

Annual Report and Accounts 2022/23



NHS Business Services Authority Annual Report and Accounts 2022/23

For the period 1 April 2022 to 31 March 2023

Presented to Parliament pursuant to Section 29A, paragraph(7)(a) of the
National Health Service Act 2006

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Contents

1. Performance report	5
1.1 Overview	6
1.1.1 Statement from our Chief Executive	6
1.1.2 About us	7
1.1.3 Our key risks and issues	11
1.1.4 Performance summary	12
1.2 Performance analysis	15
1.2.1 How we measure performance	15
1.2.2 Financial review	15
1.2.3 Corporate Responsibility	19
2. Accountability report	29
2.1 Corporate governance report	30
2.1.1 Directors' report	30
2.1.2 Statement of Accounting Officer's responsibilities	31
2.1.3 Annual Governance Statement	32
2.2 Remuneration and staff report	54
2.2.1 Remuneration report	54
2.2.2 Staff report	62
2.2.3 Recruitment and Turnover	68
2.2.4 Trade union facility time	70
2.3 Parliamentary accountability and audit report	71
2.3.1 Regularity of expenditure	71
2.3.2 Fees and charges	71
2.3.3 Remote contingent liabilities	71
2.3.4 Long term expenditure trends	71
2.3.5 Accounting Officer's disclosure to the auditors	71
2.3.6 External auditors	72
The Certificate and Report of the Comptroller and Auditor General	73
Financial statements and notes to the accounts	79

1. Performance report



Our performance report gives an overview of 2022/23, including a section giving details of our purpose, activities and performance during the year.

Page 7
About us

Page 12
Performance
summary

1.1 Overview

1.1.1 Statement from our Chief Executive

I have great pleasure in introducing the Annual Report and Accounts for the NHS Business Services Authority for 2022/23. This report offers a comprehensive overview of our performance, achievements and financial stewardship during the past year. It tells the story of another year of dedication and delivery by my NHSBSA colleagues and as we navigate through unprecedented times, our commitment to supporting the NHS and the wider health and care system remains unwavering.

The NHSBSA plays a pivotal role in the nation's health and care eco system, serving as a critical link between the Department of Health and Social Care (DHSC), the public, healthcare providers and our NHS colleagues. Our purpose is to be a catalyst for better health through the delivery of efficient and customer focused business services and during 2022/23 we have continued to expand our portfolio and extend our reach to help more citizens access support and the services to which they are entitled.

This year saw us become the first Arm's Length Body of the Department of Health and Social Care (DHSC) to be independently reviewed as part of the Cabinet Office's new Public Bodies Review Programme. This extensive review concluded that we are an accountable, well-governed organisation delivering efficient and effective services and helpfully identified some further opportunities which have been woven into our strategy and plans. The final report explained that ***"the NHSBSA has a proven track record of delivering efficiencies."*** and ***"It is no wonder that ... it has become a 'go to' organisation for the Department of Health and Social Care (DHSC) when new services need to be set up or existing services improved."***

We are a service delivery organisation at heart with a focus on generating taxpayer value, delivering great services for customers and being a great place to work for our people. This Annual Report speaks to this. As well as delivering our services within challenging budgetary limits, through our platforms, systems and services to the NHS we delivered over £350 million of wider system efficiencies to support the frontline. At the same time, through a focus on user centred design and customer experience, we have continued to improve our existing functions and deliver a range of new services to support the health and care system.

Like all successful organisations we recognise our people are absolutely critical to our success and that it is our talented workforce, whose commitment to our purpose, enables us to make a meaningful impact on the NHS and the lives of the people we serve. It is vital that we create the conditions and the space for colleagues to do their best work. We were therefore thrilled to be recognised as an organisation with **"Outstanding"** engagement in the Best Companies Index for the third consecutive year and reaching the top spot as the Best Organisation to work for in the Not for Profit sector. This, alongside the many other awards and accolades received, helps to demonstrate our commitment to being a great workplace, fostering a culture of inclusion, innovation and continuous improvement. Much to be proud of, but so much more to do.



Michael Brodie CBE
Chief Executive

I hope that you enjoy reading the achievements set out in our Annual Report and Accounts, which reflect the skill and dedication of each and every member of the NHSBSA team and our delivery partners who have worked with us throughout 2022/23. My profound thanks to all. Together we will continue to play our part in delivering a health and care system that is efficient, accessible and responsive to the evolving needs of our communities.

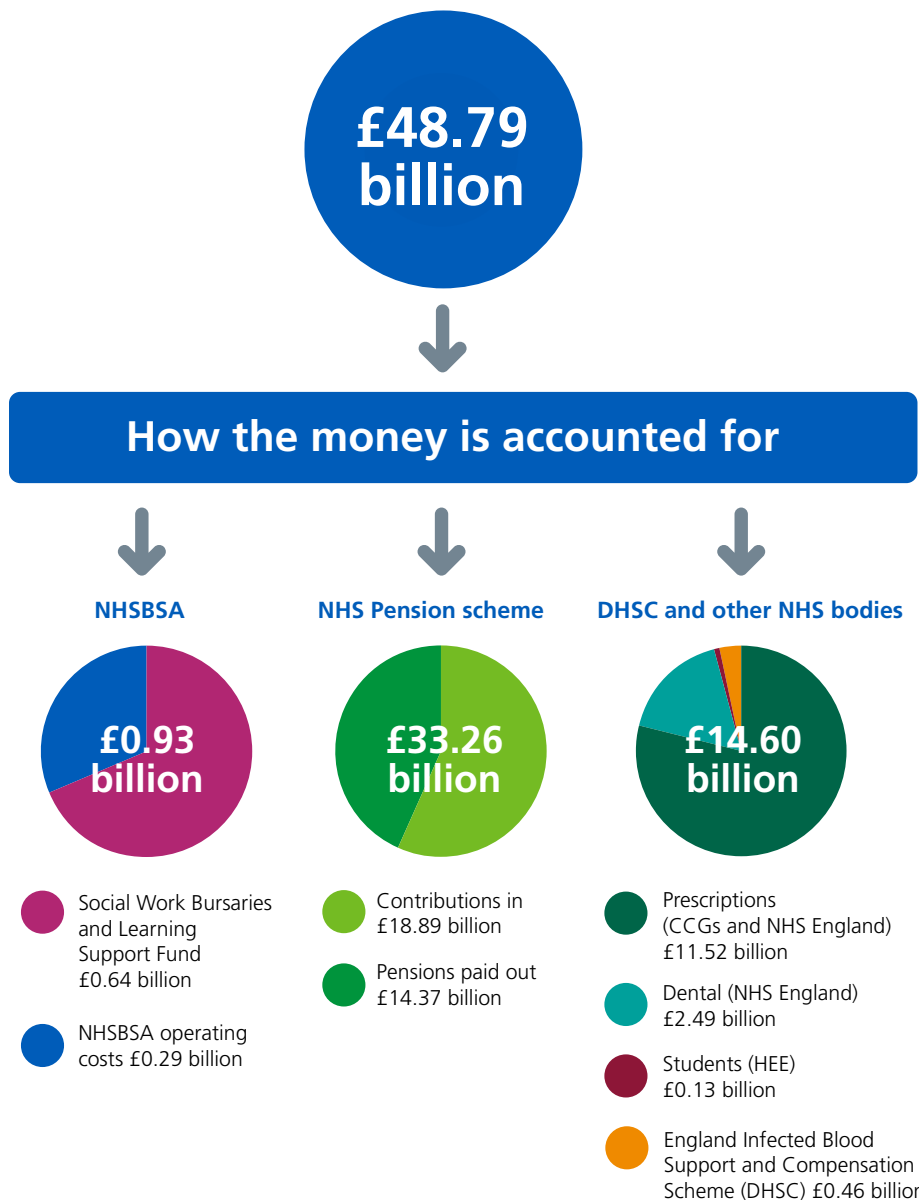
1.1.2 About us

- We're an Arm's Length Body of the Department of Health and Social Care (DHSC).
- We help the NHS run efficiently by delivering services that support the NHS workforce, Primary Care and millions of UK citizens.
- We are experts at managing healthcare information at scale and have a reputation for driving efficiencies and delivering taxpayer value.
- We manage around £48 billion of NHS spend annually while helping to deliver significant savings back into the health and care system.
- We use data analysis, insight, digitisation and collaboration to improve health outcomes and patient safety.

Our purpose is to be a catalyst for better health.

Our vision is to be the delivery partner of choice for the health and care system.

The money flowing through the NHSBSA



We are an expert delivery organisation relied upon by Government and the health and care system to provide a range of complex and essential, high volume business services to support the day to day running of the NHS and wider health and care system.

We work with pharmacy, dentistry, ophthalmic and GP partners to deliver their critical services to the NHS and we provide a platform for at scale national payments for Primary Care services.

We support the NHS Workforce throughout their career journey by providing employment, HR and payroll platforms, as well as providing financial support to NHS students and managing the NHS Pension scheme.

We provide a wide range of services direct to the public to help citizens gain access to healthcare and support costs they are entitled to. Data analysis, insight, digitisation and collaboration are at the heart of our business so we can improve patient outcomes and support the NHS workforce.

We have an excellent reputation as a trusted delivery partner and we have ambition to do more by providing services at scale both at national and local levels and by digitising and utilising leading-edge technology we deliver great taxpayer value and great savings for the NHS which can then be reinvested in frontline care.

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

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

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

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

Primary Care Services

- NHS prescriptions in England that are dispensed in Primary Care.
- NHS Dental Services – providing a range of services to over 25,000 NHS contracted dentists who provide NHS dental services across England and Wales.
- Provider Assurance – an end to end national assurance service that facilitates effective management of contracts and activity delivered under those contracts.

Citizen Services

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

NHS Workforce Services

- NHS Pensions – administering the NHS Pension scheme for members, employers and pensioners.
- NHS Jobs – the online recruitment service for the NHS in England and Wales.
- HR Shared Services – a shared human resources and learning service for the NHS and wider health and care system.
- Electronic Staff Record (ESR) – an integrated workforce solution provided to NHS organisations in England and Wales including recruitment, HR, Payroll and learning capabilities.
- Optimisation Team – supporting NHS organisations to get the best use from our platforms.
- NHS Covid Pass – providing citizens with an NHS COVID Pass to show their COVID-19 vaccination status or test results if they need to when travelling abroad.

During the course of financial year 2022/23 DHSC indicated their wish to transfer their existing shareholding (49.99%) in NHS Shared Business Services (NHS SBS) to the NHSBSA. This decision was arrived at in the context of DHSC reviewing the overall management of all its companies. Ahead of transfer NHSBSA teams undertook due diligence supported by appointed legal advisors and undertook a third party independent valuation. NHSBSA Main Board approved the transfer on the basis of this work and resulting recommendations.

The share transfer was executed on 31 March, 2023. In addition to the formal changes to the share holders agreement and associated documents DHSC also provided formal Legal Directions to the NHSBSA to undertake the shareholding role.

The role of the NHSBSA as a shareholder in NHS SBS is to protect the interests of the shareholder (the taxpayer) and to hold NHS SBS to account, challenging NHS SBS senior management when necessary. The fiduciary duties of a Board Director are outlined in detail within the Shareholders Agreement (2004), since amended. From the point of the share transfer Michael Brodie (NHSBSA Chief Executive) has acted as Shareholder Representative and Board Director.

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

We design and deliver our 'brilliant business' around the needs and expectations of our customers, ensuring their experiences are positive. Putting the customer at the heart of what we do helps us to truly understand our customers.

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

Our Strategic Goals and Big Ambitions for 2022/23

Our seven strategic goals bring our purpose and vision to life, and focus on the things that are important to us.

They underpin how we deliver our business, our strategy and our ambitions.

Customer – our customers are at the heart of what we do and we design and transform our services based on this. We deliver what we say we will.

Our People – we enable our people to be their best by creating a fantastic colleague experience, providing ongoing development opportunities with an eye to future needs and being a great inclusive place to work. We have an outstanding commitment to engagement with our people, of which we are truly proud.

Social Impact – we use our capabilities to reduce health inequalities and support our local communities and economies by using our services, systems, data and insight to have a positive impact and help create better health and care for the wider population.

Value – we create value for our customers and stakeholders in the outcomes we deliver and we generate efficiency across the health and care system, as well as in our own organisation, to provide better taxpayer value.

Ambition – we are a forward-thinking organisation, as reflected in our big ambitions but recognise there are financial challenges ahead. We seek to innovate to improve our services, make better use of our rich data and share our expertise to support the NHS workforce and population health agendas as well as deliver taxpayer value.

System Recovery & Resilience – we will support the health and care system in times of challenge and recovery by using our capabilities and expertise. We will develop and deliver services to meet the needs of our system colleagues and the population of the UK.

Environmental Sustainability – We are committed to protecting the environment, delivering against our Net Zero target and working towards a greener NHS, supporting a sustainable, healthier future for all.

During 2022/23 we identified three key areas of focus where we believed we could develop to support and drive further change and transformation within the wider system. These were called our big ambitions.

Transform the platforms which can support the career pathway of health and care

colleagues – Our services support the health and care workforce from the point at which they start to think about a career with the NHS, right through to retirement. Our ambition is to transform our platforms and services which support this career pathway, enabling the delivery of the NHS people agenda through effective recruitment, retention and workforce planning. We will also deliver a great customer experience across the whole career pathway from student services through to retirement services.

Supporting people to live longer healthier lives, reducing disparities in health and care

We operate a range of schemes which help people to gain access to help with health costs to which they are entitled, for example pharmacy and dentistry. This help is increasingly important, as it means people do not have to choose between their medication and other essentials such as heating and food. We recognise how fundamental these services are to tackling health disparities and therefore we want to ensure we process every application efficiently and effectively. We will actively promote our services to specific audiences, so that we increase our reach and make sure as many people as possible who are entitled to the help can gain access to it. We will also further develop our signposting and messaging to the citizens we serve joining up services and working with partners. We will use our data and insight to provide data products for our partners at a national, regional and local level based on user need.

Supporting the NHS and health and care system to deliver greater efficiencies – There are challenging times ahead for the health and care system, therefore we need to maximise our resource using every pound wisely to ensure we deliver value for the taxpayer. Using our capability to deliver at scale, high volume platforms and services we are well positioned within the system to expand our service offering across our core service areas. We will also improve collaboration and integration with partners to reduce duplication, delivering better value across the system. We will continue the work we do to eliminate fraud, error and waste across all of the services we are responsible for. In addition, we will use our data and insight to support better decision making around medicines management. We will continue to deliver wider system efficiencies.

Our Strategy and Business Plan can be found here: <https://www.nhsbsa.nhs.uk/what-we-do/strategy-business-plan-and-annual-report>

1.1.3 Our key risks and issues

Our key risks and issues are as follows:

- Colleague Attraction and Recruitment.
- Information Security.
- Funding.
- Public Sector Pensions Ruling.
- Significant Fraud.
- Suitability of Directions.

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

1.1.4 Performance summary

Through 2022/23 we continued to receive awards and accreditations that recognise our ambition to be a great, inclusive place to work. These include:



For the third year running we were rewarded with the “outstanding” two-star accreditation in the Best Companies survey as well as the best not-for-profit organisation and one of the top five best big companies to work for in Q1.



For the fourth year running we were awarded the Gold Standard by the Employers’ Network for Equality and Inclusion TIDE (Talent, Inclusion and Diversity Evaluation).

We came 4th in the Stonewall Top 100 list of inclusive workplaces in January 2023 and have recently been recognised as a Menopause Friendly Workplace by Henpicked.

Delivering on our brilliant business

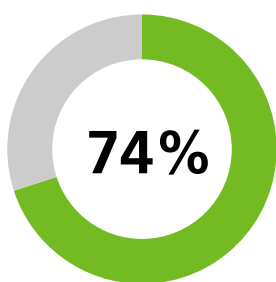
Throughout 2022/23 NHSBSA has continued to navigate a changing and challenging environment. Our service usage increased which has impacted the demand across our contact centre and as a result of an increasing customer base our workforce increased by 11% between April 2022 and March 2023.

Despite the challenging environment, we performed well in a number of key areas:

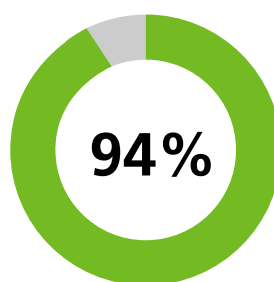
- We made 65 million payments to our customer during 2022/23, of which 99.99% were paid accurately and 99.98% on time.
- Delivered £378.6m of wider system efficiencies against a forecast of £322.6m, with over £2bn savings since 2014.
- Maintained customer service levels despite recruitment pressures and increased demand delivering 94% of our right first time measures and 92% of our delivered in full on time measures.
- We designed a new customer satisfaction measure to allow us to understand the customer experience and drive improvements.
- We increased the uptake of our help with health costs service by 5% ensuring people get help in accessing the care they need.
- We designed and stood up a Taxpayer Value Programme to continuously improve and drive taxpayer value across our services.
- We achieved Two Star status in the Best Companies Index for the third consecutive year and in October 2022 we were ranked as the top not-for-profit body to work for in the UK.

Our business performance

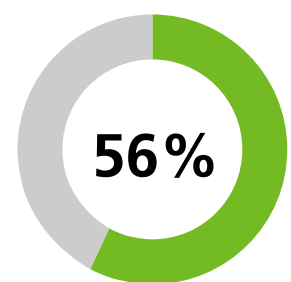
Continued difficulties with recruitment and retention and the additional demands on services during 2022/23 required us to prioritise our focus and ensure the delivery of our critical services. To ensure this critical service delivery a planned approach to reduce service levels was taken and therefore some of our operational measures slipped. Year-end position for 2022/23 saw 78% of our operational measures meet or exceed target. This is broken down in to three areas of performance measures, fulfilment, payment and enablement.



