National Institute for Health and Care Excellence

Annual Report and Accounts 2018/19

HC 2341

NICE National Institute for Health and Care Excellence

National Institute for Health and Care Excellence (non-departmental public body)

Annual Report and Accounts 2018/19

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Performance Report

Overview

This section describes the role and structure of NICE, explains what we do and lists our achievements in 2018/19.

Chair's and Chief Executive's report

20th anniversary

March 2019 was an important milestone for NICE, as we completed 20 years of helping to achieve better care and outcomes for people using the health and care services, and more efficient use of resources. Growing from an initial 2 programmes, both supporting clinical practice, to more than 20 programmes and services providing guidance and advice across the NHS, public health and social care services, NICE has become a familiar and trusted source of advice to practitioners and service users alike. We have also become a global leader in the use of evidence to support healthcare policy and practice.

With that expanding remit, we have learned the importance of listening to those whose lives and businesses our work affects, and to draw on the experiences of other organisations around the world that do similar work. This, together with the science that helps us understand the value of the treatments and practice we assess, has helped us ensure that we have been able to keep pace with new ideas and technologies that help improve quality of life.

Delivering in a challenging year

Constantly adapting to a changing environment and changing expectations makes for a very challenging environment. Despite that turbulence, during 2018/19, we successfully delivered against our business plans, providing the NHS, public health and social care with a range of guidance.

'NICE has become a familiar and trusted source of advice to practitioners and service users alike.'

For example, in January 2019, we published a clinical guideline on care and support for adults with cerebral palsy, with the aim of improving health and wellbeing, promoting access to services and supporting participation and independent living. This new guideline complemented our earlier guidance on the assessment and management of cerebral palsy in the under-25s.

In May 2018, we set out a quality standard for promoting health and preventing premature mortality among black, Asian and other minority ethnic groups. The standard draws attention to some of the specific areas of inequality for this group of people, such as increased health risks, poor access to and experience of services, and worse health outcomes.

And in December 2018, we recommended a number of tumour profiling tests to guide adjuvant chemotherapy decisions in early breast cancer. People with early and locally advanced breast cancer may need further treatment after they have surgery. The tests we recommended provide prognostic information to help guide the selection of further treatment.

New technology appraisal process

In April 2018, we introduced changes to our technology appraisal process that are designed to support earlier engagement between companies and NICE, and to resolve as many as possible of the technical uncertainties in the companies' submissions before it is seen by the appraisal committee.

The intention is to reduce the need for a second appraisal committee meeting at which negative draft guidance is changed following further engagement with the company. This currently happens in approximately 60% of appraisals, and adds time and effort to the processes of the NICE and the companies involved.

The new process also allows for regular meetings between companies and NHS England, when the company and NHS England agree that a discussion on the commercial terms in the companies' proposals might be helpful. Taken together, these changes are a signal of NICE's commitment to improving the efficiency of drug evaluation and adoption in the NHS.

New guidelines manual

We also updated our guidelines manual, following extensive consultation with interested groups. With our guidelines catalogue now at over 300 topics, it is essential that we are able to maintain them efficiently while providing the space for new topics to be introduced.

'NICE has a leadership role to play in exploring new approaches to evidence generation and interpretation.'

Moving to prioritised, event-driven and themed surveillance reviews will help with this. Among other changes, the new manual adds advice on identifying preference-sensitive decision points and development of shared decision aids, something that we intend to develop more of in the future. And looking to the future, the development of new and efficient mechanisms for analysis, and advances in the way information is labelled, linked and shared, have the potential to significantly disrupt current ways of working.

NICE has a leadership role to play in exploring these new approaches to evidence generation and interpretation, and in new ways of informing and communicating decisions.

Supporting the life science industry

NICE plays an important role in connecting the life sciences industry and its technologies with the NHS. Recent initiatives, including the Accelerated Access Collaborative (AAC), the new Voluntary Scheme for Branded Medicines Pricing and Access, and the Life Sciences Sector Deals, which followed the life sciences strategy, are designed to make the processes for ensuring that patients have access to the best of these new technologies as smooth as possible.

We have played our part in these initiatives and we are collaborating with our partners to put them into action. Seven of NICE's recommended products are being fast-tracked into routine use through the AAC and we will be undertaking a review of our appraisal methods, starting in 2019 to address ideas and challenges that have emerged through the continuing dialogue between government and the industry.

'We know that for our guidance and standards to have maximum impact, we have to work as an effective partner in the health and care system.'

Measuring our impact

In January 2018, we published our first impact report, highlighting the guidance we have published on cancer. Since then we have published a further 7 reports, which provide an insight into the way our guidance has been used in health and social care, and the impact it has had on the care that patients and service users receive.

These reports, which have featured our work on cardiovascular disease, falls prevention, antimicrobial resistance and maternity care, are necessarily only a partial assessment of our contribution to improving outcomes and the effective use of resources; given the volume of guidance we have published in most fields, it would be impossible to audit it all.

Nevertheless, they offer an important insight into the value of our work and the opportunities that still exist for the health and care system to make more out of what we do.

Supporting the wider health and care system

NICE is part of a complex system that connects the health and care system at a national level, with local commissioners and providers, and the whole system with the life sciences industry and its regulatory arrangements.

We know that for our guidance and standards to have maximum impact, we have to work as an effective partner in this system. We do this by developing business relationships that are regularly assessed by the Board and by contributing to the development of strategies policy, where our experience can help.

This has included contributions to the development of NHS England's long-term plan and a collaboration with the Department

of Health and Social Care, NHS England and the Association of the British Pharmaceutical Industry (ABPI), on new approaches to evaluating and paying for new antimicrobials.

Through our research programme, we are collaborating with international partners, in Europe and beyond, on initiatives that will help to improve our ability to understand and make decisions about increasingly complex science and the new treatments it is making possible. And we continue as an active partner in the European Network for Health Technology Assessment.

Transforming NICE

We work hard to make it as easy as possible for users to find out what we recommend, but we know that accessing our guidance can be challenging. We also know how important it is for our guidance to be kept up to date and for us to add to it quickly, when new technologies and practice emerge.

We want to make our work as responsive and accessible as possible, and our systems for producing guidance as agile and efficient as they can be. To this end, we are piloting NICE Connect, an organisation-wide transformation programme that will revolutionise the way our guidance looks, with a much more intuitive and recognisable clinical and service pathway presentation.

None of this would be possible without the contribution made by our staff, the members of our independent advisory committees and the many others who contribute to our work. We are very grateful to them all.

Sir David Haslam
Chair

Sir Andrew Dillon
Chief Executive and Accounting Officer

Who we are and what we do

NICE – the National Institute for Health and Care Excellence – works to improve the quality, sustainability and productivity of health and social care.

Our purpose is to improve the quality, sustainability and productivity of health and social care.

We do this by producing guidance and information, which enables people working in and using the health and care system to make better decisions.

We take account of value for money in developing our guidance, by recognising that new forms of practice need to demonstrate the benefits they bring and by recommending better targeting of interventions of limited value and opportunities for disinvesting from ineffective interventions.

Our work in 2018/19 was grouped around three strategic objectives:

Deliver guidance, standards, indicators and evidence to help to achieve high-quality, sustainable services, supporting the health and care system to use its resources efficiently, and contributing to a thriving life sciences industry

Support the adoption of our guidance and advice and help maximise its impact by working with partners to produce practical tools and support. Promote the role of NICE in the development and use of evidence in the international arena.

Operate efficiently, by using our resources productively and sustainably, and by supporting our staff to deliver on their full potential.

In 2018/19 NICE produced a range of resources for the health and social care system, including:

37 published

Medtech Innovation Briefings

Help the NHS make decisions on whether to buy new technologies.

18 published

Quality Standards

Provide priorities for improvement in health and social care.

36 published

Interventional Procedure Guidelines

Examine the safety and efficacy of new minimally invasive procedures.

56 published

Technology Appraisals

Recommendations on the clinical and cost effectiveness of new and existing medicines, diagnostics and treatments.

29 published

Guidelines

Recommendations for the diagnosis and management of clinical conditions, the prevention of ill health and promotion of good health, and on the delivery of social care.

32 published

Shared Learning Case Studies

Show how our guidance and standards can improve health and social care services.

12 published

Commissioning Support Documents

Support NHS England in commissioning policy development.

8 published

Medical Technologies and Diagnostics Guidance

Help the NHS make decisions on whether to invest in innovative new medical and diagnostic technologies.

Six directorates support the development and dissemination of our guidance:

Centre for Guidelines

Develops guidance on the promotion of good health, prevention of ill health, appropriate treatment and care for people with specific diseases and conditions, and social care.

The guidance is used by those working in the NHS, local government, social care, patients and their families. The Centre for Guidelines also manages the contract to provide the British National Formulary to prescribers.

Centre for Health Technology Evaluation

Develops guidance on the use of new and existing treatments within the NHS, such as medicines, medical technologies and surgical procedures.

The directorate is responsible for technology appraisals, medical technology evaluations, diagnostic technology assessments, interventional procedures guidance, the Cancer Drugs Fund, the Patient Access Scheme Liaison Unit and topic selection.

Health and Social Care Directorate

Drives and enables the effective and appropriate use of all NICE guidance and advice, and supports the engagement of patients and the public; defines standards and indicators to support quality improvement and measurement; supports national and local initiatives to improve quality, value and outcomes, and to reduce inappropriate variation across the health and care system for individuals and populations.

The directorate is responsible for strategic engagement; quality standards and indicator development; medicines evidence summaries, guidance and advice; and resource impact assessments.

It also oversees adoption support for medicines and technologies; field team and medicines implementation consultants; the public involvement programme; fellows and scholars; the student champion scheme and shared learning.

Evidence Resources Directorate

Maintains and builds NICE's digital services.

The directorate provides access to quality information to support guidance development and other NICE programmes, identifying and selecting new evidence. It commissions and manages contracts for online content available to the NHS across England through OpenAthens.

The directorate is responsible for NICE Evidence Services including Evidence Search, BNF microsites, Clinical Knowledge Summaries and Healthcare Database Advance Search; UK PharmaScan; and intellectual property and content business management.

Communications Directorate

Raises awareness of our work and protects and enhances the reputation of NICE through daily contact with the public, media, parliamentarians and other key groups.

It helps to ensure NICE content meets users' needs and is easily accessible through our website and other channels.

The directorate is responsible for publication and dissemination of NICE guidance, the NICE website, public enquiries, public affairs, press work through social and multimedia channels, exhibition and events, internal communications and audience insights.

Business Planning and Resources Directorate

The directorate is responsible for: business planning, finance, human resources, corporate governance, IT services, estates and facilities.

From April 2018, a new Science, Advice and Research function was established that reports directly to the Chief Executive. The function comprised Science Policy and Research, NICE Scientific Advice and the Office for Market Access. From April 2019, the Office for Market Access transferred to the Centre for Health Technology Evaluation.

The annual business planning process identifies the objectives to be delivered within each financial year. In approving the annual business plan, the Board also recognises the principal risks which could potentially impact the successful delivery of the priorities. These risks are monitored through the risk register and are detailed within the risk and control framework on p62.

Performance summary

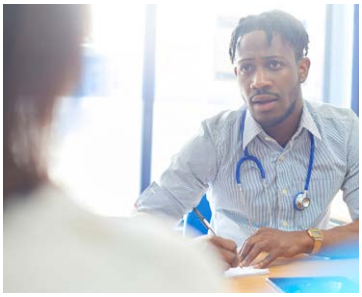
NICE plays an important role in addressing the challenges facing the health and care system. We have continued to support health and social care by providing the highest quality of information about what good care looks like, and how it can best be delivered.

Highlights of 2018/19

During 2018/19 we continued to adapt to the changing needs of the health and social care system, and to develop the range and reach of our guidance, standards, and supporting advice.

Here are some of the highlights of the year.

Supporting the NHS Long Term Plan



NHS England's Long Term Plan, published in January 2019, sets out ways to tackle the pressures facing the health and care system (in areas such as funding, staffing, increasing inequalities and pressures from a growing and ageing population), while accelerating the redesign of patient care to future-proof the NHS for the next 10 years.

NICE contributed to the development of the plan, which includes numerous direct references to NICE guidance and standards – from increasing earlier cancer diagnoses in primary care to improving access to cardiac rehabilitation programmes and NICE-approved psychological therapy services for mental health conditions.

We will pursue these contributions with NHS England and other organisations, and continue to seek other opportunities to use our guidance and standards to support the plan's implementation.

New voluntary scheme for medicines pricing extends NICE's responsibilities

The UK has a new five-year Voluntary Pricing and Access Scheme (VS) for branded medicines, which aims to improve patient access to transformative, cost-effective medicines while delivering a net benefit to the economy and supporting an innovative UK life sciences industry.

The VS came into force on 1 January 2019 following the expiry of the Pharmaceutical Price Regulation Scheme (PPRS), which had been in place since 2014.

Like the PPRS before it, the new agreement sets out an affordability mechanism under which life sciences companies make a financial contribution to the Department of Health and Social Care (DHSC) for sales of branded medicines above an agreed allowable growth rate.

NICE's world-leading evidence-based guidance on the use of medicines will be central to delivery of the VS. The scheme extends our responsibility for evaluating new medicines, with all new active substances set to undergo a NICE appraisal from April 2020. It also commits NICE to scoping and initiating a review of the methods underpinning our technology appraisal and highly specialised technologies programmes during the next financial year.

The scheme was agreed between DHSC, NHS England and the Association of the British Pharmaceutical Industry (ABPI).

Life-extending cancer drugs become more widely available after extensive NICE review

In summer 2018 we reassessed the guidance for 2 cancer drugs funded through the Cancer Drugs Fund. These were pembrolizumab (Keytruda) for untreated PD-L1-positive metastatic non-small-cell lung cancer, and brentuximab vedotin (Adcetris) for treating CD30-positive Hodgkin lymphoma.

Our appraisal committees originally looked at pembrolizumab and brentuximab vedotin a couple of years ago and guidance was published in June 2017. Although the drugs appeared promising, and had the potential to be cost effective, more evidence on their use was needed. Consequently they were recommended through the Cancer Drugs Fund, which meant that patients could get early access to them while new trial results and evidence from NHS use was collected.

Just a year later, our appraisal committees reviewed the additional information collected on the drugs. Both pembrolizumab and brentuximab vedotin were then recommended for routine use in the NHS in 2018.

Meindert Boysen, director of NICE's Centre for Health Technology Evaluation, said: 'Recent changes to the Cancer Drugs Fund mean we have more flexibility in our process so we can grant early access to promising drugs while more data is gathered on their long-term benefits.'

We will reassess 2 more drugs that are recommended through the Cancer Drugs Fund in 2019.

Transforming NICE

NICE has a significant portfolio of guidelines for health and social care, guidance on new medicines and technologies, along with other advice and support products.

This can be challenging for us to keep up to date, and for users to readily identify the information they need. We have therefore established the 'NICE Connect' project to deliver a new approach to developing and presenting our advice.

Our vision for the future is that all our work will be driven by pathways that reflect the way prevention, treatment and care are organised and delivered.

These pathways will become the way that we will prepare and present advice to our users on effectiveness, safety and value for money. They will enable links to be made across topics and within topics, and allow users to access underpinning evidence and practical support.

We will make it easier to access information directly through our website and in partnership with third party IT providers, who will be able adopt our content to provide access to users through routine decision support systems linked to data collection.

Hosting the 2018 GIN conference

In September 2018 NICE and the Scottish Intercollegiate Guidelines Network co-hosted the Guidelines International Network (GIN) conference in Manchester.

The event was a great success, attracting 449 delegates from guideline-developing organisations and academia in 39 countries. The theme of the event was: 'Why we do what we do: the purpose and impact of guidelines', which allowed speakers and delegates to take a retrospective look at the achievements of guideline developers and implementers from around the world, with a forward look at future challenges posed by developing data and digital systems.

Lively and interactive panel discussions explored burning questions including does cost matter, and how to develop recommendations using real world evidence.

Our work and expertise was profiled prominently in both the plenary and parallel programme. NICE staff delivered 11 oral presentations and presented 37 posters over the course of the 3-day event, along with running workshops on creating a UK evidence synthesis network and managing conflicts of interest in guideline development.

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Supporting the implementation of guidelines that have a significant impact on NHS workforce and resources

We joined forces with national partners to consider the impact that new NICE guidelines will have on NHS workforce and resources. The aim is to highlight how the system should respond to recommendations that are likely to lead to increased costs or budget savings for local organisations, or to changing demands on services and staff.

The new guideline resource and implementation panel has representatives from NICE, NHS England, NHS Clinical Commissioners, NHS Improvement and Health Education England. As a result, the panel has developed implementation statements to accompany the publication of four guidelines.

These four statements cover guidance on hearing loss, chronic obstructive pulmonary disease, cerebral palsy and kidney stones, and flag the individual recommendations likely to have a significant impact on resources and highlight the potential costs – or savings – of implementing them.

11m

11 million people in the UK have hearing loss

Professor Gillian Leng, NICE deputy chief executive and chair of the panel, said: 'We recognise that best-practice recommendations in our guidelines can sometimes lead to a significant impact on local resources – either in terms of increased costs, or cost savings which can necessitate structural changes to how services are organised and delivered locally. We're working with system partners to identify these impacts prior to guidance publication, and to provide additional advice and support to both commissioners and providers to oversee their implementation.'

Planning is under way for the panel to review all guidelines due to publish in the coming year to assess their likely impact on workforce and resources.

Tackling everyday ailments and working to reduce antimicrobial resistance

Antimicrobial resistance has become a major global threat. According to the O'Neill report (a review commissioned by the UK government to analyse the global problem of resistance), by 2050 around 10 million lives a year will be at risk through antimicrobial resistance.

Working with Public Health England (PHE) we are developing antimicrobial prescribing guidelines on the management and treatment of common infections. Each guideline makes detailed recommendations that provide healthcare professionals with advice on when to use antibiotics while also encouraging them to make responsible prescribing decisions that limit antimicrobial resistance.

Since April 2018, we have produced 8 guidelines, including advice on COPD and urinary tract infections. These prescribing guidelines will eventually replace existing PHE antibiotic guidance for primary care.

Antimicrobial-resistant infections result in at least 700,000 deaths worldwide each year. We have produced guidance that provides primary care professionals with the tools they need to reduce inappropriate antibiotic prescribing.

In November we worked with PHE to publish a single summary of the pieces of guidance that have been produced by both organisations, which is the first time both sets have been brought together in a unified resource to support the appropriate use of antibiotics by prescribers.

NICE in the news

Many of our announcements and publications shaped the media agenda in 2018/19. Here are just a few stories that made the headlines.

A new option for men with enlarged prostate

In April 2018 we updated our guidance for a new type of non-surgical treatment to treat men suffering with symptoms from an enlarged prostate.


ME & MY OPERATION: Beads for an enlarged prostate can spare a man's sex life

- Many men develop an enlarged prostate and they undertake the ageing process
- John Foster, 60, a retired marketing consultant from Oxford, was one of them
- He recently had a newly approved treatment that minimises the side-effects

Mail Online

An interventional radiologist with specific training and expertise will carry out the procedure – prostate artery embolisation (PAE) – as a treatment of benign prostatic hyperplasia.

Problems occur in men – affecting a third of men over the age of 50 – when the prostate changes in size and puts pressure on the tubes that drain urine from the bladder. Worrying about urine leakage can be debilitating for men, and undermine their confidence to live normally.

There are a number of current treatments for an enlarged prostate including medication or surgery. However, these treatments can have side effects and do not suit all patients.

