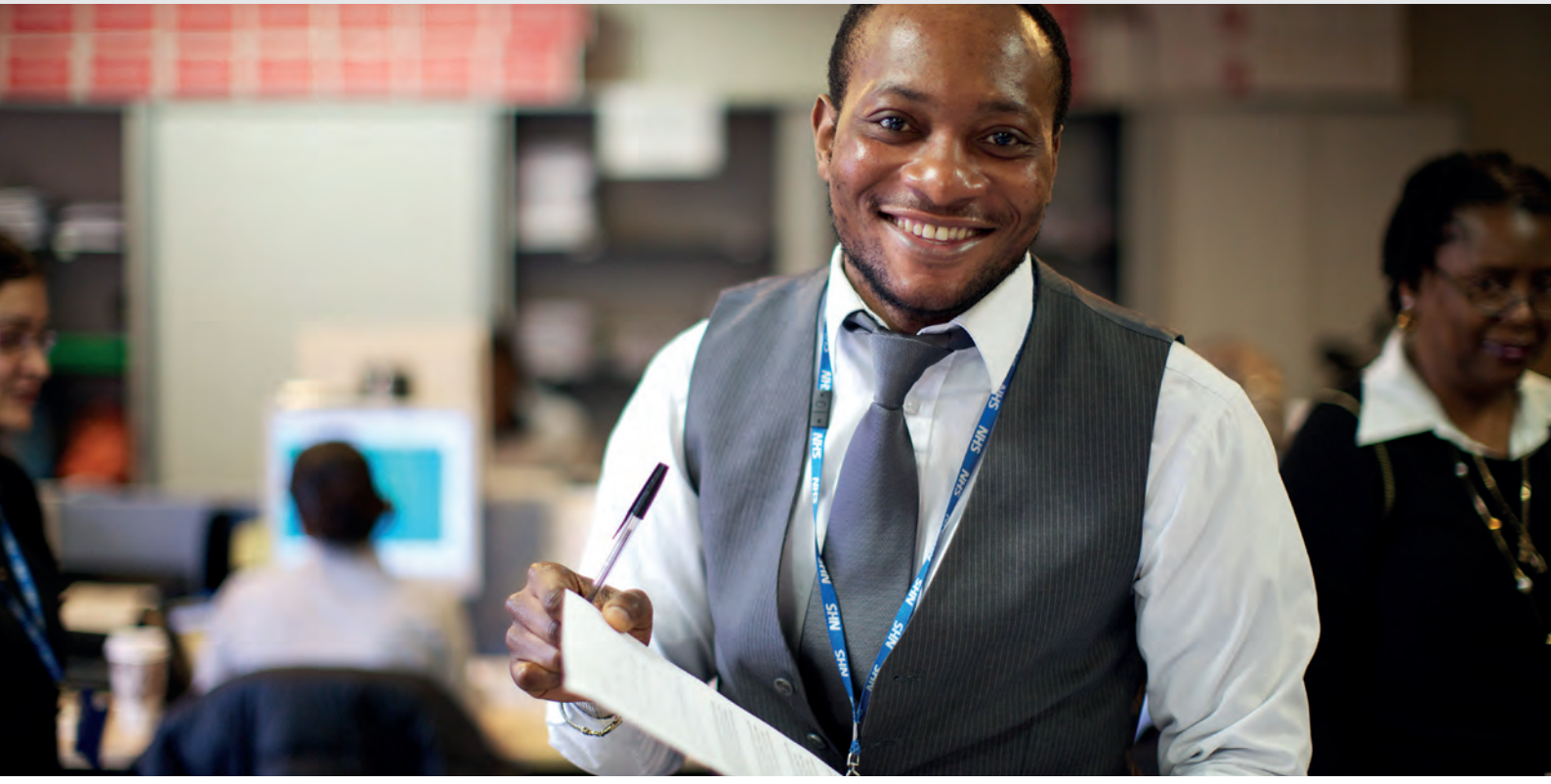
NHS
Health Education England

Annual Report and Accounts 2016/17

Health Education England (Executive Non-Departmental Public Body)



Developing people for health and healthcare

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THE NHS CONSTITUTION
the NHS belongs to us all

Health Education England

(Executive Non-Departmental Public Body)

Annual Report and Accounts 2016/17

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Contents

Foreword from the Chairman and Chief Executive

Welcome to the fourth annual report of Health Education England (HEE)

Here we set out our achievements over the last year: outlining how we continue to help improve the quality of care for patients by focussing on and investing in the education and training of the workforce which delivers that care, now and in the future.

