 to 2026**

The NHSCFA's new operating business model and structure went live from April 2023. There is a risk of failing to adequately translate the three-year high-level ambitions of the strategy into the specific actions required to successfully achieve its aims through annual delivery plans whilst incorporating the necessary flexibility to respond to changes in the fraud landscape and secure stakeholder and health sector buy-in needed to meet our strategic aims.

#### **Cyber enabled fraud**

The use of technology to commit and/or support the commission of fraud offences is a potentially significant and growing risk to the NHS sector. The risk is compounded by a lack of, or non-compliance with, systemic fraud prevention measures designed to mitigate against the threats. Cyber security (the adoption of measures to keep IT systems secure from attack) falls within the remit of the NHS Digital Cyber Security Operations Centre (itself informed by the National Cyber Security Centre).

#### **Cyber risk to NHSCFA information systems**

There is a recognised and ongoing risk to the NHSCFA IT infrastructure in failing to maintain a sufficient level of cyber resilience in technology, processes and awareness. This could result in compromise of confidentiality, integrity and/or availability of IT systems and the information held in them.



## **Lack of agility to accommodate and prioritise change**

As the fraud-risk landscape evolves and new opportunities are presented, there is a risk that the NHSCFA Business Plan, organisational culture and operating model are not sufficiently agile to accommodate and prioritise change.

### **Project Athena – risk arising from delayed funding approval**

A risk that confirmation of year two funding release for 2025 to 2026 delays the recruitment to set up and undertake the project workstreams which will affect the ability to achieve the return on investment within the time scale identified for life of the project. Any delay in recruitment may adversely affect directly on the workload of existing posts.

### **Project Athena – risk of no funding approval**

A risk that if funding were not approved our aim of using machine learning to counter fraud would take longer to achieve.

#### **Internal control**

Corporate performance assurance, project management, integrated planning

Operation of our performance management arrangements with oversight by the Board continued in 2023 to 2024. Managers meet regularly to review performance trajectories against targets and emerging risks and formally report quarterly to the Performance and Assurance Panels (PAPs), where clear pathways exist for the escalation of risk. Improvements in the Board Performance Reports for the quarter three reporting period onwards have centred on the clarity of report content, in particular with regard to data sources, data time parameters or reporting lag, and estimated performance trajectories. These have been implemented in response to internal audit review and recommendations.

The organisation operates bespoke project governance frameworks for corporate projects, with simplified arrangements for smaller 'lite' projects. Corporate project boards and established project management roles continue to shape implementation of flexible project management practices, tools and resources across this work. Bespoke governance arrangements have been implemented to oversee the organisation's transformational portfolio of work, with a Sponsor Group, Programme Boards, and a Transformation Governance and Risk Group (TGRG), ensuring the effective oversight and management of risk arising from NHSCFA Transformation Programme Boards where there is a cross organisational effect on core strategic aims, operational or support functions. The TGRG and RRRG consider, evaluate and escalate governance and risk issues ensuring they are highlighted via the Summary Strategic Risk Report to the ARAC.

Our integrated business planning process initiates corporate projects, which are governed by a combination of project boards, highlight reports and strategic

updates during the performance cycle and accountability process. Accountability and visibility are ensured via the organisation's performance, programmes, and portfolio management system.

Internal control	Integrated data assurance framework
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Our integrated data assurance and control framework aligns our data strategy and data quality management arrangements. Robust methodologies are employed to ensure the integrity of our performance and operational management data. Our expert reference group, the Data Strategy Group (DSG), reviews procedures and escalates issues and risks around access to data. The Board receives progress reports on the operation of the DSG, including action taken to enable access to data and related opportunities for joint-working and engagement across government and between arm's length bodies via the Control Strategy and Strategic Tasking and Co-ordination Group (CSSTCG). The DSG self-reviewed and improved the effectiveness of its operating procedures following its first period of operation and have implemented a number of service improvement and administrative recommendations following audit. Each year a self-review is scheduled as part of the DSG annual planned activities.

Internal control	Financial control framework
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Our financial control framework supports the organisation in meeting its commitments in a sustainable manner. This framework encompasses a comprehensive set of policies, procedures and internal controls designed to safeguard assets, mitigate risks, and promote transparency and accountability in our financial operations. The main elements of the framework are:

- internal control environment: including clear delineation of roles and responsibilities, segregation of duties and a range of policies, procedures and practices designed to ensure the accuracy, completeness and reliability of financial reporting
- standing financial instructions, standing orders, scheme of delegation, which form part of our control environment
- opportunities to secure additional funding are identified to achieve best financial outcomes
- financial balance is achieved by aligning financial and workforce planning
- monitoring and review: we continuously monitor and review our financial control environment and financial position to assess its effectiveness and identify opportunities for improvement. This includes monthly finance assurance meetings to review and assess the risk of the financial position with accountable budget holders
- activity-based costing models aligned to the delivery of our business functions via our new operating model and corporate projects, to support planning and effective cost analysis and control

- communication: we maintain effective channels of communication to ensure timely dissemination of financial information to relevant stakeholders, including management, the Board, ARAC and external auditors
- risk assessment: we conduct regular risk assessments to identify and evaluate potential risks that may impact our financial objectives. These assessments inform our control activities and help us prioritise funding allocation to mitigate the most significant risks effectively and are reported to ARAC

During the year we have revised our scheme of delegation, instructions and orders to ensure they remain proportionate.

#### Internal control Procurement governance

Our review included updating procedure documents relating to procurement, working with managers to increase skills and confidence in describing and managing risks, and a review of contract monitoring training.

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

#### Internal control Managing conflicts of interests, gifts and hospitality

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

During the year our review of processes led to further guidance being issued on the requirement for declarations by contractors, an assessment of the effectiveness of our induction processes in ensuring compliance by our people, and arrangements for conflicts of interests to be checked for procurement under £10K.

#### Internal control Assurance mapping

The NHSCFA operates an assurance mapping approach, following the three lines of defence model set out in HM Government's - The Orange Book – Management of Risk – Principles and Concepts.

The NHSCFA reviewed its assurance mapping arrangements in 2023 to 2024 to reflect the additional lines of defence provided by our maturing corporate project environment and integrated data assurance framework. Periodic review of the assurance map, as well as internal audit findings, are used to identify any assurance

gaps, providing the basis for additional internal assurance work to be commissioned and informing conversations around our annual internal audit plan. Our assurance mapping and governance and management frameworks have been aligned to our new organisation structure, allowing for ongoing future alignment to the government functional standards and continuous improvement approach.

During the year, the ARAC conducted a deep dive of the assurance map rating process as described at page 63. This year the application, consistency, challenge and moderation of assurance ratings has been supplemented and enhanced by detailed ratings guidance issued to our leadership team.

Internal control	Information governance
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The NHSCFA has maintained a robust Information Governance Framework, including established policies, to ensure effective processes and procedures are in place to protect both confidential personal data and sensitive business information. All data breaches are tracked and escalated if required.

Issues relating to information security within the NHSCFA are coordinated by the Information Security Forum which is attended by our Senior Information Risk Owner (SIRO). The remit of the SIRO is to take ownership of the NHSCFA'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 Governance Statement with regard to information risk.

During 2023 to 2024 there were eleven information governance personal data related incidents reported and recorded. None of the incidents were reportable to the Information Commissioner's Office (ICO).

Each year, the NHSCFA completes the NHS-wide Data Security & Protection Toolkit (DSPT) review which is based on the National Data Guardian's ten data security standards. Our return was submitted at the end of June 2023, and independently audited. Compliance updates are provided to the ARAC and Board under our audit implementation arrangements.