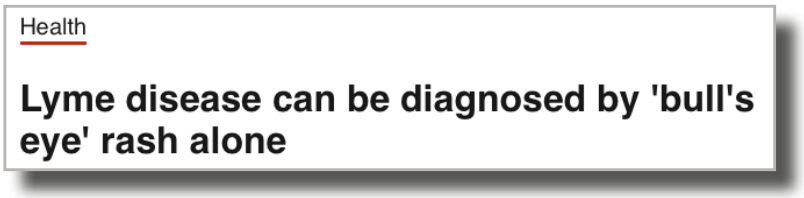
PAE offers an alternative option. It blocks the blood supply to the prostate with small particles – microscopic gel beads – that causes the prostate tissue to shrink and die. It can be performed under local anaesthetic, which will help patients who cannot tolerate general anaesthetic. It can be done as a day case, which will mean the patient does not need to be admitted to hospital.

'This is an excellent example of what can be achieved when we work together effectively across the system.' Professor Kevin Harris

Professor Kevin Harris, clinical director for the NICE Interventional Procedures programme, said: 'This is an excellent example of what can be achieved when we work together effectively across the system. NICE flagged the need for more evidence and that is exactly what we have received. The availability of this procedure could make a real difference to the lives of men up and down the country.'

New advice will help doctors spot and treat Lyme disease

In April 2018 we issued new advice to help doctors quickly spot Lyme disease, so they can offer people treatment as soon as possible.

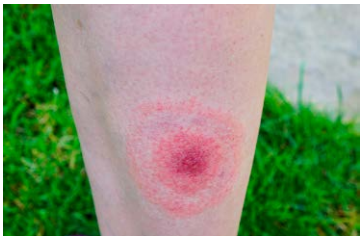

Health

Lyme disease can be diagnosed by 'bull's eye' rash alone

BBC NEWS

GPs and specialists were given help on symptoms to look out for, tests to help confirm a diagnosis and what treatments to use. We also called for more UK research into Lyme disease and the best long-term treatment options.

Saul Faust, professor of paediatric immunology and infectious diseases at the University of Southampton and chair of the NICE guideline committee, said: 'We want people to be diagnosed early so they get the right treatment as soon as possible.

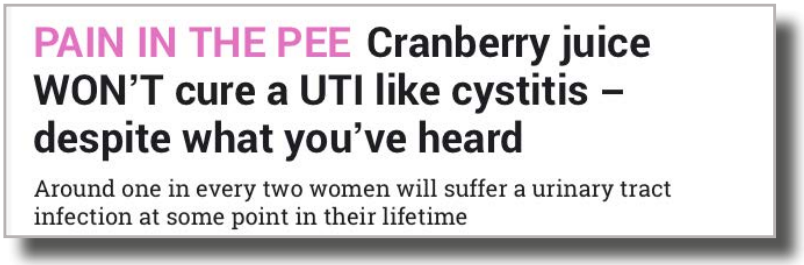


'This new guideline gives more clarity on how clinicians can spot Lyme disease and provide early treatment. It guides through when to use tests and what antibiotics to prescribe according to symptoms.'

New NICE guidance will help healthcare professionals to combat drug-resistant urinary infections

In May 2018 new guidance was published to help healthcare professionals optimise the treatment of urinary tract infections (UTIs).

Patients should be asked by healthcare professionals about the severity and regularity of their symptoms before being prescribed antibiotics, as inappropriate use can contribute to drug resistance.


PAIN IN THE PEE Cranberry juice WON'T cure a UTI like cystitis – despite what you've heard

Around one in every two women will suffer a urinary tract infection at some point in their lifetime

THE Sun

This should include being asked about the steps they have taken to manage their illness (such as taking painkillers) and may also include asking them for a urine sample so that this can be tested for infection. The results can then be used to identify which antibiotic will work best.

Dr Tessa Lewis, GP and chair of the managing common infections guidance committee, said: 'Urinary tract symptoms are common. Urinary infections can make people feel very uncomfortable and unwell and in some cases may become serious.

'It is important that we treat these infections with an antibiotic that will work. This new draft guidance from NICE can assist healthcare professionals to do that.'

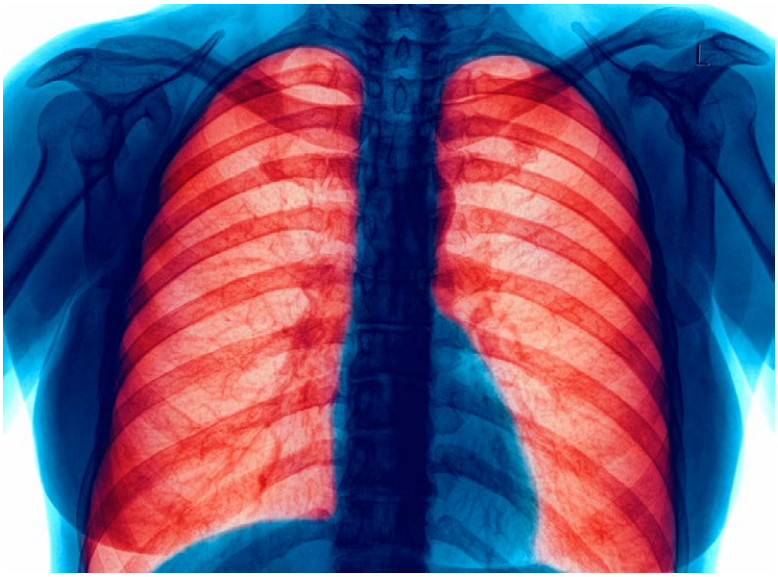
Antibiotics should be restricted for COPD, says NICE

In December 2018 healthcare professionals were asked to consider the risk of antimicrobial resistance when deciding whether antibiotics are needed for treating or preventing a flare-up of chronic obstructive pulmonary disease (COPD).

New recommendations were made as we published our antimicrobial prescribing guidance and a separate update to our 2010 clinical guideline on diagnosing and managing COPD in over-16s.

The antimicrobial guidance recommended that antibiotics should be offered to people who have a severe flare-up of symptoms. However, other factors should be taken into account when considering the use of antibiotics for treating an acute flare-up that is not severe, such as the number and severity of symptoms.

COPD affects approximately 3 million people in the UK, 2 million of whom are undiagnosed.



The guidance noted that acute symptoms of COPD can be caused by a range of factors including viral infections and smoking. Only around half are caused by bacterial infections, so many will not respond to antibiotics.

POLICIES AND GUIDANCE

NICE urges antibiotics to be restricted for COPD treatment

Nursing Times

Paul Chrisp, director of the Centre for Guidelines at NICE, said: 'Evidence shows that there are limited benefits of using antibiotics for managing acute exacerbations of COPD and that it is important to take other options into account before antibiotics are prescribed.

'These recommendations will help healthcare professionals to make responsible prescribing decisions, which will not only help people manage their condition but also reduce the risk of antimicrobial resistance.'

A new treatment for neuroblastoma cancer in children

In July 2018 we announced that seriously ill children battling a rare cancer were to be offered a new drug that has potential to extend their lives.

Neuroblastoma is a cancer that develops from specialised nerve cells called 'neuroblasts', which are left behind after a baby's development.

> **Bradley Lowery's mother 'overjoyed' treatment that prolonged her son's life will be offered on NHS**
>
> The Telegraph

Current treatments for high-risk neuroblastoma include chemotherapy, radiotherapy, stem cell transplant, surgery and isotretinoin.

Modelled trials estimated the survival gain of a new drug, dinutuximab beta, to be 3 to 5 years compared to current treatment with isotretinoin.

Neuroblastoma is most common in children under the age of five, and is estimated to affect around 100 children a year. Sixty per cent of these patients will have access to dinutuximab beta as long as they meet a number of criteria.

Meindert Boysen, director for the NICE Centre for Health Technology Evaluation, said: 'We are pleased to be able to recommend dinutuximab beta. It is an important treatment option for children and young-people with high-risk neuroblastoma in particular, and has shown the potential to increase their survival.'

Dr Juliet Gray, Associate Professor in Paediatric Oncology at the Cancer Immunology Centre at the University of Southampton, said: 'Today's decision by NICE is a vital step forward in the treatment of young children with this aggressive type of cancer.

'By harnessing the body's own immune system, dinutuximab beta has shown it can target and attack this cancer very effectively in some patients.

'A vital step forward in the treatment of young children with this aggressive type of cancer.' Dr Juliet Gray

'For some children this could mean extra weeks or months with their families, for others it may even lead to them becoming cancer-free for a long period of time.'

Communicating creatively with podcasts

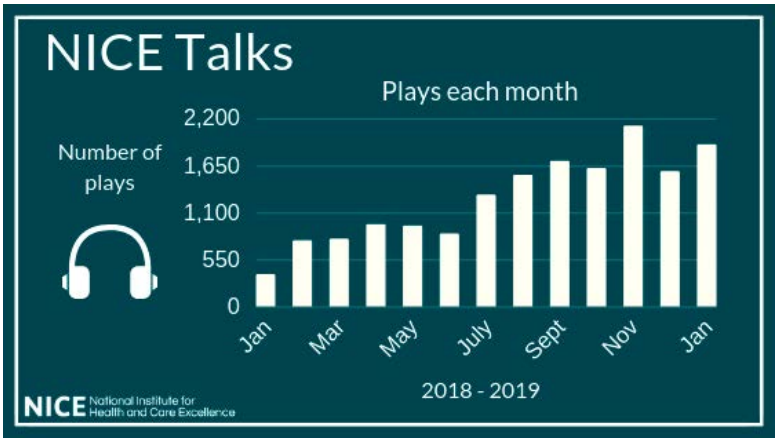
In April 2018 we launched our podcast series, NICE Talks. The series provides an opportunity for people to discuss how they use our guidance in practice and share their thoughts about NICE, and includes interviews with expert committee members who explain why recommendations have been made.

Amy Thomas from the NICE communications team recorded a podcast with the help of Nick Hartshorne-Evans, chief executive of the Pumping Marvellous heart failure charity

An essential feature of NICE Talks is to give people a platform to describe their personal experiences. We tell people's stories of NHS care and health, emphasising NICE's mission to improve health and care across the UK and speak with other health partners such as PHE and charities.

The dialogue paints a picture of how our guidance is used in different sectors and stresses the importance of collaboration in achieving patient-centred care.

'This podcast is great, I particularly enjoyed the one on Eradicating HIV: is it possible? Fascinating!' Emily Blay, business development manager at Accession Healthcare



We set a target to reach 12,000 listeners within a year of distribution. After 12 months, we recorded more than 14,000 plays and positive feedback on social media.

NICE Talks is part of our ongoing endeavour to support implementation and uptake of our guidance using creative communication.

'Thank you NICE for producing this brilliant podcast episode, raising awareness about how important it is for everyone to understand what a normal period is and emphasising the need for education.' Endometriosis UK

Social media activity

We continue to use a variety of social media channels in an engaging way to reach and communicate with our audiences.

On Twitter we had 173,361 followers by the end of March 2019, which is an increase of 27,847 followers (19%) on the same period last year. We posted more than 30 tweets per week across the whole of the financial year.

We now have more than 1,700 followers on Instagram.

On Facebook we had 8,291 followers by the end of March, an increase of 4,470 followers (117%) year-on-year. We published more than 20 posts a week on average.

From April 2018 to March 2019 we ran a successful series of monthly Facebook Live events, bringing live video streaming to our followers to promote and explain our guidance and advice. These were on a wide range of topics including statins, HIV testing, child abuse. multimorbidity, smoking cessation, loneliness, antibiotic resistance and physical activity. The session on endometriosis alone received more than 7,700 views.

27,000
New followers on Twitter

1,500
Tweets sent in 2018/19

25,000
People joining our Facebook Live events

Impact reports

In the past year we have produced impact reports that explore how our recommendations for evidence-based and cost-effective care are being used in priority areas of the health and care system.

Since April 2018 there have been 6 impact reports covering cardiovascular disease prevention, falls and fragility fractures, diabetes, antimicrobial resistance, sexual health and mental health.

Our impact reports are based on data from national audits, reports, surveys and indicator frameworks that show the uptake of our guidance and quality statement measures. They demonstrate how NICE guidance is being used in practice and the positive progress the health and care system is making, while highlighting areas where more work is required.

All of our reports are available on the NICE website. Upcoming topics for 2019 include stroke, social care and respiratory disease.

Using new digital health technologies

We're using new digital technologies to help us manage our evidence sources more efficiently.

NICE evidence management platform

We have developed and rolled out a new phase of our evidence management platform for NICE and our guidance collaboration partners. This phase of the new platform has concentrated on the systematic review process.

This project has transformed the way we search for, collect and analyse evidence. Users can now upload references after searching bibliographic databases to identify potentially relevant studies. Using machine learning, they then are classified according to which guideline domain they 'belong' to. The full text of references with high probability of relevance can be automatically identified and retrieved.

Data extraction of key concepts and structured data from tables then takes place. References can be scanned by users and incorporated into syntheses. The results can then be published.

A new approach to collecting consultation feedback

As part of our commitment to improving our external consultation process, over the past year we focused on developing the system for collecting comments.

This has involved creating an online platform to publish consultations. The system allows external stakeholders to comment on specific words, sections or whole documents as part of a consultation. It also lets internal teams set questions for stakeholders to answer. Eventually, all consultations will go through the same system.

The aim is to have a system that is more consistent and easier for external stakeholders to use. It will also be more secure and efficient for our staff, with no need to copy and paste responses from multiple documents.

It has been built on the capabilities of existing services, so that it will be familiar to NICE teams. Several types of consultations have been tested using it and the response has been positive. NICE teams are being trained to run consultations through the new system, so that its use will increase in 2019/20.

Creating new evidence standards for emerging digital health technologies

We have created a set of standards to help developers and investors understand what evidence is required to introduce their product for use in the NHS.

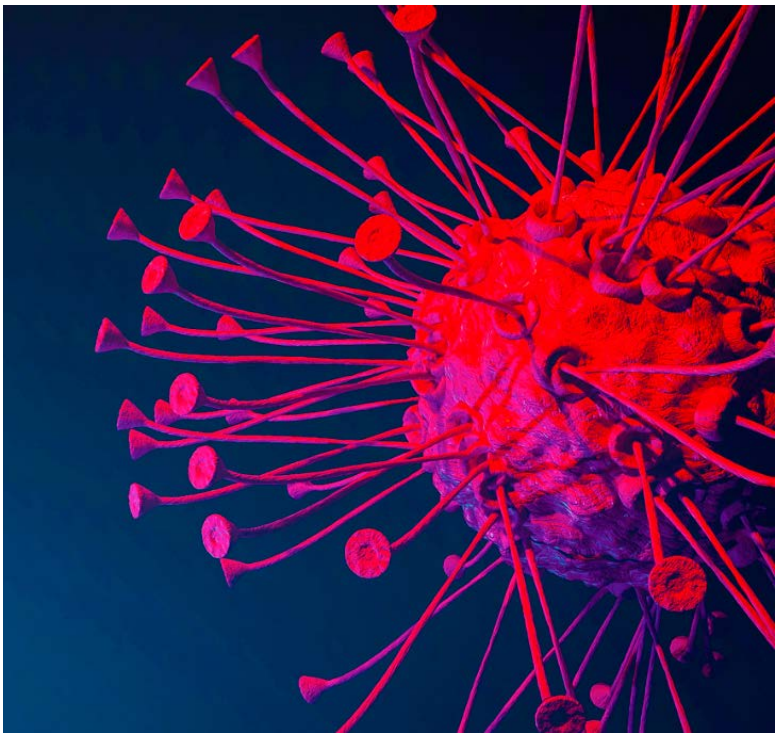
The standards set out requirements that are needed to develop digital health technologies for the NHS.

Working with NHS England, NHS Digital, MedCity, PHE and Digital Health London, we have been engaging with industry, commissioners and innovators to understand what is required for health technology to thrive in the UK. The resulting standards have been developed to support digital health technology development and provide guidance on what evidence is needed when innovators present their products to NHS commissioners.

The standards address both patient benefits and costs. They can be used by commissioners to help them engage with technology developers. These standards will help bring consistency to how digital technologies are assessed across the NHS.

Developing personalised care: genetic programming with CART-cell therapy

Over the last decade, many of the standard chemotherapy and surgical treatments for cancer have been replaced by drugs that detect specific molecular changes in cells.

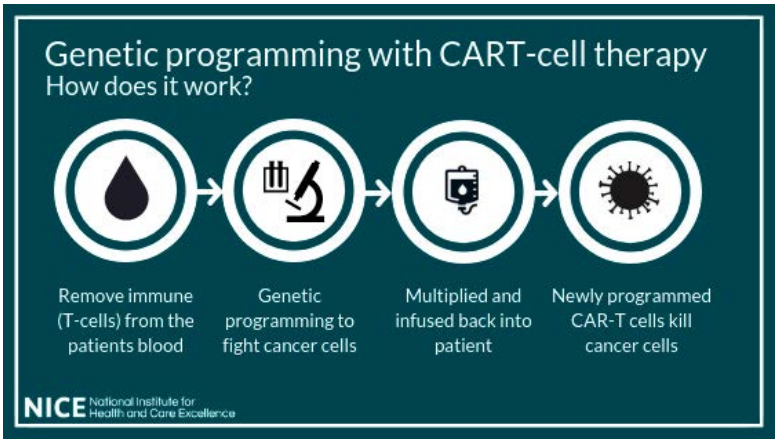


In the last few years, researchers have harnessed the power of the immune system to target cancer cells, forming a new era of personalised cancer therapy. This therapy, called chimeric antigen receptor (CAR) T-cell therapy, involves engineering a patient's immune T-cells to produce chimeric antigen receptors, or CARs, on their surface. The newly programmed T-cells are placed back into the body where they recognise and destroy cancer cells. The treatment is carried out as one single infusion.

'This is really good news for people affected by this type of lymphoma who, until now, have faced limited treatment options.'
Ropinder Gill, Lymphoma Action Chief Executive

Over the last year we assessed the cost effectiveness of CART-cell therapies tisagenlecleucel (Kymriah) and axicabtagene ciloleucel (Yescarta) for young people with leukaemia and adults with certain types of lymphoma.

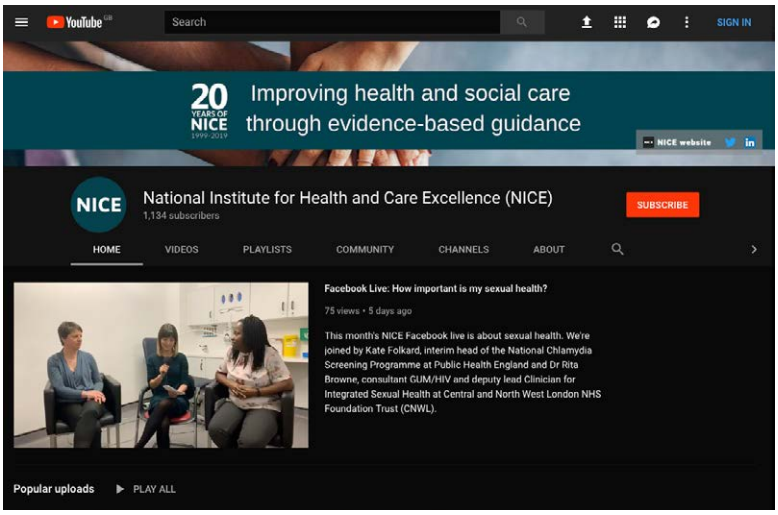
The therapy was promising in early trials, although more evidence is needed on the long-term clinical benefits and costs.



We recommended these CART-cell therapies were offered through the Cancer Drugs Fund so patients could access the treatment while more data was gathered. Shortly after, in January 2019, the first child was given the therapy through the Cancer Drugs Fund.

Meindert Boysen, director of NICE's Centre for Health Technology Evaluation, said: 'NICE's recommendation of tisagenlecleucel marks a new generation of personalised medicine that has the potential to transform the care of patients with cancer worldwide.'