This vision of higher quality care is articulated in the Five Year Forward View (5YFV), which HEE co-created and now helps deliver nationally, regionally and locally through our Local Workforce Action Boards (LWABs). LWABs are where the workforce issues of Sustainability and Transformation Plans are worked through together with our partners; making sure the right conversations happen with the right people at the right time.

This Annual Report is a document of progress and delivery across a wide range of priorities:

- For the first time ever the number of new GP trainees has exceeded 3,000, including GPs recruited in areas that have never had a GP trainee before.
- We also showcase our work in developing new primary care roles, such as practice nurses and 491 new clinical pharmacists working alongside GPs.
- This year we recruited 1,000 nursing associates into training. This is a new nursing role which sits between a registered nurse and a healthcare assistant, providing greater support to the former and a new career path for the latter.
- Over 2,000 nurses have completed our Return to Practice programme, supported by an award-winning publicity campaign.
- We are supporting junior doctors by addressing a number of non-contractual issues raised during the year, including improving the work-life balance of junior doctors and helping more to return to training after a break.
- Yet more progress on staff dementia training - our programme broke the 600,000 barrier this year, all these staff now supporting patients and their families in our NHS.
- We also welcomed the Leadership Academy to HEE this year and published *Developing People: Improving Care* with our partners to support organisations and individuals across our NHS in making leadership a vital tool in delivering ever better care and services to the public. There are more details of the new leadership framework at https://improvement.nhs.uk/uploads/documents/Developing_People-Improving_Care-010216.pdf
- We also integrated the Commission for Workforce Intelligence into the organisation as we sought to place a greater focus on supporting organisations across the NHS in providing planning data and analysis to the whole system.
- Our role in the 100,000 Genomes Project and in making England the leading international player in Genomics has flourished this year through the work of the Genomics Education Programme. As a key partner of the 100,000 Genomes Project and as a result of our work to transform the specialist and wider workforce, we have reached almost 160,000 learners through our informal learning opportunities and online courses.

Foreword from the Chairman and Chief Executive *continued*

Welcome to the fourth annual report of Health Education England (HEE) *continued*

- And we continue to the push the boundaries of innovation, using whatever levers we can to make sure the NHS has the workforce of the future it needs. This year that has included delivery of the Care Certificate and leadership of the apprenticeship and widening participation agendas, including a new degree level nursing apprentice role.

2016/17 has also been a year of preparing for change as the reforms to the funding of undergraduate nurse and allied health professional courses begin to work through the system. This changes how HEE will meet its statutory duty to have sufficient supply of professionals in the future, as we will no longer commission and pay for courses directly.

In common with all other organisations, we have also played our part in improving the efficiency of the NHS and this will continue into the coming year. We are working hard to do things more efficiently whilst maintaining our focus on quality, in the best interests of patients.

We have also been proactive in leading debate and discussion across the system about the future, with 'thought leadership' lectures from our Medical Director, Nurse Director and Chief Executive. This is a series we intend to continue in the coming year.

None of this would have been possible without our dedicated and skilled staff and our partners in higher education, royal colleges and regulators, ALBs, and, of course, patients, students and trainees who are the heart of what we do. We are, as ever, enormously grateful to them all.

The coming year promises to be an exciting and challenging one for HEE. Looking back at 2016/17, we are confident that we will continue to deliver for the NHS, its patients and staff. HEE stands ready for that challenge.

Sir Keith Pearson JP DL
Chairman

Professor Ian Cumming OBE
Chief Executive

Performance overview

The purpose of this overview is to provide a short summary of HEE's work, its purpose, the key risks to the achievement of our objectives and how we have performed during 2016/17. The accounts are prepared on a going concern basis. Further details can be found in accounting policy note 1.02 of the Annual Accounts on page 64.