In response to internal audit assessment of our record retention arrangements, processes for assuring business units' standard operating procedures for records management on an annual basis will be implemented from 2024 to 2025.

Internal control	Data protection and freedom of information
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As a Special Health Authority, the NHSCFA 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 Data Subject Access Requests are responded to within the requirements of UK Data Protection legislation, typically within a calendar month. The NHSCFA 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 2023 to 2024 we dealt with:

- 10 Data Subject Access Requests – all were responded to within the required timeframe, once the requestor had provided proof of their identity
- 28 FOI requests – all were responded to within the required timeframe

There was no significant change in our performance in responding to requests this year compared to previous year.

Internal control	Counter fraud and anti-bribery arrangements
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During the year we completed a comprehensive review against the Government Counter Fraud Standard using the continuous improvement and assessment framework and met above the minimum component requirements. Progress against the NHSCFA counter fraud risk-based action plan was reported to the ARAC, in line with the requirements set out in the Standard. Our internal policies and procedures explain how to report allegations of suspected fraud, bribery or corruption.

We recognise that the integrity and impartiality of our people in the conduct of business remains of paramount importance, and we have implemented guidance and direction in respect of the following to enhance our control environment:

- clarity on declaring loyalty conflicts and recusals from decision-making
- signed codes of conduct where appropriate

There were no fraud referrals made during 2023 to 2024, and one instance of non-fraudulent error or loss as detailed in the Parliamentary accountability and audit report.

Internal control	Whistleblowing/concerns at work, Freedom to Speak Up (FTSU)
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During 2023 to 2024 we approved our ‘Freedom to Speak Up’ policy aligned to the NHS England National Policy, to replace our former Whistleblowing (Concerns at Work) Policy. The Freedom to Speak Up initiative aligns with our LIFE Values and Behaviours Framework, and we encourage our people to raise concerns openly wherever possible and provide a number of safe routes to do so. We appointed a Freedom to Speak Up Guardian to encourage and support staff and managers in raising, listening to and following through when issues are raised. During 2023 to 2024 no internal whistleblowing concerns were raised.

## Complaints

Our complaints policy sets out our approach to handling and responding to complaints raised about the organisation, and routes for escalation. The policy can be found here [Making a Complaint | Corporate and information governance | NHS Counter Fraud Authority \(cfa.nhs.uk\)](#)

Complaints provide the opportunity for learning as well as making amends where appropriate. One formal complaint was received during the year and responded to in line with the timescales set out in our policy. This highlighted a procedural notification failure outside of our control which led to a fraud referral not being acted upon, and we have implemented a number of remedial actions to reduce the risk of this issue recurring.

No complaints were escalated to Stage two of our process, and no referrals were made to the Parliamentary Health Service Ombudsman.

## Public Interest Disclosure Act

The NHSCFA is classified as a 'Prescribed Person' in the Public Interest Disclosure (Prescribed Persons) Order 2014 (as amended by The NHS Counter Fraud Authority (Investigatory Powers and Other Miscellaneous Amendments) Order 2017). Our annual report, detailing relevant activity in respect to this responsibility can be accessed here on our website [Prescribed person 2023-24 | Corporate and information governance | NHS Counter Fraud Authority \(cfa.nhs.uk\)](#)

## Internal audit

A range of audits have been completed between 2023 to 2024 by the Government Internal Audit Agency (GIAA). The team providing the service operates in accordance with the prescribed Public Sector Internal Audit Standards and complies with procedures and standards set by the GIAA. The implementation of all recommendations made by GIAA are tracked and their status reported to the ARAC. Following completion of planned audit work for the NHSCFA during 2023 to 2024, the Head of Internal Audit, GIAA has objectively considered the adequacy and effectiveness of the NHSCFA's systems of risk management, governance and internal control throughout the year and provided the following opinion.

//

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

My opinion is that I can give a moderate assurance to the Accounting Officer that the NHSCFA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2023 to 2024.

Overall governance, risk management and control arrangements are generally effective. The improvements points highlighted in my report are about strengthening controls through keeping strategies updated; enhancing monitoring and oversight; clarity and improvement in reporting; and by further developing processes."

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

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

Both our internal audit provider and our internal assurance mapping arrangements identified improvement in the consistent application and maintenance of our internal controls this year, as our people settled into the new business operating model. Renewed efforts to develop and update plans, improve monitoring and metrics and review documents and processes were evident.

We will continue to strive to embed and improve our approaches so that risks to delivery of our counter fraud aspirations are thoroughly understood managed and mitigated.



Areas of focus for the year ahead include but are not limited to:

- greater consistency in the quality of risk information recorded
- better understanding of the risks and their effect on business and corporate objectives
- keeping underpinning strategies relevant and updated
- strengthening the KPI approach, improving the detail communicated to the Board, and increasing transparency
- assurance that adequate Standard Operating Procedures are in place in all business areas, detailing expectations for data handling and retention
- more consistent, complete information to inform key management recruitment decisions
- exploring options for a longer-term strategic workforce plan
- embedding key activities such as resource modelling and lessons learned from re-organisation processes
- opportunities to assess the operating effectiveness of controls and processes, to help establish a culture of continuous improvement

Together with our horizon scanning and strategic analytical approaches, these will equip us to remain agile and responsive in the face of ever more sophisticated threats.

Signed:



Alex Rothwell  
Chief Executive Officer

Date: 12 July 2024



# Remuneration and staff report

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

Non-executive directors are appointed by the Secretary of State for a fixed term. Executive directors have NHS contracts of employment. Other than statutory requirements and other normal pay provisions, there are no contractual clauses or other agreements for compensation in the event of early termination of office.

## **Emoluments of Board members**

Remuneration figures for all directors in post, past and present during 2023 to 2024 are detailed in the tables on the following pages. These identify the salary, other payments and allowances and pension benefits applicable to both Executive and Non-Executive Directors.

Name and title	Subject to Audit				
	Salary (bands of £5,000)	Non-cash benefits (nearest £100)	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits (bands of £1,000)	Total (bands of £5,000)
	£'000	£'00	£'000	£'000	£'000
<b>Tom Taylor</b> Chair	10 - 15	-	-	-	10 - 15
<b>Jayne Scott</b> <sup>2</sup> Non-Executive Director & ARAC Chair	5 - 10 (10 - 15) <sup>1</sup>	-	-	-	5 - 10 (10 - 15) <sup>1</sup>
<b>Andrew Flanagan</b> <sup>3</sup> Non-Executive Director & ARAC Chair	10 - 15	-	-	-	10 - 15
<b>Martin Spencer</b> <sup>2</sup> Non-Executive Director	0-5 (5 - 10) <sup>1</sup>	-	-	-	0 - 5 (5 - 10) <sup>1</sup>
<b>Gaon Hart</b> Non-Executive Director	5 - 10	-	-	-	5 - 10
<b>Alyson Coates</b> Non-Executive Director	5 - 10	-	-	-	5 - 10
<b>Alex Rothwell</b> Chief Executive Officer	120 - 125	-	-	27	140 - 145
<b>Matthew Jordan-Boyd</b> Director of Finance and Corporate Governance	115 - 120	-	-	7	120 - 125
<b>Tricia Morrison</b> Director of Performance and Improvement	100 - 105	-	-	26	125 - 130