'This has the potential to transform the care of patients with cancer worldwide.' Meindert Boysen



Our video on CART-cell therapy can be seen at https://www.youtube.com/watch?v=ThBB6hbWf-I. Our YouTube channel contains a wide range of videos about our work.

The research is in early stages, however, our recommendation for CART-cell therapy on the Cancer Drugs Fund represents another step towards a future of personalised medicine.

Research developments

Shaping the national research agenda

We work with national partners to influence what research is conducted. Our guidance-producing committees are uniquely placed to identify gaps in the evidence base and recommend areas where further research is needed. Our Science Policy and Research Programme liaises with the National Institute for Health Research, which then commissions the research.

We also advise funding panels at the Medical Research Council, the DHSC research and development committee, and a DHSC policy research unit.

Unlocking data to improve health care

We have a portfolio of collaborative projects aligned to NICE's research needs delivered by our Science Policy and Research programme. 2018/19 was another successful year in terms of project delivery and securing new research grants.

We have continued our involvement in international research projects to help improve how NICE works. Several projects starting in 2018/19 focused on the use of data and data analytics, and how these can improve healthcare decision making and guidance development.

Through the European Health Data & Evidence Network (EHDEN) project, we are helping to create a health data network based on the health records of over 100 million people across Europe. This will be a valuable source of real-world data to aid research and improve patient care.

Following on from the original GetReal project on using real-world evidence in research, we have taken the lead on a project to establish a real-world evidence think tank. This group will make recommendations on how real-world evidence can be used in medicine development, regulation and health technology assessment.

We are helping to lay the ground for 'next generation' health technology assessment by participating in the HTx project. This seeks to address the challenges posed to current assessment processes by innovations such as personalised medicine, combination therapies, big data and artificial intelligence.

The Neurodegenerative Diseases Network (NEURONET) is a project to collect and analyse information from a number of European research initiatives on conditions including dementia and Alzheimer's disease. Our involvement in this project gives us a better overview of current research into these conditions.

We are also involved in the VALUE-Dx project, which aims to establish methods and processes for assessing the value of diagnostic technologies to help prescribers decide when antibiotics are needed. Reducing the use of antibiotics when they are unnecessary or ineffective will help to reduce antimicrobial resistance.

Value assessment and innovative purchasing models for antimicrobials

We are working with NHS England and DHSC to develop and test innovative models for the purchase of antimicrobials. The aim is to demonstrate the feasibility of models that pay companies for antimicrobials based primarily on a health technology assessment of their value to the NHS as opposed to the volumes used.

Such purchasing models, if developed and adopted internationally, will lead to more predictable payments to companies based on value rather than volume of prescribing, and have the potential to achieve much-needed pull incentives for increased investment in antimicrobial product development.

The project is expected to be delivered over 2 years and is co-sponsored by NICE and NHS England with oversight from DHSC. The project will inform NICE and NHS England policy on the potential wider implementation of innovative purchasing models for antimicrobials.

Identifying and shaping research priorities

We have identified research priorities and received funding for other vital research projects through the DHSC research and development committee, with several proposals funded.

One aims to examine the implications of 'histology independent' or 'site agnostic' indications for cancer drugs. At present, separate appraisals are necessary for drugs that work on different tumour sites, but new drugs are being developed for multiple tumour sites that share the same biomarker, and these are already receiving accelerated approval in the US.

NICE cannot conduct a separate appraisal for each tumour site contained within a site-agnostic indication as one drug could result in up many separate appraisals. We do not have capacity to accommodate this, and there is limited data available for each tumour site.

We will need to develop a framework for single, biomarker-driven appraisal for these site-agnostic cancer drugs, so are exploring how this can happen without creating unnecessary delays in patient access.

Another project is looking at developing core outcome sets in public health and social care research and evidence-based decision making. At present there is variability in the way health outcomes are measured, which means it is difficult for researchers to obtain and interpret results consistently.

Having an agreed core outcome set across the evidence life cycle from research and reviews through to guideline development and implementation will reduce waste and inefficiency in research, lead to better guidance and ultimately improve care in public health and social care.

Fellows and scholars

Our Fellows and Scholars programme enables people working in the UK, across the health, public health and social care sector to get involved with NICE, and to network with like-minded advocates of evidence-based care.

NICE fellows: senior influential leaders act as ambassadors for NICE's work for 3 years. They use their strong networks to promote the work of NICE at a regional and national level.

NICE scholars: scholarships are 1-year opportunities for individuals from across health, public health and social care to undertake, and be supported during, a NICE-related improvement project within their local organisation.

'Being a NICE Scholar has been a professionally enlightening experience… I have met some amazing people during my scholarship journey with NICE and anticipate that these connections will continue long after the scholarship ends.'
Roz Gittins, director of pharmacy at Addaction

We support our fellows and scholars to learn about the inner workings of NICE through a series of workshops, access to an adviser and contact with our experts.

This year we awarded 8 fellowships and 9 scholarships.

Assisting shared decision making

Shared decision making helps to involve people in their treatment and care. It starts with a conversation between the person receiving care and their health professional.

We are committed to supporting shared decision making and have created patient decision aids.

In 2018/19 we published our process that guides development of decision aids and made a business plan commitment to produce up to 10 of them each year. We published decision aids on topics including antipsychotic medicines for treating agitation and distress in people living with dementia, Intrabeam radiotherapy for treating early breast cancer, and using antibiotics to treat urinary tract infections in women.

Working to improve social care

We have worked with partner organisations in adult social care to develop resources to support better quality care. The NICE Quality improvement resource helps shape high-quality services by bringing together our quality standards and guidelines in an easy to use format, mapped against Care Quality Commission key lines of enquiry.

We also led the development of the 'Quality Matters' digital resource Unlocking capacity: smarter together, aimed at system leaders across health and social care to work better together. We worked with London local authority commissioners to develop a set of common standards and metrics, based on our quality standards, which are now used across all 33 London local authorities. We also ran sessions for social care registered managers in over 30 different localities through our links with Skills for Care.

We published 8 quick guides – short, visual guides on key topics including advance care planning and young people's transition to and from inpatient mental health settings. We also ran a series of webinars on how to use NICE guidance in social care practice.

We continued our work to support personalisation in social care. We published materials including a quality standard on people's experience using adult social care services and a guideline on decision making and mental capacity. We also worked with the Think Local Act Personal Partnership on a symposium and report identifying gaps in the evidence around personalisation and future research priorities.

Promoting public involvement

In 2018/19 we have continued to put into practice the commitments from our 2017 public involvement review. We have improved how we reach and recruit our lay members, and made greater use of social media to share NICE's work and engage in conversations with voluntary and community sector organisations. In 2018/19 434 people applied to sit on our committees, which represents 6 applicants for every vacancy.

The views and experiences of people who use services and their carers are very important to our work. Over the past year we used the support of facilitators to ensure that people with learning disabilities can fully take part in developing quality standards.

We have also changed the way we work for these topics and developed 'easy read' versions of meeting papers. This inclusive approach means that the quality standards are informed by the contributions of people they are relevant to.

Working to improve public health

We produce guidelines on public health topics based on the best available evidence, providing recommendations on 'what works' in terms of both the effectiveness and cost effectiveness of interventions and services. We cover topics including health protection, health improvement, health promotion and service provision, and communicable and non-communicable diseases and conditions.

In 2018/19, we published a range of materials, including guidelines on preventing suicide in community and custodial settings, to coincide with World Suicide Prevention Day and on increasing flu vaccination uptake. We also published a guideline on how community pharmacies can help to maintain and improve people's physical and mental health, including people with long-term conditions.

We also began development work on updating and amalgamating the suite of guidelines for tobacco. The aim is to bring 8 guidelines together into a single set of recommendations covering prevention, promotion of quitting, and treating dependence.

Promoting shared learning

Each year we gather examples of how NHS organisations, the voluntary sector and others have put our guidance and standards into practice. The best examples are recognised at our Shared Learning Awards.

In 2018 we received 73 shared learning examples and awarded the prize to East Berkshire CCG and Oxford Academic Health Science Network for their case study on reducing incidence of urinary tract infections by promoting hydration in care homes.

Celebrating 20 years of NICE

The past year was particularly significant for NICE, as 26 February 2019 marked the 20th anniversary of our establishment.

Over the past 2 decades we have worked to improve health and care in the UK. Our authoritative, evidence-based guidance has helped to transform the NHS, and our recommendations have secured access to innovative new treatments for thousands of patients.

We have earned an international reputation for the quality of our work, and evolved to meet the challenges and demands of a changing health and care system. More recently, we have brought the rigour of our work in clinical practice to help improve public health and social care.

Key senior appointments made

The NICE board welcomed two new directors this year.

Meindert Boysen was made director of the Centre for Health Technology Evaluation in April 2018, succeeding Professor Carole Longson, who had run the centre for 17 years.

Meindert is a qualified pharmacist who has worked in a hospital in The Netherlands and in the pharmaceutical industry, before joining NICE in 2004. Before becoming director he was responsible for running NICE's technology appraisal and highly specialised technologies programmes.

Dr Paul Chrisp became director of the Centre for Guidelines in September, following the retirement of Professor Mark Baker, who had been in the role for 6 years.

Also a pharmacist by qualification, Paul has been with NICE since March 2009, initially appointed to set up our accreditation programme for guideline developers and latterly working as programme director of the medicines and technologies programme. Before joining NICE, Paul spent more than 20 years in international medical publishing and communications.

Chief Executive Sir Andrew Dillon said: 'Meindert's and Paul's appointments will provide both continuity and new approaches in our two main guidance programmes. They are both outstanding leaders and it is a pleasure to welcome them to the Senior Management Team.'

Meindert Boysen

Dr Paul Chrisp

NICE chair honoured with knighthood

NICE's chair Professor David Anthony Haslam was awarded a knighthood for services to NHS leadership in the Queen's birthday honours in June 2018.

Professor Haslam became chair of NICE in April 2013, following a 35-year career in general practice in Cambridgeshire.

He has previously been awarded a CBE for services to medicine and healthcare in 2004, and has also held senior roles and fellowships at organisations including the Royal College of General Practitioners, the British Medical Association and the Academy of Medical Royal Colleges. Professor Haslam has also written 13 books, mainly on health for the lay public.

Sir David said: 'I'm really thrilled and honoured to be acknowledged in this way, but I am absolutely clear that I owe this to all the people I have worked with, particularly the board and staff at NICE. Careers are rarely about individuals – they depend on teams, and I am really lucky to be working with so many extraordinarily talented people.'

Performance analysis

This section considers in more depth NICE's delivery against the key priorities in the 2018/19 business plan.

How we measure our performance

The Chief Executive reports on performance at every public NICE Board meeting. The update provides a position statement against a consolidated list of objectives in NICE's business plan, and an explanation of any variance between the target output and actual performance.

The Board also receives regular reports from each director, including detailed performance updates against the business plan objectives.

Our outputs

In 2018/19 NICE produced the guidance and advice shown in the following table. The way in which we monitor performance and manage risks and issues that could affect the delivery of our outputs are described in the governance statement on p57.

Outputs	Planned	Actual
Public health guidelines	2	3
Clinical guidelines, including updates	19	16
Management of common infections	4	8
Social care guidelines	2	2
Technology appraisals guidance[1]	75	56
Interventional procedures guidance	30	36
Diagnostics guidance[2]	4	3
Highly specialised technologies guidance[3]	3	1
Medical technologies guidance[4]	8	5
Medtech innovation briefings	34	37
Advice to ministers on patient access schemes	38	39
Commissioning support documents for NHS England[5]	25	12
Guidance surveillance reviews	58	65
Evidence summaries[6]	20	10
Quick guides for social care	10	10
Quality standards	20	18
Indicator sets	1	1
Endorsement statements	30	30
Shared learning examples	50	60
Monthly updates of the BNF and BNFC content	12	12
Regular medicine awareness bulletins	50	50
Medicines optimisation key therapeutics topics	16	14
Medicines evidence commentaries	25	25
Improving Access to Psychological Therapies assessment briefings[7]	4	1

1 In the 2018/19 business year the technology appraisals programme published a total of 56 pieces of guidance. This number is lower than anticipated in the business plan as 26 scheduled topics were suspended or delayed during the business year for a variety of reasons: 38% were rescheduled due to regulatory approval timeline changes or suspended due to negative regulatory decisions; 38% were delayed after draft guidance publication to accommodate ongoing discussions with NHS England regarding commercial opportunities; 14% were delayed for a short period of time at company request (resulting in publication in the 2019/20 business year); and 10% were suspended due to non-submission of evidence from the company. Delays to the appraisal process are often outside of the control of NICE (such as delays to the regulatory approval process) and present a level of risk for the planning of the work programme.

2 One topic was delayed by the end of 2018/19: Lead-I electrocardiogram (ECG) devices for detecting atrial fibrillation using single-time point testing in primary care.

3 Two topics were delayed by the end of 2018/19: Afamelanotide for treating erythropoietic protoporphyria ID927; and Cerliponase alfa for treating neuronal ceroid lipofuscinosis type 2.

4 Three topics were delayed by the end of 2018/19: IN.PACT; Endocuff Vision and PICO.

5 The target for the commissioning support programme is the delivery of 'up to 25 topics'. The number of topics was agreed before the outputs of each topic were known and based on the production of one document. NHS England actually required a suite of documents for each topic and the management of topics through the specialised services prioritisation process. A review was undertaken and it was established that the maximum number of topics that could be achieved with the current resources was 12-14. This was also dependent on topic referrals from NHS England.

6 Evidence summaries and evidence reviews (specialised commissioning) are externally commissioned and dependent on topic referrals from NHS England and the Regional Medicines Optimisation Committees (RMOCs). The number delivered reflects the reduced number of referrals received and one evidence summary (doxylamine/pyridoxine – the first RMOC product) being delayed from 29 March 2019 until 11 April 2019. The delay was due to comments received from the manufacturer on the 'considerations for practice' section late in the process that required additional time to review before taking the final product to guidance executive for approval. The RMOC evidence summary development process will be reviewed once the product has been discussed at the RMOC.

7 NHS England commissioned NICE to assess up to 14 selected digitally enhanced therapies for depression and anxiety over 3 years. Seven briefings have been produced to date. Four briefings were planned for publication in 2018/19, however only 1 referral was received for in-year publication due to products not meeting the selection criteria for briefing production. The selection criteria have been revised and, as a result of this, 5 technologies previously found ineligible were able to be assessed; 3 new eligible notifications were also received in the last quarter of 2018/19. Briefings will be published for 7 of these 8 eligible topics in 2019/20.

Financial review

Accounts preparation and overview

Our accounts consist of primary statements (which provide summary information) and accompanying notes. The primary statements comprise a statement of comprehensive net expenditure, a statement of financial position, a statement of cash flows and a statement of changes in taxpayers' equity. The accounts were compiled according to the standards set out in the Government Financial Reporting Manual (FReM) issued by HM Treasury, which is adapted from International Financial Reporting Standards (IFRS), to give a true and fair view of the state of affairs.

NICE is a non-departmental public body with the majority of funding coming through grant-in-aid from the Department of Health and Social Care (77%). The remaining funding comes from other NDPBs (NHS England and Health Education England) and our income generating activities (NICE Scientific Advice, the Office for Market Access and research grants). This funding and how it was used is explained in more detail below.

The Department of Health and Social Care has approved NICE's business plan for 2019/20 (available to view at **www.nice.org.uk/about/who-we-are/corporate-publications**) and has provided details of indicative funding levels for the next financial year. It is therefore considered appropriate to prepare the 2018/19 financial statements on a going concern basis.

How is NICE funded?

NICE's total revenue funding from the Department of Health and Social Care for 2018/19 was £52.6 million. This comprised:

- £43.8 million Administration grant-in-aid funding. The recurrent baseline funding from the Department of Health and Social Care was £43.5m million (a reduction of £2.6 million from 2017/18). A further £0.3 million was transferred into NICEs budget from the Office for Life Sciences for the Accelerated Access Collaborative.
- £8.3 million Programme grant-in-aid funding. This is primarily funding to purchase and distribute the BNF on behalf of the NHS (both in print and digital versions), and to support the Medical Technologies Evaluation Programme, in particular the cost of the external assessment centres.
- £0.85 million ring-fenced depreciation limit. This is non-cash funding, slightly reduced from the limit in 2017/18 (£0.95m).

In addition to the revenue resource limit, NICE's capital resource limit was £0.5 million for 2018/19.

The total amount of cash available to be drawn down from the Department of Health and Social Care during 2018/19 was

£52.6 million (made up of Administration funding [£43.8 million], Programme funding [£8.3 million] and capital funding [£0.5 million]).

The actual amount of cash drawn down in 2018/19 was £49.0 million. This was £3.6 million lower than the amount available because of underspends on vacancies across the organisation and savings released through planning for funding reductions in future years.

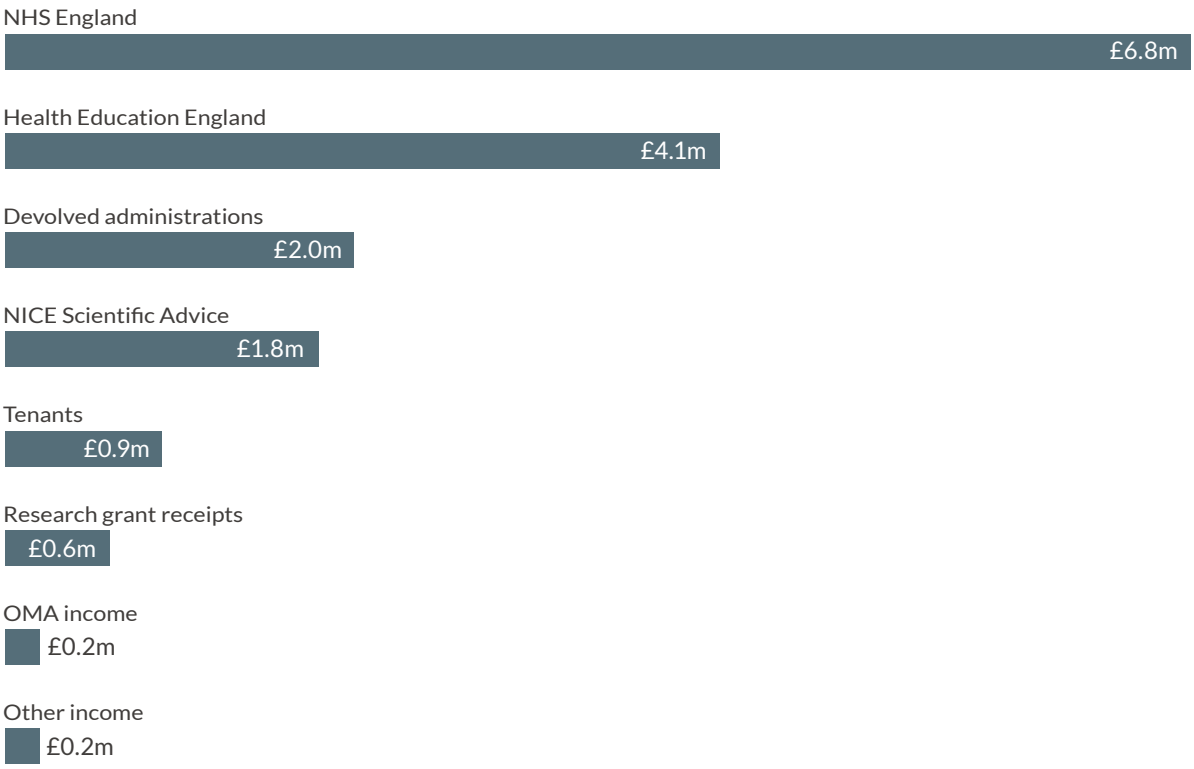
Other income

NICE also received £16.6 million operating income from other sources, as follows:

- NHS England provided £6.8 million funding to continue supporting a number of programmes:
  - activities supporting the Cancer Drugs Fund
  - developing medtech innovation briefings
  - supporting the Evaluative Commissioning programme
  - work on evidence-based treatment pathways for mental health
  - producing commissioning support documents
  - new activity funded by NHS England includes developing a national medical technology horizon scanning database (HealthTech Connect) and creating new evidence standards for digital health technologies.
- £4.1 million was received from Health Education England to fund national core content (such as journals and databases) on the NICE Evidence Search website for use by NHS employees.
- £2.0 million was received from the devolved administrations and other government departments to contribute to the cost of producing NICE guidance and publication of the BNF.
- Trading activities from NICE Scientific Advice, the Office for Market Access (OMA) and intellectual property royalties generated £2.0 million gross income and receipts.
- £0.9 million was received from charges to sub tenants of the Manchester and London offices.
- £0.8 million was received from other sources, including grants for supporting academic research and recharges for staff seconded to external organisations.