Customer Fulfilment -
measures achieved over
the full year's performance



Payment Processing -
measures achieved over the
full year's performance



Customer Enablement -
measures achieved over the
full year's performance

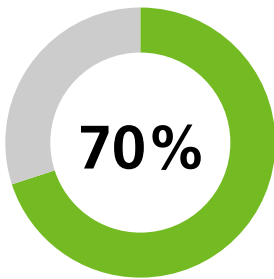
Our Enablement measures are those that relate to how we help our customers obtain any help or support they need from us. It is this area where we struggled to meet the required service level agreements, namely within our Contact Centre, and not being able to service the increased demand within our response time targets. Our service uptake increased over the year and pressure from this additional contact demand was compounded by recruitment and retention challenges within our customer facing workforce.

We are continually looking at how we can elevate this pressure and help our customers via other means, improving our digital services and our online content enabling the customer to self-serve if they wish. We have also taken positive action to address our attraction and recruitment challenges (see Section 2.1.3 - Risks and Issues).

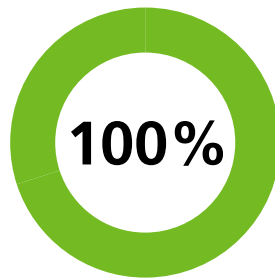
Delivering our business plan

In the 2022/23 Business Plan we committed to not only delivering **seven strategic goals** (20 measures) and **three big ambitions** but to also deliver **21 additional key activities**.

Progress can be seen below:



Strategic Goals -
measures completed or
progressed



Big Ambitions -
measures completed or
progressed



Business Plan -
key activities completed
or progresses

1.2 Performance analysis

1.2.1 How we measure performance

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

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

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

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

In 2022/23 an Operational Temperature Check was also introduced providing a weekly view of operational performance.

1.2.2 Financial review

Background

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

Our accounts for 2022/23 have been prepared in accordance with DHSC Group Accounting Manual 2022/23 (GAM) and comply with HM Treasury's Government Financial Reporting Manual 2022/23 (FReM). The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. They comprise a Statement of Financial Position, Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers Equity, all with related notes.

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

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

Financial performance 2022/23

As a Special Health Authority, we receive funding from the DHSC to deliver a range of essential services outlined in our Direction Order. Increases in our operating expenditure were funded by either an allocation of Revenue DEL from DHSC or revenue generated by the services from commissioners.

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

Table 1: Financial target performance 2022/23		
Funding stream	Limit £m	Achieved
Administration Revenue DEL		
Non-Ring-Fenced	64.7	✓
Ring-Fenced	22.9	✓
Programme Revenue DEL		
Non-Ring-Fenced	108.6	✓
Ring-Fenced	12.7	✓
Capital expenditure	44.6	✓

Note: DEL – Departmental Expenditure Limits.

Better Payments Practice Code

We are required to report our performance against the Better Payments Practice Code, which requires non-NHS and NHS trade creditors to be paid within 30 days or agreed terms. Our performance against this target for 2022/23 is detailed in Table 2 below.

Table 2: Better Payments Practice Code performance 2022/23 (2021/22)	Number	Value £m
Total non-NHS trade invoices paid	8,802 (8,898)	183.8 (164.8)
Total non-NHS trade invoices paid within target	8,366 (8,506)	173.9 (157.4)
Percentage of non-NHS trade invoices paid within target	95% (96%)	95% (96%)
Total NHS trade invoices paid	452 (401)	3.0 (3.3)
Total NHS trade invoices paid within target	440 (376)	2.9 (3.1)
Percentage of NHS trade invoices paid within target	97% (94%)	98% (95%)

Future financial targets

Background

We worked closely with our funders to reach agreement on the Spending Review 2021 (SR21) settlement, which was in light of significant challenges to our funders being tasked with creating efficiencies across Admin and Programme budgets for ALBs.

This work ran in parallel with our own internal business planning processes to ensure we could deliver on strategic goals set by the organisation and provide continuity of services that we are directed to deliver.

NHSBSA creates significant savings for other parts of the health and care system (over £350m in 2022/23). This was achieved whilst delivering a further £3.4m efficiency savings against NHSBSA operating budgets within the financial year 2022/23. The two main categories of expenditure where these savings were delivered are:

- Staff Costs: The NHSBSA absorbed £2.2m of additional pay award costs through tighter controls around temporary and agency staff and improved productivity.
- Supplier Sourcing and Management: The NHSBSA absorbed contract inflation costs of £1.2m delivered through negotiating 3rd party contracts.

Financial Planning – Our Approach

After successfully delivering efficiencies throughout 2022/23, the NHSBSA Financial Plan for 2023/24 focused on securing the required financial resources to sustainably deliver services we are directed to provide and secure the resulting savings for the health and care system. To this end, we are working closely with HM Treasury who are supporting us to implement their Public Value Framework across the NHSBSA. We believe that the success of this will ensure opportunities for greater efficiencies to help us meet future financial challenges. We are also seeking learnings and sharing ideas by working with other organisations who are implementing the Public Value Framework e.g. House of Commons and UK Government Investments (UKGI).

We maintain a relentless focus on efficiency and effectiveness and delivering Taxpayer Value and continue to undertake excellent engagement with stakeholders to ensure we help develop and drive improvements to the health system; a number of these projects receive direct funding linked to other NHS organisation's strategic ambitions.

Revenue Expenditure Plans

We have agreed Revenue and Capital funding with DHSC sufficient to meet our planned net expenditure for 2023/24.

Pension costs for current staff

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

Hosted services

We provide a range of hosted financial, payroll and HR services to other NHS organisations and DHSC teams. The costs that we incur in providing these services (primarily staff costs) have been included within our operating expenditure, as has the total income contributions received from these organisations to cover costs. For 2022/23 the income received from hosted and managed services was £3 million.

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

Auditor

The Comptroller and Auditor General is appointed by statute to audit the NHSBSA. The audit fee for the year ended 31 March 2023 of £263k is for the audit of these accounts. An additional notional fee of £160k relates to the audit of the NHS Pension Scheme accounts.

1.2.3 Corporate Responsibility

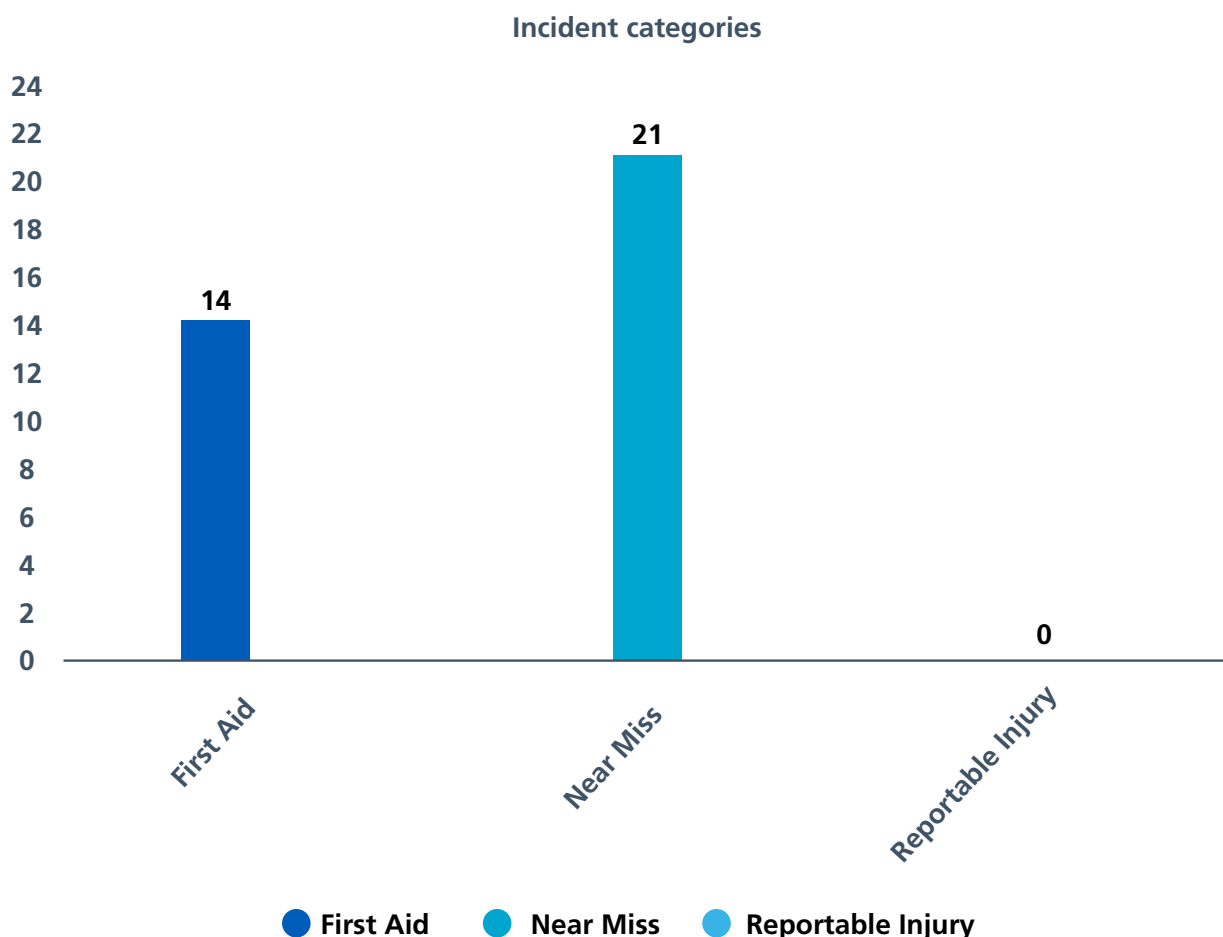
Background

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

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

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

Health and safety



During 2022/23 the NHSBSA had no cases which needed to be reported to the Health and Safety Executive (HSE) under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR). This is exceptional safety performance for a business of our type and size, when compared to published HSE figures. We believe that this is a result of our proactive approach to

health and safety, ensuring all our people are involved, supported and understand their role in how we look after ourselves and those around us.

2022/23 saw us providing a “hold and review” in relation to our COVID-19 pandemic measures. April 2022 marked the ending of all legal restrictions put in place during the COVID-19 pandemic. The Government’s “Living with COVID-19” strategy was introduced, and the majority of the controls implemented across our estate remained in place throughout the year, including the provision of free lateral flow test kits to colleagues.

The Tactical Steering Group (TSG) that managed the business’s approach during the pandemic was scaled back, with fortnightly reviews of business impacts, absence rates and the national COVID-19 status, and was officially stood down in April 2023.

Across 2022/23 the Safety, Health and Environment (SHE) Team continued to support the business with its approach to hybrid working, whilst continuing to further rationalise the estate and adopt new working practices. The business ensured risks were assessed and appropriate arrangements put in place to support colleagues.

Sustainability Reporting and Performance

Environmental sustainability remains one of the key priorities for the NHSBSA and we have continued to maintain our commitment to Net Zero and progress the priorities set out in our Environment Strategy 2022-25. Our approach to Environment was managed and coordinated by our central SHE Team made up of qualified and experienced SHE professionals, including subject-matter experts within the NHSBSA Environment Team. Our activity has continued to be overseen by the Environment Committee which has met on a quarterly basis and is chaired by our Chief Executive and attended by senior management.

Environment Strategy 2022-25: We launched our new Environment Strategy 2022-25, endorsed by our Board, which reaffirms our commitment to environmental sustainability and sets out what we aim to achieve across eleven core priority areas over the next three years. The strategy was informed by industry best practice, requirements of mandatory Government policy and in consultation with key internal and external stakeholders. An annual Environmental Action Plan which details actions we will take against each of our environmental priorities supports the Strategy.

Net Zero target by 2030: During 2022/23, we delivered a range of Estates related environmental improvement schemes. To improve the energy efficiency of our estate the air conditioning has been upgraded in our comms rooms, as well as a roof insulation scheme to reduce heat loss at Hesketh House. At Greenfinch Way an LED lighting scheme has resulted in an 18% reduction in lighting load and a 5% overall reduction in energy use. We have also installed an array of solar photovoltaics (PV) at Greenfinch Way which has provided over £29,000 in annual energy saving. At Stella House we have installed 32 electric charging posts for colleagues to utilise to support the uptake of electric vehicles.



Greenfinch Way Solar Panel Array

Sustainable procurement: The SHE/Commercial Team continue to develop our Sustainable Procurement Plan to reduce our supply chain related impacts and implement the Social Value and Carbon Reduction Public Procurement Notes (PPNs). During 2022/23 the Social Value Model has been embedded thoroughly in our assessment of procurements which introduces requirements and targets for suppliers to improve their environmental performance in accordance with the Model. Government policy continues to focus on the importance of sustainable procurement and the added value that can be achieved through encouraging and mandating suppliers to improve their environmental performance. We have been working collaboratively with wider health and social care organisations to ensure best practice and to further our understanding, we have engaged with Sustainable Procurement colleagues at NHS England to share best practice throughout our Commercial function. An environmental assessment is completed on all procurement over £10k to identify and embed any environmental improvement opportunities or compliance requirements, including compliance with the Government Buying Standards.

Chartered Institute of Procurement and Supply (CIPS) Ethical Procurement Kitemark:

The NHSBSA Commercial Services Team have maintained the CIPS Ethical Procurement Kitemark and ethical practice accreditation, placing us on the CIPS Global Register of Ethical Organisations and ensures we adopt best practice with respect to sustainability throughout our procurement and contract management process.

Procurement of food and catering: The provision of our catering services is provided by our Total Facilities Management Contract and comply with Government Buying Standards for Food and Catering.

Digitisation of our services: We are continuing to modernise and improve how we deliver our services, moving away from traditional paper-based forms and admin-heavy processes. We have continued to develop and transform our services and continue to drive uptake of our digital services to remove waste and paper consumption at source. For example, we continued to engage with NHS organisations to encourage the uptake of electronic payslips and throughout 2022/23 we reached 2.23 million NHS employees receiving electronic payslip through ESR; reducing the number of paper payslips issued. We have also developed a new digital Prescription Prepayment Certificate for hormone replacement therapy (HRT). This system was built with a full digital journey in mind,

resulting in 97% of applications being digital which has reduced paper use and waste at source. Finally, during 2022/23 the Low-Income Scheme digital applications made up 64% of overall applications, a 28% increase from 2021/22. The digitisation of this service has removed the need for 259,000 16 page colour booklets from being printed.

ISO 14001:2015: We have successfully maintained our externally audited, business-wide Environment Management System, recertifying our system during 2022/23. The operation of this standard has many benefits, such as ensuring we have a system in place to manage conformance with compliance obligations and continue to improve our environmental performance. The standard is valued by our external customers and clients and demonstrates our commitment to environmental improvement.

Environment Network: Our Environment Network has continued to engage with colleagues across the business through the delivery of awareness campaigns on different environmental topics. We have continued to engage largely online to improve accessibility; ensuring colleagues are connected nationally and can also advocate at a local level. The lifting of COVID-19 restrictions allowed in person activities to begin again which has enabled activities such as environmental volunteering to commence. This year, we completed National Nature Cleans, which resulted in NHSBSA colleagues cleaning over eighty miles of beaches.

Biodiversity: We have been developing a Biodiversity Plan which sets a clear direction for how we will conserve and enhance biodiversity across our estate. At Stella House, we have replaced the invasive cotoneaster shrub with 1,380 low-level native flora plants of at least twenty species which will provide year-round food and shelter to pollinators and other local wildlife such as small mammals and bird populations.

Sustainable ICT & Digital Services: We have established a sustainable technology working group made up of key stakeholders and senior management representatives across relevant functions to deliver an annual ICT and digital footprint, review technology related waste and assets, and continue to identify opportunities to work alongside our suppliers to drive improvements across each of these areas.

Climate change adaptation: The NHSBSA works closely with each business area to define their Business Impact Analysis and subsequent Business Continuity Plans. Part of this analysis explores any likely cause of disruption, including severe weather and flooding leading to building damage or disruption to transport links, for example. These factors are considered, and plans are tested to ensure that they are robust, and that business continuity and recovery are supported. In addition, the NHSBSA Business Continuity Team is linked into national advisory systems for early indication of severe weather forecasts to enable early planning. Our next steps will be the development of an organisational Climate Change Adaption Strategy across our estate and operations.

Further information can be found in our SHE Annual Report: <https://www.nhsbsa.nhs.uk/what-we-do/safety-health-and-environment>

Table 3: Greenhouse Gas Emissions	2017/18 baseline	2021/22 performance	2022/23 performance	Reduction against baseline year
Target: Reduction in overall greenhouse gas emissions tCO₂e by 44% and direct greenhouse gas emissions reduction from estate and operations by 20% from a 2017/18 baseline by 2024/25				
Total greenhouse gas emissions (GHG) tCO ₂ e	2,643	1,463	1,178	55%
Scope 1 GHG emissions – direct emissions from owned or controlled sources tCO ₂ e	389	545*	336	14%
Gas consumption kWh	1,968,443	2,744,264*	1,760,171	
Oil consumption kWh	N/A	N/A	N/A	
Scope 2 GHG emissions – indirect emissions from generation of purchased electricity consumption tCO ₂ e	1,985	818	678	
Electricity consumption kWh (Standard)	5,162,904	3,852,748	3,506,794	
Electricity from onsite renewables kWh	3,055	51,582	89,475	
Scope 3 GHG emissions – other indirect emissions that occur in NHBSA value chain tCO ₂ e GGCs cover Scope 3 business travel & electricity transmission & distribution only	270	100	164	
Distance travelled by domestic flights km	53,630	0	6,787	87%
GHG emissions from domestic flights	7.58	0	0.88	88%
Distance travelled by international flights km	68,634	0	30,260	
Distance travelled by international business flights (short haul) km	15,309	0	1,408	
Distance travelled by international business flights (long haul) km	53,325	0	28,852	

Table 3: Greenhouse Gas Emissions	2017/18 baseline	2021/22 performance	2022/23 performance	Reduction against baseline year
Target: Meet the Government Fleet Commitment for 25% of the government car fleet to be ultra-low emission vehicles (ULEV) by 31 December 2022, and for 100% of the government car and van fleet to be fully zero emissions at the tailpipe by 31 December 2027				
Fleet percentage categorised as Ultra-Low Emission Vehicle (ULEV).		76%	85%	
Fleet percentage categorised as Zero Emission Vehicle.		60%	73%	

Performance commentary

*Gas consumption increased during 2021/22 due to business policy introduced to ensure appropriate office ventilation during the pandemic aimed at reducing risk of COVID-19 transmission. This increased heating requirements across our office estate.