<sup>1</sup> Annual Equivalent

<sup>2</sup> End of fixed term contract 31/10/2023

<sup>3</sup> Assumed role of ARAC Chair 01/11/2023

## 2022/23 Comparison

Name and title	Salary (bands of £5,000)	Non-cash benefits (nearest £100)	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits (bands of £1,000)	Total (bands of £5,000)
	£'000	£'00	£'000	£'000	£'000
<b>Tom Taylor</b> Chair	10 - 15	-	-	-	10 - 15
<b>Jayne Scott</b> Non-Executive Director & ARAC Chair	10 - 15	-	-	-	10 - 15
<b>Martin Spencer</b> Non-Executive Director	5 - 10	-	-	-	5 - 10
<b>Gaon Hart</b> Non-Executive Director	5 - 10	-	-	-	5 - 10
<b>Alyson Coates</b> Non-Executive Director	5 - 10	-	-	-	5 - 10
<b>Andrew Flanagan</b> Non-Executive Director	5 - 10	-	-	-	5 - 10
<b>Alex Rothwell</b> Chief Executive Officer	110 - 115	-	-	24	130 - 135
<b>Matthew Jordan-Boyd</b> Director of Finance and Corporate Governance	95 - 100	-	-	36	130 - 135
<b>Tricia Morrison</b> Director of Performance and Improvement	95 - 100	-	-	24	115 - 120

## Fair pay disclosure

The NHSCFA discloses the relationship between the remuneration of the highest-paid director in its organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

Table 1:		Subject to Audit	
Remuneration balance	2023/24	2022/23	
Band of highest paid director's total remuneration (£000)	120 - 125	110 - 115	
Median total (£)	50,576	50,495	
Remuneration ratio	2.4	2.3	

Table 2:		Subject to Audit
Percentage change in total salary for the highest paid director and the staff average	Total Salary and allowances	
	2023/24	2022/23
Staff average	0.2%	8.9%
Highest paid director	4.8%	4.2%

Table 3:		Subject to Audit		
Ratio between the highest paid directors' total remuneration and the lower quartile, median and upper quartile for staff pay		Lower Quartile	Median	Upper Quartile
2023/24		3.3 : 1	2.4 : 1	2.1 : 1
2022/23		3.0 : 1	2.3 : 1	2.0 : 1

Table 4: Lower quartile, median and upper quartile for staff pay for salaries and total pay and benefits	Subject to Audit					
	Lower Quartile		Median		Upper Quartile	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Salary	36,354	38,163	50,576	50,495	57,802	57,352
<b>Total pay and benefits</b>	<b>36,354</b>	<b>38,163</b>	<b>50,576</b>	<b>50,495</b>	<b>57,802</b>	<b>57,352</b>

2022 to 2023 values have been restated.

The banded remuneration of the highest paid director in the financial year 2023/24 was £120,000 - £125,000. This was 2.4 times the median remuneration of the workforce, which was £50,576. In comparison, the remuneration of the highest paid director in the financial year 2022/23 was £110,000-£115,000. This was 2.3 times the median remuneration of the workforce, which was £50,495.

The impact of the Very Senior Manager and Agenda for Change pay awards are reflected in the above tables.

The range of staff remuneration in 2023/24 was £20,000 - £25,000 to £120,000 - £125,000. Compared to the range of £25,000 - £30,000 to £110,000 - £115,000 for 2022/23.

In 2023/24 no employees received remuneration in excess of the highest paid director.

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

## Pension Benefits

The table below sets out the pension benefits of the chief executive officer and senior managers of the NHSCFA.

Pension benefits of senior managers						Subject to Audit		
Name	Title	Real increase in pension at pension age during 2023/24 (bands of £2500)	Real increase in pension lump sum at pension age during 2023/24 (bands of £2500)	Total accrued pension at age 31 March 2024 (bands of £5000)	Lump sum at age 60 related to pension at 31 March 2024 (bands of £5000)	Cash Equivalent Transfer value at 31 March 2024 (£'000)	Cash Equivalent Transfer value at 31 March 2023 (£'000)	Real increase in Cash Equivalent Transfer value (£'000)
Alex Rothwell	Chief Executive Officer	0 - 2.5	0 - 2.5	5 - 10	0 - 5	74	34	22
Matthew Jordan-Boyd <sup>1</sup>	Director of Finance and Corporate Governance	0 - 2.5	27.5 - 30	25 - 30	75 - 80	582	384	144
Tricia Morrison	Director of Performance and Improvement	0 - 2.5	0 - 2.5	5 - 10	0 - 5	143	89	31

<sup>1</sup> M Jordan-Boyd is affected by the Public Service Pensions Remedy and their membership between 1 April 2015 and 31 March 2022 was moved back into the 1995/2008 Scheme on 1 October 2023. Negative values are not disclosed in this table but are substituted for a zero.

## 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.

### Staff numbers and costs

Staff numbers and related costs – Executive members and staff costs	Total 2023/24 £'000	Permanently employed £'000	Subject to Audit
			Other £'000
Salaries and wages	8,761	8,010	751
Social security costs	891	891	-
Employer contributions to NHS pensions	1,446	1,446	-
Other pension costs	1	1	-
Apprenticeship levy	26	26	-
<b>Total</b>	<b>11,125</b>	<b>10,374</b>	<b>751</b>
Recoveries in respect of secondments	-16	-16	-
Capitalised staff costs	-156	-156	-
<b>Total</b>	<b>10,953</b>	<b>10,202</b>	<b>751</b>

Average number of persons employed		Subject to Audit
Total	Permanently employed	Other
185	176	9

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

## 2022/23 Comparison

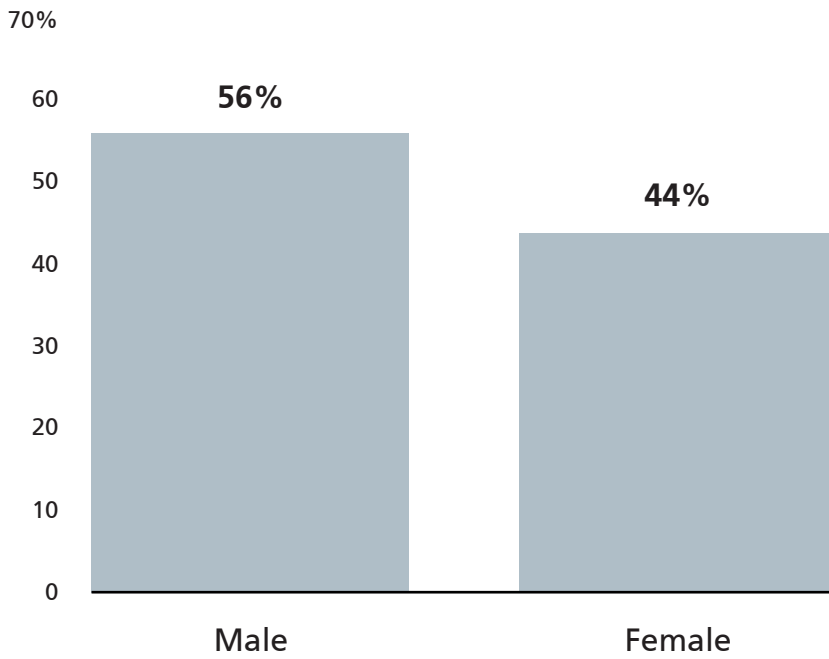
Staff numbers and related costs – Executive members and staff costs	Total 2022/23 £'000	Permanently employed £'000	Subject to Audit
			Other £'000
Salaries and wages	8,231	7,468	763
Social security costs	858	858	-
Employer contributions to NHS pensions	1,262	1,262	-
Other pension costs	1	1	-
Apprenticeship levy	21	21	-
<b>Total</b>	<b>10,373</b>	<b>9,610</b>	<b>763</b>
Recoveries in respect of secondments	-174	-174	-
Capitalised staff costs	-157	-157	-
<b>Total</b>	<b>10,042</b>	<b>9,279</b>	<b>763</b>

Average number of persons employed		Subject to Audit
Total	Permanently employed	Other
168	161	7

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



## Gender balance



### Gender breakdown by pay band

Pay bands	Male	Female
Bands 3 - 6	28	35
Bands 7 - 8a	58	36
Band 8b - 8c	11	5
Band 8d	0	2
Band 9	2	1
Director	1	0
Board members	3	2

## Employee sickness

Employee sickness is based on data provided from the NHS Electronic Staff Record (ESR) Data Warehouse and covers the period January to December 2023. ESR does not hold details of normal number of days worked by each employee. Data on days available and days recorded sick are based on a 365-day year. Average annual sick days per full-time equivalent (FTE) has been estimated by dividing the estimated number of FTE days sick by the average FTE and multiplying by 225 (the typical number of working days per year).