What we do

HEE is focussed on improving the quality of care for patients. To do this we spend £4.8 billion a year on undergraduate and postgraduate education and training to ensure that the whole health and healthcare sector in England, including the NHS, the independent sector and public health, have access to world class professionals. From 2017/18, our focus moves away from non-medical education commissioning with the move to student loans for nurses and allied health professionals (AHPs), but we retain responsibility for clinical placements and postgraduate education. HEE's responsibility for high quality medical and dental education - at both undergraduate and postgraduate levels - is also unchanged.

HEE is also responsible - with employers, other stakeholders and individuals - for transforming the workforce. This includes ensuring that colleagues have access to effective continuing professional development (CPD) to support that transformation. HEE is committed to the development of the existing workforce, not solely to creating the future workforce.

We are an Executive Non-Departmental Public Body (NDPB) and an arm's-length body (ALB) of the Department of Health, providing system-wide leadership and oversight of workforce planning, education and training across England.

We have five new objectives, devised in 2016 in response to our emerging role:

- **Thinking and leading** - we will lead thinking on new workforce policy solutions in partnership with the Department of Health and others as appropriate to support high quality and sustainable services;
- **Analysing and influencing** - we will use high quality data, evidence, advice and workforce expertise to influence the delivery of NHS priorities;
- **Changing and improving** - we will design and respond positively to innovative recruitment, retention, development and transformation initiatives locally, regionally and nationally which change and improve NHS services and quality of care;
- **Delivering and implementing** - we will deliver high quality education and training, implement our Mandate and support partner-led programmes to improve the quality of care and services, guided at all times by the principles of the NHS Constitution;
- **Focusing on tomorrow** - we will strategically focus on the future including new roles and pathways to the professions and helping the NHS workforce embrace new technology.

What we do *continued*

HEE believes that the education and training of the health and healthcare workforce should be planned and delivered as close to the patient as possible, making best use of public money and, critically, ensuring that patients have the right people with the right skills, values and behaviours in the right place at the right time in the right numbers across England.

We are a national organisation with a local focus - a single organisation on the national and international stage, working in partnership with healthcare providers locally through our teams based across England in the newly-formed LWABs. Focussed on achievement, we deliver on our commitments and make a real difference for the NHS and its patients.

Statement on performance from our Chief Executive

Health Education England is committed to delivering high quality education and training to support the NHS in ensuring it gets the right people, with the right skills, values and behaviours in the right place, at the right time and in the right numbers.

This performance report is a snapshot of the work HEE undertook in 2016/17 and the success we have had in meeting that overarching commitment.

Across the health and social care system, all public bodies are being required to meet growing demands and transform working practices, while reducing operating costs. Although these are challenging times, we are proud to work with the providers of NHS services and other organisations including commissioners, local authorities and higher education providers to look at how we can do things differently to meet those growing demands.

We are also proud of our role on the national stage, working with the other arm's-length bodies through the Five Year Forward View and with the Department of Health to ensure the workforce is at the heart of strategic planning within the NHS.

HEE has a strong track record of delivering on its commitments, as set out in our Mandate. In response to the changing system, HEE's role is also changing and more emphasis is being placed on how we can support our partners to develop the existing NHS workforce, as well as training and creating new roles to meet the needs of the future.

With our partners, we will continue to strive and to deliver for our patients, our learners and NHS staff across the system. This report reflects our achievements to date, but, as ever, there is much still to do and our future plans are set out in HEE's Business Plan 2017/18 which is available at www.hee.nhs.uk

Professor Ian Cumming OBE
Chief Executive

Performance Report

Performance summary

Our performance is monitored through our quarterly Integrated Performance Report (IPR).

The IPR provides an overview of:

- Delivery of business plan priorities, Mandate commitments and significant programmes of work;
- The performance of corporate functions and commissioning activity.