Table 4: Waste Management	2017/18 baseline	2021/22 performance	2022/23 performance	Reduction against baseline year
Target: Reduce the overall amount of waste generated by 15% from the 2017/18 baseline				
Total waste arising (tonnes)	1,154	682	571	51%
Total waste recycled (tonnes)	981	588	506	
Total ICT waste recycled, reused and recovered externally (tonnes)	0	24	7	
Total waste composted/food waste (tonnes)**	11	9	13	
Total waste incinerated with energy recovery (tonnes)	103	62	52	
Total waste to landfill (tonnes)	59	0	0	
Percentage of waste to landfill	5%	0%	0%	
Percentage of waste recycled	85%	86%	89%	
Reduce the amount of paper used by 50% from a 2017/18 baseline by 2024/25***				
A4 (Reams)	25,218	11,598	12,215	
A3 (Reams)	270	80	1,975	
A5 (Reams)	222	89	160	
A4 Reams Equivalent	25,869	11,802	16,245	37%

Table 4: Waste Management	2017/18 baseline	2021/22 performance	2022/23 performance	Reduction against baseline year
Target: Reduce water consumption by at least 8% from the 2017/18 baseline				
Water use (m ³)	20,090	7,899	7,965	60%

Performance commentary

**We have facilities in place to measure and report on food waste at two out of five sites that offer a food service with over 50 FTE and/or over 500m² floor space. During 2023/24 we will introduce provision to measure and report on food waste at the remaining three sites.

***We have continued to reduce our paper consumption within the business, primarily through the delivery of our service improvement programmes, by providing more digital options and increasing uptake of our digital solutions across many services. Although the digitisation of processes is helping to reduce the amount of paper we use, an increase in the number of letters being sent in the exemption checking service and the transition of a proportion of core printing services reverting to our inhouse printing suite has counteracted some of the savings made.

Table 5: Financial Indicators	2021/22 performance	2022/23 performance
Financial Information		
Gross expenditure on the purchase of energy	£996,181	£1,396,716
Reported areas of Energy: Gas	£98,649	£161,674
Reported areas of Energy: Electricity	£897,531	£1,235,042
Total Expenditure on accredited offset purchases	£0	£0
Total expenditure on official business travel	£116,906	£172,179
Total expenditure on waste	£45,969	£105,667
Total expenditure on waste recycled	£55,266	£96,356
Total expenditure on waste sent to landfill	£0	£0
Total expenditure on composted/food waste	£1,824	£2,033
Total expenditure on waste incinerated with energy recovery	£5,707	£6,436
Total expenditure on ICT waste recycled, reused and recovered (externally)	-£16,828	£842
Paper costs	£25,337	£45,523
Total water cost (including water and sewage costs)	£47,676	£79,718

Note: Reduction against baseline year figures included where required by Government.

Wellbeing, Inclusion and Community Investment

Throughout 2022/23 we've continued to build on our previous successes but we also recognise that the way we work and the needs of colleagues have changed significantly. This has meant creating innovative ways of meeting these needs and has required us to focus on a present and future that is very different from our past.

Our already strong focus and infrastructure on wellbeing and inclusion allowed us to be dynamic in meeting these challenges to make sure our people continued to be supported through change and are equipped to thrive. The strong sense of community and belonging is a fundamental part of what makes the NHSBSA such a great place to work, and our approach to wellbeing and inclusion is integral to that.

Our Wellbeing and Inclusion Networks have continued to support all colleagues across the organisation using technology to deliver more events to more colleagues than ever before. This includes our innovative We CARE cafes, the use of Yammer and MS Teams to connect people, running campaigns in a fresh and vibrant way, providing protected spaces for diverse groups and various wellbeing and inclusion initiatives to support the continued physical and mental wellbeing of all colleagues.

The networks have risen to the challenge of providing support for colleagues during this past year whilst supporting the work on wellbeing and inclusion across the organisation, delivering a wide-ranging programme of events. Our four lived experience colleague networks; BAME, Disability and Neurodiversity, LGBTQ+ and Women have enabled a constant focus on the issues impacting on these equality groups. This was recognised by our LGBTQ+ Network being highly commended by Stonewall in their Workplace Equality Index. Our Domestic Abuse Support, Mental Health First Aid, Menopause Champions and Wellbeing Networks have provided comprehensive support for colleagues.

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


We have continued to have our performance externally assessed in benchmarking and accreditation schemes including; enei's TIDE (Talent, Inclusion and Diversity Evaluation) and Stonewall's Workplace Equality Index. This helps us understand our current performance and how we can continue improving. In 2022/23 we were delighted to be awarded the Gold Standard by enei in TIDE for the fourth year running, in recognition of our performance on diversity and inclusion, and were ranked 1st out of 170 European organisations participating. We also achieved 4th place in Stonewall's Workplace Equality Index out of 403 participating organisations, which was a fantastic achievement for our colleagues. We were the highest ranked NHS organisation and Public Sector organisation in the Index and were also awarded Gold Employer status by Stonewall in recognition of our LGBTQ+ inclusive workplace policies, practices and culture. In addition, we also maintained our Ambassador status in the annual Better Health at Work Awards, in recognition of our wellbeing offer for colleagues and the wide-ranging and proactive support in place. We have also been recognised as a 'Menopause Friendly Workplace' – accredited by Henpicked (a panel of independent menopause experts) in recognition of the support in place for those transitioning and those impacted.

Over 2022/23 we:

- Ensured wellbeing and inclusion considerations were a fundamental part of our People response to the pandemic by continually listening and responding to the different needs of our diverse colleagues.
- Continued to support colleagues from different equality groups, providing them with protected safe spaces to connect and support one another.
- Retained our 'Gold Standard Employer' status in enei's TIDE benchmark for the 4th year running and were ranked 1st out of 170 organisations.
- Ranked 4th out of 403 other organisations in Stonewall's Top 100 Employers index and were the highest ranked NHS and Public Sector organisation.
- Awarded Gold Employer status by Stonewall in recognition of our LGBTQ+ inclusive workplace policies, practices and culture.
- Awarded 'Ambassador' status by the Better Health at Work Awards, for our wellbeing offer.
- Achieved 'Menopause Friendly Workplace' status.
- Provided awareness, learning and support by delivering inclusion events, We CARE cafes and wellbeing awareness sessions provided virtual wellbeing sessions for colleagues including mindfulness, mind management, yoga and good sleep hygiene, delivered by external experts.
- Increased wellbeing and inclusion network visibility and colleague engagement with network activities, with all networks delivering an amazing programme of awareness campaigns and events which more colleagues than ever before engaged with.
- Completed the first cohort of our bespoke Reciprocal Mentoring for Inclusion Programme, a mentoring partnership based on providing learning and development to both partners, to increase knowledge, skill and to achieve our aims relating to inclusion.
- Reviewed our network co-chair model to make sure our co-chairs have the skills, knowledge and opportunities to help their networks thrive and build their own personal development.
- Continued our Shadow Board initiative, a development opportunity for colleagues who aspire to director level positions, with reserved seats for colleagues who identify as BAME, disabled and neurodiverse, LGBTQ+ and women, who also co-chair our lived experience networks. Each Shadow Board member is also sponsored by a Leadership Team member.
- Launched our first cohort of our BAME leadership development programme, a development programme focused on increasing skills and knowledge and providing a placement or practical experience alongside that to support the delegate with their career aspirations.
- Embedded gender and ethnicity diversification of recruitment panels, which requires all panels to be gender balanced and all panels for senior roles to have an ethnicity balance.
- Continued the roll out our 'Let's Talk About Race' programme of e-learning and facilitated team conversations to support learning around race inclusion.
- Developed leadership competence and confidence around disability and mental health completing the delivery of our bespoke programme for all managers.
- Published our Gender Pay Gap report and continued to progress supporting actions aimed at reducing our gender pay gap and increasing the representation of women in senior leadership roles, including a bespoke development programme for female colleagues, in partnership with our Women's Network.
- Continued to support LGBTQ+ equality groups and communities by attending and supporting Pride events and sponsorship of Pride Radio and Gaydio for LGBT History Month.
- Expanded our support for colleagues around menopause by training more colleagues to be Menopause Champions, training managers and running regular menopause cafes.
- Developed a robust approach (including policies, training and support) for managers, colleagues and customer on safeguarding.

- Rolled out guidance, training and support measures for colleagues struggling around the Cost of Living crisis.

Further information including how we have due regard to the Public Sector Equality Duty, our workforce demographics, and specific objectives we have set ourselves in relation to these, is available in our Diversity and Inclusion Annual Report: <https://www.nhsbsa.nhs.uk/our-policies/diversity-and-inclusion>



Michael Brodie CBE

Chief Executive
NHS Business Services Authority
14 December 2023

2. Accountability report

The purpose of the Accountability Report is to meet key accountability requirements to Parliament. It is comprised of three key sections:

- Corporate governance report.
- Remuneration and staff report.
- Parliamentary accountability and audit report.

Corporate governance report – explains the composition and organisation of governance structures and how they support achievement of our objectives.

Remuneration and staff report – provides details of the remuneration and pension interests of senior management.

Parliamentary accountability and audit report – brings together the key Parliamentary accountability documents. It establishes the organisation's compliance with principles relating to supply and Parliamentary control over income and expenditure incurred.



Page 30

Corporate
governance report

Page 54

Remuneration
and staff report

Page 71

Parliamentary
accountability
and audit report

2.1 Corporate governance report

2.1.1 Directors' report

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

Personal data related incidents – The NHSBSA has had one security incident (based on the set NHS Data Security & Protection Toolkit criteria) which required onward reporting to both NHS Digital and the Information Commissioners Office (ICO). The ICO were satisfied with the remediation actions taken.

Communications, Engagement and Consultation – We regularly communicate and engage with our people through several internal communications channels. Our corporate intranet, My Hub, is a central information portal for our colleagues. It provides timely news and information about key campaigns in the organisation as well as updates from board meetings and key diary dates. To supplement this, colleagues receive a weekly news digest which includes news they may have missed on My Hub that week and a regular blog from our Chief Executive.

Our focus for 2022/23 has continued to be around future ways of working, with most colleagues adopting a hybrid approach where

this was able to be offered based on business need. We engaged with our management community to understand what support they needed to manage their teams in a hybrid organisation. We also looked to understand what would enable them and their teams to come back into the workplace for purposeful connections and collaboration. To support this further, our live Q&A sessions provided a forum for questions and thoughts on a headline topic each month. These were answered in the session by the panel which always included our Chief Executive and Executive Director for People and Corporate Services.

Additionally, colleagues' cost of living has been supported through a number of initiatives, including emergency support, backed up by regular, timely communications and online sessions that provided money and energy saving advice.

We often want to talk to our colleagues about new ideas and initiatives. This is undertaken using a variety of methods including team meetings, subject specific workshops, online forums, etc. We work closely with the Trade Unions we recognise, discussing broad matters of common interest at our National Joint Committee, and undertaking formal consultation when needed. Other committees and groups also meet to discuss specific issues, for example health and safety, and diversity and inclusion.

2.1.2 Statement of Accounting Officer's responsibilities

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

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

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

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

- observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards, as set out in the FReM, have been followed and disclosed and explain any material departures in the financial statements

- prepare the financial statements on a going concern basis, unless inappropriate to presume that the NHSBSA will continue in operation
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

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

As Accounting Officer I can confirm that:

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

2.1.3 Annual Governance Statement

Introduction

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

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

Scope of responsibilities

The NHSBSA's Board is accountable for internal control, ensuring that its business is conducted in accordance with the law and proper standards.

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

The purpose of the Governance Framework

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

A significant element of the framework is the system of internal control, which is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies,

aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to:

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

The governance framework and system of internal control have been in place for the year ending 31 March 2023 and up to the date of approval of the annual report and accounts.

NHSBSA Governance Framework

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

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

The Director of People and Corporate Services and Corporate Secretary is responsible for ensuring that all decisions made are legal and comply with the NHSBSA Corporate Governance Framework. The NHSBSA complies with the

Corporate Governance Code for Central Government Departments where it applies to us.

NHSBSA Board

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

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

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

Board membership and responsibilities

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

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

The Board has met nine times up to the end of March 2023 and is responsible for approving the business plan and budget in advance of the financial year. Subsequent reporting is based on an exception principle ensuring that the Board focuses on key issues and utilises its time effectively.

The Board receives regular updates from its standing committees on the business covered, risks identified and actions taken. These updates

are delivered by the non-executive Chair of the respective Committee.

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

- performance against the identified key measures and strategic goals including the current financial position, wider system efficiencies generated and financial benefits as a result of change
- people related issues including absence and recruitment
- customer insight including satisfaction, complaints and contact volumes
- progress against key change projects
- business development pipeline
- corporate risks and issues
- environmental sustainability.




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

The NHSBSA's Senior DHSC Sponsor, Nigel Zaman, attends our Board meetings to ensure members of the Board, in particular non-executive directors, are able to get an understanding of the key stakeholders' views. Further details of our sponsorship arrangement can be found in our Framework Agreement here – <https://www.gov.uk/government/publications/dhsc-and-nhsbsa-framework-agreement>.

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

Table 6 shows the number of meetings attended by Board members during the financial year and also highlights their declared business interests.

Table 6: Board members

Board member	Meetings attended	Register of interests
 <p>Non-executive Chair: Sue Douthwaite</p>	<p>9 of 9</p>	<p>Non-Executive Director (Audit & Compliance Committee, Risk Committee and Remuneration & Nominations Committee member), Melton Building Society Chair, Nexa Finance Ltd Non-Executive Director, British Business Investments Ltd Board Advisor, Medtech Director, Apricus Consultancy Ltd Chair of International Advisory Board, Queens University Belfast Management School Banco Santander SA, shareholder Virgin Money, shareholder Board Advisor, Physio Medics Ltd (until 31 October 2022) Member of International Advisory Board, Sheffield University Management School (until 31 July 2022)</p>
 <p>Non-executive: Debra Bailey</p>	<p>6 of 9</p>	<p>Chief Information Officer, Royal Mail Telefonica, shareholder BT, shareholder Barclays Bank, shareholder</p>
 <p>Non-executive, Chair of Audit and Risk Management Committee: Kathryn Gillatt</p>	<p>8 of 9</p>	<p>Independent Chair of Audit and Risk Committee, Nottingham CityCare Partnership CIC Ltd. Pavegen, shareholder Severn Trent, shareholder Saga, shareholder</p>

Board member		Meetings attended	Register of interests
	Non-executive: Karen Seth	7 of 9	People Director, Canal and River Trust Trustee, Reuben's Retreat Trustee, Charlesworth WI
	Non-executive, Chair of Remuneration and Nominations Committee (from 1 January 2023), Senior Independent Director (from 1 January 2023): Mel Tomlin	9 of 9	Director and Consultant, North Star Products and Services Ltd Trustee, Rowland Hill Fund Royal Mail, shareholder
	Non-executive, Chair of Remuneration and Nominations Committee, Senior Independent Director: Mark Ellerby (until 31 December 2022)	5 of 7	Syncona, shareholder Unilever, shareholder Vodafone, shareholder Lloyds Bank, shareholder
	Chief Executive: Michael Brodie CBE	9 of 9	Member of Council, Chartered Institute of Public Finance and Accountancy (CIPFA) Chair of Sustainability Forum, Chartered Institute of Public Finance and Accountancy (CIPFA) Member of Oversight Board and Chair of Audit and Risk Committee, National Infrastructure Commission Trustee, Community Foundation (Tyne and Wear and Northumberland)
	Executive Director of People and Corporate Services: Mark Dibble	9 of 9	Director, Personal Development Academy Ltd Trustee, Blue Cabin

Board member		Meetings attended	Register of interests
	Executive Director of Finance, Commercial Services and Estates: Andy McKinlay	8 of 9	Parent Governor, Allerton Grange High School Trustee, Shadwell Recreation Centre
	Executive Director of Strategy, Performance, Business Development and Growth: Allison Newell	9 of 9	Nothing declared
	Chief Operating Officer: Brendan Brown (Board member from 1 September 2022)	6 of 6	Independent Monitoring Board Member, HMP Kirklevington Grange
	Chief Digital, Data and Technology Officer: Darren Curry (Board member from 1 September 2022)	6 of 6	Co-opted Member of Audit Committee, Gateshead College

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

NHSBSA Board review of effectiveness

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

The 2022/23 review was undertaken by an independent reviewer and included interviews with Board members and the DHSC Sponsor, and independent observation of the Board meeting.

The NHSBSA undertakes such a review annually. The results of the 2022/23 review indicated the Board continued to be highly effective and this was consistent with the 2021/22 result. High scores were registered across all the survey areas including 'Board Skills', 'Board Behaviours', 'Board Decision Making', 'Board Processes', 'Strategy' and 'Stakeholders'.

The Board accepted the results of the review and agreed to continue to monitor effectiveness over the coming year. The members recognised that the Board would continue to evolve following the appointment of a new Chair and discussed areas of continued development including the approach to succession planning, engagement with business areas outside of Board meetings, the ongoing focus on ensuring an appropriate balance of Board agenda items to maximise the efficiency and effectiveness of meetings, and the importance of continuing to engage with key stakeholders.

During 2022/23, the Board continued to operate within its governance framework and codes of conduct. Furthermore, the NHSBSA has:

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

internal audit recommendations are addressed appropriately.

Audit and Risk Management Committee

The Committee is chaired by a non-executive director and has met five times during 2022/23.

Membership of this Committee is made up of three non-executive directors including the Chair, one of whom is required to have recent and relevant financial experience. Kathryn Gillatt provides this experience and chairs the Committee. The NHSBSA Chair also regularly attends the Committee.