Figures converted by DHSC to best estimates of required data items		Statistics produced by NHS Digital from ESR Data Warehouse		
Average FTE 2023	Adjusted FTE days lost to Cabinet Office definitions	FTE-days available	FTE-days lost to sickness absence	Average sick days per FTE
162	1,161	59,035	1,884	7.2

## Staff turnover

Staff turnover during 2023/24 was an average of 10.4%.

## Workforce engagement and planning

The requirements for personal development are captured annually and are met by the provision of a range of different internal and external opportunities including training courses, work shadowing, coaching and mentoring. Our integrated planning approach also identifies new and emerging areas of work and highlights where change or flexibility in the workforce may be required. We have completed a pilot of our planned approach to succession planning and introduced preceptorships to assist career development.

During the year we have continued a rolling programme of human resources policy reviews and delivery refresher training in respect of these.

Additional support has been offered to recruitment managers, with full and fair considerations to applications by disabled persons following our recruitment policy. We have continued to review any ongoing requirements to support our people to remain in employment. This has included reasonable adjustments and purchase of specialised equipment. Our Equality and Diversity policy has been applied along with our flexible working policy to promote an environment free of discrimination, harassment or victimisation and to support agile working.

## Trade Union recognition

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

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	4
Full-time equivalent employee number	4

### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1 - 50%	4
51% - 99%	-
100%	-

### Percentage of pay bill spent on facility time

Total cost of facility time	£0.004m
Total pay bill	£10.042m
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.04%

### Paid trade union activities

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

## Expenditure on temporary staff

The total contingent labour expenditure on temporary staff incurred on the provision of operating services was £751,000, compared to £763,000 in 2022 - 2023.

The NHSCFA had no consultancy expenditure in 2023 - 2024 (2022 - 2023 £60,000. Spend related to development of the Authority's three year strategy).

The NHSCFA did not capitalise any costs relating to contingent labour or consultancy in 2023 - 2024 (2022 - 2023 nil).

## Off-payroll engagements

Table 1: Highly paid off-payroll worker engagements as at 31 March 2024, earning £245 per day or greater		Number of engagements
Number of existing engagements as of 31 March 2024		6
Of which...		
No. that have existed for less than one year at time of reporting.		5
No. that have existed for between one and two years at time of reporting.		1
No. that have existed for between two and three years at time of reporting.		-
No. that have existed for between three and four years at time of reporting.		-
No. that have existed for four or more years at time of reporting.		-

**Table 2:**  
All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater

Number of engagements

No. of new engagements, between 1 April 2023 and 31 March 2024	6
Of which...	
not subject to off-payroll legislation	6
Subject to off-payroll legislation and determined as in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	-
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which: no. of engagements that saw a change to IR35 status following review.	-

**Table 3:**  
For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2023 and 31 March 2024

Number of engagements

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	-
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements.	9

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

There were no packages agreed or special severance payments made in 2023 - 2024 (2022 - 2023 nil)

## **Health and safety**

Since April 2023 the NHSCFA has moved from an outsourced health and safety service and responsibilities have been transferred to the NHSCFA Workplace Team.

The Workplace Team are responsible for ensuring that the NHSCFA has appropriate arrangements in place to meet the obligations included within health and safety legislation and to manage health and safety across all areas.

Health and safety incidents are reported to the NHSCFA by an e-reporting Sentinel system, which is hosted by the NHS Business Service Authority. During the year there have been two incidents that relate to health and safety legislation and both were classified as low harm. There have been no reportable incidents during the year under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013.

The Workplace Team provide health and safety advice either verbally, via email or as part of inspections or audits. The NHSCFA has a portfolio of health and safety policies and guidance that includes a corporate health and safety policy and accidents and incidents policy which includes the incident reporting process. These are supplemented by guidance documents which include fire safety, first aid, risk assessments and Display Screen Equipment (DSE) assessments.

Annual mandatory training includes health and safety modules that include a DSE assessment. The NHSCFA are developing software applications to support DSE assessments and home worker assessments.

The NHSCFA have six first aiders who have completed the Emergency First Aid at Work training course which was facilitated by the British Red Cross.

In accordance with the Safety Representatives and Safety Committees Regulations 1977, S.I. 1977/500, the Workplace Manager chairs the Safety, Health, and Environment (SHE) group which meet quarterly.

# Parliamentary accountability and audit report

## Disclosure of remote contingent liabilities (subject to audit)

The Authority is aware of its obligation for disclosure of material remote contingent liabilities (FReM) and an estimate of its financial effect. For this accounting period the NHSCFA discloses a nil return in this area. (2022 - 2023 nil).

## Disclosure of gifts (subject to audit)

The Authority is aware of its obligation to disclose gifts made over the value of £300,000 (as per Managing Public Money, annex 4.12). For this accounting period the NHSCFA discloses a nil return in this area. (2022 - 2023 nil)

## Losses and special payments (subject to audit)

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 the table below.

Losses and special payments		Total 2023/24		Subject to audit	
		Number of cases	£'000	Number of cases	£'000
Total losses	Fruitless payments	1	27	-	-
Total special payments nil		-	-	-	-
<b>Total</b>		<b>1</b>	<b>27</b>	<b>-</b>	<b>-</b>

During 2023 - 2024 the Authority recorded a fruitless payment of £27,257 (2022 - 2023 nil) relating to the delayed implementation of software purchased in year.

There were no losses of more than £300,000 during 2023 - 2024.

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

The Authority discloses a nil return in this area for the accounting period. (2022 - 2023 nil)

## **Government Functional Standards**

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

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

## **Opinion on financial statements**

I certify that I have audited the financial statements of the NHS Counter Fraud Authority for the year ended 31 March 2024 under the National Health Service Act 2006.

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

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies

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



In my opinion, the financial statements:

- give a true and fair view of the state of the NHS Counter Fraud Authority's affairs as at 31 March 2024 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the National Health Service Act 2006.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the NHS Counter Fraud Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## Conclusions relating to going concern

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

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the NHS Counter Fraud Authority's ability to continue as

a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

The going concern basis of accounting for the NHS Counter Fraud Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## **Other information**

The other information comprises information included in the Annual Report, but does not include 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.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## **Opinion on other matters**

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

In my opinion, based on the work undertaken in the course of the audit, the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the NHS Counter Fraud Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- adequate accounting records have not been kept by the NHS Counter Fraud Authority or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the NHS Counter Fraud Authority from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view in accordance with the National Health Service Act 2006;

- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with the National Health Service Act 2006; and
- assessing the NHS Counter Fraud Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the NHS Counter Fraud Authority will not continue to be provided in the future

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the NHS Counter Fraud Authority's accounting policies.
- inquired of management, the NHS Counter Fraud Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the NHS Counter Fraud Authority's policies and procedures on:

- identifying, evaluating and complying with laws and regulations;
- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the NHS Counter Fraud Authority's controls relating to the NHS Counter Fraud Authority's compliance with the National Health Service Act 2006 and Managing Public Money.;
- inquired of management, the NHS Counter Fraud Authority's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud

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

I obtained an understanding of the NHS Counter Fraud Authority's framework of authority and other legal and regulatory frameworks in which the NHS Counter Fraud Authority operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the NHS Counter Fraud Authority. The key laws and regulations I considered in this context included the National Health Service Act 2006, Managing Public Money, employment law and tax Legislation.