The following chart shows the breakdown of income received.

Other income (non-grant-in-aid): £16.6 million



How the funding was used

Total net expenditure in 2018/19 was £50.2 million (£50.4 million in 2017/18), which resulted in an underspend of £2.7 million against a total revenue resource limit of £52.9 million (see table below).

Summary of financial outturn

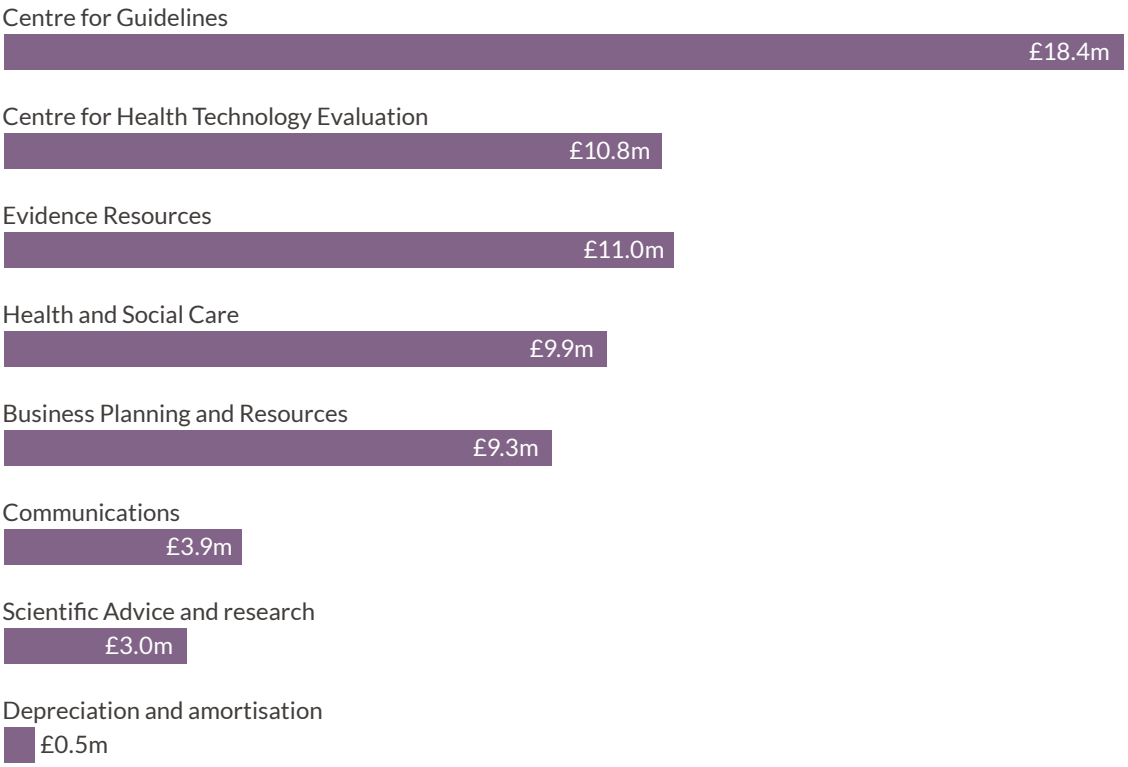
	Resource limit (£m)	Net expenditure (£m)	Variance (£m)
2018/19 Financial outturn			
Grant-in-aid	52.1	49.7	(2.4)
Depreciation and amortisation	0.8	0.5	(0.3)
Total comprehensive expenditure for the year ended 31 March 2019	**52.9**	**50.2**	**(2.7)**
2017/18 Financial outturn			
Grant-in-aid	53.8	49.5	(4.3)
Depreciation and Amortisation	0.9	0.9	0
Total comprehensive expenditure for the year ended 31 March 2018	**54.7**	**50.4**	**(4.3)**

The £2.7 million (5%) underspend in 2018/19 was caused by a mixture of vacancies throughout the year and savings generated through renegotiation of contracts. General caution exercised by the Board in not committing to new recurrent expenditure, and

savings programmes in preparation for further reductions to its grant-in-aid budget in future years has also had an impact.

The organisation is structured into 5 guidance and advice-producing directorates and several corporate support functions. The following chart shows how the gross expenditure is spread across NICE.

Gross expenditure by centre and directorate: £66.8 million



Capital expenditure

The capital budget during 2018/19 was £500,000. Of this £89,000 was spent on software licences and £35,000 was spent on IT hardware and storage. Several new meeting pods costing £44,000 were installed in the Manchester office to help maximise the use of the larger meeting rooms.

Better payment practice code

As a public sector organisation, NICE is required to pay all non-NHS trade creditors in accordance with the Better Payment Practice Code. The target is to pay 95% of all valid invoices by the due date or within 30 days of receipt of the goods, whichever is the later. NICE's performance against this code is shown in the following table.

Payment statistics

	Number	£000
Total non-NHS bills paid 2018/19	2,641	30,925
Total non-NHS bills paid within target	2,562	30,441
Percentage of non-NHS bills paid within target	**97.0%**	**98.4%**
Total NHS bills paid 2018/19	235	2,188
Total NHS bills paid within target	227	2,136
Percentage of NHS bills paid within target	**96.6%**	**97.6%**

The amount owed to trade creditors at 31 March 2019, in relation to the total billed through the year expressed as creditor days, is 14 days (6 days in 2017/18).

Future developments

The government spending review published in November 2015 set out a challenging agenda for the public sector. The Department of Health and Social Care confirmed that NICE's strategic savings challenge was a real terms reduction of 30% in grant-in-aid Administration funding and a 10% reduction in Programme funding, from our 2015-16 baseline to be achieved by 1 April 2019.

We developed a strategic savings programme that is nearing completion and while the savings required have been significant, we believe that we have nevertheless kept the essential shape of our offer, combining a range of guidance, standards and indicators, with an array of evidence services, adoption support and added value, fee for service programmes.

From 1 April 2019 the costs of technology appraisals and highly specialised technologies will be recovered by charging the companies being assessed.

Information on our objectives and strategic plans can be found in the business plan, available on our website (www.nice.org.uk/aboutnice).

Counter-fraud, bribery and corruption

Our counter-fraud bribery and corruption policy, updated in January 2017, provides guidance and support to anyone within NICE who identifies or suspects fraud, bribery or corruption. All staff are reminded to report any suspicions to their line manager, the Business Planning and Resources Director or the Chair of the Audit and Risk Committee, or directly to DHSC's anti-fraud unit.

As an NDPB there is no requirement for NICE to purchase a specific range of proactive and preventative work. Instead a service level agreement with the Government Internal Audit Agency allows for counter-fraud work to be procured as required.

There were no incidents of fraud, bribery or corruption detected during the 2018/19 financial year.

Human rights

NICE prides itself on being a good employer, and in our 2018 staff survey 94.5% of our respondents rated us as a good, very good or excellent place to work. Nevertheless, we have a range of practices and policies in place to protect the human rights of our staff, including policies on bullying, harassment and victimisation, grievance and whistleblowing. We have a range of diversity initiatives in place to prevent discrimination, and we recognise a trade union that our staff are welcome to join.

Sustainability report

Social, community and environmental issues

NICE occupies 2 floors in a shared building in London and 1 floor of a shared building in Manchester. Both landlords provide services and encourage behaviour that meets sustainability requirements. This includes recycling, energy efficiency and other facilities.

We consider environmental and sustainability issues when procuring goods and services. Staff are encouraged to travel on NICE business in the most sustainable and cost-effective way. Staff are also encouraged to commute using public transport by offering a rail season ticket scheme. NICE is also a member of the Cycle to Work scheme, which provides tax efficient incentives for employees to use bicycles to travel to work.

Sustainability

We continue to support and promote climate change issues across the London and Manchester offices. In line with the Greening Government Commitments 2016 to 2020 we will continue to reduce our environmental impact, building on the progress we have made since 2010.

Monitoring continues in all areas where the carbon impact is most significant. Using 2010 as a baseline, by the end of 2019/20 we aim to:

- Cut greenhouse gas emissions by 32%. We have achieved this, reducing our emissions by 66% between 2010 and 2019, by eliminating sending waste to landfill and by reducing BNF book printing.
- Reduce the number of domestic business flights by 30%. Staff members take domestic flights in exceptional circumstances only. As our committees use non-staff representatives from across the UK, transport by rail to our Manchester and London offices may sometimes prove too difficult or impractical. Therefore, to ensure that we engage with diverse communities, domestic flights are used where appropriate and necessary.
- Reduce waste sent to landfill to less than 10% of overall waste; continue to reduce the amount of waste generated and increase the proportion of waste which is recycled. In our Manchester office, we recycle 47% of our waste. The remaining 53% is recovered and used to create refuse derived fuel. In our London office, we recycle

50%. The remaining 50% is used to generate low carbon electricity. This is used to heat and power London homes and businesses. Therefore, NICE does not send any waste to landfill. We encourage staff to reduce waste and separate waste wherever possible.

- Reduce paper consumption by 50%. This has been achieved, reducing our paper usage by 61% between 2010 and 2019, by significantly reducing the number of BNF books that are printed and moving to digital formats. We continue to look for ways to reduce paper usage.

Energy use has increased by 2% when compared with 2017/18, mainly as a result of new air conditioning units and a warmer than average year, however the estimated carbon emissions has significantly reduced. There has been a reduction in emissions despite an increase in usage due to annual changes in the CO_2e factor, which can fluctuate depending on the relative prices of coal and natural gas as well as fluctuations in peak demand and renewables. The London office meter reading does not fully reflect all usage as some shared areas are not included.

Rail travel emissions have decreased by 5% and mileage has increased by 1% compared with 2017/18. The number of rail journeys rose by 173 (1%). Air travel has decreased by 5%, which is mainly due to fewer overseas flights. Car mileage has decreased by 21% compared with 2017/18 as we encourage travellers to use public transport instead of the car.

Total paper tonnes for printing has decreased by 1% because of book-order quantities for the BNF decreasing by 11,000 compared to 2017/18. Total cost has also decreased by 5%. Paper usage within our 2 offices has reduced by 25% compared with 2017/18.

NICE's performance is summarised in tables 1–3 and figure 4:

- Financial information was not separately available for office estate waste because the cost is included in office cleaning and maintenance contracts, where the element is not differentiated.
- Financial information was not separately available for office estate water use because the cost is included in the overall service charge. There are no other uses of finite resources where the use is material.
- NICE currently has no scope 1 carbon emissions, which are from sources owned by the organisation such as fleet vehicles.
- The updated emission conversion factors have been applied to 2018/19 data.

Sustainable development – summary of performance

Activity		2018/19	2017/18
Business travel including international air travel (miles)	Miles	2,709,759	2,749,552
	Expenditure (£)	£1,070,171	£1,018,700
Office estate energy	Consumption (kWh)	725,273	708,896
	Expenditure (£)	£146,511	£126,623
Office estate waste	Consumption (kg)	59,409	70,200

Activity		2018/19	2017/18
Printing	Paper (tonnes)	225	227
	Expenditure (£)	£715,994	£750,117

Estimated carbon emissions

Activity	Unit	Outturn 2018/19	Carbon tonnes 2018/19	Outturn 2017/18	Carbon tonnes 2017/18
Electricity	kWh	725,273	223	708,896	272
Scope 2[1] total			**223**		**272**
Rail travel	Miles	2,075,955	148	2,054,709	155
Air travel – domestic	Miles	96,624	24	78,613	18
Air travel – overseas	Miles	396,455	72	437,849	74
Car travel	Miles	140,724	41	178,382	52
Printing	Tonnes	225	360	227	363
Scope 3[2] total			**645**		**662**
Total			**868**		**934**

1 Scope 2 emissions relate to energy consumed that is supplied by another party.

2 Scope 3 emissions relate to official business travel paid for by NICE.

Waste

	2018/19	2017/18
Total non-recycled (kgs)	0	419
Total recycled (kgs)	59,409	69,781
Total waste (kgs)	59,409	70,200
Of which recycled	100%	99%

NICE uses the Crown Commercial Services frameworks whenever possible to maximise small and medium enterprises (SME) spend. In addition, our contracts are as SME-friendly as possible, and we also publish pre-tender notices to allow consortia to form.

Consumer single-use plastics

We are committed to eliminating single-use plastics from our offices by 2020, and in 2018/19 we implemented a number of measures to stop the use of disposable plastic items, reduce waste and encourage the use of reusable or recyclable materials.

Signed:

Sir Andrew Dillon
Chief Executive and Accounting Officer
20 June 2019

Accountability Report

Corporate Governance Report

The purpose of the corporate governance report is to explain the composition and organisation of NICE's governance structures and how they support the achievement of its objectives.

It comprises three sections:

- Directors' Report (p49)
- Statement of Accounting Officer's Responsibility (p56)
- The Governance Statement (p57).

Directors' Report

The Directors' Report as per the requirements of the Government Financial Reporting Manual (FReM) requires certain disclosures relating to those having authority or responsibility for directing or controlling the entity including details of their remuneration and pension liabilities.

Register of interests

A register of interests is maintained to record formally declarations of interests of Board members and employees. In particular the register includes details of all directorships and other relevant and material interests which have been declared by both executive and non-executive Board members, as required by our standing orders and policy.

Board members and employees are required to reconfirm their declared interests annually, in addition to declaring any changes in-year as they arise. The register is available on the **NICE website**.

NICE's current policy on declaring and managing interests for advisory committee members was effective from 1 April 2018. The Board agreed that the policy should be reviewed after 12 months of operation. The review is currently under way, drawing on feedback from those who use the policy to develop our guidance. A report will be presented to the Board in Q1 of 2019/20 with recommended amendments to the policy.

The policy established a reference panel to provide advice to directors on contentious matters relating to adherence with the policy, and to ensure the policy is consistently applied. The panel is made up of 3 non-executive directors and 2 members of the Senior Management Team, from non-guidance producing directorates. The panel met 5 times since 1 April 2018 and contributed to the above review of the policy.

The policy for staff and board members was also revised and became effective on 1 May 2018, to reflect the policy for advisory committees. The policy requires the interests of all senior managers (on the Agenda for Change pay grade 8d and above), to be accessible to the public. These can be found on the NICE website at **www.nice.org.uk**.

Information on transactions with organisations with whom our directors are connected are detailed in the Related Parties note on p111.

Governance structure

NICE Board

- Develops NICE's strategic priorities and approve the annual business plan.
- Provides oversight of the management of NICE's resources.
- Identifies and manage risks and ensure a sound system of internal controls is in place.

Audit and Risk Committee

- Provides an independent and objective review of arrangements for risk management, internal control and corporate governance.
- Reviews the annual report and accounts, prior to approval by the Board.
- Ensures there is an effective internal and external audit function in place.
- Reviews the findings of internal and external audit reports and management's response to these.

Remuneration Committee

Agrees the remuneration and terms of service for the Chief Executive, Senior Management Team and any other staff on the Executive and Senior Manager Pay Framework, including:

- salary
- performance-related pay
- provisions for other benefits including pensions
- arrangements for termination of employment and other contractual terms in accordance with Department of Health and Social Care and HM Treasury guidance.

Senior Management Team

Supports the Board to:

- develop strategic options for the Board's consideration and approval
- prepare an annual business plan
- deliver the objectives set out in the business plan
- design and operate arrangements to secure the proper and effective control of NICE's resources
- prepare and operate a set of policies and procedures that have the effect of both motivating and realising the potential of NICE staff
- construct effective relationships with partner organisations and maintain good communications with the public, NHS, social care, local government and life sciences industries
- identify and mitigate the risks facing NICE.

NICE's Board and Senior Management Team

The following people served on the Board during 2018/19.

Sir David Haslam
Chair

Dr Rosie Benneyworth
Vice Chair (1/4/18–17/9/18)
(Interim Chair 18/9/18–28/2/19)

Prof. Sheena Asthana

Prof. Angela Coulter

Prof. Martin Cowie

Elaine Inglesby-Burke CBE

Prof. Tim Irish
Senior Independent Director
(1/4/18–1/3/19)
Vice Chair (from 1/3/19)

Dr Rima Makarem
Senior Independent Director
(from 1/3/19)

Tom Wright CBE

Executive Directors who served on the Board in 2018/19

Sir Andrew Dillon
Chief Executive and Accounting Officer

Prof. Gillian Leng CBE
Deputy Chief Executive and Director,
Health and Social Care

Ben Bennett
Director, Business Planning
and Resources

Prof. Mark Baker
Director, Centre for Guidelines
(until 14/9/18)

Alexia Tonnel
Director, Evidence Resources

Directors

Meindert Boysen
Director, Centre for Health Technology
Evaluation (from 1/5/18)

Dr Paul Chrisp
Director, Centre for Guidelines
(from 17/9/18)

Jane Gizbert
Director, Communications

Mirella Marlow
Acting Director, Centre for Health
Technology Evaluation (1/4/18–30/4/18)

Catherine Wilkinson
Acting Director, Business Planning and
Resources (21/1/19–31/3/19)

Board committees

Audit and risk committee

During 2018/19 the committee continued to focus on NICE's financial reporting, risk management and internal audit's work. The terms of reference (ToR) of the committee provide the framework for the committee's work in the year. The ToR were reviewed and updated during 2018/19. Representatives from the National Audit Office (NAO) attend each meeting and meet with the committee members without the executives present.

The committee members during 2018/19 were:

Dr Rima Makarem
Chair

Prof. Tim Irish
Non-Executive Director

Prof. Sheena Asthana
Non-Executive Director

Elaine Inglesby-Burke CBE
Non-Executive Director

Remuneration committee

The committee sets remuneration levels and terms of service for senior staff at NICE, in line with NHS practice. The committee members in 2018/19 were:

Sir David Haslam
Chair

Prof. Tim Irish
Non-Executive Director

Elaine Inglesby-Burke CBE
Non-Executive Director[1]

Dr Rosie Benneyworth
Non-Executive Director [2]

Dr Rima Makarem
Non-Executive Director

1 From 20/03/19 **2** Until 28/02/19

Independent advisory committees

Membership of these committees includes healthcare professionals working in the NHS and local authorities, social care practitioners and people who are familiar with issues that affect those who use health and social care services, their families and carers. The committees seek the views of organisations that represent people who use health and social care services, and professional and industry groups, and their advice is independent of any vested interest.