There is a requirement for regular attendance from the Director of Finance, Commercial Services and Estates, and representatives from both internal and external audit. The Chief Executive and Accounting Officer also attends the meeting, including specifically to discuss the assurance processes which support the production of the Annual Report and Accounts. Other staff are invited to attend meetings as appropriate. (Table 7).

Table 7: Audit and Risk Management Committee	Meetings attended
Non-executive directors:	
Kathryn Gillatt (Chair of Committee)	5 of 5
Debra Bailey	4 of 5
Mel Tomlin	5 of 5
Executive directors:	
Michael Brodie (Chief Executive)	5 of 5
Mark Dibble (Executive Director of People and Corporate Services)	5 of 5
Andy McKinlay (Executive Director of Finance, Commercial Services and Estates)	4 of 5

The Committee is responsible for providing the Board with an independent and objective view of the adequacy and effectiveness of the NHSBSA's governance and assurance arrangements, including the governance framework, risk management, controls and related assurances.

Updates are provided to the Board following each meeting and subsequent Board meetings receive copies of the confirmed minutes. An annual report is submitted to the Board which summarises the work undertaken by the Committee during the previous year. In addition, the Committee receives an annual review of the NHSBSA Risk Management Framework, and this concluded that the framework was effective and fit-for-purpose.

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

- monitoring financial governance and reviewing the draft financial statements reviewing the effectiveness of internal controls
- monitoring the effectiveness of risk management controls
- monitoring the effectiveness of fraud, bribery and security management
- monitoring the effectiveness of information governance and security arrangements
- monitoring the effectiveness of Speaking Up/ Whistleblowing arrangements

- seeking assurance regarding the control environment, including via the work of internal and external audit
- reviewing the effectiveness of internal audit arrangements.

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

Audit and Risk Management Committee review of effectiveness

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

Remuneration and Nominations Committee

The Remuneration and Nominations Committee is a standing committee of the Board and comprises three non-executive directors, one of whom chairs the Committee. The Chief Executive and/or other executive directors attend these meetings on an ‘as required’ basis (Table 8).

Table 8: Remuneration and Nominations Committee	Meetings attended
Non-executive directors:	
Mark Ellerby (Chair of Committee until 31 December 2022)	3 of 3
Sue Douthwaite (Chair of Board)	4 of 4
Karen Seth	4 of 4
Mel Tomlin (Chair of Committee from 1 January 2023)	1 of 1
Executive directors (specific meetings/items):	
Michael Brodie (Chief Executive)	4 of 4
Mark Dibble (Director of People and Corporate Services)	4 of 4

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

- determine the terms of service, remuneration and other benefits of the executive team and any other relevant employees, in accordance with the NHS Executive and Senior Managers Pay Framework and other relevant guidance issued by DHSC
- monitor systems to evaluate the performance of relevant employees
- oversee contractual arrangements for relevant employees
- nominate candidates for appointment as officer members of the Board
- monitor succession planning arrangements
- support the process operated by the DHSC for the appointment (or proposed reappointment) of the Chair or non-executive members of the Board.

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

Remuneration and Nominations Committee review of effectiveness

The Committee reviewed its effectiveness during 2022/23 using a survey sent to each member and regular attendee. Overall, the results were positive and confirmed the effectiveness of the Committee. The Committee agreed to continue to focus on succession and contingency planning, recognising the good progress already made in this area.

Terms of Reference

The full terms of reference for both of these Committees can be found in the NHSBSA's Corporate Governance Framework which is published on the NHSBSA website: <https://www.nhsbsa.nhs.uk/our-policies/governance-framework>

NHSBSA sponsorship arrangements

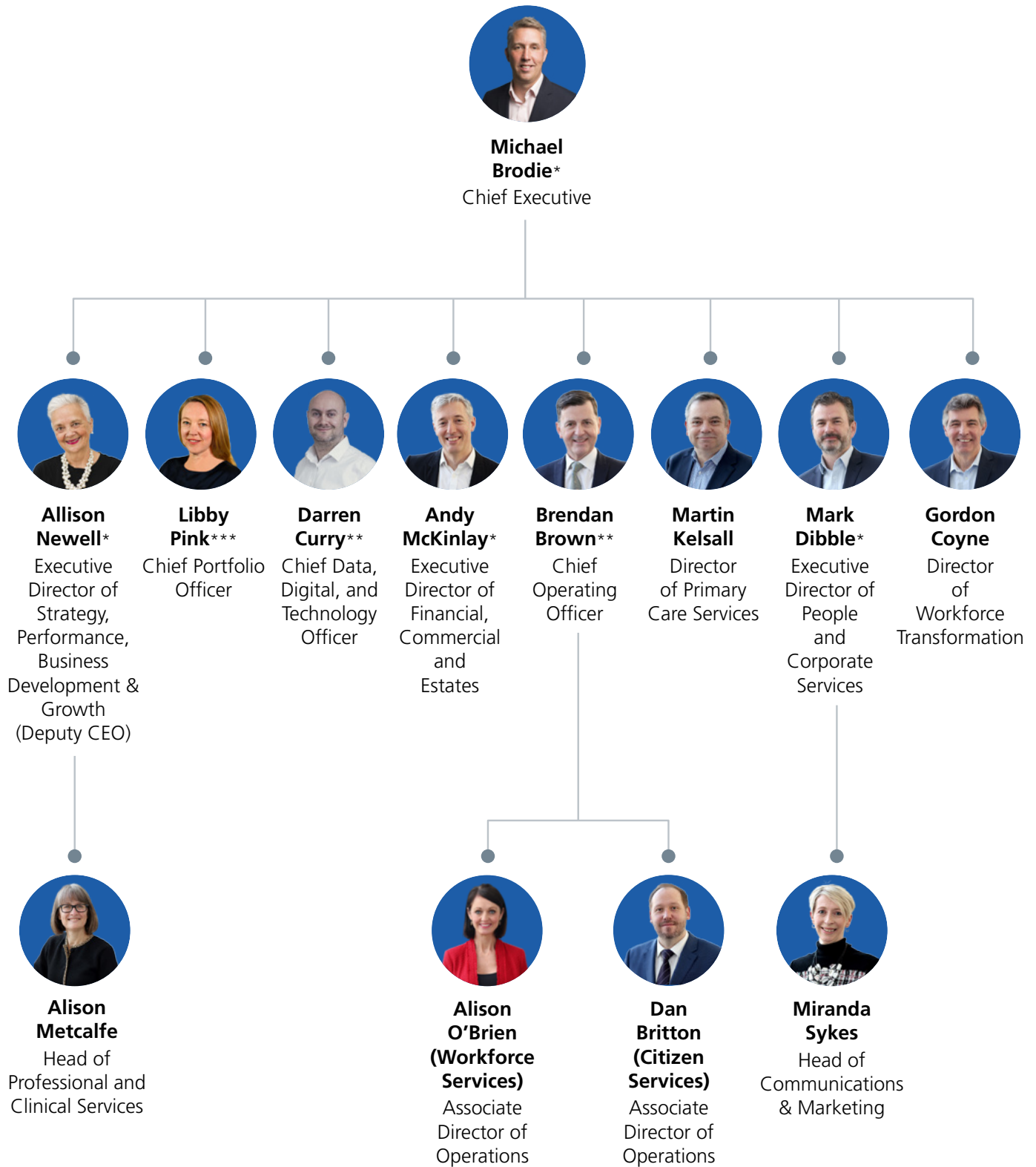
The NHSBSA manages a complex range of business activities on behalf of the DHSC. Accountability arrangements with the Department comprise an overall Senior Departmental Sponsor, with individual sponsors providing policy direction for each core service stream. Arrangements are aligned to the DHSC Accounting Officer System Statement requirements.

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

NHSBSA management

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

NHSBSA Leadership Team



* Board members.

** Board members from 1 September 2022.

*** Nick O'Reilly until 1 January 2023, Libby Pink from 20 June 2023.

Key governance systems

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

- Risk management.
- Assurance.
- Managing information.

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

Risk management

Risk appetite – Risk appetite can be defined as the amount of risk that an organisation is willing to seek or accept in the pursuit of its long term objectives. The NHSBSA Board review and agree the organisation's Risk Appetite Statement annually. This was last reviewed in March 2023, setting appetite levels for key areas. The NHSBSA's aim is to seek to terminate, treat, tolerate or transfer risks as appropriate to ensure that it meets its objectives.

Process – The NHSBSA Risk Management Framework comprises:

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

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

- Services/Corporate Teams – Risks and issues are managed on an ongoing basis as part of business-as-usual, with registers owned and managed by the Head of Service.
- Project/Programme – Risks are reviewed and managed by Project Managers as part of the project governance process. Significant risks

and issues are escalated to the Programme Manager and Portfolio Board.

- Corporate – Each quarter the Leadership Team review the top-level Corporate Risk Register. This review is informed by collated versions of team and project risk registers, and a paper produced by the NHSBSA Risk Management Group. The Leadership Team is also free to identify further risks and issues at this meeting.
- Audit and Risk Management Committee – The Committee receives updates on the work undertaken in the area of risk and issue management. The Committee also receives a copy of the Corporate Risk Register, and 'Areas of Focus' presentations on specific risk/issue areas. This process enables the Committee to provide assurances to the Board that appropriate risk management processes are in place and risk mitigation is taking place.
- NHSBSA Board – The Board receives an overview of the Corporate Risk Register and update reports from the Audit and Risk Management Committee. The Board also periodically undertakes a full Risk Review and review of the NHSBSA Risk Appetite.

Significant risks and issues

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

Risks and issues managed and closed in year (2022/23)

Contact Centre Recruitment

As a result of the way people work post-pandemic and increased national competition for jobs, it has become increasingly difficult to attract, recruit and retain frontline agents within the contact centre putting service delivery KPIs and service quality at risk.

Service management teams, alongside our central People Team, have worked on a range of mitigation actions to address this risk, including working closely with our recruitment suppliers, streamlining our internal recruitment processes,

broadening the reach of our recruitment, and ensuring that the business continues to be an attractive proposition for new and existing colleagues.

Our Customer and Contact Services have also partnered with an outsourcing supplier to support recruitment and deliver aspects of our current service portfolio. This has allowed flexibility to run parallel recruitment campaigns and mitigate risks of unexpected attrition and growth in contact volumes.

Delivery of Change

As a result of increased demand for our services and capabilities from DHSC and other stakeholders in the health and care system, coupled with resource constraints, there was a risk that our change portfolio became overloaded, which may have resulted in issues in delivering new services, delivering service improvements, impact on our people, and reputational damage.

In response to this risk the Leadership Team sponsored our Internal Auditors to undertake a review of the business's approach to portfolio management. Key recommendations from this audit were implemented, including having a dedicated Chief Portfolio Officer.

Further actions to mitigate the risk have commenced and include a focus on proactive recruitment based on the change pipeline, increased capacity within the Portfolio Team, and increased focus on the development of relationships and joint working with our commissioners to ensure a shared understanding of required lead times and any resource constraints.

Pensions Awards Increase – KPI Failure

Due to a 35% increase in Pensions awards payable in April 2022 in comparison with the previous year and an increase in manual calculations due to the McCloud changes (due to the changes required in response to the Court of Appeal ruling known as the McCloud judgement), KPIs for Pensions awards were below

the target of 99.5% from May 2022. A remedial action plan was created and delivered which recovered the KPI in October 2022. The corporate issue was closed once the KPI had recovered with specific service KPIs continuing to be monitored and managed on the service risk register.

COVID-19/Pandemic

Following the closure of the COVID-19 Issue during 2021/22, the Leadership Team agreed to continue to monitor the risks posed in the event of either a resurgence of COVID-19 or another pandemic event during 2022/23. The business continuity measures introduced during the COVID-19 pandemic increased the business's resilience and readiness for such future events and have been embedded in the Business Continuity Plans maintained by each service area. Therefore, the decision was made to close the risk on the Corporate Risk Register at the end of March 2023.

National Energy Supply Issues

Due to the ongoing energy supply issues across the country, a risk was identified that NHSBSA activities could be impacted if power supplies were disrupted. To mitigate this risk, business continuity plans were reviewed, and following a period of monitoring, the Leadership Team agreed that the risk on the Corporate Risk Register would be closed at the end of March 2023.

Current Risks and issues

Colleague Attraction and Recruitment

As a result of changes to the way people can work post-pandemic and increased national competition, there is a risk that the required volume and quality of colleagues cannot be achieved across many areas of the organisation, which may impact on our ability to achieve current service KPIs, issues in delivering new services, increased pressure on our people, and damage to our reputation.

To mitigate this risk, the Talent Acquisition (TA) Team have continued to collaborate with

the business to work on a range of actions to address the risk, including developing our Employee Value Proposition to support the attraction of talent to the business, TA partnering with the business to support the sourcing of candidates, development of our external careers microsite and streamlining our internal recruitment processes. We will continue to focus on monitoring, managing and reducing the potential probability and impact of this risk during 2023/24.

Information Security

The volumes and sensitivity of data we hold means the Leadership Team and Board have purposefully continued to closely monitor the organisation's approach to information and cyber security. Ongoing benchmarking against best practice standards and scrutiny by the Audit and Risk Management Committee ensures the risk is managed as threats continue to evolve on a day-by-day basis. Improvements are also being made as part of the Information Security Management System (ISMS) programme which is aligned to the requirements of ISO27001 – with the business continuing to maintain external certification during 2022/23, and via the rolling cyber security improvement project.

Funding

Ahead of the year 2022/23 the business worked closely with its funders having submitted Spending Review and Planning returns in Summer/Winter 2021 to establish the funding required to deliver our Business Plan.

The business has and continues to work closely with the DHSC Sponsor team and Finance team, implementing additional reporting and assurance forums. This has enabled the NHSBSA to ensure that any funding gaps identified are addressed with sponsors, enabling the delivery of services within financial resource limits.

Alongside routine monitoring and reporting the NHSBSA has delivered the business planning process for 2023/24, capturing service pressures, service improvements, new services transferring

into the NHSBSA and any efficiencies. These have formed the basis of the request to funders.

Whilst the above helps to mitigate the risk of a funding shortfall, the current economic backdrop and challenging government finances continue to create a risk that funding may not be sufficient to deliver services in full.

Public Sector Pensions Ruling

Within the three projects aligned to the McCloud Public Sector Pensions ruling the business has successfully delivered a number of Reforms in the last twelve months aligned to the transition of members from the old legacy schemes to the reformed schemes, alongside delivering changes to the member contributions tiers in October 2022 and Pensionable Re-Employment for 1995 scheme members from 1 April 2023.

In addition to the three existing projects DHSC/ NHSBSA have now instigated a fourth project to deal solely with the Compensation elements aligned to McCloud.

The business has completed significant volumes of communications with members and employers including direct mailing to all eligible members (2.1m direct mailings) advising them of the changes delivered to date.

There has been some significant increase in the scope of the work commissioned by DHSC for the Reform element of McCloud which has caused some deferment of work on the Remedy aspects of the programme. The business continues to amend proposed delivery timelines and liaise with DHSC to ensure the NHSBSA has approval for the proposed delivery intent. The business commenced Remedy work in late 2023 and will continue to assess the chronology of delivery for all aspects of McCloud delivery in partnership with commissioners and senior stakeholders, whilst continuing to monitor and manage the risk of administration work growing beyond planned capacity.

Significant Fraud

Risks related to specific potential fraud activity have always been logged, monitored and managed on Service Risk Registers. In early 2022/23 the Leadership Team agreed to also log this as a high-level risk on their Corporate Risk Register to help ensure its visibility and to underline its importance at the highest level of the organisation – recognising and logging the business-wide work delivered each year in relation to fraud detection and prevention.

The NHSBSA have a three-year Loss and Fraud Prevention Strategy which includes the delivery of an annual workplan, producing Fraud Risk Assessments for all services within the NHSBSA and monitoring the risks identified, as well as utilising data and technology to reduce or where possible eradicate risk.

The NHSBSA are participating in the design and delivery of the NHS Counter Fraud Workplan 2023/24 which is a system wide plan to tackle fraud across the health sector and continue their participation in the Cabinet Office National Fraud Initiative (NFI).

Suitability of Directions

One of the NHSBSA's strategic goals is to maximise the return on data to improve health outcomes through collaboration with other organisations and the analysis of data collected across the organisation. The delivery of this goal is dependent upon an appropriate governance framework and Directions aligned to this aspiration, specifically in relation to the use of data and subsequent analysis.

During 2022/23, the NHSBSA and DHSC working group has continued to meet regularly to progress Directions for Workforce Services. The working group are also considering other areas of priority, such as Health Exemption Services and Prescription Services, which will be progressed during 2023/24. With the support of the DHSC Sponsor Team, data use will continue to be considered when drafting new Directions to ensure the powers needed are in place from the point NHSBSA takes on a service.

An assessment of the impact of these mitigation actions will undertaken during 2023/24.

Risks and issues – Post 2022/23

Due to the delay in the publication of the 2022/23 Annual Report and Accounts, the following is provided to give an overview of any significant changes to the Corporate Risk Register up to the point of publication:

Asset Management

Following on from the 2019/20 and 2020/21 Annual Accounts audit work, our auditors proposed a number of improvements to the organisation's asset management arrangements. We refreshed job roles and responsibilities and recruited where we had gaps in skills and capabilities. This ensured that we have a continued focus on compliance and assurance. We also continued to share the learnings from the audit process across the organisation through our finance training for budget managers.

The audit of the 2021/22 accounts, and the removal of the qualification relating to the valuation of a selection of intangible assets from the closing position, provided assurance to the business on the effectiveness of the controls implemented, and this issue was closed on the Corporate Risk Register.

Employee Industrial Action

Following a ballot by Unions during 2022/23, industrial action commenced in a number of NHS organisations. A risk was identified around the potential for NHSBSA colleagues to also take industrial action following the Union ballot. The ballot undertaken within the NHSBSA did not meet the criteria to enable colleagues to take industrial action. Also, business continuity plans were in place for all NHSBSA services and would be initiated if required.

Discussions with the Trade Unions regarding the NHS Pay Deal began in March 2023 and a subsequent offer accepted, leading to the closure of the risk.