### **Audit response to identified risk**

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports; and

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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 communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

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

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

## **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
Comptroller and Auditor General

Date: 15 July 2024

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

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# Financial statements and notes to the Accounts

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
Income from sale of goods and services	2	(269)	(258)
Other operating income	2	(16)	(21)
<b>Total operating income</b>		<b>(285)</b>	<b>(279)</b>
Staff costs	3	10,953	10,042
Purchase of goods and services	4	3,348	2,737
Depreciation and impairment charges	4	2,275	1,871
Other operating expenditure	4	18	63
<b>Total operating expenditure</b>		<b>16,594</b>	<b>14,713</b>
<b>Net operating expenditure</b>		<b>16,309</b>	<b>14,434</b>
Finance expense	5	36	31
<b>Net expenditure for the year</b>		<b>16,345</b>	<b>14,465</b>
Net gain/(loss) on transfer by absorption		-	-
<b>Total net expenditure for the year</b>		<b>16,345</b>	<b>14,465</b>
<b>Total comprehensive expenditure for the year</b>		<b>16,345</b>	<b>14,465</b>

The notes on pages 104 to 135 form part of these accounts.



# Statement of Financial Position as at 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
<b>Non-current assets:</b>			
Right of Use Assets	6	3,456	3,888
Property, plant and equipment	7	1,150	1,498
Intangible assets	8	2,190	1,536
Other non-current receivables	9	22	99
<b>Total non-current assets</b>		<b>6,818</b>	<b>7,021</b>
<b>Current assets:</b>			
Trade and other receivables	9	706	1,386
Cash and cash equivalents	10	3,036	1,185
<b>Total current assets</b>		<b>3,742</b>	<b>2,571</b>
<b>Total assets</b>		<b>10,560</b>	<b>9,592</b>
<b>Current liabilities</b>			
Trade and other payables	11	(3,337)	(2,894)
Borrowings	12	(567)	(617)
Provisions	13	-	-
<b>Total current liabilities</b>		<b>(3,904)</b>	<b>(3,511)</b>
<b>Total assets less current liabilities</b>		<b>6,656</b>	<b>6,081</b>
<b>Non-current liabilities:</b>			
Provisions	13	(111)	(174)
Borrowings	12	(2,923)	(3,320)
<b>Total non-current liabilities</b>		<b>(3,034)</b>	<b>(3,494)</b>
<b>Total Assets less Liabilities</b>		<b>3,622</b>	<b>2,587</b>
<b>Financed by Taxpayers' Equity</b>			
General fund		3,622	2,587
<b>Total taxpayers' equity</b>		<b>3,622</b>	<b>2,587</b>

The notes on pages 104 to 135 form part of these accounts.

Signed:



Alex Rothwell  
Chief Executive Officer

Date: 12 July 2024

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

	General Fund £'000	Total Reserves £'000
<b>Balance at 01 April 2023</b>	<b>2,587</b>	<b>2,587</b>
<b>Changes in taxpayers' equity for 2023/24</b>		
Total net expenditure for the year	(16,345)	(16,345)
<b>Total recognised income and expense for 2023/24</b>	<b>(16,345)</b>	<b>(16,345)</b>
Net parliamentary funding	17,380	17,380
<b>Balance at 31 March 2024</b>	<b>3,622</b>	<b>3,622</b>

## 2022/23 Comparison

	General Fund £'000	Total Reserves £'000
<b>Balance at 01 April 2022</b>	<b>2,883</b>	<b>2,883</b>
<b>Changes in taxpayers' equity for 2022/23</b>		
Total net expenditure for the year	(14,465)	(14,465)
<b>Total recognised income and expense for 2022/23</b>	<b>(14,465)</b>	<b>(14,465)</b>
Net parliamentary funding	14,169	14,169
<b>Balance at 31 March 2023</b>	<b>2,587</b>	<b>2,587</b>

The notes on pages 104 to 135 form part of these accounts.

## Statement of Cash Flows for the year ended 31 March 2024

	Note	2023/24 £'000	2022/23 £'000
<b>Cash Flows from Operating Activities</b>			
Net operating expenditure for the financial year	3/4	(16,309)	(14,434)
Depreciation and amortisation	4	2,275	1,871
(Profit)/loss on disposal of assets	4	-	(4)
(Increase)/decrease in trade and other receivables	9	757	(911)
(Increase)/decrease in trade and other payables	11	443	1,769
Increase/(decrease) in provisions	13	(63)	7
<b>Net Cash (Outflow) from Operating Activities</b>		<b>(12,897)</b>	<b>(11,702)</b>
<b>Cash Flows from Investing Activities</b>			
(Payments) for property, plant and equipment	7	(215)	(1,203)
(Payments) for intangible assets	8	(1,734)	(429)
Proceeds from disposal of assets held for sale: property, plant and equipment	4	-	4
<b>Net Cash (Outflow) from Investing Activities</b>		<b>(1,949)</b>	<b>(1,628)</b>
<b>Net Cash (Outflow) before Financing</b>		<b>(14,846)</b>	<b>(13,330)</b>
<b>Cash Flows from Financing Activities</b>			
Capital element of lease liability repayments	6	(647)	(457)
Interest element of lease liability repayments	5	(36)	(31)
Net Parliamentary funding		17,380	14,169
<b>Net Cash inflow from Financing Activities</b>		<b>16,697</b>	<b>13,681</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>1,851</b>	<b>351</b>
<b>Cash and Cash Equivalents at the Beginning of the Financial Year</b>		<b>1,185</b>	<b>834</b>
<b>Cash and Cash Equivalents at the End of the Financial Year</b>		<b>3,036</b>	<b>1,185</b>

The notes on pages 104 to 135 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) 2023 to 2024, issued by HM Treasury. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of NHS Counter Fraud Authority (NHSCFA) for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts

### 1.1 Going Concern

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

The NHSCFA is financed by and draws its funding from the Department of Health and Social Care (DHSC). Parliament has demonstrated its commitment to fund DHSC for the foreseeable future, and DHSC has demonstrated its commitment to the funding of the NHSCFA. There is no evidence that the services we provide will not continue into the future, and therefore we have applied continuation of service provision in making our decision to use the going concern assumption.

### 1.2 Accounting Convention

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

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

In the application of the Authority's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, that are considered to be relevant. Actual results may differ from those estimates. The estimates and underlying assumptions are continually reviewed. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. NHSCFA do not consider any judgements or uncertainties to be critical.