During 2018/19 they were:

- Technology Appraisal Committees, chaired by Dr Jane Adam, Dr Amanda Adler, Professor Gary McVeigh and Professor Stephen O'Brien
- Highly Specialised Technologies Committee, chaired by Dr Peter Jackson
- Interventional Procedures Advisory Committee, chaired by Dr Thomas Clutton-Brock
- Diagnostics Advisory Committee, chaired by Dr Mark Kroese
- Medical Technologies Advisory Committee, chaired by Dr Peter Groves

- Public Health Advisory Committees, chaired by Professor Susan Jebb[1] OBE, Ralph Bagge[2], Paul Lincoln OBE, Professor Alan Maryon-Davis, Professor David Croisdale-Appleby OBE, Dr Sharon Hopkins and Dr Tessa Lewis
- Indicator Advisory Committee, chaired by Professor Danny Keenan
- Quality Standards Advisory Committees, chaired by Dr Bee Wee, Dr Hugh McIntyre and Dr Michael Rudolf

1 until May 2018 **2** from June 2018

Independent academic centres and information-providing organisations

NICE works with independent academic centres to review the published and submitted evidence when developing technology appraisal and highly specialised technologies guidance. We currently work with:

- Health Economics Research Unit and Health Services Research Unit, University of Aberdeen
- Liverpool Reviews and Implementation Group, University of Liverpool
- School of Health and Related Research (ScHARR), University of Sheffield
- Centre for Reviews and Dissemination and Centre for Health Economics, University of York
- Peninsula Technology Assessment Group (PenTAG), University of Exeter
- Southampton Health Technology Assessment Centre (SHTAC), University of Southampton
- Kleijnen Systematic Reviews Ltd
- BMJ Evidence Centre, BMJ Group
- Warwick Evidence, Warwick Medical School, University of Warwick.
- Decision Support Unit, University of Sheffield.

We commission independent academic centres to support advance evidence synthesis in the development of clinical guidance. The Centre for Guidelines in 2018/19 worked with the following organisation:

- Technical Support Unit, University of Bristol.

We also commission independent academic centres to review the published evidence when developing public health guidance. In 2018/19, the Centre for Guidelines worked with the following organisations:

- York Health Economics Consortium
- Royal College of Psychiatrists
- University of Sheffield
- Optimity Matrix
- Liverpool John Moores University
- Eunomia Research & Consulting

External assessment centres

The five external assessment centres are independent academic units retained to work with the Centre for Health Technology Evaluation on projects related to the work programmes on medical devices, diagnostics and interventional procedures. The centres are:

- CEDAR, Cardiff and Vale University Health Board
- King's Technology Evaluation Centre (KiTEC), King's College London
- Newcastle upon Tyne Hospitals NHS Foundation Trust
- School of Health and Related Research (ScHARR), University of Sheffield
- York Health Economics Consortium

National collaborating centres

The national collaborating centres (NCCs) develop guidelines for NICE. The NCCs bring together a multidisciplinary development group for each guideline. These groups include lay people, healthcare professionals such as nurses and GPs, and technical experts who work together to interpret evidence and draft recommendations. During 2018/19 the centres were:

- National Guideline Centre, hosted by the Royal College of Physicians
- National Guideline Alliance, hosted by the Royal College of Obstetricians and Gynaecologists

Personal data related incidents

There were no incidents during the year that were reportable to the Information Commissioner's Office.

Statement of the Board's and Chief Executive's responsibilities

Under the Health and Social Care Act 2012, the Secretary of State for Health and Social Care with the consent of HM Treasury has directed the National Institute for Health and Care Excellence (NICE) to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NICE and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State for Health and Social Care, 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 Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer for the Department of Health and Social Care (DHSC) has appointed the Chief Executive of NICE as the Accounting Officer for NICE. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding NICE's assets, are set out in Managing Public Money published by HM Treasury.

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

Governance statement

Accountability summary

As Accounting Officer, and working together with the NICE Board, I have responsibility for maintaining effective governance and a system of internal controls that support the achievement of NICE's aims and objectives, while safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

NICE's governance framework

NICE was established as the National Institute of Clinical Excellence on 26 February 1999 as a special health authority and became operational on 1 April 1999. The Health and Social Care Act 2012 re-established NICE as an England-only national advisory body with the status of non-departmental public body (NDPB). We work closely with DHSC (our sponsor) and NHS England, and have service level agreements with the devolved administrations. We have regular performance monitoring and reviews with DHSC.

NICE's functions

The primary statutory functions of NICE (section 245 of the Health and Social Care Act 2012) are to provide guidance and support to providers and commissioners of healthcare to help them improve outcomes for people using the NHS, public health and social care services. NICE supports the health and care system by defining quality in the NHS, public health and social care sectors, and helps to promote the integration of health and social care.

We do this by producing robust evidence-based guidance and advice for health, public health and social care practitioners; developing quality standards for those providing and commissioning health, public health and social care services; and providing information services for commissioners, practitioners and managers across health and social care.

Governance arrangements

The NICE Board consists of 8 Non-Executive and 4 Executive members with a balance of skills and experience appropriate to its responsibilities which provides leadership and strategic direction for the organisation. The Board is collectively accountable, through the Chair, to the Secretary of State for Health and Social Care for the strategic direction of NICE, for ensuring a sound system of internal control through its governance structures, and for putting in place arrangements for securing assurance about the effectiveness of that system.

Public Board

The Board meets formally 7 times a year. These meetings are open to the public and the venue is rotated around England to facilitate public attendance. Preceding the formal meeting there is a public question and answer session with the Chair and the Chief Executive.

Public board meetings consider reports on strategic issues facing NICE and its performance against business targets. In addition, the Board reviews reports from the Chief Executive, an update on the financial position from the Business Planning and Resources Director, reports from board committees, topic-specific papers on major developments, and regular update reports from each director. The Board's position on these papers is recorded in the minutes which are published on the NICE website.

Attendance at the NICE public Board meetings and the committees of the Board in 2018/19 are set out below:

	Board attended/eligible	ARC attended/eligible	Remuneration attended/eligible
Non-executive directors			
Prof David Haslam	4/7	-	1/2
Prof Sheena Asthana	7/7	5/5	-
Dr Rosie Benneyworth[1]	5/6	-	1/2
Prof Angela Coulter	7/7	-	-
Prof Martin Cowie	5/7	-	-
Elaine Inglesby-Burke[2]	6/7	3/5	0/0
Prof Tim Irish	6/7	5/5	2/2
Dr Rima Makarem	7/7	4/5	2/2
Tom Wright	6/7	-	-
Executive Directors			
Sir Andrew Dillon	7/7	5/5*	2/2*
Ben Bennett	5/7	3/5*	1/2*
Prof Gillian Leng	7/7	-	-
Prof Mark Baker[3]	3/3	-	-
Alexia Tonnel[4]	7/7	-	-
Directors in attendance			
Meindert Boysen[5]	7/7		
Paul Chrisp[6]	4/4	-	-
Jane Gizbert	6/6		
Mirella Marlow[7]	0/0		
Catherine Wilkinson[8]	2/2	1/1*	

* Attended but not a committee member

1 Until 02/19. **2** Remuneration Committee member from 03/19.
3 Until 09/18. **4** Executive director from 09/18. Attendance figures include the 3 meetings at the start of the year as a director in attendance.
5 From 05/18. **6** From 09/18. **7** Until 05/18. **8** From 01/19.

Strategy Board

In addition to the formal public meetings, the Board holds 6 informal meetings to consider strategic issues. This included a full day meeting in October 2018 which focused on a proposal from the Senior Management Team to focus the development and presentation of NICE guidance, standards and advice, and the tools that support their adoption, around a set of guidance pathways. This ambitious project, known as NICE Connect, aims to transform the accessibility and usability of NICE's work. The first phase, the 'proof of concept', will run until September 2019.

Other issues discussed at the strategy board meetings included NICE's updated operating principles and our engagement with key partners in the health and care system.

Board training

In December 2018 the Board received a GCHQ certified cyber security briefing from Templar Executives, as part of a pilot arranged by NHS Digital, to reflect the risks facing organisations in this area.

Standards and Board effectiveness

The Board is committed to the highest standards of corporate governance. As recommended by an internal audit review of NICE's corporate governance arrangements, the Board undertook a self-assessment exercise in March 2018, facilitated by the National Audit Office (NAO) and measured against the NAO's self-assessment framework. The results of the exercise were reported to the Board on 16 May 2018 in the form of a report from the Board Chair. The Board discussed where the feedback from Board members indicated scope for improvement against the indicators in the framework, including considering how to ensure the Board members are updated on key issues involving NICE's partners. It was agreed to focus the next evaluation on organisational issues such as the relationship between NEDs and Senior Management Team and enhancing debate and challenge at Board meetings. This took place in Q4 2018/19, with the feedback positive. The Board will consider the results and any required actions in May 2019.

Board committees

To help the Board fulfil its duties, it is supported by two committees – the Audit and Risk Committee and the Remuneration Committee.

Audit and Risk Committee

The Audit and Risk Committee meets quarterly and has received reports from internal audit in a range of areas. In 2018/19 the audit plan included the following reviews:

Areas reviewed	Assurance rating
Non-staff expenses and allowances	Moderate
Counter-fraud arrangements	Moderate
NICE Foundation preparations	Substantial
Financial controls / control environment	Moderate
Cyber security	Substantial
Whistleblowing arrangements	Moderate
Workforce planning	Moderate
Controls over confidential information (in CHTE team)	Moderate

Areas of focus for the Audit and Risk Committee in 2018/19 were:

- 'Deep dive' risk presentations allowing the committee to scrutinise risk management arrangements, challenge actions where appropriate, and offer advice and support on a continuous improvement basis. Topics included:
  - Cyber security arrangements in NICE's internal and externally facing networks and services.
  - Disaster recovery and business continuity planning arrangements in place to provide resilience in the event of a major outage or disaster.
  - Recruitment and retention challenges facing NICE, in particular the difficulties being experienced in attracting suitably qualified people to some specialist and technical roles.
  - The introduction of charging industry for the Technology Appraisals and Highly Specialised Technologies programmes, to be effective in 2019/20, and the level of anticipated income from fees.
- Reviewing the effectiveness of both the internal and external auditors via a survey to all the regular attendees at the Audit and Risk Committee meetings. The survey of the external auditor was reviewed in November and there were no issues of concern raised. The review of the internal auditor took place in February and was presented to the committee in April 2019. Overall the feedback was very positive. The scores and comments demonstrated that the relationship between the committee and the internal auditor was good and that management viewed the auditor's reports as helpful in driving improvements that add value.

In addition, the committee reviewed the outcome from internal and external audit reports; and reviewed annual assurance reports from management on complaints, information governance, information security and resilience, and whistleblowing arrangements.

In Q1 of 2018/19, the committee reviewed its terms of reference and its own performance, reviewed the draft annual report and accounts; and reviewed the Standing Orders, Standing Financial Instructions and Powers Reserved for the Board and Scheme of Delegation following annual updates by the Senior Management Team.

The planned activities during 2019/20 will be to:

- Consider areas for review by internal audit, approve the 2019/20 plan of work and monitor delivery against that plan and any continuing work from 2018/19.
- Receive a risk management report at each meeting to review progress in mitigating the risks within the corporate risk register.
- Continue to receive updates from the Senior Management Team members on key control priorities and key risks in their respective directorates.
- Review updates from the NAO on progress with their audit work and any published good practice guidance.

Remuneration Committee

The Remuneration Committee meets at least once a year. In 2018/19 the main meeting received an update on the pay arrangements for staff on Agenda for Change (AfC) and medical and dental terms and conditions, and agreed the pay for NICE's directors. An additional meeting was also held to approve the request to DHSC to recruit to 3 senior management roles beneath director level that may have a salary above £100,000.

Accountability to the Department of Health and Social Care

Annual accountability meetings are held between NICE's Chief Executive and Chair and the sponsoring Minister at DHSC, in England.

In addition, quarterly accountability meetings take place between NICE's senior management team and our sponsor team at DHSC. The meetings review the delivery of our agreed business plan, performance against our balanced scorecard, our financial position, and risks. A representative from the NICE sponsor team at DHSC attends our Audit and Risk Committee meetings.

A key focus in the discussions between NICE and DHSC during the year has been the arrangements for introducing charging to recover the costs of the Technology Appraisal and Highly Specialised Technologies programmes, which is essential in ensuring that NICE has the resources to expand the programmes, in line with the Life Sciences Industrial Strategy.

The risk and control framework

System of internal control

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NICE's policies, aims and objectives. The system of internal control has been in place at NICE for the year ended 31 March 2019 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure. It can therefore only provide reasonable and not absolute assurance of effectiveness. It is based on a continuous process designed to identify and prioritise the risks to the achievement of organisational aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised. The annual internal audit programme is designed to systematically review different areas of the business and provide assurance reports to the Senior Management Team and the Audit and Risk Committee that any identified weaknesses in controls are identified and strengthened.

Risk management framework

The Board determines the risk appetite and sets the culture of risk management within NICE with particular regard to new initiatives and emerging risks. The Board has ultimate responsibility for risk management within NICE including major decisions affecting NICE's risk profile or exposure.

The risk management policy sets out NICE's approach to risk management. It defines risk, explains how risks are categorised and how they are assessed and escalated. It documents the roles and responsibilities of the Board, the Audit and Risk Committee, the Senior Management Team, and the Corporate Governance and Risk Manager.

The policy outlines our risk appetite – the extent to which we will tolerate known risks, in return for the benefits expected from a particular action or set of actions. Careful planning and management will normally allow us to operate our programmes with a low level of risk. However, there will be occasions on which we will incur moderate risk, for example where we are making significant changes to current programmes or taking on new activities. We may also need to take account of risks that arise from the actions of other organisations that give rise to moderate risk for us. Exceptionally, we will need to consider accepting high risk. This is only likely where the actions involved represent the single or least unpalatable option to manage the circumstances involved, which are most likely to have been externally imposed, and therefore over which we will have little or no direct control.

Directors, in conjunction with their teams, are responsible for ensuring risks in their centre / directorate are identified, assessed and entered into the risk register as appropriate. These are then critically analysed by the Senior Management Team and reviewed by the Audit and Risk Committee, which challenges and scrutinises the operation of the risk management process and reports to the Board on its effectiveness.

The risk register is dynamic. The Senior Management Team reviews it 6 times a year, and before its consideration by the Audit and Risk Committee, ensuring it remains relevant. This review takes account of the ongoing identification and evaluation of risks by directors, and considers handling strategies and required policies to support the process of improving internal controls. In doing so, directors consider the resources available, the complexity of the task, external factors that may impact on NICE's work and the level of engagement required with partners and stakeholders. Risks are continually assessed in the context of current circumstances and NICE's strategy for responding to the funding reductions in the period up to 2020.

Engagement with DHSC during 2018/19 has included the Chair of the Audit and Risk Committee attending an arms-length body (ALB) Chair event on 5 February 2019, and the Corporate Governance and Risk Manager attending a one-day ALBs and Sponsor Team's risk event on 7 November 2018 at the DHSC office in London.

The key risks facing NICE in 2019/20 include delivery of target outputs from a large and diverse range of guidance and information programmes, the security of income from newly introduced charges for technology appraisals, the conduct and outcome of the review of appraisal methods, the management of the NICE Connect transformation programme, and the potential impact of the UK's departure from the European Union.

Information governance and security

NICE processes a range of personal and confidential data. This includes personal data about our workforce and stakeholders, and commercial data supplied by industry. We also receive data such as Hospital Episode Statistics from NHS Digital, which is carefully managed in accordance with our data sharing agreement, and in line with standard operating procedures. Safeguards are in place to appropriately manage personal, confidential and other sensitive information. Board-level responsibility for patient data rests with the Deputy Chief Executive and Health and Social Care Director, who is the Caldicott Guardian.

We adopt a risk-assessed approach to information governance, guided by legal requirements and official guidance from relevant bodies, including the Information Commissioner's Office. Board-level responsibility for the management of information risk rests with the Business Planning and Resources Director, who is the Senior Information Risk Owner (SIRO).

The Audit and Risk Committee review these arrangements at least annually, and in November 2018 received a comprehensive annual review of information governance which provided assurance that NICE's compliance with the Cabinet Office's Security Policy Framework and the National Cyber Security Centre's '10 steps to cyber security', was high. The work is supported by an internal Information Governance Steering Group consisting of senior management representatives from across NICE, chaired by the SIRO.

Information risks are considered as part of the risk assessment process, and any such risks reported to the Senior Management Team and Audit and Risk Committee accordingly. Policies and procedures for managing the security of personal data are reviewed by the information governance steering group with consideration given to best practice guidance and relevant standards.

A key priority for 2018/19 has been to maintain compliance with the General Data Protection Regulation and submit our first compliance assessment against the new Data Security and Protection Toolkit. NICE will use the toolkit as a benchmark our information governance standards. To help achieve compliance a comprehensive workplan has been put in place that includes:

- Conducting a business continuity exercise for our top data security risk.
- Ensuring staff are clear on their responsibilities and obligations through completion of a bespoke interactive information governance training tool, which is a mandatory requirement for staff to complete annually.
- Updating the information governance policy and management framework.
- Reviewing the terms of reference of the information governance steering group and role of the information asset owner.

Counter-fraud, bribery and corruption

Internal audit reviewed the counter-fraud arrangements in November 2018 providing a moderate assurance level. Four recommendations for improvement were made that are currently being actioned, to reflect the low levels of fraud related loss at NICE. The actions include the clarity of the roles and responsibilities for counter-fraud, the process for raising concerns and the provision of employee awareness training. A revised counter-fraud, bribery and corruption policy is being developed to address the internal audit recommendations, which has also been shared with the DHSC Anti-Fraud Unit for comment, before being approved by the Senior Management Team.

This work has taken longer than anticipated as after the policy had been updated NICE was advised by DHSC that all ALBs now had to comply with the Cabinet Office's functional standards for counter-fraud. ALBs are required to submit a self-assessment against the

functional standards by 2 September 2019. The counter-fraud standards consider how organisations manage their internal and external fraud risks. NICE will be responding to the request by September 2019, and this work will inform the revised policy.

Whistleblowing

All staff are made aware of NICE's established whistleblowing policy as part of their induction programme. One case was referred to me and the Chair of the Audit and Risk Committee towards the end of the previous financial year. A full investigation took place, chaired by the Deputy Chief Executive, and a report was provided to the Chair of the Audit and Risk Committee. The issue related to contract management and a course of action was agreed by the Senior Management Team to rectify the matter and ensure lessons have been learned. The Audit and Risk Committee reviewed the report and key learning points from the case, along with a revised whistleblowing policy, at its meeting in September 2018.

The new policy was launched to all employees in December 2018, and masterclass training sessions were available for all line managers in January and February 2019.

A follow-up internal audit review of whistleblowing arrangements was undertaken in March 2019 to provide assurance that NICE has an effective control framework in place to ensure that policies, procedures and guidance in relation to whistleblowing are fit for purpose, are being adequately promoted and advertised to staff, and complied with in a consistent and coherent fashion. The review received a moderate assurance rating, with areas for management to consider for future improvement being knowledge sharing of those involved in a whistleblowing investigation, introduction of a mechanism for confirming that agreed actions have been implemented following a whistleblowing case, and future benchmarking of NICE's policy against NAO best practice.

Significant internal control weaknesses

I am able to report that there were no significant weaknesses in the NICE's system of internal controls on 2018/19 that affected the achievement of NICE's key policies, aims and objectives.

On the basis of all the above I am satisfied that the systems of corporate governance and internal control are operating effectively.

Signed:

Sir Andrew Dillon
Chief Executive and Accounting Officer
20 June 2019

Remuneration and Staff Report

The Remuneration and Staff Report provides details of the remuneration (including any non-cash remuneration) and pension interests of Board members, the Chief Executive and the Senior Management Team. The content of the tables are subject to audit.

Senior staff remuneration

The remuneration of the Chair and Non-Executive Directors is set by the Secretary of State for Health and Social Care. The salaries of the staff employed on NHS conditions and terms of service are subject to direction from the Secretary of State for Health and Social Care.