Serious Shortage Protocols

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

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

The NHSBSA's mitigation for this risk was that DHSC had agreed to limit the volume to 250k items per month. This was the maximum number of additional transactions the business could comfortably process at short notice. This was an approximation and determining the exact volume of a medicine or appliances that would be prescribed in a future month could not be guaranteed. Therefore, there was a risk that volumes of SSP items exceeded resources. If this occurred, the business had an agreed position with DHSC that it would retrospectively process these adjustments in bulk. This would have ensured accurate payment, but would have impacted the accuracy of prescribing data, with a potential impact on our broader social value work.

To mitigate this risk, system development was undertaken by both system suppliers and the NHSBSA to automate the process. 95% of all SSP's are now automated and only vaccines require manual intervention, which are prescribed in such low volumes, that this risk was closed in mid-2023.

Spend Control Delays – External

Significant time delays to external Professional Services, Consultancy and Contingent Labour Spend control approvals continued to impact the business during 2022/23, specifically in relation to causing delays to key programmes, increased pressure on the existing workforce and increased reliance on recruitment in a challenging national

environment. The business continued to engage with the DHSC to keep them updated on the specific impacts this was having on services and commissioned work.

Following the receipt of written confirmation of the remaining controls from DHSC in mid-2023, the business has implemented planning guidance and processes aligned to mandated requirements, and the issue was closed in mid-2023.

Assurance arrangements

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

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

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

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

The Audit and Risk Management Committee has continued a programme of 'Areas of Focus' exercises to assure itself on behalf of the Board regarding the robustness of controls. During 2022/23 exercises were carried out in the following areas:

ESR Transformation Programme – The Committee received reports at two of its meetings on the delivery of the ESR

Transformation Programme. The Committee also received an update on the Gate 2 Infrastructure Projects Authority review of the Programme providing assurance on the ongoing delivery and governance arrangements in place.

Systems Debt – The Committee received reports at three of its meetings on the work being undertaken to address systems debt across the NHSBSA. The Committee received assurance on the approach being taken to the assessment and management of key systems across the business to ensure ongoing delivery of our services.

Change Portfolio – The Committee started to receive a new regular report on the NHSBSA Change Portfolio during 2022/23, ensuring oversight of the arrangements in place to ensure the prioritisation and delivery of the key projects and programmes.

Pensions Legal Rulings – The Committee received an update on the legislative changes expected to impact the NHS Pension Scheme, alongside the work being undertaken by the NHSBSA to implement Scheme changes to meet the new legislation.

The Committee has gained an increased awareness over the assurances in place for each of the areas reviewed. The assurance provided by these reports constitute the key report highlights from the committee during 2022/23.

Third party assurance

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

For 2022/23, the ISAE 3402 report for Student Bursaries received an unmodified opinion. The Dental, Prescription and ESR reports were qualified, however there were no findings relating to the accuracy of any financial transactions, and actions have been implemented by management to address the findings.

This was the first year that the Vaccine payment process was included in the engagement and was therefore subject to an initial 'Type 1' review. Qualification issues were identified, and the service team will take the recommendations forward with commissioners in preparation for the full 2023/24 audit.

Managing information

During 2022/23 the NHSBSA has maintained its approach to handling information efficiently and securely. Each year, the NHSBSA undertakes the NHS-wide Data Security & Protection Toolkit (DSPT) which is based on the National Data Guardian's ten data security standards. Our return was submitted at the end of June 2023.

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

877 security incidents were raised during 2022/23. Upon investigation and risk assessment (based on the set DSPT criteria) one incident required onward reporting to both NHS Digital and the Information Commissioners Office (ICO). The ICO were satisfied with the remediation actions taken.

In the course of the NHSBSA's business, information is held and used about members of the public and NHS colleagues. Some of this information is of a personal and sensitive nature and as a consequence stringent controls are in place to ensure the security of this information.

Issues relating to information security within the NHSBSA are coordinated by the Business Information Security Group (BISG) which is chaired by the Executive Director of People and Corporate Services who holds the position of

Senior Information Risk Owner (SIRO). The remit of the SIRO is to take ownership of the NHSBSA's information security policy, act as advocate for information risk to the Board and provide written advice to the Accounting Officer on the content of the Annual Governance Statement with regard to information risk.

Data protection and freedom of information

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

During 2022/23 we have dealt with:

- 524 Data Subject Rights requests – a 31% increase on the previous year. All but 59 were responded to within the required timeframe.
- 551 FOI requests – a 16% increase on the previous year. All but 25 were responded to within the required timeframe.

The root causes for these exceptions have been identified and corrective action taken to avoid a recurrence. There are no trends that would give rise to any particular cause for concern.

Whistleblowing and Freedom to Speak Up (FTSU)

During 2022/23 the NHSBSA continued to embed and improve a 'Freedom to Speak Up' approach across the organisation. This includes a FTSU Policy aligned to the updated NHS England National Policy, a FTSU Strategy and Improvement Plan, a FTSU Guardian role, training and awareness plans and formalised Executive (Mark Dibble) and Non-executive (Karen Seth) lead roles (Mel Tomlin from 14 September 2023).

FTSU Champions are also in place across the business, made up of colleagues from a diverse range of backgrounds, locations and services. This has further improved understanding and take-up of FTSU across the business.

Oversight of the agenda was provided by a FTSU Network, and regular reports were provided to the Board aligned to National Guardian's Office guidance.

During 2022/23 eleven cases were raised and addressed via the FTSU Guardian. Feedback received from colleagues raising issues was positive in relation to the action taken and support received. Volumes and themes of cases will continue to be monitored as further communication campaigns and other initiatives are rolled.

Government Functional Standards

Government Functional Standards set expectations for the management of functional work and the functional model across government, and Government Functions are positioning these standards as the primary reference documents for improved and consistent ways of working. They help organisations achieve their objectives more effectively and efficiently and help accounting officers fulfil their duties.

The NHSBSA conducts an annual review of compliance with Government Functional Standards which is managed centrally by the Corporate Governance team. The review is undertaken in August each year, as part of an annual review of the Corporate Governance Framework.

The review process involves:

- engaging with the business lead responsible for the implementation of the standards to assess the current level of compliance
- gathering evidence of self-assessment (or formal assessment) against the standards and the outcomes
- recording actions that will be taken to further embed requirements.

For 2022/23, the business is fully implementing the majority of mandatory elements and continues to review and use the standards to drive ongoing continuous improvement.

Health inequalities

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

Handling Complaints

Our aim continues to be to resolve complaints fairly and promptly within our policy and we continue to view complaints as an opportunity to learn about how we can improve our services. We pride ourselves on the level of customer service we provide to our customers and other service users, and this continues to be of high importance to us.

During 2022/23 we onboarded three new services – NHS Healthy Start, the Vaccine Damage Payment Scheme and the UK Global Health Insurance Card (GHIC) and we have developed our internal knowledge to help support and effectively manage complaints in these areas.

We have reviewed our processes and customer journeys and benchmarked them against the Parliamentary and Health Service Ombudsman standards. This has provided us with increased confidence in our complaints handling approach.

As we continue to build on our services, we enable our customers to use more self-service options and our skilled agents are trained to guide them through our processes.

During the 2022/23 period 9,310 complaints were resolved. 87.1% were locally resolved at the first stage of the complaints process with 4.2% escalating to Stage 1, 1.2% to Stage 2 and 5.2% were MP correspondence. 90.8% of all complaints resolved are reported as not upheld.

Further work has been carried out to align our complaints reporting to include all areas of the business to gain consistency and transparency and give us an overview of complaints as a whole. This will provide insight to further drive forward any improvements.

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

Sources of assurance

Audit and Risk Management Committee

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

The following is a list of the key reports:

- NHSBSA Annual Report and Accounts and NHS Pension Scheme Annual Report and Accounts.
- Risk Management updates – setting out and assessing the major risks and issues that we face along with progress and impact of mitigation actions.
- Annual Risk Management report – outlining how our risk management arrangements have continued to operate during the year and how they have been reviewed and strengthened.
- Assurance Map review – annual review of the assurance mapping arrangements in place across the business.

- Areas of Focus presentations – looking at high-risk areas, or other topics highlighted, for example, through internal audits, assurance maps, etc.
- Internal Audit progress report – regular progress reports on the work undertaken by Internal Audit against the agreed plan.
- External Audit reports – regular progress reports on the work undertaken by External Audit.
- Internal/External Audit recommendations tracker – updates on progress made across the NHSBSA implementing audit recommendations.
- Fraud/Bribery/Local Security Management annual reports – reports detailing the work undertaken during the year mapped against the agreed work plans.
- Freedom to Speak Up (Whistleblowing) update report – updates on activity across the business each year.
- Senior Independent Risk Owner (SIRO) report – providing an overview of information security, business continuity, information governance and cyber security.
- Third Party Assurance reports – the outcome of the third party assurance engagements undertaken to review the control environment covering prescription, dental, vaccines and student bursary payments, and ESR. The outcome of these engagements is shared with clients, as appropriate, to provide third party assurance for the services we provide on their behalf.
- being available to support managers and staff with improvements to internal controls
- considering the application of risk management and control in reviews of key systems and processes
- advising management on the potential internal control implications of business change.

The HIA agrees an Internal Audit Plan at the start of each year with the Accounting Officer and Audit and Risk Management Committee. The Plan is updated throughout the year to reflect any changes in risk and priorities. The HIA submits regular reports to Audit and Risk Management Committee during the year, including an update on the timely implementation of management actions arising from audit recommendations. NHSBSA provides evidence to GIAA to demonstrate that actions are implemented effectively. During 2022/23, 75 recommendations were made across the fifteen assurance engagements. 22 of those recommendations were closed in year. The remaining 53 recommendations were not yet due, with zero overdue.

GIAA gave a Moderate assurance opinion (in a range of Unsatisfactory, Limited, Moderate and Substantial) to the Accounting Officer that the NHSBSA had adequate and effective systems of governance, risk management and internal controls in place for the reporting year 2022/23. This was consistent with that provided for 2021/22.

The 2022/23 programme of work covered fifteen areas, comprising of fourteen assurance engagements and one advisory review. During the year, as part of in-year prioritisation of work, one review was added to the plan, two reviews were deleted as a result of the changing operational landscape and three were deferred and have been incorporated into the 2023/24 programme.

There was a positive spread of assurance ratings covering both the design and application of governance, risk management, and internal

Head of Internal Audit Opinion

Internal audit services for NHSBSA are provided by the Government Internal Audit Agency (GIAA). The Head of Internal Audit (HIA) and his GIAA team operate to Public Sector Internal Audit Standards.

GIAA reviews the overall adequacy and effectiveness of governance, risk management and internal controls, by:

- focusing audit activity on the key business risks

control disciplines across the organisation. Notably, no audits received a Limited assurance opinion during the year. Four audits received a Substantial assurance rating and ten received a Moderate assurance rating.

GIAA considered four themes in the delivery of the 2022/23 Audit Plan:

1. On reliance on third parties and suppliers supporting and delivering key elements of NHSBSA services:

In its review of end-to-end debt management, GIAA noted the dependency on third parties in providing timely notification of changes to circumstances to reduce the risk of overpayments. It noted the engagement work NHSBSA has done with Higher Education Institutes (HEIs) to mitigate this risk. In the area of Overseas Healthcare (Immigration Health Surcharge) GIAA noted that KPIs report the end-to-end customer journey but do not show the NHSBSA performance as part of a wider system. NHSBSA provided further support to ensure that expected service standards are maintained on a consistent basis. On Facilities Management, a change of service providers slowed the ability to implement an optimised service.

2. On developing and delivering new and enhanced services:

GIAA found in most instances that the NHSBSA approach to introducing new services or enhancing existing services was proportionate and effective. With the Vaccine Damage Payment Scheme, the customer journey has been digitised alongside streamlining of the paper application process. With the Overseas Healthcare (Immigration Health Surcharge), individual elements making up the scheme were well designed to deliver a quality service. For the England Infected Blood Support Scheme, GIAA noted that NHSBSA successfully mobilised a project to mobilise and implement interim payments (as recommended by Sir Robert Francis's Inquiry) to challenging timeframes. On NHS Pensions, GIAA reviewed the NHSBSA's remediation plans to tackling the limited

instances of duplicate payments, including steps to mitigate further risk exposure. On Exemption Checking Services, GIAA observed enhancements to the services and improved performance in line with anticipated benefits.

3. On core corporate functions:

GIAA's review of several core corporate functions included statutory responsibilities and provisions for Directions, with supporting Service Level Agreements and Memoranda of Understanding monitored using comprehensive detailed trackers. Conflict of Interest (COI) policy and supporting operational processes were working well. GIAA found effective support to operational areas on improving fraud and loss prevention risk management, with evidence of actions taken to drive greater consistency and embedding good practice across a complex service delivery environment. GIAA noted a consistent approach supported by guidance to end-to-end debt management, with robust debt recovery procedures in place.

GIAA revisited the processes for Due Diligence and Portfolio Management and found that there had been improvements, with governance arrangements being defined clearly, and interfaces between key functional groups generally working well.

4. On Digital, Data and Technology:

GIAA considered the arrangements for bringing together digital, data and technology functions under a common management structure. It looked at the risk management framework being put in place to approach systems debt and the strategy to tackle identified issues in accordance with the roadmap for decommissioning legacy technology. GIAA looked at IT support cost modelling, including the financial monitoring in place to ensure that cloud-based services are managed effectively. Finally on IT incident management processes, GIAA noted good practice on monitoring incidents and lessons learned exercises.

Other sources of assurance

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

- Risk Management Process – see Risk Management section.
- Performance Management Framework – reviewed by the Leadership Team on a monthly basis and by the Board at each meeting. The framework provides a balanced scorecard approach covering the key areas of performance.
- Wellbeing and Inclusion Committee – controls are in place to ensure that all of our obligations under equality, diversity and human rights legislation are adhered to. The Wellbeing and Inclusion Committee, which is chaired by the Chief Executive, monitors performance against our Diversity and Inclusion Strategy and achievement of our equality objectives. It also oversees the delivery of our wellbeing and community investment goals.
- Statutory Function Register – a register which details the current Statutory Instruments, Directions and other applicable agreements is maintained to ensure correct arrangements are in place, and the NHSBSA is legally compliant in discharging its duties.
- NHS Pension Scheme – as an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.
- National Joint Safety, Health and Environment (SHE) Committee – controls are in place to ensure that we comply with relevant health and safety, and environmental law and good practice. The National Joint SHE Committee, which is chaired by the Executive Director of People and Corporate Services, monitors performance against our Health and Safety

Strategy and Action Plan, and Environment Strategy and Action Plan.

- Clinical Governance Oversight Committee – provides review and assurance of the NHSBSA's arrangements for clinical governance within the organisation and with external clinical partners and suppliers, provides leadership and guidance for the development of NHSBSA's clinical governance assurance activities and the Clinical Governance Framework, is a point of escalation for all issues and risks relating to clinical governance, clinical risk management and patient safety, and is a forum for sharing best practice and innovation in clinical governance.

Learning Support Fund

2022/23 was the third year, and second full year, of operation of the new Learning Support Fund (LSF). Payments of approximately £575m were made to students on qualifying courses.

Given the material level of LSF expenditure, the NHSBSA has previously undertaken assurance exercises with the Higher Education Institutes (HEIs) to confirm that students in receipt of funding for the 2020/21 and 2021/22 academic years were in attendance for the full year.

These exercises identified an estimated level of overpayments of £1.1m and £1.4m in the 2020/21 and 2021/22 financial years respectively, and the NHSBSA has taken steps to recover those overpayments. A further assurance exercise relating to the 2022/23 academic year is planned for early 2024 and is not expected to identify a material level of overpayments for the year.

From October 2023, our system requires HEIs to confirm student attendance each term before we make payments. This was previously only required at the commencement of each academic year. This additional control will reduce the risk of overpayments in terms of numbers of students and the size of the amounts overpaid.

Accounting Officer's review of effectiveness

The Head of Internal Audit's opinion was that, based on the work completed to date, there is moderate assurance given to the Accounting Officer that the NHSBSA has had adequate and effective systems of control, governance and risk management in place for the reporting year 2022/23.

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

My review is informed by:

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

Significant governance issues

There were no significant issues raised during 2022/23.

Conclusion

My review confirms that the NHSBSA has a system of governance that supports the achievement of its policies, aims and objectives and that continuous improvement is ongoing.

2.2 Remuneration and staff report

2.2.1 Remuneration report

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

This report for the year ended 31 March 2023 is produced by the Board. The Remuneration and Nominations Committee met on four occasions during the period 1 April 2022 to 31 March 2023.

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

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

The Committee also ensures that an effective system is in place and being properly administered to monitor and evaluate the performance of relevant employees, including such assessments as may be required to determine their level of remuneration.

The remuneration of executive directors is reviewed at least annually by the Remuneration and Nominations Committee, taking account

of NHS national awards, central DHSC directions or guidance and other relevant factors. The remuneration for the tenure of non-executive directors is determined by the Secretary of State for Health and Social Care. With the approval of the DHSC Remuneration Committee, we operate the NHS Executive and Senior Managers (ESM) pay framework.

Appointments

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



Emoluments of Board members

The remuneration of all directors in post during 2022/23 is detailed in the tables on the following pages which identify the salary, other payments and allowances and pension benefits applicable to both executives and non-executives.