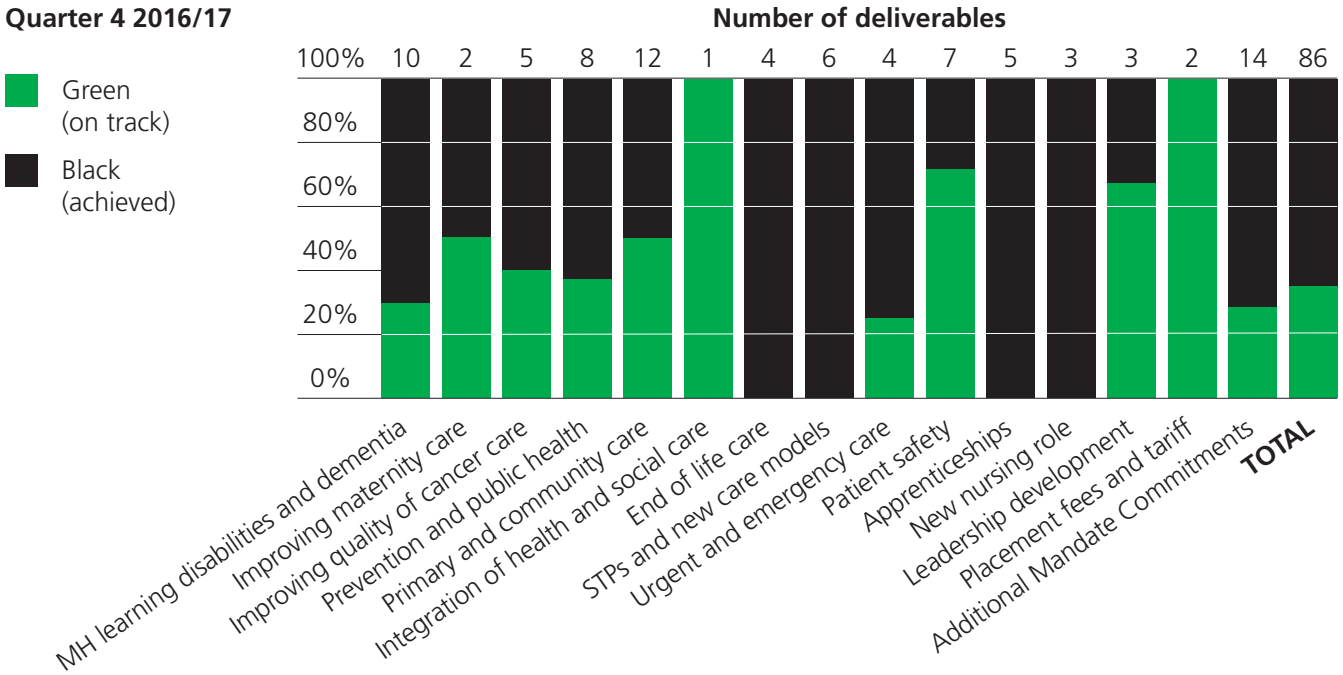
The report is multi-layered and includes a dashboard that enables both national and local detail within key metrics. The report and dashboard is used by HEE's internal finance and performance group, as well as the performance assurance committee, to develop a deeper understanding of where HEE is performing well, and where there are challenges. They are also used to identify root causes and agree mitigating actions. Following review within these committees, the performance report is updated with additional intelligence and shared with the HEE Board and the Department of Health to provide assurance over delivery and facilitate discussion on performance-related issues.

If any significant concerns are identified, these are included on HEE's Corporate Risk Register and are then subject to further exception and progress reporting.

A summary of our performance in 2016/17

The majority of the business plan and Mandate commitments have been mapped to HEE programmes and projects. Progress against each commitment is rated using a traffic light system. In 2016/17 there were 86 deliverables mapped to the 15 business plan domains, with an additional category to ensure any ongoing Mandate requirements were being monitored and met. A summary of progress against the 86 deliverables is illustrated in the chart below. All of the deliverables were achieved, or are on track to be achieved by their revised delivery dates. Where slippage has occurred this is due to a range of issues, including revision of programme timescales. In order to deliver the national priorities, as set out in the Business Plan and Mandate, HEE continues to use and develop a programme and project management approach.