The remuneration of the Chief Executive and all executive and senior managers (ESMs) is first subject to independent job evaluation and then approved by NICE's Remuneration Committee with additional governance oversight from the DHSC Remuneration Committee. Any salary in excess of £150,000 requires both Secretary of State and DHSC Remuneration Committee approval. The remuneration of the executives and senior managers is detailed in the table on p70.

Information on NICE's remuneration policy can be found on p67 and the membership of the Remuneration Committee can be found on p53 and has not been audited.

Performance appraisal

A personal objective-setting process that is aligned with the business plan is agreed with each member of staff annually and all staff are subject to an annual performance appraisal. NICE is a designated body for the revalidation of medical staff and has implemented a robust appraisal and revalidation process for its medical workforce that complies with the guide for good medical practice and the General Medical Council's framework for medical appraisal and revalidation.

Summary and explanation of policy on duration of contracts, and notice periods and termination payments

Terms and conditions: chairs and non-executives

For chairs and non-executive directors of NICE the terms and conditions are laid out below.

Statutory basis for appointment

Chairs and non-executive directors of non-departmental public bodies (NDPBs) hold a statutory office under the Health and Social Care Act 2012. Their appointment does not create any contract of service or contract for services between them and the Secretary of State for Health and Social Care or between them and NICE.

Employment law

The appointments of the Chair and non-executive directors of NICE are not within the jurisdiction of employment tribunals. Neither is there any entitlement for compensation for loss of office through employment law.

Reappointments

Chairs and non-executive directors are eligible for reappointment at the end of their period of office, but they have no right to be reappointed. DHSC will usually consider afresh the question of who should be appointed to the office.

Termination of appointment

A chair or non-executive director may resign by giving notice in writing to the Secretary of State for Health and Social Care. Alternatively, their appointment will terminate on the date set out in their appointment letter unless terminated earlier in accordance with any of the grounds under paragraph 2 of schedule 16 to the Health and Social Care Act 2012, as follows:

- incapacity
- misbehaviour, or
- failure to carry out his or her duties as a non-executive director.

Remuneration

Under the Act, the chair and non-executive director are entitled to be remunerated by NICE for so long as they continue to hold office.

There is no need for provision in NICE's annual accounts for the early termination of any non-executive director's appointment.

Conflict of interest

NDPB boards are required to adopt the Cabinet Office Codes of Conduct, published in April 2011. The codes require chairs and Board members to declare, on appointment, any business interests, positions of authority in a charity or voluntary body in health and social care, and any connection with bodies contracting for NHS services. These must be entered into a register that is available to the public. Any changes should be declared as they arise.

Indemnity

NICE is empowered to indemnify the Chair and non-executive directors against personal liability they may incur in certain circumstances while carrying out their duties.

Terms and conditions: NICE Executive

Basis for appointment

All executive directors are appointed on a permanent basis under a contract of service at an agreed annual salary with eligibility to claim allowances for travel and subsistence costs, at rates set by NICE, for expenses incurred on its behalf.

Termination of appointment

An executive director has to give 3 months' notice. There is no need for provision for compensation included in NICE's annual accounts for the early termination of any executive director's contract of service.

Pension benefits – Senior Management (Subject to audit)

Name	Title	Real increase/ (decrease) in pension at age 60 (bands of £2,500) £000	Real increase/ (decrease) in pension lump sum at aged 60 (bands of £2,500) £000	Total accrued pension at age 60 at 31 March 2019 (bands of £5,000) £000	Lump sum at age 60 related to accrued pension at 31 March 2019 (bands of £5,000) £000	Cash equivalent transfer value at 31 March 2018 £000	Real increase in cash equivalent transfer Value £000	Cash equivalent transfer value at 31 March 2019 £000
Sir Andrew Dillon[1]	Chief Executive	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Prof. Gillian Leng CBE	Deputy Chief Executive and Director, Health and Social Care	0 to 2.5	0 to 2.5	60 to 65	185 to 190	1,336	112	1,511
Mirella Marlow[2]	Acting Director, Centre for Health Technology Evaluation	0 to 2.5	0 to 2.5	40 to 45	140 to 145	979	10	1,152
Ben Bennett[3]	Director, Business Planning and Resources	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Jane Gizbert[4]	Director, Communications	0 to 2.5	nil	15 to 20	nil	283	36	343
Alexia Tonnel[4]	Director, Evidence Resources	0 to 2.5	nil	15 to 20	nil	139	29	190
Meindert Boysen[5]	Director, Centre for Health Technology Evaluation	2.5 to 5	2.5 to 5	20 to 25	45 to 50	320	75	428
Paul Chrisp[6]	Director, Centre for Guidelines	0 to 2.5	nil	15 to 20	nil	193	29	272
Catherine Wilkinson[7]	Acting Director, Business Planning and Resources	(0 to 2.5)	(0 to 2.5)	15 to 20	35 to 40	200	1	229
Mark Baker[8]	Director, Centre for Guidelines	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1 No longer an active member of the NHS Pension Scheme. At 31 March 2014 Total Accrued Pension at age 60 was £85-90k and Lump Sum was £255–260k

2 Ceased Acting Director, Centre for Health Technology Evaluation on 30 April 2018

3 No longer an active member of the NHS Pension Scheme. At 31 March 2018 Total Accrued Pension at age 60 was £50–55k and Lump Sum was £150–155k

4 No lump sum for senior managers who only have membership in the 2008 Section of the NHS Pension Scheme.

5 Director, Centre for Health Technology Evaluation from 1 May 2018

6 Director, Centre for Guidelines from 17 September 2018

7 Acting Director, Business Planning and Resources from 21 January 2019

8 Left Director, Centre for Guidelines 14 September 2018. No longer an active member of the NHS Pension Scheme

There is no CETV (cash equivalent transfer value) for those members who are over the age of 60 (1995 Section of the NHS Pension Scheme) and members over 65 (2008 Section)

Single total figure of remuneration – Board members' and directors' remuneration (subject to audit) (£000s)

2018/19	Title	Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits total to nearest £1,000	Total (bands of £5,000)
Sir David Haslam	Chair	60 to 65	Nil	Nil	Nil	60 to 65
Dr Rosemarie Benneyworth[1]	Vice Chair	15 to 20	Nil	Nil	Nil	15 to 20
Prof. Sheena Asthana	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Angela Coulter	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Martin Cowie	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Elaine Inglesby-Burke CBE[2]	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Timothy Irish[3]	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Rima Makarem	Non Executive Director	10 to 15	Nil	Nil	Nil	10 to 15
Tom Wright (CBE)	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Sir Andrew Dillon[5]	Chief Executive	185 to 190	Nil	Nil	Nil	185 to 190
Prof. Gillian Leng CBE	Deputy Chief Executive and Director, Health and Social Care	185 to 190	Nil	Nil	Nil	185 to 190
Mirella Marlow[7]	Acting Director, Centre for Health Technology Evaluation	10 to 15	Nil	Nil	3	10 to 15
Meindert Boysen[8]	Director, Centre for Health Technology Evaluation	105 to 110	Nil	Nil	56	160 to 165
Ben Bennett[9]	Director, Business Planning and Resources	120 to 125	2.0	5 to 10	Nil	125 to 130
Jane Gizbert	Director, Communications	110 to 115	Nil	Nil	11	120 to 125
Alexia Tonnel	Director, Evidence Resources	120 to 125	Nil	Nil	26	145 to 150
Paul Chrisp[10]	Director, Centre for Guidelines	65 to 70	Nil	Nil	26	90 to 95
Catherine Wilkinson[11]	Acting Director, Business Planning and Resources	20 to 25	0.7	Nil	Nil	20 to 25
Prof. Mark Baker[12]	Director, Centre for Guidelines	50 to 55	Nil	Nil	Nil	50 to 55

2017/18	Title	Salary and allowances (bands of £5,000)	Non-cash benefits total to nearest £100	Performance pay and bonuses (bands of £5,000)	Accrued pension benefits total to nearest £1,000	Total (bands of £5,000)
Sir David Haslam	Chair	60 to 65	Nil	Nil	Nil	60 to 65
Dr Rosemarie Benneyworth[1]	Vice Chair	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Sheena Asthana	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Angela Coulter	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Martin Cowie	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Elaine Inglesby-Burke CBE[2]	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Prof. Timothy Irish[3]	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Rima Makarem	Non Executive Director	10 to 15	Nil	Nil	Nil	10 to 15
Andrew McKeon[4]	Non Executive Director	0 to 5	Nil	Nil	Nil	0 to 5
Tom Wright (CBE)	Non Executive Director	5 to 10	Nil	Nil	Nil	5 to 10
Sir Andrew Dillon[5]	Chief Executive	185 to 190	Nil	Nil	Nil	185 to 190
Prof. Gillian Leng CBE	Deputy Chief Executive and Director, Health and Social Care	185 to 190	Nil	Nil	27	210 to 215
Prof. Carole Longson MBE[6]	Director, Centre for Health Technology Evaluation	130 to 135	Nil	5 to 10	19	155 to 160
Mirella Marlow[7]	Acting Director, Centre for Health Technology Evaluation	20 to 25	Nil	Nil	3	25 to 30
Ben Bennett[9]	Director, Business Planning and Resources	115 to 120	3	Nil	Nil	120 to 125
Jane Gizbert	Director, Communications	110 to 115	Nil	Nil	22	130 to 135
Alexia Tonnel	Director, Evidence Resources	120 to 125	Nil	5 to 10	29	155 to 160
Prof. Mark Baker[12]	Director, Centre for Guidelines	110 to 115	Nil	Nil	Nil	110 to 115

1 bonus was paid in 2018/19 (£6k) and 2 bonuses were paid in 2017/18 (£13k).

1 Vice Chair until 17 September 2018, then acting Chair until left on 28 February 2019

2 Remuneration is paid to Salford Royal NHS Foundation Trust

3 Vice Chair from 1 March 2019

4 Vice Chair until leaving 20 May 2017

5 No longer an active member of the NHS Pension Scheme

6 Until 24 January 2018

7 Ceased acting up 30 April 2018 – Salary reported is for 1 month only. Full-time equivalent salary was £125k–£130k

8 From 1 May 2018 – Salary reported is for 11 months only. Full-time equivalent salary was £110k–£115k

9 No longer an active member of the NHS Pension Scheme

10 From 17 September 2018 – Salary reported is for 7 months only. Full-time equivalent salary was £110k–£115k

11 Acting up 21 January 2019 – Salary reported is for 2 months only. Full time equivalent salary was £120k–£125k

12 Left 14 September 2018 – Salary reported is for 6 months only. Full-time equivalent salary was £110k–115k

Salary

'Salary' includes gross salary; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by NICE and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by NICE and treated by HM Revenue and Customs as a taxable emolument. The Business Planning and Resources Director received a lease car under salary sacrifice arrangements. The Acting Director, Business Planning and Resources received a lease car and childcare vouchers under salary sacrifice arrangements.

Cash equivalent transfer values

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 member's accrued benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension because of inflation and 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 the period.

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in NICE in the financial year 2018/19 was £185k–190k (2017/18: £185k–£190k). This was 4.4 times (2017/18: 4.5) the median remuneration of the workforce, which was £43,041 (2017/18: £41,787). In 2018/19 no employees (2017/18: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £8k to £188k (2017/18, £8k–£188k).

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

Other information about pay includes:

- The highest-paid director did not receive a pay award in year.
- One executive senior manager received an inflationary pay award equivalent to 1%, and 1 bonus was made during 2018/19.
- Median pay has increased by 3% from 2017/18, in line with national uplifts of 3% to pay bands.
- Incremental pay progression was applied, under Agenda for Change terms and conditions.
- Staff numbers have increased from 613 in 2017/18 to 618 in 2018/19; the cost and composition of permanent and other staff can be seen in the tables below.

This information has been audited.

Staff numbers and related costs (subject to audit)

	Permanently employed £000	Other £000	2018/19 Total £000	Permanently employed £000	Other £000	2017/18 Total £000
Salaries and wages	27,855	647	28,502	26,011	724	26,735
Social security costs	3,091	0	3,091	2,903	0	2,903
Employer contributions to NHS pensions schemes	3,655	0	3,655	3,418	0	3,418
Apprentice levy	126	0	126	117	0	117
Termination benefits	46	0	46	234	0	234
	34,773	**647**	**35,420**	**32,683**	**724**	**33,407**
Less recoveries in respect of outward secondments	(58)	0	(58)	(61)	0	(61)
Total net costs	**34,715**	**647**	**35,362**	**32,622**	**724**	**33,346**

Average number of persons employed

The average number of whole-time equivalent persons employed (excluding non-executive directors) during the year was as follows:

	Permanently employed staff	Other	2018/19 Total	2017/18 Total
Directly employed	606	12	618	613

Pensions

Past and present employees are covered by the provisions of the 2 NHS pension schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

a 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 uses an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019 is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. DHSC has recently laid scheme regulations confirming that

the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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

For 2018/19, employers' contributions were payable to the NHS Pension Scheme at the rate of 14.38%. These costs are shown in the NHS pension line of the staff numbers and related costs table on p73. The scheme's actuary reviews employer contributions, usually every 4 years and now based on HM Treasury Valuation Directions, following a full scheme valuation. The previous review used data from 31 March 2012 and was published on the government website on 9 June 2014.

The NHS Pension Scheme provides defined benefits, which are summarised below. This is an illustrative guide only, and is not intended to detail all the benefits provided by the schemes or the specific conditions that must be met before these benefits can be obtained.

Feature or benefit	NHS Staff Practice and Approved Employer Staff		Practitioners NHS Medical and Ophthalmic Practitioners		All NHS workers and Approved Employer Staff
Scheme	1995	2008	1995	2008	2015
Member contributions				Tiered contribution rates	
Type of scheme	Final salary based on the best of the last 3 years' pensionable pay	Final salary based on the average of the best three consecutive years within the last 10 years	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Career average re-valued earnings based on a proportion of pensionable earnings in each year of membership
Pension	A pension worth 1/80th of pensionable pay per year and pro rata for any part year of membership	A pension worth 1/60 of reckonable pay per year and pro rata for any part year of membership	A pension based on 1.4% of total up-rated earnings	A pension based on 1.87% of total up-rated earnings	A pension worth 1/54th of each year's pensionable earnings, revalued at the beginning of each following scheme year in line with a rate set by Treasury plus 1.5 % while in active membership
Retirement lump sum	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	3 x pension. Option to exchange part of pension for more cash up to 25% of capital value	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value
Normal pension age (NPA)	60 (55 for Special Class/MHO)	65	60	65	Equal to an individual's state pension age or age 65 if that is later.
Maximum age	75	75	75	75	75
Maximum membership	Non Special Class/MHO 45 years in total. Special Class/MHO 40 years at age 55 & 45 years overall	45 years		45 years	No limit
Minimum pension age	Age 50 if joined pre 6/4/2006 and not had a break of 5 years or more, otherwise age 55	Age 55	Age 50 if joined pre 6/4/2006 and not had a break of 5 years or more, otherwise age 55	Age 55	Age 55
Actuarially reduced early retirement	Yes	Yes	Yes	Yes	Yes
Late retirement	No late retirement factors applied	Late retirement factors applied to pension earned before age 65	No late retirement factors applied	Late retirement factors applied to pension earned before Age 65	Late retirement factors applied to all pension earned until retirement
Pensionable re-employment following payment of pension	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Only available to eligible members who retire from active membership following ill health retirement who rejoin prior to age 50	Yes if eligible	Yes if eligible
Partial retirement	No	Yes	No	Yes	Yes
Ill health tier 1	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up benefits paid without reduction	Built up pension paid without reduction
Ill health tier 2	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 1/2 of prospective pension to NPA
Increasing your pension	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250

Details can be found on the pension scheme website at www.nhsbsa.nhs.uk/pensions.

Pensions indexation

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in consumer prices in the 12 months ending 30 September in the previous calendar year.

Options to increase pension benefits

The NHS Pension Scheme provides different ways for members to increase their standard pension benefits. They are also able to contribute to money purchase additional voluntary contributions run by the scheme's approved providers.

Transfer of pension benefits

Scheme members have the option to transfer their pension into the NHS Pension Scheme providing they apply within 12 months of becoming eligible to join. Should they leave pensionable employment or decide to opt out of the NHS Pension Scheme they are able to transfer their accrued benefits out of the scheme to another pension provider.

Preserved benefits

Where a scheme member ceases NHS employment with more than 2 years' service they can preserve their accrued NHS pension for payment when they reach retirement age.

Retirements due to ill health

This note discloses the number and additional pension costs for individuals who retired on ill-health grounds during the year. There were no retirements during 2018/19 (2017/18: 1 retirement, totalling £68k). Ill health retirement costs are met by the NHS Pension Scheme.

Redundancies and terminations

During 2018/19 there were 4 redundancies / terminations, totalling £0.155m (2017/18: 23 cases at £1.676m).

Exit packages (subject to audit)

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies £000s	Number of other departures agreed	Cost of other departures agreed £000s	Total number of exit packages	Total cost of exit packages £000s
Less than £10,000	1 (2)	6 (15)	0 (9)	0 (51)	1 (11)	6 (66)
£10,000–£25,000	1 (3)	23 (44)	0 (7)	0 (83)	1 (10)	23 (127)
£25,001–£50,000	1 (6)	40 (212)	0	0	1 (6)	40 (212)
£50,001–£100,000	1 (6)	86 (443)	0	0	1 (6)	86 (443)
£100,001–£150,000	0 (4)	0 (502)	0	0	0 (4)	0 (502)
£150,001–£200,000	0 (2)	0 (326)	0	0	0 (2)	0 (326)
More than £200,000	0	0	0	0	0	0
Totals	**4 (23)**	**155 (1,542)**	**0 (16)**	**0 (134)**	**4 (39)**	**155 (1,676)**

Figures in brackets are 2017/18.

There were no special payments agreed for any of the departures.

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pension Scheme. Exit costs in this note are accounted for in full in the year of departure. Where NICE has agreed early retirements, the additional costs are met by the NICE and not by the NHS Pension Scheme. This disclosure reports the number and value of exit packages agreed within the year.

Note: the expenses associated with these departures may have been recognised in part or in full in a previous period.

Analysis of other departures

	Number of agreements	Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	0	**0**
Mutually agreed resignations contractual costs	0	**0**
Early retirement in the efficiency of service contractual costs	0	**0**
Contractual payments in lieu of notice[1]	0	**0**
Exit payments following employment tribunals or court orders	0	**0**
Non-contractual payments requiring HM Treasury approval[2]	0	**0**
	0	**0**

As a single exit package can be made up of several components each of which will be counted separately in this note, the total number above will not necessarily match the total numbers in the previous table which will be the number of the individuals.

1 Any non-contractual payments in lieu of notice are disclosed under 'non-contractual payments requiring HMT approval' below.

2 Includes any non-contractual severance payment following judicial mediation and £ relating to non-contractual payments in lieu of notice.

No non-contractual payments were made to individuals where the payment value was more than 12 months' of their annual salary.

The Remuneration Report includes disclosure of exit payments payable to individuals named in that report.

Health and safety

We are committed to adhering to the Health and Safety at Work Act 1974 and other related requirements to ensure that staff and visitors enjoy the benefits of a safe environment. There were 10 accidents and 2 near-misses reported during the year, which were risk assessed and appropriate action was taken. There were 94 days lost because of injury at work during 2018/19.