Non-executive directors

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

Subject to audit

Name and title		2022/23						2021/22						Date of appointment/ re-appointment	Appointment ends
		Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension- related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension- related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
S Douthwaite	Chair (from 1 April 2022)	60-65	3.9	0	0	0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1 Apr 2022	31 Mar 2025
S Maizey	Chair (until 31 March 2022)	n/a	n/a	n/a	n/a	n/a	60-65	0.3	0	0	0	60-65	0	9 Sep 2013 9 Sep 2017 9 Sep 2020 9 Sep 2021 1 Jan 2022	8 Sep 2017 8 Sep 2020 8 Sep 2021 31 Dec 2021 31 Mar 2022
M Ellerby	Non-executive director, Senior Independent Director and Chair of Remuneration and Nominations Committee (until 31 December 2022)	5-10	0.5	0	0	0	5-10	0.0	0	0	0	5-10	0	1 Apr 2014 1 Apr 2017 1 Apr 2018 1 Apr 2021	31 Mar 2017 31 Mar 2018 31 Mar 2021 31 Dec 2022
K Gillatt	Non-executive director, and Chair of Audit and Risk Management Committee	10-15	1.9	0	0	0	15-20	0.0	0	0	0	10-15	0	1 Oct 2020	30 Sep 2023
K Seth	Non-executive director	5-10	0.7	0	0	0	5-10	0.1	0	0	0	5-10	0	15 Sep 2017 15 Sep 2020	14 Sep 2020 14 Sep 2023
D Bailey	Non-executive director	0 ¹	1.4	0	0	0	0-5	0.2	0	0	0	0-5	0	1 Jun 2016 1 Jun 2019 1 Jun 2022	31 May 2019 31 May 2022 31 May 2023

Name and title	2022/23						2021/22						Date of appointment/ re-appointment	Appointment ends
	Salary (bands of (£5,000))	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension-related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)	Salary (bands of (£5,000))	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension-related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
M Tomlin Non-executive director Senior Independent Director and Chair of Remuneration and Nominations Committee (from 1 January 2023)	5-10	2.8	0	0	0	5-10	0.0	0	0	0	0	5-10	1 Apr 2021	31 Mar 2024

¹ Does not draw a salary.

Senior manager remuneration

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

Subject to audit

Name and title		2022/23						2021/22						Date of appointment/ re-appointment	Appointment ends
		Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension- related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)	Salary (bands of £5,000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension- related benefits (to the nearest £1,000)	TOTAL (bands of £5,000)		
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
M Brodie Chief Executive		165- 170 ²	1.4 ²	0	0	41	210- 215	95-100 ³	0	0	22	115- 120		1 Sep 2019	Permanent contract (6 months' notice)
M Dibble Director of People Corporate Services (Corporate Secretary)		120- 125 ²	0.7 ²	0	0	7	125- 130	120- 125	0	0	26	150- 155		1 Sep 2017	Permanent contract (6 months' notice)
A Newell Director of Strategy, Performance, Business Development and Growth		130- 135 ²	1.3 ²	0	0	20	150- 155	125- 130	0	0	30	155- 160		16 Apr 2018	Permanent contract (6 months' notice)
A McKinlay Director of Finance and Commercial Services		115- 120 ²	1.7 ²	0	0	29	145- 150	115- 120	0	0	28	145- 150		9 Apr 2018	Permanent contract (6 months' notice)
B Brown Chief Operating Officer (Board member from 1 September 2022)		60- 65 ^{1,2}	3.8 ²	0	0	0	65- 70	n/a	0	n/a	n/a	n/a		1 Sep 2022	Permanent contract (6 months' notice)

Name and title	2022/23						2021/22						Date of appointment/ re-appointment	Appointment ends
	Salary (bands of (£5,000) of £000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension-related benefits (to the nearest £1,000)	TOTAL (bands of £5,000) of £000	Salary (bands of (£5,000) of £000)	Expense payments (taxable) total to nearest £100	Performance pay and bonuses (bands of £5000)	Long term performance pay and bonuses (bands of £5000)	All pension-related benefits (to the nearest £1,000)	TOTAL (bands of £5,000) of £000		
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000		
D Curry Chief Digital Data and Technology Officer (Board member from 1 September 2022)	70-75 ^{1,2}	0.8 ²	0	0	17	90-95	n/a	n/a	n/a	n/a	n/a	n/a	1 Sep 2022	Permanent contract (6 months' notice)

¹ Full year equivalents: B Brown – £105-110k, D Curry – £125-130k.

² Staff have the option to sacrifice part of their salary in return for the use of a lease car. Where Senior Managers have taken up this option, this has been netted off their salary disclosed above. Prior to this sacrifice, the full year equivalent salaries of the senior managers were in the following bands: M Brodie £175-180k, M Dibble £125-130k, A Newell £135-140k, A McKinlay £125-130k, B Brown £125-130k and D Curry £130-135k. The taxable benefit of the lease cars provided to senior managers is disclosed in the Expense payments column where indicated.

³ From 1 April 2021 to 30 September 2021, 80% of M Brodie's salary was recharged to Public Health England to reflect his time spent as Interim Chief Executive. His full year equivalent salary was in the £160-165k band (£170-175k before salary sacrifice – see note 2 below).

Fair pay *Subject to audit*

The percentage change in total salary for the highest paid director and the staff average from the previous year to the current year was as follows:

Table 11: Percentage change in salary	2022/23	2021/22
Highest paid director	3.0%	0.0%
Staff average	5.3%	5.9%

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director/member in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in 2022/23 was £175,000 – £180,000 (2021/22: £170,000 – £175,000). The relationship to the remuneration of the organisation's workforce is disclosed in the below table (Table 12). The range of staff remuneration was £15,000-£20,000 to £175,000-£180,000.

In 2022/23 no employees received remuneration in excess of the highest paid director. This was also the case in 2021/22.

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. There is no difference between the 25th percentile, median and 75th percentile total remuneration figures and the salary component of total remuneration at each percentile.

Table 12: Pay ratios	2022/23	2021/22
Band of highest paid director's total remuneration (£000)	175-180	170-175
25th percentile total (£)	21,730	20,330
25th percentile ratio	8.2	8.5
Median total (£)	23,949	22,549
Median ratio	7.4	7.7
75th percentile total (£)	33,706	32,306
75th percentile ratio	5.3	5.3

The 25th percentile and median ratio reductions are a result of the highest paid director's pay increasing at a lower rate than staff pay at these bands. The 75th percentile ratio has remained the same as the rate of increase of the highest paid director's pay was similar to the rate of staff at this band.

Pension benefits

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

Subject to audit

Table 13: Pension benefits of senior managers							
Name and title	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2023 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000)	Cash Equivalent Transfer Value at 31 March 2023	Cash Equivalent Transfer Value at 31 March 2022	Real increase in Cash Equivalent Transfer Value
	£000	£000	£000	£000	£000	£000	£000
M Brodie Chief Executive	2.5-5	0-2.5	45-50	105-110	924	836	39
M Dibble Director of People and Corporate Services (Corporate Secretary)	0-2.5	(5)-(2.5)	45-50	90-95	944	887	14
A Newell Director of Strategy, Performance, Business Development and Growth	0-2.5	0	10-15	0	202	165	21
A McKinlay Director of Finance and Commercial Services	0-2.5	0	10-15	0	127	96	12
B Brown Chief Operating Officer (from 1 September 2022)	0 ¹	0	0	0	0	0	0
D Curry Chief Digital, Data and Technology Officer (from 1 September 2022)	0-2.5	(2.5)-0	30-35	45-50	416	375	7

¹ B Brown is not a member of the NHS Pension Scheme.

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

Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the members' accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefit accrued in the former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

Real increase in CETV

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

2.2.2 Staff report

Staff numbers and costs

Table 14 gives details of staff numbers and costs.

Subject to audit

Table 14: Staff numbers and related costs – Executive members and staff costs				
	Total 2022/23 £000	Permanently employed £000	Other £000	Total 2021/22 £000
Salaries and wages	124,109	116,232	7,877	101,544
Social security costs	11,541	11,541	0	8,955
Employer contributions to NHS Pensions	18,759	18,759	0	15,981
Other pensions costs	516	516	0	551
Termination costs	790	790	0	431
Apprenticeship levy	599	599	0	540
Total	156,314	148,437	7,877	128,002
Capitalised staff costs	(3,828)			(3,268)
	152,486			124,734

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

Subject to audit

Table 15: Average numbers of persons employed			
Total	Permanently employed	Other	2021/22
3,673	3,472	201	3,320

The whole time equivalent number of staff whose cost was capitalised was 45 (2021/22:40).

Ill-health retirements

Two members of staff retired due to ill health during 2022/23, at a cost, borne by the NHS Pension Scheme, of £429,711.

Gender balance

Table 16 below provides details of the number of colleagues by gender at director, senior manager and other employee levels at 31 March 2023.

The NHSBSA 2021/22 Gender Pay Gap Report (based on the snapshot date of 31st March 2022) revealed that there was a 12.5% median gender pay gap which had increased by 10.2% from the previous year. The mean gender pay gap was 14%, an increase of 1.4% from 2020/21. The cause of the increase in our gender pay gap is due to recruiting a significantly higher percentage of women into the organisation in 2021/22 than men, in particular into the roles in which we have volume recruitment in our lower pay bands, and the linear effect of this is that the median point for women has moved to the left. However, within the data there are some really positive gender pay stories in respect of female internal progression, female external recruitment numbers and recruitment of women at the senior levels.

The report sets out what we are doing to address the gender pay gap in our organisation and explains the wide range of actions we are undertaking to reduce this, many of which are aimed at increasing the representation of women in senior roles. The report includes data analysis which demonstrates some positive outcomes we have had in relation to internal progression for women and recruitment of women into senior roles within our organisation.

The full report is published on our website:

www.nhsbsa.nhs.uk/our-policies/diversity-and-inclusion/gender-pay-gap-reports

Table 16: Employee data (based on head count, not full-time equivalent)			
	Female	Male	Total (31 March 2023)
Directors	1	7	8
Senior managers (band 8c and above)	35	48	83
Total employees	2,477	1,559	4,036

Employee sickness

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

All figures calculated by Full Time Equivalent (FTE)

Table 17: NHS sickness absence figures				
Figures converted by DHSC to best estimates of required data items		Statistics Produced by NHS Digital Data from ESR Data Warehouse		
Average FTE 2022	Adjusted FTE days lost to Cabinet Office definitions	FTE-Days Available	FTE-Days Lost to Sickness Absence	Average Sick Days per FTE
3,922	33,250	1,431,435	53,939	8.5

Source: NHS Digital – Sickness Absence and Workforce Publications – based on data from the ESR Data Warehouse
 Period covered: January to December 2022

NHS sickness absence figures notes:

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

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

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

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

Supporting disabled people

We recognise that we need diverse talent and that people with disabilities bring many different talents and assets to our business. Having neuro-diverse colleagues with different ways of working contributes enormously to our creativity and innovation as an organisation. We are a Disability Confident 'Level 3 – Leader' organisation in recognition of our commitment to disability inclusion. We believe in creating opportunities for disabled people and continue to encourage people from marginalised groups (including people with disabilities) to engage with us for recruitment or learning opportunities. This has involved making our recruitment processes more accessible and inclusive from the outset, in addition to already providing a Guaranteed Interview Scheme and making adjustments to our recruitment processes. We work with a range of disability charities to provide work experience and placements for people with disabilities, however opportunities to do so were impacted by the pandemic. We are reviewing our approach to this with the aim of relaunching our approach in this area. We provide a Workplace Adjustment Passport scheme to support colleagues with adjustments and support managers to implement these.

During 2022/23 we continued to support a wide range of interventions focussed on disability inclusion. These included our Disability and Neurodiversity Colleague Network to increase the voice of colleagues with that lived experience, our Shadow Board leadership development opportunity with a ringfenced seat for a senior colleague who identifies as disabled or neurodiverse, developing leadership competence and confidence around disability and mental health through delivery of

our bespoke programme for managers, and development of our bespoke Reciprocal Mentoring for Inclusion Programme, with a mentoring partnership between a member of our Disability and Neurodiversity Colleague Network and a member of our Leadership Team.

Our focus is not only on initiatives that break down barriers to recruitment and progression for disabled people, but also on the health and wellbeing of our colleagues. We take a holistic approach to wellbeing, with our interventions aimed at prevention, reducing the risk of ill health, and ensuring that colleagues with or who develop a disability are supported at work. We have a wide range of wellbeing initiatives and strategies to do so including supportive policies and services such as our Occupational Health Service, Employee Assistance Programme, Wellbeing Network, Menopause Champions and Mental Health First Aid Network. Through our appraisal process, by monitoring our recruitment and promotion statistics, and listening to our Disability and Neurodiversity Colleague Network, we ensure that there are no barriers to the recruitment, training, career development and promotion of colleagues with disabilities.

Supporting and engaging with our people

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

- Diversity and Inclusion – We are committed to equality, diversity and inclusion. Our Wellbeing and Inclusion Committee oversee the delivery of our Diversity and Inclusion Strategy and we publish details of our progress on our website: www.nhsbsa.nhs.uk/our-policies/diversity-and-inclusion
- Trade Union Partnership Working – We continue to have strong working relationships with our recognised Trade Unions, where partnership working is paramount and we value the discussions.
- Health and Safety – We have a dedicated Safety, Health and Environment (SHE) Team, management system and we consult with our people through our National Joint Health and Safety Committee.
- Developing Our People – We are committed to maximising the performance and potential of all of our people and we ensure development opportunities are open and accessible to all. Our Virtual Learning Resource Centre ensures all colleagues can access learning on a vast range of topics to support their personal development and we are enhancing our Learning and Development offer to enable quicker access to courses and initiatives.
- Developing our Leaders – We have developed a suite of learning offerings to support our leaders and managers at both an individual and collective level. The purpose is to build capability and confidence in leading others and ensure our organisational values are integral to leadership.
- Developing Talent – We have continued to integrate our appraisal process with an emphasis on identifying and growing our aspirant colleagues. This is supported by the introduction of our approach to supporting internal talent through effective initiatives and opportunities around apprenticeships, work experience and secondment opportunities.

In November 2022 we were recognised by Best Companies as one of the top 5 not for profit organisations to work for and, one of the top 25 best big companies to work for based on our 2021 survey.

We conducted a further colleague engagement survey in October 2022 which achieved a 65% response rate. As a result of colleague feedback, we maintained our Best Companies 2 star accreditation for 'outstanding commitment to workplace engagement' for the third year.

In March 2023 we were listed as the number one not for profit organisation to work for and a top 5 best big company to work for in the quarter one results of the Best Companies survey year (October to September) based on the latest survey.

Expenditure on consultancy and temporary staff

The total consultancy expenditure incurred on the provision of operating services was £0 (2021/22 – £0). The total contingent labour expenditure incurred on the provision of operating services was £7.9 million (2021/22 – £5.9 million).

Off-payroll engagements

Table 18 below summarises our off-payroll appointments.

Table 18: Off-payroll appointments	
For all off-payroll engagements as of 31 March 2023, for more than £245 per day	
Number of existing engagements as of 31st March 2023	10
	Of which...
Number that have existed for less than one year at time of reporting	8
Number that have existed for between one and two years at time of reporting	1
Number that have existed for between two and three years at time of reporting	1
Number that have existed for between three and four years at time of reporting	0
Number that have existed for four or more years at time of reporting	0
For all off-payroll engagements between 1 April 2022 and 31 March 2023, for more than £245 per day	
Number of temporary off-payroll workers engaged between 1 April 2022 and 31 March 2023	34
	Of which...
Number not subject to off-payroll legislation	0
Number subject to off-payroll legislation and determined as in-scope of IR35	33
Number subject to off-payroll legislation and determined as out of scope of IR35	1
Number of engagements reassessed for compliance or assurance purposes during the year	1
Number of engagements that saw a change to IR35 status following review	0
For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023	
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year	12

Exit packages

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

Subject to audit

Table 19: Staff numbers and related costs – Exit costs						
2022/23	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Cost of compulsory redundancies £000	Cost of other departures agreed £000	Total cost of exit packages £000
<£10,000	0	0	0	0	0	0
£10,000-£25,000	0	0	0	0	0	0
£25,000-£50,000	0	0	0	0	0	0
£50,000-£100,000	0	1	1	0	78	78
£100,000-£150,000	0	0	0	0	0	0
£150,000-£200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total	0	1	1	0	78	78

There were no special payments made during the year.

Subject to audit

Table 19a: Other departures excluding compulsory redundancy		
2022/23	Number of agreements	Total value of agreements £000
Voluntary redundancies incl. early retirement	1	59
Mutually agreed resignations	0	0
Early retirements in the efficiency of services	0	0
Contractual payments in lieu of notice	1	19
Exit payments	0	0
Non-contractual payments	0	0
Total	2	78

Table 20: Staff numbers and related costs – Exit costs

2021/22	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Cost of compulsory redundancies £000	Cost of other departures agreed £000	Total cost of exit packages £000
<£10,000	0	0	0	0	0	0
£10,000-£25,000	6	0	6	107	0	107
£25,000-£50,000	8	0	8	253	0	253
£50,000-£100,000	0	0	0	0	0	0
£100,000-£150,000	0	0	0	0	0	0
£150,000-£200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Total	14	0	14	360	0	360

There were no special payments made during the year.

Table 20a: Other departures excluding compulsory redundancy

2021/22	Number of agreements	Total value of agreements £000
Voluntary redundancies incl. early retirement	0	0
Mutually agreed resignations	0	0
Early retirements in the efficiency of services	0	0
Contractual payments in lieu of notice	0	0
Exit payments	0	0
Non-contractual payments	0	0
Total	0	0

2.2.3 Recruitment and Turnover

Recruitment

During the year from April 2022 to March 2023, we recruited 808.62 full-time equivalent roles into the organisation, with 519.29 of these into posts based in the North East.

Table 21: Recruitment	
Region	FTE recruited
North East	519.29
North West	215.68
Yorkshire & Humber	14.81
South/South East	32.27
Homeworker	26.57
Total	808.62

Leavers and Exits

During this period, 413.38 full-time equivalent colleagues left the NHSBSA, including 380.74 through natural wastage, where they chose to resign or retire, their fixed-term contract came to an end, or they were transferred. This is an annualised turnover percentage of 11.5%.