Percentage of Mandate and Business Plan deliverables by RAG status and domain



Performance analysis

This section considers in more depth HEE's delivery against the key priorities identified in the 2016/17 Business Plan and Mandate.

MENTAL HEALTH, LEARNING DISABILITY AND DEMENTIA

Dementia

In response to the Prime Minister's Challenge on Dementia 2020 and our Mandate, we are supporting the development of an informed and effective workforce for people living with dementia.

The Dementia Core Skills Education and Training Framework is a comprehensive resource that sets out the essential skills and knowledge necessary for all health and social care staff, educators and carers who work with and care for people living with dementia. The framework enables organisations to guide the focus, improve the quality and consistency of and standardise the interpretation of dementia education and training.

All HEE commissioned undergraduate programmes must include Tier 1 awareness training as part of their curricula. An assurance process for these programmes has been completed with 98% of programmes reporting compliance.

The second biannual audit of staff trained to dementia awareness Tier 1 level is complete. In September 2016, the cumulative number of Tier 1 dementia training episodes since April 2012 is 799,391, representing a 21% increase over six months. The biannual count recorded Tier 1 figures at the end of March 2017 and will report the position at the end of June 2017.

HEE continues to progress discussions around the development and availability of Tier 2 dementia education and training resources.

Further work is underway to understand the extent to which dementia education is included in the undergraduate medical curricula and to share good practice in the context of person-centred care.

Adult mental health

All health professionals need to have a strong understanding of mental health conditions. We are developing training programmes that will enable health and care employers to ensure that all staff have an awareness of mental health problems and how they may affect patients.

The Mental Health Core Skills Education and Training Framework has been developed in partnership with Skills for Health and Skills for Care and is part of the cross-government strategy on mental health, *No Health Without Mental Health.* This aims to improve the way the health and social care workforce care for people with mental health issues by outlining the core skills and knowledge they need to provide high-quality services. The Perinatal Mental Health Framework has also been produced and other frameworks will follow later in 2017/18.

Mental health services are delivered by a diverse and extensive workforce, supported by the framework, which determines standards for their education and training and helps evaluate whether these have been met. It classifies key skills and knowledge into three tiers, ranging from general mental health awareness, to the skills needed to care for people with complex mental health needs.

Work on the mental health workforce strategy, our response to *Implementing the Five Year Forward View for Mental Health,* is in progress and expected to be launched in the first quarter of 2017/18.

The significant workstreams of Improving Access to Psychological Therapies (IAPT), workforce strategy, crisis care and Early Intervention in Psychosis (EIP) are well under way. The education and training fund procurement is now open and round 2 procurement of EIP is being explored.

Performance analysis

Case Study:

Considering the whole person in Yorkshire and the Humber

Patients suffering from serious mental health conditions have more physical health problems and a greater morbidity and mortality rate than the general population.

To focus attention on this issue in psychiatric settings, the local team in Yorkshire and the Humber has been supporting the innovative multi-disciplinary course RAMPPS (Recognising and Assessing Medical Problems in Psychiatric Settings). Aimed at teams working and training together, it focuses on recognising the deteriorating patient and understanding the human factors important to delivering good care in these circumstances. RAMPPS is explicitly multidisciplinary, focusing on medical, nursing and support staff as well as other professional groups. RAMPPS uses simulation around real life incidents to encourage teams to consider the ways that a mental health problem can complicate recognition of a physical problem. The RAMPPS approach also aims to increase the confidence of individuals and teams in communicating clearly around these issues.

In total over 350 multi-professional staff have been trained so far. Analysis from pre and post course questionnaires show significant improvement in: confidence in dealing with medical emergencies; care and compassion; organisational aspects of care; medicine management; and effective team work.

You can find out more about RAMPPS here:
https://www.youtube.com/watch?v=OWQDyzep9RU

Children and young people's mental health (CYPMH)

All the deliverables for 2016/17 have been successfully completed.

Learning objectives have been refined from general to specialist settings for people providing care to children and young people with mental health problems.