Employee consultation

NICE is committed to consulting and communicating effectively with employees. NICE has policies in place to ensure that, for all changes that affect the organisation there is open, honest and consistent 2-way consultation with UNISON and staff representatives. Information about proposed change, its implications and potential benefits are communicated clearly to all affected staff, who are encouraged to contribute their own ideas and to voice any concerns with their managers. Also, all policy development for employment policies is carried out in partnership with trade union representatives at NICE. We believe that communication with employees is essential, and keep employees updated and informed via the weekly NICE newsletter. Monthly staff meetings are held on both sites for all staff to attend. These are chaired by the Chief Executive to enable high levels of communication and consultation.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
14	13.6

Percentage of time spent on facility time[1]

Percentage of time	Number of employees
0%	0
1–50%	14
51%–99%	0
100%	0

Percentage of pay bill spent on facility time[1]

Total cost of facility time	£17,922
Total pay bill	£35,248,280
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.05%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	50.45%

Equality and diversity

NICE is committed to equality of opportunity for both current and prospective employees, and in the recruitment of committee and group members. Everyone who works for NICE, applies to work at NICE or applies to join a committee or group is treated fairly and valued equally.

NICE has a single equality scheme covering all protected characteristics. NICE complies with legislation and statutory codes of practice that relate to equality and diversity. All workers are treated fairly and equally regardless of age, disability, race, religion or belief, gender, marriage or civil partnership, pregnancy and maternity, sexual orientation or gender reassignment.

To ensure equal opportunities for disabled employees, NICE is committed to making reasonable adjustments to working conditions or to the physical working environment where this would help overcome the practical effects of a disability. NICE provides support to enable workers with a disability to participate fully in meetings and training courses. NICE also offers an interview to all disabled applicants who meet the essential shortlisting criteria for a post in accordance with the Employment Services 'disability confident' scheme, and makes reasonable adjustments to the recruitment process where requested and where practical.

All employee data is collated and recorded and NICE ensures it is accurate and up to date in accordance with the Equality Act 2010. The equality data of the NICE workforce is reported on an annual basis within the NICE equalities report, which can be found at www.nice.org.uk/about/who-we-are/policies-and-procedures/nice-equality-scheme.

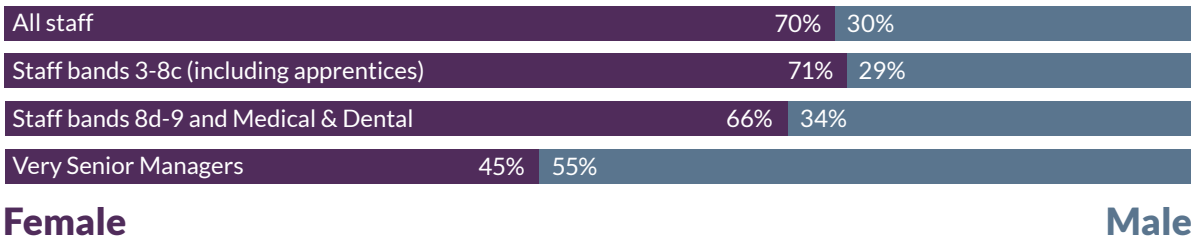
Our commitment to equality and diversity is also found in the intranet resources available for all staff, which provide links to legislation, policy and useful guidance.

Staff composition

NICE's workforce is 69.9% female and 30.1% male. Our staff composition by salary band is shown in the figure below.

NICE staff who are equivalent to senior civil servants (Band 8d, Band 9 or engaged on Medical and Dental terms and conditions) are 65.8% female and 34.2% male. Our Senior Management Team is 45.0% female and 55.0% male.

Staff composition by gender



Sickness absence

During the period January to December 2018, the number of days lost as a result of sickness by full-time equivalent employee was 5.9 days, or 2.6% (2017: 2.3%). DHSC considers the annual figures to be a reasonable proxy for financial year equivalents.

Effectiveness of whistleblowing arrangements

The whistleblowing policy was reviewed during 2018 and approved by the Board at its meeting in November 2018. During 2018/19, we continued to increase communication with staff about whistleblowing, to raise the profile and understanding of the policy. This included improving the information for staff on the NICE intranet site NICE Space, and training sessions for managers. There were no reported case of whistleblowing at NICE in 2018/19.

Review of tax arrangements of public sector appointees – off-payroll engagements

As part of the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, NICE must publish information about off-payroll engagements.

Off-payroll engagement longer than 6 months

For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months	
Number of existing engagements as of 31 March 2019	2
Of which...	
Have existed for less than 1 year at time of reporting	2
Have existed for between 1 and 2 years at time of reporting	0
Have existed for between 2 and 3 years at time of reporting	0
Have existed for between 3 and 4 years at time of reporting	0
Have existed for 4 or more years at time of reporting	0

New Off-payroll engagements

For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than six months	
Number of new engagements, or those that reached 6 months in duration, between 1 April 2018 and 31 March 2019	3
Of which...	
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	3
Number engaged directly (via PSC contracted to the entity) and are on the departmental payroll	0
Number of engagements reassessed for consistency or assurance purposes during the year	3
Number of engagements that saw a change to IR35 status following the consistency review	0

Off-payroll Board members / senior official engagements

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019	
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 that have been deemed 'Board members and/or senior officials with significant financial responsibility', during the financial year. This figure should include both off-payroll and on-payroll engagements	3

Expenditure on consultancy

During the year NICE spent £158k on consultancy, for which permission was obtained from DHSC (£150k in 2017/18).

Parliamentary Accountability and Audit Report

The purpose of the Parliamentary Accountability and Audit Report is to bring together the key Parliamentary accountability documents within the Annual Report and Accounts, much of this has historically formed part of the Financial Statements.

It is comprised of:

- losses and special payments, remote contingent liabilities, gifts or any other significant payments; and
- Certificate and Report of the Comptroller and Auditor General to the House of Commons.

The information in this section of the report is subject to audit.

Losses and special payments

NICE did not have any losses or special payments that meet the disclosure requirements.

Fees and charges

NICE does not have any fees and charges that meet the disclosure requirements under current legislation.

Remote contingent liabilities

As at 31 March 2019, NICE had no remote contingent liabilities (2017/18: none).

Gifts

NICE did not have any gifts or other significant payments that meet the disclosure requirements.

Signed:

Sir Andrew Dillon
Chief Executive and Accounting Officer
20 June 2019

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 National Institute for Health and Care Excellence for the year ended 31 March 2019 under the Health and Social Care Act 2012. The financial statements comprise: The Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the National Institute for Health and Care Excellence's affairs as at 31 March 2019 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Health and Social Care Act 2012 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 of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the National Institute for Health and Care Excellence in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

We are required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the National Institute for Health and Care Excellence's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the Board's and Chief Executive's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to examine, certify and report on the financial statements in accordance with the Health and Social Care Act 2012.

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Institute for Health and Care Excellence's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Health and Social Care Act 2012;
- in the light of the knowledge and understanding of the National Institute for Health and Care Excellence and its environment obtained in the course of the audit, I have not identified any

material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Gareth Davies Date: 4 July 2019
Comptroller and Auditor General

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

Financial statements

Statement of comprehensive net expenditure for the year ended 31 March 2019

	2018/19 Total £000	2017/18 Total (re-presented) £000	Notes to accounts
Revenue from contracts with customers	**(13,526)**	(13,576)	6
Other operating income	**(3,063)**	(2,920)	6
Total operating income	**(16,589)**	(16,496)	
Staff costs	**35,420**	33,407	5
Purchase of goods and services	**30,836**	32,786	3
Depreciation and impairment charges	**543**	921	3
Provisions expense	**47**	(223)	3
Total operating expenditure	**66,846**	66,891	
Net comprehensive expenditure for the year ended 31 March 2019	**50,257**	50,395	

There was no other comprehensive expenditure for the year ended 31 March 2019.

The notes at pages 93 to 114 form part of these accounts.

Statement of financial position as at 31 March 2019

	Total 31 March 19 £000	Total (restated) 31 March 18 £000	Notes to accounts
Non-current assets			
Property, plant and equipment	**1,537**	1,924	7
Intangible assets	**144**	129	7
Total non-current assets	**1,681**	2,053	
Current assets			
Trade and other receivables	**5,201**	3,865	8
Cash and cash equivalents	**2,640**	3,492	9
Total current assets	**7,841**	7,357	
Total assets	**9,522**	9,410	
Current liabilities			
Trade and other payables	**(4,227)**	(2,807)	10
Provisions for liabilities and charges	**(359)**	(339)	11
Total current liabilities	**(4,586)**	(3,146)	
Total assets less net current liabilities	**4,936**	6,264	
Non-current liabilities			
Provision for liabilities and charges	**(598)**	(669)	11
Total non-current liabilities	**(598)**	(669)	
Assets less liabilities	**4,338**	**5,595**	
Taxpayers' equity			
General fund	**4,338**	5,595	
Total taxpayers' equity	**4,338**	5,595	

The notes at pages 93 to 114 form part of these accounts.

The financial statements were approved by the Board on 20 June 2019 and signed by:

Sir Andrew Dillon
Chief Executive and Accounting Officer Date: 20 June 2019

Statement of cash flows for the year ended 31 March 2019

	Total 2018/19 £000	Total 2017/18 £000	Notes to accounts
Cash flows from operating activities			
Net operating expenditure	**(50,257)**	(50,395)	
Adjustments for non-cash transactions	**590**	698	3
(Increase) / decrease for trade and other receivables	**(1,336)**	1,054	8
Increase in trade and other payables	**1,420**	94	10
Use of provisions	**(98)**	(690)	11
Net cash outflow from operating activities	**(49,681)**	(49,239)	
Cash flows from investing activities			
Purchase of property, plant and equipment	**(82)**	(383)	7
Purchase of intangible assets	**(89)**	(86)	7
Net cash outflow from investing activities	**(171)**	(469)	
Cash flows from financing activities			
Grant-in-aid	**49,000**	51,000	
Net (decrease) / increase in cash equivalents in the period	**(852)**	1,292	
Cash and cash equivalents at the beginning of the period	**3,492**	2,200	9
Cash and cash equivalents at the end of the period	**2,640**	3,492	9

The notes at pages 93 to 114 form part of these accounts.

Statement of changes in taxpayers' equity for the year ended 31 March 2019

	General Fund[1] £000
Balance at 1 April 2017 (restated)	4,990
Changes in taxpayers' equity for 2017/18	
Grant-in-aid funding from DHSC	51,000
Comprehensive net expenditure for the year	(50,395)
Balance at 1 April 2018	5,595
Changes in taxpayers' equity for 2018/19	
Grant-in-aid funding from DHSC	49,000
Comprehensive net expenditure for the year	(50,257)
Balance at 31 March 2019	**4,338**

1 The General Fund represents the net assets vested in NICE (stated at historical cost less accumulated depreciation at that date), the surplus or deficit generated from notional charges and trading activities and grant-in-aid funding provided. It also includes surpluses generated from commercial activities. Further information on these activities is described in note 2.

The brought forward balance at 31 March 2017 has been restated by £2,000 to correct a brought forward rounding difference.

Notes to accounts

1 Accounting policies

The Annual Report and Accounts have been prepared and issued by NICE, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with the Health and Social Care Act 2012. The financial statements have been prepared on an accruals basis in accordance with the 2018/19 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NICE for the purpose of giving a true and a fair view has been selected. The particular policies adopted by NICE are described below. They have been consistently applied in dealing with items that are considered material to the accounts.

1.1 Going concern

NICE's status changed on 1 April 2013 from that of a special health authority to a non-departmental public body (NDPB). All the functions transferred to the new organisation. The Department of Health and Social Care (DHSC) has confirmed funding of NICE will continue and next year's funding has been agreed. It is therefore considered appropriate to prepare the 2018/19 financial statements on a going concern basis.

1.2 Income

The transition to IFRS 15 has been completed in accordance with paragraph C3 (b) of the Standard, applying the Standard retrospectively recognising the cumulative effects at the date of initial application. There has been no impact on the closing balances from the 2017/18 financial year and opening balances in 2018/19 (the initial year of IFRS 15 application) to be recognised in the opening balance of the General Fund.

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

- As per paragraph 121 of the Standard NICE will not disclose information regarding performance obligations part of a contact that has an original expected duration of one year or less.
- NICE is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.

- The FReM has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires NICE to reflect the aggregated effect of all contracts modified before the date of initial application.

Revenue in respect of services provided when 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 performance obligation that is to be satisfied in the following year, that income is deferred. Payment terms are standard reflecting cross-government principles.

Operating income is income that relates directly to the operating activities of NICE. It principally comprises fees and charges for services provided on a full-cost basis to external customers, but it also includes other income such as that from DHSC, the devolved administrations (Wales, Scotland and Northern Ireland), NHS England and Health Education England. It includes both income appropriated-in-aid and income to the Consolidated Fund, which HM Treasury has agreed should be treated as miscellaneous income.

NICE receives grants from other UK and overseas government departments, philanthropic organisations and development banks. Where income is received for a specific activity that is to be delivered in the following financial year, that income is deferred. On a monthly basis a work in progress calculation is completed according to contract dates with income being accrued or deferred in line with this calculation.

Other funding

The main source of funding for NICE is grant-in-aid funding from DHSC, from Request for Resources within an approved cash limit, and is credited to the General Fund. Grant-in-aid funding is recognised in the financial period in which the cash is received. The 2019-20 NICE business plan has been approved by DHSC and has provided details of indicative funding for the next financial year.

The value of the benefit received when NICE accesses funds from the government's apprenticeship service are recognised as income in accordance with IAS 20, Accounting for Government Grants. Where these funds are paid directly to an accredited training provider, non-cash income and a corresponding non-cash training expense are recognised, both equal to the cost of the training funded.

1.3 Taxation

NICE 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 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.

1.5 Non-current assets

A Capitalisation

All assets falling into the following categories are capitalised:

i Intangible assets where they are capable of being used for more than 1 year and have a cost, individually or as a group, equal to or greater than £5,000.

ii Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred per license.

iii Property, plant and equipment assets which are capable of being used for more than 1 year, and which:
- individually have a cost equal to or greater than £5,000
- collectively have a cost of at least £5,000, and an individual cost of more than £250, where the assets are functionally interdependent, and had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control
- form part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.

iv Desktop and laptop computers are not capitalised.

B Valuation

Intangible assets

Intangible assets held for operational use are valued at amortised historical cost as a proxy for market value in existing use given the immaterial balance. The accounts are therefore materially consistent with the FReM. Surplus intangible assets are amortised and valued at the net recoverable amount.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition, and in other

periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Property, plant and equipment

All property, plant and equipment are 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. All assets are measured subsequently at depreciated historic cost as this is considered to be not materially different from fair value. The carrying values of property, plant and equipment assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leasehold improvement assets in the course of construction are valued at current cost. These assets include any assets under the control of a contractor.

C Depreciation and amortisation

Depreciation is charged on each individual fixed-asset as follows:

i Intangible assets are amortised, on a straight line basis, over the estimated lives of the assets: 3–10 years
ii Purchased computer software licences are amortised over the shorter of the term of the licence and their useful economic lives: 3–10 years
iii Assets under construction are not depreciated
iv Leasehold improvements are depreciated over 10 years, except where the lease will not be renewed, in which case it will be the remaining life of the lease
v Each equipment asset is depreciated evenly over the expected useful life:
- Furniture: 10 years.
- Office, information technology and other equipment: 3–5 years.

1.6 Financial instruments

The transition to IFRS 9 has been completed in accordance with paragraph 7.2.1 of the Standard, applying the Standard retrospectively recognising the cumulative effects at the date of initial application.

NICE's financial assets are simple debt instruments held in order to collect contractual cash flows. Under IAS39 these were classified at amortised costs and no material change has arisen from implementing IFRS 9. NICE's material financial liabilities are trade payables and accruals, that were already held at amortised cost and no material change has arisen from implementing IFRS 9.

1.7 Foreign exchange

Transactions which are denominated in a foreign currency are translated into Sterling at the exchange rate ruling on the date of each transaction, except where rates do not fluctuate significantly, in which case an average rate for a period is used.

1.8 Leases

All operating leases and the rentals are charged to the statement of comprehensive net expenditure on a straight-line basis over the term of the lease.

NICE has no finance leases.

1.9 Provisions

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

All general provisions are subject to different discount rates according to the expected timing of cashflows from the Statement of Financial Position date:

- A nominal short-term rate of 0.76% (2017/18: negative 2.42% in real terms) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 1.14% (2017/18: negative 1.85% in real terms) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.

All 2018/19 percentages are expressed in nominal terms with 2017/18 being the last financial year that HM Treasury provided real general provision discount rates.

1.10 Pensions

Past and present employees are covered by the provisions of the NHS pensions schemes. Details of the benefits payable under these provisions can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

These schemes are unfunded defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The schemes 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, the schemes are accounted for as though they were a defined contribution schemes: the cost to NICE 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 NICE commits itself to the retirement, regardless of the method of payment. The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

1.11 Key areas of judgement and estimates

NICE has made estimates in relation to provisions, useful economic lives of its assets and depreciation and amortisation. These estimates were informed by legal opinion, specialist knowledge of managers and senior staff, and length of property leases.

1.12 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of 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. The components that make up cash and cash equivalents are not analysed in the financial statements as NICE holds only cash.

1.13 Early adoption of standards, amendments and interpretations

NICE has not adopted any IFRSs, amendments or interpretations early.

Standards, amendments and interpretations in issue but not yet effective or adopted

International Accounting Standard 8, accounting policies, changes in accounting estimates and errors, requires disclosure in respect of new IFRSs, amendments and interpretations that are, or will be, applicable after the accounting period. There is a single IFRS issued by the International Accounting Standards Board that is effective for financial statements after this accounting period.

IFRS 16 Leases

IFRS 16 application is required for accounting periods beginning on or after 1 January 2018. The standard has not been applied in 2018/19 as it is still subject to HM Treasury FReM adoption, with planned implementation in 2020/21. Early adoption is not therefore permitted.

IFRS 16 is anticipated to increase NICE's assets and liabilities by approximately £12.0m on initial application in line with the current value of NICE's operating leases. This is an estimate as the full impact of the new standard cannot be determined until further guidance is issued.

2 Analysis of net expenditure by segment

NICE operates 2 reportable operating segments that meet specified criteria as defined within the scope of IFRS 8 (Segmental Reporting), where each reportable segment accounts for either 10% of the reported income, surplus/deficit or net assets of the entity.

The largest reportable segment is for the core activities of NICE, funded mainly through grant-in-aid from DHSC. NICE also receives funding from other sources, notably £6.8m from NHS England (41% of other operating income in 2018/19) and £4.1m from Health Education England (25%). Activity associated with this funding is not business activity as defined in IFRS 8, therefore it is not shown as a separate operating segment here. Note 6 provides a detailed breakdown of funding and income received to support NICE activities.

The Scientific Advice programme was launched by NICE in 2009, providing fee-for-service consultation to pharmaceutical and biotechnology companies on product development plans. It operates on a full cost recovery basis and receives no exchequer funding. This has now become an established programme within NICE, with dedicated resources. In 2018/19 it accounted for 10.7% (10.9% in 2017/18) of operating income (excluding grant-in-aid) received and is therefore shown as a separate reporting segment below.

Net expenditure by segment

	NICE £000	Scientific Advice £000	Total £000
2018/19			
Gross expenditure	64,838	2,008	66,846
Income	(14,807)	(1,782)	(16,589)
Net expenditure	**50,031**	**226**	**50,257**
Segment net assets (as at 31 March 2019)	3,526	812	4,338
2017/18 (restated)			
Gross expenditure	65,210	1,681	66,891
Income	(14,694)	(1,802)	(16,496)
Net expenditure	50,516	(121)	50,395
Segment net assets (as at 31 March 2018)	4,557	1,038	5,595

With the agreement of the DHSC sponsor department the net assets of the operating segments are to be held separately within the General Fund.

In order to align reporting with DHSC, 2017/18 income and expenditure figures have been reclassified by £16,000 to include the apprenticeship training grant income and expenditure (non cash).

The Segmented Net Assets (as at 31 March 2018) figure has been restated by £2,000 to correct a brought forward rounding difference.