Table 22: Leavers and Exits			
Region	Natural wastage	Other	Total FTE who left
North East	243.17	19.91	263.07
North West	100.07	7.73	107.81
South/South East	13.27	0	13.27
Yorkshire & Humber	9.10	3.00	12.10
Home Worker	15.13	2.00	17.13
Total	380.74	32.64	413.38

Our Workforce across the UK

Our breakdown of staff across the UK is as follows:

Table 23: Workforce across UK	
Region	As a % of the total FTE
North East	62.33%
North West	24.29%
South/South East	1.22%
Yorkshire & Humber	2.54%
Homeworkers	9.62%

2.2.4 Trade union facility time

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

Table 24: Relevant union officials	
Number of employees who were relevant union officials during 2022/23	Full-time equivalent employee number
22	20.84

Table 25: Percentage of time spent on facility time during 2022/23	
Percentage of time	Number of employees
0%	0
1-50%	21
51%-99%	0
100%	1

Table 26: Percentage of pay bill spent on facility time during 2022/23	
Total cost of facility time	£36,176
Total pay bill	£147,048,000
Percentage of the total pay bill spent on facility time	0.02%

Table 27: Paid trade union activities	
Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	
Hours on paid time	1,026
Total paid facility time hours	1,995
(Total hours spent on paid trade union activities ÷ total paid facility time hours) x 100	51.4%

2.3 Parliamentary accountability and audit report

2.3.1 Regularity of expenditure

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

Details of losses and special payments are included in Table 28 below.

Subject to audit

Table 28: Losses and special payments				
	2022/23		2021/22	
	No. of cases	£000	No. of cases	£000
Losses	241	157	301	115
Special payments	1	0	1,156	871

There were no losses of more than £300,000 during the year.

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

2.3.2 Fees and charges

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

2.3.3 Remote contingent liabilities

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

2.3.4 Long term expenditure trends

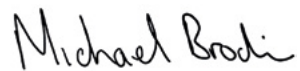
The NHSBSA operates a programme of schemes as determined by the DHSC with funding allocated based on the portfolio of work they are expected to deliver in a particular financial year. As such, long term expenditure trends are not applicable as the NHSBSA has no control over the projects they deliver in a given year.

2.3.5 Accounting Officer's disclosure to the auditors

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

2.3.6 External auditors

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



Michael Brodie CBE

Chief Executive

NHS Business Services Authority

14 December 2023

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



Opinion on financial statements

I certify that I have audited the financial statements of the NHS Business Services Authority for the year ended 31 March 2023 under the National Health Service Act 2006.

The financial statements comprise the NHS Business Services Authority's:

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; 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 Business Service's affairs as at 31 March 2023 and its total net expenditure for the year then ended; and
- have been properly prepared in accordance with the National Health Service Act 2006 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for 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 Business Services Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence we 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 Business Services Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

The going concern basis of accounting for the NHS Business Services Authority is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the

preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate and report. 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 Secretary of State directions issued under the National Health Service Act 2006.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions

made under the National Health Service Act 2006; and

- the information given in the Performance 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 Business Services Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Statutory Other Information.

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

- adequate accounting records have not been kept by the NHS Business Services 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 we require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; 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 auditors 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 auditors with additional information and explanations needed for my audit;
- providing the auditors with unrestricted access to persons within the NHS Business Services Authority from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in accordance with Secretary of State directions made under the National Health Service Act 2006;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with Secretary of State directions directions made under the National Health Service Act 2006; and
- assessing the NHS Business Services Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the NHS Business Services Authority will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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 our 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 Business Services Authority's accounting policies;

- inquired of management, NHS Business Services Authority's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the NHS Business Services Authority's policies and procedures 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 Business Services Authority's controls relating to the NHS Business Services Authority's compliance with the National Health Service Act 2006 and Managing Public Money;
- inquired of management, the NHS Business Services 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 Business Services Authority for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, expenditure recognition, posting of unusual journals, complex transactions and bias in management estimate. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the NHS Business Services Authority's framework of authority and other legal and regulatory frameworks in which the NHS Business Services 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 Business Services Authority. The key laws and regulations I considered in this context included the National Health Service Act 2006, employment law and pension regulations and Management Public Money.

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, internal audit, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I performed substantive testing on a sample of revenue and expenditure transactions where I was unable to rebut the risk of fraud, agreeing back to source documentation.

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. This description forms part of my certificate.

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies **15 December 2023**
Comptroller and Auditor General

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

Financial statements and notes to the accounts



Statement of Comprehensive Net Expenditure for the year ended 31 March 2023

	Notes	2022-23 £000	2021-22 £000
Operating income	3.1	730,251	699,326
Staff Costs	3.4	152,486	124,734
Other operating expenditure	3.2	781,555	731,730
Total operating expenditure		934,041	856,464
Net operating expenditure		203,790	157,138
Net (gain)/loss on transfers	3.5	(87,345)	0
Total Net Expenditure		116,445	157,138
Other Comprehensive Net Expenditure			
Net (gain) on revaluation of property, plant & equipment		(342)	0
Net (gain) on revaluation of intangible assets		(6,034)	(2,193)
Total comprehensive net expenditure for the year		110,069	154,945

The notes on pages 84 to 113 form part of these accounts.

Statement of Financial Position at 31 March 2023

	Notes	31 March 2023 £000	31 March 2022 £000
Non-current Assets			
Property, Plant & Equipment	4.1	29,866	37,216
Intangible assets	4.2	70,794	70,675
Right-of-use assets	4.3	10,422	0
Financial Assets	4.5	92,000	0
Total non-current assets		203,082	107,891
Current Assets			
Trade and other receivables	4.6	72,871	79,733
Cash and cash equivalents	4.7	36,236	13,779
Total current assets		109,107	93,512
Total Assets		312,189	201,403
Current Liabilities			
Trade and other payables	4.8	57,913	40,997
Lease liabilities	4.9	2,222	0
Provisions for liabilities and charges	4.10	4,550	3,714
Total current liabilities		64,685	44,711
Net current assets/liabilities		44,422	48,801
Total assets less current liabilities		247,504	156,692
Non-current Liabilities			
Lease liabilities	4.9	8,026	0
Provisions for liabilities and charges	4.10	464	768
Total non-current liabilities		8,490	768
Total Assets Less Liabilities:		239,014	155,924
Taxpayers' Equity			
General Fund		108,568	123,064
Revaluation Reserve		130,446	32,860
Total Taxpayers' Equity:		239,014	155,924

The notes on pages 84 to 113 form part of these accounts.

Michael Brodie

Michael Brodie

Chief Executive
14 December 2023

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2023

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2022	123,064	32,860	155,924
Changes in taxpayers' equity for 2022-23			
Total net expenditure for the year	(116,445)	0	(116,445)
Net gain on revaluation of property, plant and equipment	0	342	342
Net gain on revaluation of intangible assets	0	6,034	6,034
Non-cash charges – notional costs	160	0	160
Movement between reserves	(91,210)	91,210	0
Total recognised income and expense for 2022-23	(207,495)	97,586	(109,909)
Net Parliamentary Funding	192,999	0	192,999
Balance at 31 March 2023	108,568	130,446	239,014

	General Fund £000	Revaluation Reserve £000	Total Reserves £000
Balance at 31 March 2021	99,634	29,565	129,199
Changes in taxpayers' equity for 2021-22			
Total net expenditure for the year	(157,138)	0	(157,138)
Net gain on revaluation of Intangible Assets	0	2,193	2,193
Non-cash charges – notional costs	139	0	139
Movement between reserves	(1,102)	1,102	0
Total recognised income and expense for 2021-22	(158,101)	3,295	(154,806)
Net Parliamentary Funding	181,531	0	181,531
Balance at 31 March 2022	123,064	32,860	155,924

The revaluation reserve balance at 31 March 2023 includes £38,446k relating to Intangible Assets (31 March 2022: £32,412k) and £92,000k relating to Financial Assets (31 March 2022: nil).

The notes on pages 84 to 113 form part of these accounts.

Statement of Cash Flows for the year ended 31 March 2023

	Notes	2022-23 £000	2021-22 £000
Cash flows from operating activities			
Net operating expenditure		(203,790)	(157,138)
Other cash flow adjustments	5.2	30,969	29,949
Movement in working capital	5.1	23,778	(26,125)
Provisions utilised	4.10	(2,405)	(6,257)
Net cash (outflow) from operating activities		(151,448)	(159,571)
Cash flows from investing activities			
Purchase of property, plant and equipment	4.1	(5,427)	(7,898)
Purchase of intangible assets	4.2	(12,132)	(10,499)
Proceeds from disposal of property, plant and equipment		701	0
Net cash inflow/(outflow) from investing activities		(16,858)	(18,397)
Cash flows from financing activities			
Net Parliamentary Funding		192,999	181,531
Payments in respect of finance leases	4.9	(2,236)	0
Net financing		190,763	181,531
Net increase/(decrease) in cash and cash equivalents		22,457	3,563
Cash and cash equivalents at 31 March 2022	4.7	13,779	10,216
Cash and cash equivalents at 31 March 2023	4.7	36,236	13,779

The notes on pages 84 to 113 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) 2022-23, issued by HM Treasury, and the Department of Health and Social Care Group Accounting Manual (GAM) 2022-23. The accounting policies contained in the FReM and GAM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM or GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHSBSA for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting Conventions

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

Going concern

The NHSBSA's annual report and accounts have been prepared on a going concern basis. The NHSBSA is financed by and draws its funding from the Department of Health and Social Care (DHSC). Parliament has demonstrated its commitment to fund DHSC for the foreseeable future, and DHSC has demonstrated its commitment to the funding of the NHSBSA.

Critical accounting judgements and key sources of estimation uncertainty

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

The key critical judgements and estimations that management have made in the process of applying the accounting policies and that have the most significant effect on the amounts recognised in financial statements relate to the valuation of Intangible IT Assets and Investments.

For Intangible IT Assets, indexed historic cost is considered to be a reasonable proxy for replacement cost, and is used in our depreciated replacement cost valuation for all but our five major IT systems. Independent replacement cost valuations were carried out for the Electronic Staff Record and Prescription Processing systems as at 31 March 2020, the NHS Pensions Administration and Dental Payments systems as at 31 March 2022, and the Covid Pass system as at 31 March 2023. As is common with valuations of this nature, the valuations of the Prescription Processing, NHS Pensions Administration, Dental Payments and Covid Pass systems were expressed as being within a range. We assessed these ranges, using our experience of the software development market, and determined that the higher end of the ranges best represented the public sector position on both risk

and retaining skilled roles within the United Kingdom, with lower levels of offshoring of development work than might be seen in the private sector. In relation to Covid Pass, the total useful economic life of the system, used in the assessment of depreciated replacement cost, was taken to be from the date the system went into use to the date when it was taken out of use. Additionally, an impairment review was carried out on intangible assets held at 31 March 2023 to ensure that assets are not being held at higher than fair value.

The NHS Shared Business Services Ltd (NHS SBS) shareholding was independently professionally valued, on a discounted cash flow basis, in advance of the transfer from DHSC. Higher and lower values were provided and, with no factors pointing in either direction, the midpoint of the two values was used. Additional confirmations received from NHS SBS enabled management to conclude that the professional valuation, which was dated November 2022, was a reasonable proxy for the value at 31 March 2023.

1.2 Income & Expenditure

1.2.1 Income

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

- NHSBSA does not disclose information regarding remaining performance obligations which are part of a contract that has an original expected duration of one year or less,
- NHSBSA does not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.

These expedients apply to all of the NHSBSA's revenue streams.

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

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

Income in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. Where income is received for a specific activity which is to be delivered in the following financial year, that income is deferred.

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

1.2.2 Expenditure

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

1.2.3 Grants Payable

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

1.3 Taxation

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

1.4 Property, Plant & Equipment

(a) Recognition

Property, plant and equipment is capitalised if:

- it is held for use in delivering services or for administrative purposes
- it is probable that future economic benefits will flow to, or service potential will be supplied to the NHSBSA
- it is expected to be used for more than one financial year
- the cost of the item can be measured reliably, and either
 - a) the item has a cost equal of at least £5,000; or
 - b) collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

(b) Measurement

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

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

Land and non-specialised buildings – market value for existing use. The latest formal revaluation was carried out by an independent RICS qualified valuer as at 31 March 2020. Additionally, Stella House was revalued as at 31 March 2021 prior to its transfer to GPA.

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

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to

expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to expenditure. Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive net expenditure in the Statement of Comprehensive Net Expenditure.

(c) Subsequent expenditure

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

1.5 Intangible Assets

(a) Recognition

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

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

Expenditure on research is not capitalised: it is recognised as an operating expense in the period in which it is incurred.

Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

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

(b) Measurement

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

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

As no active market exists, and the assets are not income generating, intangible assets are valued at depreciated replacement cost. Indexed historic cost is considered to be a reasonable proxy for replacement cost, and is used in our depreciated replacement cost valuation for all but our four major IT systems. Independent replacement cost valuations were carried out for the Electronic Staff Record and Prescription Processing systems as at 31 March 2020, and for the NHS Pensions Administration and Dental Payments systems as at 31 March 2022. Indexation is applied annually to replacement cost to keep the valuations current.

1.6 Depreciation, amortisation and impairments

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

Otherwise, depreciation and amortisation are charged on a straight line basis to write off the costs or valuation of tangible and intangible non-current assets, less any residual value, over their estimated useful lives. The estimated useful life of an asset is the period over which the NHSBSA expects to obtain economic benefits or service potential from the asset. The estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

At each Statement of Financial Position date, the Authority checks whether there is any indication that any of its tangible or intangible non-current assets have suffered an impairment loss. If there is indication of an impairment loss, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually.

If there has been an impairment loss, the asset is written down to its recoverable amount, with the loss charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset and, thereafter, to the SoCNE. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to the SoCNE to the extent of the decrease previously charged there and thereafter to the revaluation reserve.

1.7 Investments

The only investment currently held is a 49.99% shareholding in NHS Shared Business Services Ltd (NHS SBS).

NHSBSA is considered to have significant influence over NHS SBS, so IAS 28 applies when accounting for the investment. Under IAS 28, the equity method of accounting is applied unless the investment qualifies for exemption in accordance with paragraph 17.

The investment qualifies, and the exemption from equity accounting for the investment has been taken. In accordance with paragraph 14A of IAS 28, IFRS 9 has therefore been applied.

Per the provisions of IFRS 9, NHSBSA management have elected to measure the investment at fair value through other comprehensive income.

Fair value at 31 March 2023 has been established using an external valuation specialist.

1.8 Cash and cash equivalents

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

1.9 Losses and Special Payments

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

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

1.10 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.11 Leases

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.

IFRS 16 Leases is effective across public sector from 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

In the transition to IFRS 16 a number of elections and practical expedients offered in the Standard have been employed. These are as follows;

NHSBSA has applied the practical expedient offered in the Standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 Leases and IFRIC 4 Determining whether an Arrangement contains a Lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application, NHSBSA has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the Standard.

The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application per paragraph C10 (c) of IFRS 16.

Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed, the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2022 will be assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by the NHSBSA in applying IFRS 16. These include;

The measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less under paragraph 5 (a) of IFRS 16.

The measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value, which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16.

NHSBSA will not apply IFRS 16 to any new leases of intangible assets applying the treatment described in section 1.5 instead.

HM Treasury have adapted the public sector approach to IFRS 16 which impacts on the identification and measurement of leasing arrangements that will be accounted for under IFRS 16.

NHSBSA is required to apply IFRS 16 to lease like arrangements entered into with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16, NHSBSA has assessed that in all other respects these arrangements meet the definition of a lease under the Standard.

IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

1.11.1 NHSBSA as lessee

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. NHSBSA employs a revaluation model for the subsequent measurement of its right of use assets unless cost 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 below market value, cost is not considered to be an appropriate proxy to value the right of use asset.

Lease payments are apportioned between finance charges and repayment of the principal. Finance charges are recognised in the Statement of Comprehensive Net Expenditure.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

HMT incremental borrowing rates have been applied to the lease liabilities recognised at the date of initial application of IFRS 16, and the in-year additions, which took place in the 2023 calendar year. The rates used were 0.95% and 3.51% respectively.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset the NHSBSA applies a revised rate to the remaining lease liability.

Where existing leases are modified, NHSBSA must determine whether the arrangement constitutes a separate lease and apply the Standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by NHSBSA.

1.12 Provisions

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

1.13 Financial Instruments

Financial assets

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

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

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through

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

With the exception of the investment in NHS SBS Ltd, which is measured at fair value through other comprehensive income, all of NHSBSA's financial assets are measured at amortised cost, as they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

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

Following initial recognition, the investment in NHS SBS Ltd will be revalued to fair value each year, and the movement taken to the revaluation reserve through other comprehensive income.

Impairment

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

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

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

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

Financial liabilities

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

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

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

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

The FReM does not require the following Standards and Interpretations to be applied in 2022-23:

- IFRS 14 Regulatory Deferral Accounts – This applies to first -time adopters of International Financial Reporting Standards after 1 January 2016, and is therefore not applicable to DHSC group bodies.
- IFRS 17 Insurance Contracts – Application required for accounting periods beginning on or after 1 January 2023, but not yet adopted by the FReM. Adoption by the FReM is expected from April 2025, early adoption is not permitted.

Application of IFRS 17 is not expected to have a material impact on future financial statements.

2. Operating segments

The Authority's activities are considered to fall within two segments: Student Support via the payment of Social Work Bursaries, Education Support Grant (ESG) and the Learning Support Fund (LSF), and the Authority's operating expenditure relating to the provision of services to the wider NHS.