## 1.4 Income

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

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

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

Operating income is income which relates directly to the operating activities of the Authority. It principally comprises charges for services provided on a full-cost basis to external customers, as well as public repayment work. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

### 1.4.1 Revenue from contracts with customers

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

## 1.5 Parliamentary funding

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

## 1.6 Employee benefits

### 1.6.1 Short-term employee benefits

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

### 1.6.2 Retirement benefit costs

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

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

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

## 1.7 Operating expenses

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

### 1.7.1 Value added tax

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

## 1.8 Property, plant and equipment

### 1.8.1 Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to the NHSCFA;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and either
- the item has a cost of £5,000 or more, or

- 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; or
- it forms part of the initial setting-up cost of a new building, irrespective of their individual or collective cost

### 1.8.2 Measurement

All property, plant and equipment is measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets that are held for their service potential and are in use are measured subsequently at their current value in existing use. Assets that were most recently held for their service potential but are surplus are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

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

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

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

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

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

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

## 1.9 Intangible assets

### 1.9.1 Recognition

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

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

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred. Internally generated assets are recognised if, and only if, all of the following have been demonstrated:

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



## 1.9.2 Measurement

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

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

## 1.10 Depreciation, amortisation and impairments

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

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

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

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

## 1.11 IFRS16

### 1.11.1 Leases

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

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

### 1.11.2 Leases

#### Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Authority recognises a right of use asset and a lease liability.

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

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

Where an implicit rate cannot be readily determined, the Authority's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

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

## **Subsequent measurement**

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

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

### **1.11.3 Initial application of IFRS16 in 2022/23**

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaced IAS 17 Leases, IFRIC 4 determining whether an arrangement contains a lease and other interpretations.

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

### **The Authority as lessee**

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Authority's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

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

## 1.12 Cash and cash equivalents

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

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

## 1.13 Provisions

Provisions are recognised when NHSCFA has a present legal or constructive obligation as a result of a past event, it is probable that NHSCFA will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using HM Treasury's discount rates.

Early retirement provisions are discounted using HM Treasury's pension discount rate of negative 2.45% (2022 to 2023: negative 1.70%) in real terms. All general provisions are subject to four separate discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- a nominal short-term rate of 4.26% (2022 to 2023: positive 3.27%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date
- a nominal medium-term rate of 4.03% (2022 to 2023: 3.20%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date
- a nominal medium-term rate of 4.03% (2022 to 2023: 3.20%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date
- a nominal long-term rate of 4.72% (2022 to 2023: 3.51%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date
- a nominal very long-term rate of 4.40% (2022 to 2023: 3.00%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date

## 1.14 Contingent liabilities and contingent assets

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of NHSCFA; or
- present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation, or the amount of the obligation cannot be measured sufficiently reliably

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

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

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

## 1.15 Financial assets

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

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

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

### 1.15.1 Impairment

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

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

For all financial assets measured at amortised cost, NHSCFA recognises a loss allowance representing expected credit losses on the financial instrument.

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

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds, and Exchequer Funds' assets where repayment is ensured by primary legislation. NHSCFA therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally, the Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's length bodies and NHS bodies (excluding NHS charities), and NHSCFA does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies.

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

## **1.16 Financial liabilities**

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

### **1.16.1 Other financial liabilities**

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

## **1.17 Foreign currencies**

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

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

## **1.18 Third party assets**

Assets belonging to third parties are not recognised in the accounts since NHSCFA has no beneficial interest in them. Details of any third-party assets are given in note 10 to the accounts.

## **1.19 Losses and Special Payments**

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

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

## 2. Other operating income

	2023/24 Total £'000	2022/23 Total £'000
<b>Income from sale of goods and services (contracts)</b>		
Other contract income	269	258
<b>Total income from sale of goods and services</b>	<b>269</b>	<b>258</b>
<b>Other operating income</b>		
Other non contract revenue	16	21
<b>Total Other operating income</b>	<b>16</b>	<b>21</b>
<b>Total Operating Income</b>	<b>285</b>	<b>279</b>

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

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

Other non contract revenue relates to training income, employee lease car contributions and recovery of legal costs.



### 3. Employee benefits and staff numbers

#### 3.1.1 Employee benefits

	2023/24 Total £'000	2022/23 Total £'000
<b>Employee Benefits</b>		
Salaries and wages	8,761	8,231
Social security costs	891	858
Employer contributions to NHS pension scheme	1,446	1,262
Other pension costs	1	1
Apprenticeship levy	26	21
<b>Gross employee benefits expenditure</b>	<b>11,125</b>	<b>10,373</b>
Less recoveries in respect of secondments	(16)	(174)
<b>Total - Net admin employee benefits including capitalised costs</b>	<b>11,109</b>	<b>10,199</b>
Less: Employee costs capitalised	(156)	(157)
<b>Net employee benefits excluding capitalised costs</b>	<b>10,953</b>	<b>10,042</b>

#### 3.1.2 Retirements due to ill health

The Authority had no compensation payments or additional pension liabilities arising from early retirement or loss of office as at 31 March 2024 (nil - 31 March 2023)

#### 3.2 Pension Costs

Past and present employees are covered by the provisions of the 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 the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the

Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

### **3.2.1 Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary’s Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 Statement by the Actuary, which forms part of the annual NHS Pension Scheme Annual Report and Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

### **3.2.2 Full actuarial (funding) valuation**

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

## 4. Operating expenses

	2023/24 Total £'000	2022/23 Total £'000
<b>Purchase of goods and services</b>		
Establishment	420	303
Transport	24	25
Premises	1,375	1,214
Software costs	397	307
External audit fees	78	71
Internal audit services	94	54
Legal & professional fees	774	654
Education, training and conferences	186	109
<b>Total Purchase of goods and services</b>	<b>3,348</b>	<b>2,737</b>
<b>Depreciation and impairment charges</b>		
Depreciation	1,195	893
Amortisation	1,080	978
<b>Total Depreciation and impairment charges</b>	<b>2,275</b>	<b>1,871</b>
<b>Other Operating Expenditure</b>		
Chair and Non-Executive members	54	60
Provision expense	(63)	7
(Profit)/loss on disposal of PPE	-	(4)
Losses and special payments <sup>1</sup>	27	
<b>Total Other Operating Expenditure</b>	<b>18</b>	<b>63</b>
<b>Total operating expenditure</b>	<b>5,641</b>	<b>4,671</b>

<sup>1</sup> Information on Losses and Special Payments can be found within the Parliamentary accountability and audit report.

## 5. Finance Expenditure

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

	2023/24 Total £'000	2022/23 Total £'000
<b>Interest expense:</b>		
Interest on lease obligations	36	31
<b>Total interest expense</b>	<b>36</b>	<b>31</b>
Unwinding of discount on provisions	-	-
Other finance costs	-	-
<b>Total finance costs</b>	<b>36</b>	<b>31</b>

## 6. Right of Use Assets

	2023/24			
	Land £'000	Buildings £'000	Other £'000	Total £'000
<b>Cost</b>				
As at 01 April 2023	-	4,394	-	4,394
Additions	-	-	-	-
Remeasurements of the lease liability <sup>1</sup>	-	200	-	200
<b>As at 31 March 2024</b>	<b>-</b>	<b>4,594</b>	<b>-</b>	<b>4,594</b>
<b>Accumulated Depreciation</b>				
As at 01 April 2023	-	(506)	-	(506)
Provided during the year	-	(632)	-	(632)
<b>As at 31 March 2024</b>	<b>-</b>	<b>(1,138)</b>	<b>-</b>	<b>(1,138)</b>
<b>Net Book Value at 31 March 2024</b>	<b>-</b>	<b>3,456</b>	<b>-</b>	<b>3,456</b>

<sup>1</sup> Change in lease payments has resulted in an increase in lease liability.