3 Operating costs

	2018/19 £000	2017/18 (re-presented) £000	Notes to accounts
Staff costs (before recovery of outward secondments)	**35,420**	33,407	5
Guideline development centres	**6,622**	7,933	
External contractors	**5,893**	5,416	
British National Formulary	**4,752**	4,795	
Healthcare library services	**3,708**	3,691	
Premises and fixed plant	**3,142**	3,195	
Medical technology external assessment centres	**1,296**	2,200	
Rentals under operating leases	**1,985**	1,834	
Travel expenditure	**1,659**	1,663	
Establishment expenses	**408**	584	
Supplies and services – general	**547**	563	
Education, training and conferences	**498**	430	
Legal fees	**84**	257	
Chair and non-executive directors' costs	**150**	141	
Auditor's remuneration: audit fees *	**50**	50	
Internal audit expenditure	**42**	34	
Non-cash items			
Depreciation	**469**	878	7
Amortisation	**74**	43	7
Provisions (sum of arising in year, prior year unused and change in discount rate)	**47**	(223)	11
	590	698	
Total	**66,846**	**66,891**	

* No non-audit fees were charged

In order to align reporting with DHSC, the apprenticeship training grant (non cash) cost of £84,000 has been included within the education, training and conferences number. The 2017/18 comparative figures have been reclassified to exclude the non cash grant income of £16,000 that was previously recognised within this cost category.

The corresponding apprenticeship training grant (non cash) income is included within other operating income (see note 6).

4 Reconciliation

4.1 Reconciliation of net operating cost to net resource outturn

	31 March 19	31 March 18
Net operating cost	**50,257**	50,395
Net resource outturn	**50,257**	50,395
Revenue resource limit	**52,920**	54,716
(Over) / underspend against limit	**2,663**	4,321

4.2 Reconciliation of gross capital expenditure to capital resource limit

	31 March 19 £000	31 March 18 £000
Gross capital expenditure	**171**	468
Net capital resource outturn	**171**	468
Capital resource limit	**500**	518
(Over) / underspend against limit	**329**	50

5 Staff costs

	Permanently employed £000	Other £000	2018/19 Total £000	Permanently employed £000	Other £000	2017/18 Total £000
Salaries and wages	27,855	647	28,502	26,011	724	26,735
Social security costs	3,091	0	3,091	2,903	0	2,903
Employer contributions to NHS pension schemes	3,655	0	3,655	3,418	0	3,418
Apprentice levy	126	0	126	117	0	117
Termination benefits	46	0	46	234	0	234
	34,773	**647**	**35,420**	**32,683**	**724**	**33,407**
Less recoveries in respect of outward secondments	(58)	0	(58)	(61)	0	(61)
Total net costs	**34,715**	**647**	**35,362**	**32,622**	**724**	**33,346**

Please also see the Remuneration and Staff Report, page 66.

Other staff costs relates to agency staff and seconded staff into NICE from other organisations.

6 Income

6.1 Revenue from contracts with customers

NICE receives contractual income from several separate sources, as shown below in accordance with IFRS 15.

Contract income from related NDPBs and Special Health Authorities shows the income from other NHS organisations whose parent is DHSC, and was previously reported as other operating income as per IAS 9 in 2017/18.

Contract income from other sources includes income from NICE Scientific Advice, publications income and the Office for Market Access (OMA) which were all reported as 'Income from goods and services' in the prior year. In addition to this income, we also receive contractual income arising from a number of research projects and staff seconded to other organisations, previously reported as other operating income.

	2018/19 £000	2017/18 £000
Contract income from related NDPBs and Special Health Authorities		
NHS England	6,781	6,610
Health Education England	4,065	4,123
NHS Business Services Authority	1	38
Contract income from other sources		
NICE Scientific Advice	1,782	1,802
Publications, intellectual property and royalties income	0	146
Office for Market Access	174	154
Research grant receipts	620	642
Income from higher education	45	0
Income received for staff seconded out (note 5)	58	61
Total revenue from contracts with customers	**13,526**	**13,576**

The funding from NHS England relates to several programmes that NICE delivers or contributes to. In 2018/19, this included activity to continue supporting the Cancer Drugs Fund (£2.3m), evidence-based treatment pathways for mental health (£1.4m), supporting the NHS England evaluative commissioning programme (£0.8m) and producing evidence summaries, commissioning support documents and medtech innovation briefings (£1.3m), HealthTech Connect (£0.5m) and assessing digitally enhanced IAPT (Improving Access to Psychological Therapies) technologies (£0.3m).

Health Education England (HEE) provided £4.1m in 2018/19 to fund the cost of core content (such as journals and databases) that is available on the NICE Evidence Search website (at www.evidence.nhs.uk). The £1,000 from the NHS Business Services Authority in 2018/19 was used to distribute copies of the BNF to dentists across the UK.

The NICE Scientific Advice Programme is an operating segment under IFRS 8 (Segmental Reporting), see Note 2 for further details. During 2018/19 responsibility for generating income from knowledge transfer services (including income from publications, intellectual property and royalties) was transferred to the NICE Scientific Advice programme. The total income of £1.8m generated by NICE Scientific Advice includes £0.2m relating to knowledge transfer income. We have not restated 2017/18 figures for either NICE Scientific Advice or publications, intellectual property and royalties income.

Publications and royalties income includes receipts relating to intellectual property and NICE content, charged in the UK and internationally. As noted above, in 2018/19 such knowledge transfer income is now included in the NICE Scientific Advice figure, and totalled £0.2m in year. This is due to the broadening of the NICE Scientific Advice's remit.

Income from the Office for Market Access and publications income do not qualify as operating segments under IFRS 8 as total receipts are below the required thresholds. The Office for Market Access provides expert advice for the life sciences industry in engaging with the NHS. Launched in 2015/16, the Office for Market Access facilitates engagement between life sciences companies and the healthcare system, generating income on a not for profit basis for arranging safe harbour meetings for organisations.

NICE also participates in funded academic research, including key grants such as the ROADMAP project relating to efficient uses of real-world evidence for the benefit of Alzheimer's disease patients and their care givers (£111,000), the HARMONY project aiming to speed up the development of better and safer medicines for patients (£69,000), the DO-IT project promoting the use of big data for better outcomes, policy innovation and healthcare system transformation (£83,000), the IMPACT HTA project assessing the performance of a range of statistical methods used to analyse non-randomised studies (£46,000), the GET REAL initiative leading on the establishment of a real-world evidence think tank data in drug development and subsequent regulatory and health technology assessment (£31,000), the EHDEN project aiming to harmonise clinical data to develop a standardised common data model (£33,000) and the European Health Technology Appraisal network (EUnetHTA) activities (£135,000) funded by the EU.

In 2018/19 NICE also worked in partnership with Myeloma UK to explore methods for capturing and using patient preferences within HTA decision making (£34,000).

The £45,000 income from higher education relates to a payment by JISC Collections for access to the Cochrane library online resource hosted on the NICE website.

6.2 Other operating income

	2018/19 £000	2017/18 (re-presented) £000
Income from devolved administrations	**2,002**	**1,979**
Other income sources		
Office sublet income	938	879
Contribution to UK Pharmascan costs	12	20
Other income	27	26
Apprenticeship training grant (non cash)	84	16
Total other operating income	**3,063**	**2,920**

Income from devolved administrations is a contribution of funds from Wales, Scotland and Northern Ireland to provide certain NICE products and services in those countries.

Other income includes receipts from continuing to sublet part of the leased office space to the Care Quality Commission, Homes England and the Regulator of Social Housing (all in the Manchester office) and the Human Fertilisation and Embryology Authority (London office).

The UK Pharmascan database is hosted by NICE and receives contributions to its running costs from the National Institute for Health Research, UK Medicines Information, Healthcare Improvement Scotland, NHS England Specialised Services, Northern Ireland Department of Health and the All Wales Medicines Strategy Group.

NICE received other income during the year, including reimbursements for travel and honorariums for speaking engagments at conferences and seminars. The prior year figure showed other income (£16,000) and travel reimbursement (£10,000) separately, these figures have been reclassified so show the total on other income only (£26,000).

In order to align reporting with DHSC, the apprenticeship training grant (non cash) of £84,000 has been included within the other operating income. The 2017/18 comparative figure has been reclassified to include the non cash grant of £16,000 previously recognised in Education, training and conferences operating costs.

The corresponding apprenticeship training grant (non cash) expenditure is included within education, training and conferences expenditure (see note 3).

7 Non-current assets

7.1 Property, plant and equipment

2018/19	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2018	3,579	294	1,441	961	6,275
Additions – purchased	(3)	6	35	44	82
Disposals	0	0	(20)	0	(20)
At 31 March 2019	**3,576**	**300**	**1,456**	**1,005**	**6,337**
Depreciation					
At 1 April 2018	2,663	168	1,056	464	4,351
Charged during the year	228	33	119	89	469
Disposals	0	0	(20)	0	(20)
At 31 March 2019	**2,891**	**201**	**1,155**	**553**	**4,800**
Net book value at 31 March 2019	**685**	**99**	**301**	**452**	**1,537**
Net book value at 31 March 2018	916	126	385	497	1,924

No assets were donated during 2018/19. All of NICE's assets are owned.

2017/18	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
Cost or valuation					
At 1 April 2017	3,494	500	1,313	922	6,229
Additions – purchased	205	0	139	39	383
Disposals	(120)	(206)	(11)	0	(337)
At 31 March 2018	**3,579**	**294**	**1,441**	**961**	**6,275**
Depreciation					
At 1 April 2017	2,177	336	927	370	3,810
Charged during the year	606	38	140	94	878
Disposals	(120)	(206)	(11)	0	(337)
At 31 March 2018	**2,663**	**168**	**1,056**	**464**	**4,351**
Net book value at 31 March 2018	**916**	**126**	**385**	**497**	**1,924**
Net book value at 31 March 2017	1,317	164	386	552	2,419

No assets were donated during 2017/18. All of NICE's assets are owned.

7.2 Intangible assets

	Total software licenses £000
Cost or valuation	
At 1 April 2018	715
Additions – purchased	89
Disposals	(352)
At 31 March 2019	**452**
Amortisation	
At 1 April 2018	586
Charged during the year	74
Disposals	(352)
At 31 March 2019	**308**
Net book value at 31 March 2019	**144**

All of NICE's assets are owned.

Cost or valuation	£000
At 1 April 2017	649
Additions – purchased	86
Disposals	(20)
At 31 March 2018	**715**
Amortisation	
At 1 April 2017	563
Charged during the year	43
Disposals	(20)
At 31 March 2018	**586**
Net book value at 31 March 2018	**129**

All of NICE's assets are owned.

8 Trade receivables and other current assets

Amounts falling due within 1 year	2018/19 £000	2017/18 £000
Contract receivables invoiced	**2,497**	1,010
Contract receivables not yet invoiced	**222**	362
Total contract receivables	**2,719**	1,372
Other receivables	**878**	810
Prepayments	**1,602**	1,646
Accrued income	**2**	37
	5,201	**3,865**

Following the adoption of IFRS 15, additional disclosures are required for contract receivables and contract assets. A contract receivable is recognised when the seller's right to consideration is unconditional. Contract receivables not yet invoiced are now included as trade receivables where previously these balances were disclosed under accrued income. The 2017/18 comparator figures have been reclassified in line with IFRS 15 to aid interpretation.

NICE does not hold any contract assets.

The amount of contract receivable not yet invoiced relating to EU funding is £93,000 (£87,000 in 17/18, included in accrued income).

9 Cash and cash equivalents

	2018/19 £000	2017/18 £000
Balance at 1 April	**3,492**	2,200
Net change in cash and cash equivalent balances	**(852)**	1,292
Balance at 31 March	**2,640**	3,492
The following balances at March were held:		
Government Banking Service	**2,640**	3,492
Balance at 31 March	**2,640**	3,492

10 Trade payables and other liabilities

Amounts falling due within one year	2018/19 £000	2017/18 £000
Trade payables	**(1,292)**	(566)
Tax and social security	**0**	(6)
Accruals	**(2,131)**	(1,573)
Contract liabilities	**(804)**	(662)
	(4,227)	(2,807)

Following the adoption of IFRS 15, additional disclosures are required for contract liabilities. A contract liability is recognised if consideration is received in advance of performance. Contract liabilities are separately disclosed in 2018/19. Previously these balances were disclosed under deferred income.

11 Provisions for liabilities and charges

	Total £000
Balances at 1 April 2017 (restated)	1,921
Arising during the year	140
Utilised during the year	(690)
Provision not required written back	(343)
Change in discount rate	(20)
Balance at 1 April 2018	**1,008**
Arising during the year	330
Utilised during the year	(98)
Provision not required written back	(215)
Change in discount rate	(68)
At 31 March 2019	**957**
Analysis of expected timing of cash flows	
Within 1 year to (period to Mar 2020)	359
1–5 years (period Apr 2020–Mar 2024)	114
Over 5 years (period Mar 2024+)	484

As at 31 March 2019 NICE had provisions of £334,000 in respect of legal costs, £25,000 in relation to HR issues and £598,000 in respect of expected dilapidation. The dilapidation relates to NICE's contractual liability at the end of the lease to reinstate the premises to the same state as at the start of the lease. The amount of the liability provision represents the current best estimate. The provisions have been discounted at 0.76% for short term (up to 5 years) and 1.14% for medium term (5–10 years).

The brought forward balance at 1 April 2017 has been restated by £2,000 to correct a brought forward rounding difference.

12 Capital commitments

NICE has no contracted capital commitments at 31 March 2019 for which no provision has been made (31 March 2018 £nil).

13 Commitments under leases

13.1 Operating lease obligations

Total future minimum lease payments under operating leases are given in the table below, analysed according to the period in which the lease expires.

Obligations under operating leases comprise	2018/19 £000	2017/18 £000
Buildings		
Not later than 1 year	**2,106**	1,901
Later than 1 year and not later than 5 years	**5,102**	5,358
Later than 5 years	**687**	3,544
	7,895	10,803
Other leases		
Not later than 1 year	**129**	161
Later than 1 year and not later than 5 years	**93**	129
Later than 5 years	**0**	0
	222	290

Buildings

NICE leases office space in London and Manchester. The Manchester lease expires in December 2027, with a break clause date of December 2024. The rent is due to be reviewed in December 2022. The London office is sublet from the British Council and expires in December 2020 alongside the head lease.

Other

This is predominantly vehicles leased for staff under salary sacrifice arrangements, which are usually for a period of 3 years. Other leases include office equipment such as copiers, watercoolers and fire extinguishers. These leases are usually between 3 and 5 years in duration.

13.2 Finance lease obligations

NICE does not hold any finance leases (none in 2017/18).

14 Other financial commitments

NICE has entered into non-cancellable contracts (which are not leases or private finance initiative contracts) for services. The payments to which NICE is committed during 2018/19 analysed by the period during which the commitment expires are as follows:

	2018/19 £000	2017/18 £000
Not later than 1 year	**419**	414
Later than 1 year and not later than 5 years	**88**	500
Later than 5 years	**0**	0
	507	913

15 Related parties

NICE is sponsored by DHSC, which is regarded as a related party. During the year, NICE has had various material transactions with DHSC itself and with other entities for which DHSC is regarded as the parent entity. These include NHS England, Health Education England, NHS Business Services Authority, NHS trusts and NHS foundation trusts.

In addition, NICE has had transactions with other government departments and central government bodies. These included the Care Quality Commission, Homes England, the Regulator of Social Housing, the British Council and the Human Fertilisation and Embryology Authority. During the year ended 31 March 2019, no Board members, members of senior management, or other parties related to them have undertaken any material transactions with NICE except for those shown in the table below.

It is important to note that the financial transactions disclosed were between NICE itself and the named organisation. The individuals named in the table have not benefited from those transactions. Any compensation paid to management, expense allowances and similar items paid in the ordinary course of operations is included in the notes to accounts and in the remuneration and staff report.

Related parties 2018/19

Related party appointment	NICE board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Advisory Committee on Resource Allocation, NHS England	Prof Sheena Asthana	Non-Executive Director	Member of Technical Advisory Group	**6,793.6**	**0.0**	**0.0**	**2,155.6**
BMJ Patients Panel (BMJ Publishing)	Prof Angela Coulter	Non-Executive Director	Member	0.0	889.7	0.0	0.0
	Prof Martin Cowie	Non Executive Director	Associate editor honoraria from Heart (BMJ Publications) and advisor (BMJ Best Practice)				
Cochrane EPOC group	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Editor	0.0	9.7	0.0	0.0
Guidelines International Network	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Trustee	0.0	2.8	0.0	0.0
King's College London	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Visiting professor	0.0	502.1	29.8	0.0
	Prof Timothy Irish	Vice Chair	Professor and consultant				
Novartis	Prof Martin Cowie	Non Executive Director	Consultancy payments related to global clinical trials or registries	31.8	0.0	0.0	13.8
Public Health England	Prof Gillian Leng CBE	Deputy Chief Executive & Director	Spouse – executive director	3.5	4.1	0.0	0.0
Royal College of Physicians	Prof Martin Cowie	Non Executive Director	Fellow	0.0	3,307.3	60.0	0.0
Royal Society of Medicine	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Trustee and honorary librarian	0.1	5.1	0.6	0.0
Salford Royal NHS Foundation Trust and Pennine Acute NHS Trust	Elaine Inglesby-Burke CBE	Non Executive Director	Chief Nursing Officer	0.0	0.1	0.0	0.0

Related parties 2017/18

Related party appointment	NICE board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Advisory Committee on Resource Allocation, NHS England	Prof Sheena Asthana	Non-Executive Director	Member of Technical Advisory Group	6,614.0	137.6	79.9	434.3
BMJ Patients Panel (BMJ Publishing)	Prof Angela Coulter	Non-Executive Director	Member	0.0	876.5	0.0	0.0
BUPA	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Association member BUPA	1.5	0.0	0.0	0.0
Cochrane EPOC group	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Editor	0.0	4.0	4.0	0.0
Guidelines International Network	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Trustee	0.0	3.4	0.0	0.0
International Advisory Board Agency for Care Effectiveness, Ministry of Health Singapore	Prof Carole Longson MBE	Executive Director	Member	5.2	0.0	0.0	0.0
King's College London	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Visiting professor	0.0	1,024.0	0.0	0.0
	Prof Tim Irish	Non-Executive Director	Professor and consultant				
Medicines Discovery Catapult, Innovate UK	Prof Carole Longson MBE	Executive Director	Non-executive director	12.0	0.0	0.0	0.0
Public Health England	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Spouse – executive director	0.2	2.5	0.0	0.1
Pumping Marvellous Foundation	Prof Martin R Cowie	Non-Executive Director	Member	0.0	0.4	0.0	0.0
Royal College of General Practitioners	Prof Angela Coulter	Non-Executive Director	Honorary fellow	0.4	0.0	0.0	0.0
Royal Society of Medicine	Prof Gillian Leng CBE	Deputy Chief Executive and Director	Trustee and honorary librarian	0.0	4.0	0.0	0.0
St George's University of London	Dr Rima Makarem	Non-Executive Director/Audit chair	Independent council member	0.0	79.4	0.0	0.0
University College London Hospitals NHS FT	Dr Rima Makarem	Non-Executive Director/Audit chair	Non-executive director	0.0	42.7	0.0	0.0
Greater Manchester Mental Health NHS Foundation Trust	Damien Longson[1]	Chair of 3 NICE committees	Spouse of NICE executive director	0.0	5.1	0.0	0.0
Royal College of Psychiatrists				0.0	1,196.4	0.0	0.0

1 Although Damien Longson is not a Board Member or senior manager of NICE, his membership on 3 of NICE's committees could be regarded as significant and we have therefore included him in this disclosure.

16 Events after the reporting period

In accordance with requirements of IAS 10, events after the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

The financial statements were authorised for issue by the Accounting Officer on the date that they were certified by the Comptroller and Auditor General.

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