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

	Notes	Student Support		Service Provision		Intra-segment Adjustments		Total	
		2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
		£000	£000	£000	£000	£000	£000	£000	£000
Statement of Comprehensive Net Expenditure									
Operating income	3.1	(639,964)	(620,010)	(90,287)	(79,316)	0	0	(730,251)	(699,326)
Staff costs	3.4	0	0	152,486	124,734	0	0	152,486	124,734
Other operating expenditure	3.2	639,964	620,010	141,591	111,720	0	0	781,555	731,730
Total operating expenditure		639,964	620,010	294,077	236,454	0	0	934,041	856,464
Net Operating Expenditure/(Income)		0	0	203,790	157,138	0	0	203,790	157,138
Statement of Financial Position									
Assets		30,987	26,461	285,202	174,942	(4,000)	0	312,189	201,403
Liabilities		(28,201)	(23,675)	(48,974)	(21,804)	4,000	0	(73,175)	(45,479)
Assets less Liabilities		2,786	2,786	236,228	153,138	0	0	239,014	155,924

3. Notes to the Statement of Comprehensive Net Expenditure

3.1 Operating income

	2022-23 £000	2021-22 £000
Service Provision revenue from contracts with customers		
Department of Health and Social Care (DHSC) invoiced services	422	233
Services to other DHSC Group Bodies	38,426	32,292
Services provided to UK Devolved Administrations and Crown Dependencies	6,142	5,327
NHS Pension Scheme administration recharge	43,476	39,776
Other income	1,821	1,688
	90,287	79,316
Student Support income		
Social Work Bursary and ESG funding from DHSC	63,460	67,547
LSF funding from DHSC	576,504	552,463
	639,964	620,010
Total Operating income	730,251	699,326

3.2 Other operating expenditure (Non-Staff)

	2022-23 £000	2021-22 £000
Service Provision expenditure		
Non-executive members' remuneration	106	108
Rentals under operating leases	382	2,697
Establishment expenses	13,762	8,007
Transport	358	224
Premises	15,673	15,632
External contractors	54,083	44,447
Non-cash: Depreciation	9,320	5,374
Amortisation	18,000	19,237
Impairments & reversals PPE	200	0
Impairments & reversals intangible	0	198
(Profit)/loss on disposal of PPE	215	62
(Profit)/loss on disposal of intangible fixed assets	47	379
Notional fee for the audit of the NHS Pension Scheme accounts	160	139
	27,942	25,389
Auditors' remuneration – audit fees	263	261
Legal & Professional fees	28,152	13,798
Finance charges on leases	90	0
Other costs	780	1,157
	141,591	111,720
Student Support expenditure		
Social Work Bursaries and ESG	63,460	67,547
LSF	576,504	552,463
	639,964	620,010
Total non-staff operating expenditure	781,555	731,730

3.3 Operating leases

Authority as lessee

	2022-23 £000	2021-22 £000
Payments recognised as an expense		
Minimum lease payments	382	2,697
	382	2,697
Total future minimum lease payments		
Payable:		
Within one year	268	1,807
Later than one year and not later than five years	560	4,394
Later than five years	7	1,547
Total	835	7,748

Following the adoption of IFRS16, the capital element of operating lease payments and commitments are now included in Note 4.9 – Lease Liabilities. The figures above comprise short-term and low value lease payments, and interest and irrecoverable VAT on lease payments, which do not require capitalisation under IFRS16.

3.4 Staff costs

Executive members and staff costs:

	2022-23 £000	2021-22 £000
Salaries and wages	124,109	101,544
Social security costs	11,541	8,955
Employer contributions to NHS Pensions	18,759	15,981
Other pension costs	516	551
Apprenticeship levy	599	540
Termination costs	790	431
Total	156,314	128,002
Capitalised staff costs	(3,828)	(3,268)
	152,486	124,734

3.5 Net (Gain)/Loss on transfers

The Authority transferred property at Bridge House to the Government Property Agency(GPA) on 31st March 2023.

DHSC transferred its 49.9% shareholding in NHS Shared Business Services Ltd to the Authority on 31st March 2023.

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

	2022-23 £000	2021-22 £000
Property, Plant & Equipment at Net Book Value	4,655	0
Shares at valuation	(92,000)	0
Loss/(Gain) on net assets transferred	(87,345)	0

3.6 Pension costs

Most past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State 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:

a) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024 to 23.7% of pensionable pay.

b) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2023 is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

Civil Service Pension Scheme

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

4. Notes to the Statement of Financial Position

4.1 Property, Plant and Equipment

4.1.1 Property, Plant and Equipment 2022-23

	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or Valuation						
At 1 April 2022	545	18,161	281	34,692	8,459	62,138
Additions – purchased	0	1,540	0	3,887	0	5,427
Disposals	(135)	(1,615)	0	(4,255)	(1,936)	(7,941)
Revaluation	(210)	195	0	0	0	(15)
Impairments	(200)	0	0	0	0	(200)
Transferred to GPA	0	(4,655)	0	0	0	(4,655)
At 31 March 2023	0	13,626	281	34,324	6,523	54,754
Depreciation						
At 1 April 2022	0	8,160	270	9,542	6,950	24,922
Disposals	0	(1,075)	0	(4,026)	(1,924)	(7,025)
Revaluation	0	(357)	0	0	0	(357)
Charged during the year	0	1,936	9	4,394	1,009	7,348
At 31 March 2023	0	8,664	279	9,910	6,035	24,888
Net book value at 31 March 2022	545	10,001	11	25,150	1,509	37,216
Net book value at 31 March 2023	0	4,962	2	24,414	488	29,866

4.1.2 Property, Plant and Equipment 2021-22

	Land £000	Buildings excluding dwellings £000	Plant & machinery £000	Information technology £000	Furniture & fittings £000	Total £000
Cost or Valuation						
At 1 April 2021	545	16,230	287	31,794	8,459	57,315
Additions – purchased	0	1,931	0	5,967	0	7,898
Reclassifications	0	0	0	(329)	0	(329)
Disposals	0	0	(6)	(2,740)	0	(2,746)
At 31 March 2022	545	18,161	281	34,692	8,459	62,138
Depreciation						
At 1 April 2021	0	6,444	267	9,669	5,852	22,232
Disposals	0	0	(6)	(2,678)	0	(2,684)
Charged during the year	0	1,716	9	2,551	1,098	5,374
At 31 March 2022	0	8,160	270	9,542	6,950	24,922
Net book value at 31 March 2021	545	9,786	20	22,125	2,607	35,083
Net book value at 31 March 2022	545	10,001	11	25,150	1,509	37,216

Student Support had no Property, Plant & Equipment during the accounting period (2021-22 – £Nil)

4.2 Intangible assets

4.2.1 Intangible assets 2022-23

	Software Licences £000	Information Technology £000	Development Expenditure £000	Total £000
Cost or Valuation				
At 1 April 2022	5,481	169,520	14,747	189,748
Additions – purchased	0	5,191	6,941	12,132
Reclassifications	0	2,351	(2,351)	0
Disposals	(3,030)	(3,760)	0	(6,790)
Revaluation/Indexation	0	11,079	0	11,079
Impairments	0	0	0	0
At 31 March 2023	2,451	184,381	19,337	206,169
Amortisation				
At 1 April 2022	2,695	116,378	0	119,073
Charged during the year	1,535	16,465	0	18,000
Reclassifications	0	0	0	0
Disposals	(3,030)	(3,713)	0	(6,743)
Revaluation/Indexation	0	5,045	0	5,045
Impairments	0	0	0	0
At 31 March 2023	1,200	134,175	0	135,375
Net book value at 31 March 2022	2,786	53,142	14,747	70,675
Net book value at 31 March 2023	1,251	50,206	19,337	70,794

4.2.2 Intangible assets 2021-22

	Software Licences £000	Information Technology £000	Development Expenditure £000	Total £000
Cost or Valuation				
At 1 April 2021	6,121	164,280	7,521	177,922
Additions – purchased	9	2,542	7,948	10,499
Reclassifications	(488)	1,539	(722)	329
Disposals	(161)	(736)	0	(897)
Revaluation/Indexation	0	2,160	0	2,160
Impairments	0	(265)	0	(265)
At 31 March 2022	5,481	169,520	14,747	189,748
Amortisation				
At 1 April 2021	1,421	99,033	0	100,454
Charged during the year	2,111	17,126	0	19,237
Reclassifications	(688)	688	0	0
Disposals	(149)	(369)	0	(518)
Revaluation/Indexation	0	(37)	0	(37)
Impairments	0	(63)	0	(63)
At 31 March 2022	2,695	116,378	0	119,073
Net book value at 31 March 2021	4,700	65,247	7,521	77,468
Net book value at 31 March 2022	2,786	53,142	14,747	70,675

Student Support had no Intangible assets during the accounting period (2021-22 – £Nil)

4.2.3 Intangible assets – carrying value of individually material assets

	2023 Gross £000	2023 Net £000	2022 Gross £000	2022 Net £000
Material intangible assets ranked by current year net book value				
Electronic Staff Record System	84,392	12,029	81,211	16,450
NHS Pensions Administration System	20,436	9,829	16,607	8,947
NHS Jobs System (in development)	9,521	9,521	7,326	7,326
Prescription Processing System	23,638	3,243	22,698	4,585

4.3 Right-of-use assets

4.3.1 Right-of-use assets 2022-23

	Property £000	Total £000
Cost or Valuation		
At 1 April 2022	0	0
Impact of adoption of IFRS16	9,688	9,688
Additions	2,706	2,706
At 31 March 2023	12,394	12,394
Depreciation		
At 1 April 2022	0	0
Charged during the year	1,972	1,972
At 31 March 2023	1,972	1,972
Net book value at 31 March 2022	0	0
Net book value at 31 March 2023	10,422	10,422

4.3.2 Right-of-use assets 2021-22

	Property £000	Total £000
Cost or Valuation		
At 1 April 2021	0	0
Impact of adoption of IFRS16	0	0
Additions	0	0
At 31 March 2022	0	0
Amortisation		
At 1 April 2021	0	0
Charged during the year	0	0
At 31 March 2022	0	0
Net book value at 31 March 2021	0	0
Net book value at 31 March 2022	0	0

4.4 Economic Lives of Non-current Assets

	Min Life Years	Max Life Years
Intangible assets		
Software licences	1	20
Information technology	1	20
Development expenditure	1	12
Property, Plant and Equipment		
Buildings excl. dwellings	3	65
Plant & machinery	5	10
Transport equipment	5	7
Information technology	3	10
Furniture & fittings	5	10
Right-of-use assets		
Property	2	8

4.5 Financial Assets – Investments

	Share Capital 2022-23 £000	Share Capital 2021-22 £000
Value at 1 April	0	0
Transferred from DHSC	92,000	0
Value at 31 March	92,000	0

The investment represents a 49.99% shareholding in NHS Shared Business Services Ltd. (NHS SBS).

The shareholding in NHS SBS was transferred via absorption from the DHSC. The attributable revaluation reserve balance held by DHSC (£92m) was preserved by a transfer from the NHSBSA General Fund to the NHSBSA Revaluation Reserve.

The investment was independently valued at 9 November 2022 on a discounted cash flow basis. This is considered to be a reasonable proxy for fair value at 31 March 2023 as there were no changes in NHS SBS's business performance or plans between the two dates.

Student Support had no Investments during the accounting period (2021-22 – £Nil)

4.6 Receivables

	Current	
	31 March 2023 £000	31 March 2022 £000
Trade receivables	31,621	32,615
Accrued income	26,042	26,724
Expected credit loss allowance – contract receivables	(1,134)	(943)
Prepayments	7,799	9,536
Other receivables	14,065	15,075
Expected credit loss allowance – other receivables	(5,522)	(3,274)
Trade and other receivables	72,871	79,733
Segmental split		
Service Provision *	52,974	56,361
Student Support	23,897	23,372
	76,871	79,733

* The 31 March 2023 balance includes £4,000k due from Student Support

There are no non-current receivables (2022 – Nil)

4.7 Cash and Cash equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	13,779	10,216
Net change in the year	22,457	3,563
Balance at 31 March	36,236	13,779

Comprising:

	31 March 2023 £000	31 March 2022 £000
Held with the Government Banking Service	36,236	13,779
Commercial banks and cash in hand	0	0
Cash and Cash equivalents	36,236	13,779
Segmental split		
Service Provision	29,146	10,690
Student Support	7,090	3,089
	36,236	13,779

4.8 Trade and other payables

	Current	
	31 March 2023 £000	31 March 2022 £000
Trade payables	921	2,980
Tax and social security	6	1
Deferred income	0	2,945
Accruals	51,359	32,142
Other payables	5,627	2,929
Trade and other payables	57,913	40,997
Segmental split		
Service Provision	38,232	21,006
Student Support*	23,681	19,991
	61,913	40,997

* The 31 March 2023 balance includes £4,000k due to Service Provision

There are no non-current trade and other payables (2022 – Nil)

4.9 Lease liabilities

4.9.1 Movement in year

	2022-23 £000	2021-22 £000
Balance at 1 April	0	0
IFRS16 transition adjustment	9,688	0
Additions	2,706	0
Interest expense	90	0
Repayments	(2,236)	0
Balance at 31 March	10,248	0

None of the above leases are within the DHSC Group.

4.9.2 Year end balances

	31 March 2023 £000	31 March 2022 £000
Maturity:		
Within one year	2,222	0
Between one and five years	7,126	0
Later than five years	900	0
	10,248	0
Included in:		
Current lease liabilities	2,222	0
Non-current lease liabilities	8,026	0
	10,248	0
Segmental split		
Service Provision	10,248	0
Student Support	0	0
	10,248	0

4.9.3 Reconciliation of operating lease commitments at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	£000
Operating lease commitments under IAS 17 at 31 March 2022 (Note 3.3)	7,748
Impact of discounting at the incremental borrowing rate	(212)
Irrecoverable VAT	(93)
Short term and low value leases	(89)
Different treatment of extension and termination options	2,334
Lease liabilities under IFRS 16 as at 1 April 2022	9,688

4.10 Provisions for liabilities and charges

	Current	
	31 March 2023 £000	31 March 2022 £000
Leasehold property decommissioning	0	0
Legal claims	30	30
Social Work Bursary tuition fee entitlement	4,520	3,684
Total	4,550	3,714

	Non-current	
	31 March 2023 £000	31 March 2022 £000
Leasehold property decommissioning	443	745
Legal claims	21	23
Social Work Bursary tuition fee entitlement	0	0
Total	464	768
Segmental split		
Service Provision	494	798
Student Support	4,520	3,684
	5,014	4,482

	Leasehold Property Decommissioning £000	Legal claims £000	Social Work Bursary Tuition Fee Entitlement £000	Total £000
At 31 March 2021	833	55	5,291	6,179
Arising during the year	0	0	5,604	5,604
Utilised during the year	(88)	(2)	(6,167)	(6,257)
Reversed unused	0	0	(1,044)	(1,044)
At 31 March 2022	745	53	3,684	4,482
Arising during the year	0	0	5,562	5,562
Utilised during the year	(182)	(2)	(2,221)	(2,405)
Reversed unused	(120)	0	(2,505)	(2,625)
At 31 March 2023	443	51	4,520	5,014

Expected timing of cash-flows:

Within one year	0	30	4,520	4,550
Later than one year and not later than five years	443	6	0	449
Later than five years	0	15	0	15

Contingencies at 31 March 2023

At 31 March 2023, there were no known contingent assets or liabilities (March 2022: £nil).

4.11 Events after the reporting period

Non-adjusting events

The Covid Pass system was withdrawn from use on 4 December 2023.

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

5. Notes to the Statement of Cash Flows

5.1 Movements in working capital

	2022-23 £000	2021-22 £000
(Increase)/decrease in receivables within 1 year	6,862	(22,013)
Increase/(decrease) in payables within 1 year	16,916	(4,112)
Total	23,778	(26,125)

5.2 Other cash flow adjustments

	2022-23 £000	2021-22 £000
Depreciation	9,320	5,374
Amortisation	18,000	19,237
Impairments and reversals	200	198
(Profit)/Loss on disposal of assets	262	441
Notional Costs	160	139
Finance charge on leases	90	0
Provisions – Arising in Year	5,562	5,604
Provisions – Reversed unused	(2,625)	(1,044)
Total	30,969	29,949

6. Related Party Transactions

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

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

NHS Shared Business Services Ltd (NHS SBS) became a related party with the transfer of DHSC's shareholding on 31 March 2023. NHSBSA provided services to NHS SBS to the value of £48.9k during 2022/23 (2021/22: £46.2k), and has a receivables balance of £173.8k at 31 March 2023 (31 March 2022: £115.1k).

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

7. Other commitments

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

	31 March 2023 £000	31 March 2022 £000
In one year or less	51,971	47,706
In more than one year but not more than five years	66,788	103,388
In more than five years	0	0
Total	118,759	151,094

8. Financial Instruments

Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. As the cash requirements of the Authority are met primarily through Parliamentary Funding, financial instruments play a more limited role in creating risk that would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts for non-financial items in line with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

Currency risk

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

Interest rate risk

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

Credit Risk

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

Liquidity Risk

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

8.1 Financial Assets

	At 'fair value through profit and loss' £000	At 'amortised cost' £000	At 'fair value through other comprehensive income' £000	Total £000
Trade receivables	0	31,672	0	31,672
Other receivables	0	37,740	0	37,740
Cash at bank and in hand	0	13,779	0	13,779
Total at 31 March 2022	0	83,191	0	83,191
Trade receivables	0	30,487	0	30,487
Other receivables	0	34,334	0	34,334
Cash at bank and in hand	0	36,236	0	36,236
Other financial assets	0	0	92,000	92,000
Total at 31 March 2023	0	101,057	92,000	193,057

Assets carried at fair value must be classified by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

The only asset held at fair value above is the investment in NHS Shared Business Services Ltd, shown in other financial assets. This investment is classified as level 3.

The investment was valued on a discounted cash flow basis, by an independent valuation expert, using business and cash flow forecasts provided by NHS Shared Business Services Ltd (see Note 4.5). As a guide, a change in the investment value by +/- 1% would equate to an increase/decrease of £920k.

The fair value of the investment was assessed at the balance sheet date. The value will be reassessed annually to ensure any changes in fair value are reflected in other comprehensive income.

8.2 Financial Liabilities

	At 'fair value through profit and loss' £000	At 'amortised cost' £000	Total £000
Trade Payables	0	2,980	2,980
Other payables	0	2,929	2,929
Other financial liabilities	0	36,571	36,571
Total at 31 March 2022	0	42,480	42,480
Trade Payables	0	921	921
Other payables	0	5,627	5,627
Other financial liabilities	0	66,570	66,570
Total at 31 March 2023	0	73,118	73,118

8.3 Maturity of financial liabilities

	31 March 2023 £000	31 March 2022 £000
In one year or less	64,649	41,735
In more than one year but not more than five years	7,569	745
In more than five years	900	0
Total	73,118	42,480