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

## 6.1 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 12.

	2023/24 £'000	2022/23 £'000
<b>Carrying value at 01 April</b>	<b>3,937</b>	-
IFRS 16 implementation - adjustments for existing operating leases	-	602
Lease additions	-	3,792
Lease liability remeasurements	200	-
Interest charge arising in year	36	31
Lease payments (cash outflows)	(683)	(488)
<b>Carrying value at 31 March</b>	<b>3,490</b>	<b>3,937</b>

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

These payments are disclosed in Note 4. Cash outflows in respect of leases recognised on the Statement of Financial Position are disclosed in the reconciliation above.

## 6.2 Maturity analysis of future lease payments at 31 March

	Total 31 March 2024 £'000	Total 31 March 2023 £'000
<b>Undiscounted future lease payments payable in:</b>		
- not later than one year;	597	651
- later than one year and not later than five years;	1,668	1,756
- later than five years.	1,356	1,689
<b>Total gross future lease payments</b>	<b>3,621</b>	<b>4,096</b>
Finance charges allocated to future periods	131	158
<b>Net lease liabilities at 31 March</b>	<b>3,490</b>	<b>3,938</b>
<b>Of which:</b>		
- Current	567	651
- Non-Current	3,024	3,445

## 7. Property, plant and equipment

### 7.1 2023/24 Property, plant and equipment

	Buildings excluding dwellings £'000	Plant and machinery £'000	Information Technology £'000	Furniture and fittings £'000	Total £'000
<b>Cost at 01 April 2023</b>	537	-	2,446	55	<b>3,038</b>
Additions purchased	-	-	215	-	<b>215</b>
Disposals	-	-	(376)	-	<b>(376)</b>
<b>Cost at 31 March 2024</b>	<b>537</b>	<b>-</b>	<b>2,285</b>	<b>55</b>	<b>2,877</b>
<b>Depreciation at 01 April 2023</b>	245	-	1,255	40	<b>1,540</b>
Charged during the year	167	-	385	11	<b>563</b>
Disposals	-	-	(376)	-	<b>(376)</b>
<b>Depreciation at 31 March 2024</b>	<b>412</b>	<b>-</b>	<b>1,264</b>	<b>51</b>	<b>1,727</b>
<b>Net Book Value at 31 March 2024</b>	125	-	1,021	4	<b>1,150</b>
<b>Asset financing:</b>					
Owned	125	-	1,021	4	<b>1,150</b>
<b>Total at 31 March 2024</b>	<b>125</b>	<b>-</b>	<b>1,021</b>	<b>4</b>	<b>1,150</b>

## 7.2 2022/23 Property, plant and equipment

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



### 7.3 Cost or valuation of fully depreciated assets

The cost or valuation of fully depreciated assets still in use was £509k (£509k in 2022 to 2023). These primarily relate to digital storage facilities. These assets are expected to be disposed of during 2024 to 2025.

### 7.4 Economic lives

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

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

## 8. Intangible non-current assets

### 8.1 2023/24 Intangible non-current assets

	Software Licences  £'000	Development Expenditure (internally generated)  £'000	Information Technology  £'000	Total  £'000
<b>Cost at 01 April 2023</b>	2,531	1,565	195	<b>4,291</b>
Additions purchased	1,578	156	-	<b>1,734</b>
Disposals	(1,896)	-	(45)	<b>(1,941)</b>
<b>As at 31 March 2024</b>	<b>2,213</b>	<b>1,721</b>	<b>150</b>	<b>4,084</b>
<b>Amortisation at 01 April 2023</b>	1,502	1,112	141	<b>2,755</b>
Charged during the year	879	178	23	<b>1,080</b>
Disposals	(1,896)	-	(45)	<b>(1,941)</b>
<b>Amortisation at 31 March 2024</b>	<b>485</b>	<b>1,290</b>	<b>119</b>	<b>1,894</b>
<b>Net Book Value at 31 March 2024</b>	<b>1,728</b>	<b>431</b>	<b>31</b>	<b>2,190</b>
<b>Asset financing:</b>				
Owned	1,728	431	31	<b>2,190</b>
<b>Total at 31 March 2024</b>	<b>1,728</b>	<b>431</b>	<b>31</b>	<b>2,190</b>

There is one software licence included above which has a carrying value which is significant to the financial statements. The licence relates to the Authority's data analytics software and has a carrying value of £1.060m and remaining amortisation period of 33 months.

## 8.2 2022/23 Intangible non-current assets

	Software Licences £'000	Development Expenditure (internally generated) £'000	Information Technology £'000	Total £'000
<b>Cost at 01 April 2022</b>	2,414	1,602	210	<b>4,226</b>
Additions purchased	272	157	-	<b>429</b>
Disposals	(155)	(194)	(15)	<b>(364)</b>
<b>As at 31 March 2023</b>	<b>2,531</b>	<b>1,565</b>	<b>195</b>	<b>4,291</b>
<b>Amortisation at 01 April 2022</b>	888	1,129	124	<b>2,141</b>
Charged during the year	769	177	32	<b>978</b>
Disposals	(155)	(194)	(15)	<b>(364)</b>
Impairments charged	-	-	-	-
<b>Amortisation at 31 March 2023</b>	<b>1,502</b>	<b>1,112</b>	<b>141</b>	<b>2,755</b>
<b>Net Book Value at 31 March 2023</b>	<b>1,029</b>	<b>453</b>	<b>54</b>	<b>1,536</b>
<b>Asset financing:</b>				
Owned	1,029	453	54	<b>1,536</b>
<b>Total at 31 March 2023</b>	<b>1,029</b>	<b>453</b>	<b>54</b>	<b>1,536</b>

There is one software licence included above which has a carrying value which is significant to the financial statements. The licence relates to the Authority's data analytics software and has a carrying value of £464k and remaining amortisation period of 12 months.

### 8.3 Cost or valuation of fully depreciated assets

The cost or valuation of fully amortised assets still in use was £228k (£36k in 2022 to 2023). This value relates to internally generated computer software due to be decommissioned in 2024 to 2025 and a £179k software licence that expires on 05/04/2024 but was fully depreciated as at 31/03/2024.

### 8.4 Economic lives

	Minimum Life (years)	Maximum Life (years)
Software licences	2	5
Information technology	2	5

## 9. Trade and other receivables

	2023/24		2022/23	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Contract receivables	-	1	-	408
Accrued income	-	-	-	116
Expected credit loss allowance - receivables	-	-	-	-
Prepayments	22	588	99	776
VAT Receivable	-	22	-	-
Other receivables	-	96	-	87
<b>Total</b>	<b>22</b>	<b>707</b>	<b>99</b>	<b>1,387</b>
<b>Total Trade &amp; other receivables</b>	<b>729</b>		<b>1,486</b>	
Included above:				
NHS receivables	-	-	-	57
Capital receivables - Intangibles	-	68	-	324

## 10. Cash and cash equivalents

	2023/24 £'000	2022/23 £'000
<b>Balance at 01 April 2023</b>	1,185	834
Net change in year	1,851	351
<b>Balance at 31 March 2024</b>	<b>3,036</b>	<b>1,185</b>
Comprising:		
Cash with the Government Banking Service	3,036	1,185
<b>Cash and cash equivalents as in statement of financial position</b>	<b>3,036</b>	<b>1,185</b>

## 11. Trade and other payables

	2023/24 £'000	2022/23 £'000
Contract payables	32	1,129
Accruals	2,502	1,709
Other payables	803	46
VAT Payable	-	10
<b>Total Trade &amp; Other Payables</b>	<b>3,337</b>	<b>2,894</b>
Included above:		
NHS payables	141	116

There were no non-current payables at 31 March 2024 (2022/23 nil).