HEE has commissioned training for staff in eating disorders, and this training began to be delivered in March 2017.

Performance analysis

Learning disabilities

HEE is responsible for leading the health and social care system to ensure the learning disability workforce possesses the skills, competencies and knowledge to deliver new models of care. The learning disability programme has embarked on working with professional and regulatory bodies to include learning disability experts by experience across all healthcare medical and non-medical undergraduate training programmes.

A significant amount of resources are being targeted to Transforming Care Partnerships (TCPs), with varied levels of progress in developing and implementing a workforce plan. The scope of the programme has been expanded to include children and young people.

HEE has continued to lead the Transforming Care Workforce Workstream in partnership with Skills For Care (SfC) and Skills For Health (SfH), offering a high level of bespoke support, guidance and advice at a local, regional and national level to TCPs.

The team has been working in collaboration with system partners, participating in task and finish groups, delivering events/workshops and multi-media resources. The programme has developed a range of national workforce solutions supporting the development of new roles including 'Generic Role Templates for Community Learning Disability Teams' and 'How to Guide' and 'Care Roles to Deliver *Building the Right Support'*. Learning disability workforce shaping guidance is also close to completion. HEE has hosted a series of expert reference groups critically exploring the learning disability direct support workforce, learning disability nurses and learning disability forensic workforce within the context of the national plan - *Building the Right Support*.

The skills and competencies to support people with a learning disability and/or autism who experience mental health problems, have been incorporated within a range of resources developed by the learning disability project, including the Learning Disability Skills and Competency Framework and Generic Role templates for Specialist Learning Disability Community teams.

There is also a range of learning disability and autism awareness resources available on HEE's website. This helps to ensure that the workforce possess the skills, competencies and knowledge to enable people with a learning disability - and/or autism - to effectively access health and social care services.

Perinatal mental health

HEE continues to work with Tavistock & Portman NHS Trust to develop the perinatal mental health competence framework for all professions across the perinatal mental health (PMH) care pathway to support development and help assess training needs. The competency framework has been written and refined, and piloted with over a hundred clinicians in the field, to ensure that it is relevant and appropriate for their needs. HEE is now working with e-learning for health to explore the opportunities to place the framework on a digital platform, making it accessible to all of England.

HEE is working with the Royal College of Psychiatrists to complete a bursary scheme giving 10 consultant psychiatrists the opportunity to participate in a one year programme enabling them to train as specialist perinatal clinicians. Carefully selected to represent all of the country, and also in areas where these services particularly need to be further developed, the 10 successful candidates have now started their studies with the support of specialist mentors, host trusts and their home organisation, as well as the clinical commissioning group (CCG) within which they will be working.

HEE has collaborated with NHS England to review priority regional areas for perinatal mental health and agree packages of training and funding arrangements with clinical networks for regional and local training programmes. Local offices have helped make plans for training and development for staff that meet the needs of their local communities. HEE continues to follow and monitor progress on the use of resources in this way.

Performance analysis

Technology enhanced learning (TEL)

Technology offers real benefits and opportunities to support and enhance the delivery of excellent healthcare education. It can really help to change the way we work and train for the better, yet sometimes it can be challenging to deliver this change.
In 2016/17, there has been excellent progress with key national e-learning programmes - including Sepsis and MindEd next phases. The OpenAthens system went live, enabling wider access to more than 100 e-Learning for Healthcare (e-LfH) packages to other members of the workforce, including social care professionals working in care homes and hospices. HEE launched some key workstreams system-wide, including work on barriers and solutions; commissioning guidelines; digital literacy definition; and recommendations to embed simulation into core medical training curricula developed with the Joint Royal Colleges of Physicians Training Board.

Mandate deliverables achieved include development of the national definition and strategy for digital literacy and development of new award-winning e-learning programmes.

To ensure future professional staff are more technologically literate, a strategy has been developed with the National Information Board with agreed activities to March 2017.

Case Study:

Virtual reality training in the East Midlands

Working with Sherwood Forest Hospitals NHS Trust, HEE in the East Midlands has invested £120,000 in virtual reality technology that uses computer simulations to improve the skills and techniques of trainees.

The postgraduate dental training suite at King's Mill hospital is the first in the country to use the technology, and is now a centre of excellence for simulated dental training. Patients will benefit as trainees are able to hone their skills before working on real-life situations.

"This is a first for postgraduate training in the country and only a very few university undergraduates will have had access to anything similar. Drilling away decay, filling cavities, root canal work and building up chipped and broken teeth will build into more complex cases as training modules are added. The company behind the technology, Moog, will develop more and more scenarios in conjunction with the trust that will be shared around the world," explained Andrew Dickenson, Postgraduate Dental Dean in the East Midlands.

Performance analysis

Improving maternity care

We are committed to delivering the recommendations of *Better Births*, the National Maternity Review, by supporting the workforce and training elements of the Maternity Transformation Programme (MTP). HEE is currently producing analysis of the maternity workforce in the form of the Maternity Transformation Workforce Interim Report, which is pulling together available data to review the current maternity workforce. This report will be delivered to the Maternity Transformation Programme Board (MTPB) in June 2017. This analysis will inform and drive engagement to develop the Maternity Workforce Strategy later in 2017. This workstream requires engagement from a number of stakeholders - including royal colleges and other ALBs - and is dependent on the output of other MTP workstreams, which is a key challenge for the programme.

HEE also distributed over £8.1m of funding in 2016/17 to all NHS trusts with maternity services in England. The funding is to help trusts deliver multi-disciplinary training to improve maternity safety and work towards the Secretary of State's ambition to reduce maternal and fetal harm by 50% by 2030.

The evaluation of the impact of the Maternity Safety Training Fund will begin this financial year, and continue until March 2019. This will allow providers time to complete delivery of their training plans by March 2018 and embed changes to practice, ensuring that the evaluation can provide valuable feedback on the impact of training to improve safety within maternity units.

Improving the quality of cancer care

The diagnostics programme comprises three project areas: training non-medical endoscopists (NMEs) and developing sonography and radiography careers. Highlights include the team delivering at pace the Secretary of State for Health's target from 2015/16 for an extra 200 NMEs trained by 2018.

Delivery for scoped pieces of work and contributing programmes such as diagnostics, are on track. HEE's planned responses to each of the recommendations for the cancer workforce workstream have been agreed and the workforce baseline review has been completed. This is planned for publication in summer 2017. Workforce reviews for sonography and endoscopy were published in March 2017.

Endoscopy

The first two cohorts of trainees have completed the non-medical endoscopist (NME) accelerated training programme. Following receipt of a positive interim report from the independent evaluation, the Joint Advisory Group on Gastrointestinal Endoscopy supported the continued roll out of the programme. The third cohort of trainees began training in January 2017. HEE is planning ahead for forthcoming cohorts through 2017 and 2018 to achieve the Secretary of State for Health's commitment of 200 additional NMEs by the end of 2018.

We have also successfully developed and delivered an accelerated training pilot programme for non-medical endoscopists (NMEs). 40 trainees started in two cohorts and most trainees now putting their new skills to use in hospitals across England. A third cohort of 19 trainees began their training in January 2017 and there will be further cohorts through 2017 and 2018. We received a positive interim report from independent evaluation into the NME pilot and this has enabled the ongoing rollout of the NME programme from January 2017.

Performance analysis

Radiography and sonography

HEE has commissioned the development of a career and competency framework for the radiography and sonography workforces. We expect to complete this work in May 2017. HEE also plans to commission an exercise to map the training requirements for both radiography and sonography undergraduate degrees. For radiology, the workforce planning team is conducting a specialty review which includes clinical radiology.

This works runs alongside an investigation into the potential for developing a more sustainable entry route into the sonography workforce, so reducing the reliance on recruiting from other established workforces. This action seeks to address the HEE Mandate deliverable to ensure sufficient numbers of suitably qualified sonographers to maintain ultrasound services and radiographers to support imaging services.