## 12. Borrowings

### 12.1 Current Borrowings

	2023/24 £'000	2022/23 £'000
Lease Liabilities	567	617
<b>Total Current Borrowings</b>	<b>567</b>	<b>617</b>

### 12.2 Non-Current Borrowings

	2023/24 £'000	2022/23 £'000
Lease Liabilities	2,923	3,320
<b>Total Non-Current Borrowings</b>	<b>2,923</b>	<b>3,320</b>

## 13. Provisions

	2023/24		2022/23	
	Non-current £'000	Current £'000	Non-current £'000	Current £'000
Dilapidations	111	-	174	-
<b>Total</b>	<b>111</b>	<b>-</b>	<b>174</b>	<b>-</b>
<b>Total non-current and current</b>		<b>111</b>		<b>174</b>

	Dilapidations £'000	Total £'000
<b>Balance at 01 April 2023</b>	<b>174</b>	<b>174</b>
Arising during the year	10	10
Reversed unused	(73)	(73)
<b>Balance at 31 March 2024</b>	<b>111</b>	<b>111</b>
<b>Expected timing of cash flows:</b>		
Within one year	-	-
Between one and five years	111	111
<b>Balance at 31 March 2024</b>	<b>111</b>	<b>111</b>

## 14. Contingencies

### 14.1 Contingent liabilities

There were no contingent liabilities at 31 March 2024 (nil 2022 to 2023).

### 14.2 Contingent assets

There were no contingent assets at 31 March 2024 (nil 2022 to 2023).

## 15. Commitments

### 15.1 Capital commitments

The Authority had no contracted capital commitments at 31 March 2024 (£115k in 2022 to 2023).

### 15.2 Other financial commitments

The Authority had no other financial commitments at 31 March 2024 (nil 2022 to 2023).

## 16. Financial instruments

### 16.1 Financial risk management

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

As the cash requirements of the Authority are met primarily through parliamentary funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

#### 16.1.1 Currency risk

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

#### 16.1.2 Interest rate risk

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

#### 16.1.3 Credit risk

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

#### 16.1.4 Liquidity risk

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

### 16.2 Financial assets

	2023/24			Total
	At 'fair value through profit and loss'	At 'amortised cost'	At 'fair value through other comprehensive income'	
	£'000	£'000	£'000	£'000
Contract Receivables	-	1	-	1
Other receivables	-	683	-	683
Cash at bank and in hand	-	3,036	-	3,036
<b>Total at 31 March 2024</b>	<b>-</b>	<b>3,720</b>	<b>-</b>	<b>3,720</b>



	2022/23			Total £'000
	At 'fair value through profit and loss' £'000	At 'amortised cost' £'000	At 'fair value through other comprehensive income' £'000	
Contract Receivables	-	408	-	408
Other receivables	-	979	-	979
Cash at bank and in hand	-	1,185	-	1,185
<b>Total at 31 March 2023</b>	-	2,572	-	2,572

### 16.3 Financial liabilities

	2023/24		Total £'000
	At 'amortised cost' £'000	Other £'000	
Contract payables	32	-	32
Other payables	3,305	-	3,305
<b>Total at 31 March 2024</b>	3,337	-	3,337

All of the above financial liabilities have a maturity date within one year.

	2022/23		Total £'000
	At 'amortised cost' £'000	Other £'000	
Contract payables	1,129	-	1,129
Other payables	1,765	-	1,765
<b>Total at 31 March 2023</b>	2,894	-	2,894

All of the above financial liabilities have a maturity date within one year.

## 17. Operating Segments

The Board as 'Chief Operating Decision Maker' has determined that the Authority operates as a single segment, which is counter fraud. This work is within one main geographical segment, the United Kingdom.

## 18. Related party transactions

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

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

In addition, the Authority has had a number of material transactions with other central government departments and other central government bodies.

Tom Taylor is the NHSCFA Board Chair, he is also a Non-Executive Director for HM Revenue and Customs and a Board Member for Criticaleye (Europe) Limited. Goan Hart is a Non-Executive Director for the NHSCFA, he is also a Lay Assessor for College of Policing Ltd.

During the year the Authority entered into a number of transactions with these organisations, the values including closing balances as at 31 March 2024 and prior year comparatives, are provided in the tables below.

Name of Organisation	2023/24		Operating revenue £'000	Operating expenditure £'000
	Trade and other receivables £'000	Trade and other payables £'000		
HM Revenue and Customs <sup>1</sup>	0	0	0	2,834
Criticaleye (Europe) Limited	0	0	0	27
Department of Health and Social Care <sup>2</sup>	0	548	0	0
NHS Business Services Authority <sup>3</sup>	0	141	0	278

<sup>1</sup> Expenditure with HM Revenue and Customs relates to payroll deductions.

<sup>2</sup> Expenditure with Department of Health and Social Care relates to building lease costs.

<sup>3</sup> Expenditure with NHS Business Services Authority relates to contracted services.

Name of organisation	2022/23			
	Trade and other receivables	Trade and other payables	Operating revenue	Operating expenditure
	£'000	£'000	£'000	£'000
HM Revenue and Customs	0	0	0	2,487
Criticleye (Europe) Limited	0	0	0	15
College of Policing Ltd	0	0	0	3
NHS England	1	0	0	2
Department of Health and Social Care	0	686	0	16
NHS Business Services Authority	10	87	0	309

## 19. Events after the reporting period

The Authority is not aware of any impacts of events after the reporting period on the cash flows, assets or liabilities reflected within the financial statements for the year ended 31 March 2024.

The Accounting Officer has authorised these financial statements for issue on the date of certification by the Comptroller and Auditor General.

## 20. Registered Office

The registered office for the NHS Counter Fraud Authority is:

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

## List of acronyms

ALB	Arm's Length Body
ARAC	Audit Risk and Assurance Committee
BAF	Board Assurance Framework
CFA	(See NHSCFA)
CFFSR	Counter Fraud Functional Standards Return
CRM	Client Relationship Management
CSSTCG	Control Strategy and Strategic Tasking and Coordination Group
DFU	Digital Forensics Unit
DHSC	Department of Health and Social Care
DHSC AFU	Department of Health and Social Care Anti-Fraud Unit
DSG	Digital Strategy Group
DSP	Data Security Protection
EHFCN	European Healthcare Fraud and Corruption Network
EFRA	Enterprise Level Fraud Risk Assessment
FCROL	Online Fraud reporting Tool
FI	Financial Investigator
FReM	Financial Reporting Manual
GIAA	Government Internal Audit Agency
HSWG	Horizon Scanning Working Group
IPCG	Integrated Planning and Coordination Group
LCFS	Local Counter Fraud Specialist
LIFE	Leading, Influence and Empowerment, Fairness, Expertise
LPE	Local Proactive Exercise
NHSCFA	National Health Service Counter Fraud Authority
NED	Non-Executive Director
NIS	The National Investigation Service of the NHSCFA
PAP	Performance and Assurance Panel
PES	Public Expenditure System
PESTLE analysis	Political, Economic, Sociological, Technological, Environmental
PIDA	Public Interest Disclosure Act
PREMCO	People Remuneration and Nominations Committee
PSFA	Public Sector Fraud Authority
PWD	People Workforce Development
QTA	Quarterly Threat Assessments
RRRG	Risk Register Review Group
SIA	Strategic Intelligence Assessment
SFI	Standing Financial Instructions
SO	Standing Orders
SWOT analysis	Strengths Weaknesses, Opportunities, Threats
TGRG	Transformation Governance and Risk Group
SFPU	Strategic Fraud Prevention Unit



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[www.cfa.nhs.uk](http://www.cfa.nhs.uk)