HEE is also addressing the shortage of sonographers completing obstetric ultrasound as part of the Maternity Programme. The Secretary of State has approved a shorter term solution to train an additional 200 people by the middle of 2018. The national partners and HEE maternity programme team will work with regional teams to oversee the regional plan and target training where it is most needed, engaging Maternity Clinical Networks and commissioners and reviewing local training solutions established previously and running currently at trusts. The first cohort will begin training in September 2017. We have worked hard on open and transparent engagement with the sonography and radiography workforces and professional bodies to address their concerns. These actions led to commissioning career and competence frameworks to support development of both the sonography and radiography workforces.

Prevention and public health

It has been a challenging, but a successful and productive year in 2016/17 with a number of achievements to help us to meet our Mandate objectives. Several specific initiatives have happened to improve the mental and physical health and well being of the population:

- We have published the programme action plan HEE's role in population health and prevention to describe our key activities and priorities for responding to the prevention and public health agenda. The full report is here: https://hee.nhs.uk/our-work/hospitals-primary-community-care/population-health-prevention
- We have re-designed and launched the Making Every Contact Count website.
- HEE has promoted a public health quality assurance toolkit for the undergraduate healthcare curricula.
- Working in partnership with the library and knowledge service team, we have developed a glossary of public health terminology to facilitate the use of consistent language across health and care sectors.
- Working with Public Health England (PHE), we have collated examples of mental health promotion and prevention training programmes available across England, so we can share examples of emerging practice in building the knowledge and skills of the workforce.
- We have worked in partnership with the Royal Society for Public Health to accredit and deliver the Connect 5 mental health prevention training across England.
- The programme team has also developed an awareness-raising teaching aid, film, free e-learning module and a report to raise awareness and help healthcare professionals spot and respond to the warning signs of sepsis in children. Our input into the cross-system work on sepsis has supported a key priority of the Secretary of State for Heath.

Performance analysis

PRIMARY AND COMMUNITY CARE

This domain encompasses a wide range of projects and programmes, several of which are performing very well.

HEE initiated and sponsored a joint commission with the Medical Schools Council under the leadership of Professor Val Wass and has published *By choice not by chance*, a report that advocates a more positive focus on GP in medical schools. The report can be found on our website here: https://hee.nhs.uk/our-work/hospitals-primary-community-care/primary-community-care/supporting-medical-students-towards-careers-general-practice

GP recruitment

The HEE primary care team has worked together to deliver 26 changes to GP recruitment and training. This will increase flexibility while maintaining standards. We have had success in improving recruitment to previously 'hard to recruit' areas and have achieved the highest entry numbers for GP specialty training in England.

To support overall net growth of 5,000 extra doctors by 2020, HEE has increased GP training capacity to 3,250 training places per year. In 2016, GP speciality recruitment was at the highest it has ever been, recruiting a total of 3,019 including ST1, pre-specialty trainee, GPF2 and broad-based training.

The new Targeted Enhanced Recruitment Scheme will offer a one off payment of £20,000 to GP trainees committed to working in a select number of 'hard to recruit to' training places in England. The scheme has successfully attracted 105 GPs into areas such as Cumbria, Yorkshire and the Humber and the Isle of Wight.

GP/medical assistant role

HEE has begun work to pilot the role through local offices in the North West; North Central and East London; and Yorkshire and the Humber. HEE's 'proof of concept' pilots are for the non-clinical role known as a medical assistant, or GP assistant and are designed to understand the value of the role in supporting the administrative burden in general practice. There has already been local engagement including seeking interest from practices. Work on the medical Assistant Apprenticeship will continue once the outcome of the pilots is known.

Physician associates

With HEE's support, higher education institutions offering the physician associate (PA) programme have expanded the intake from 2016. These activities are aiming to increase PAs in primary care to 1,000 by 2020. There are now 24 universities offering training and more are intending to open courses within the next 12 months. HEE is also working with stakeholders to support the regulation of PAs, and is in discussion with the Department of Health on how to take this forward.

Performance analysis

Practice nursing

The new General Practice Nursing Workforce Development Plan will provide the evidence base to support a joint NHS England/HEE action plan for general practice nursing. This will look to improve recruitment, retention and return to practice. Successful wider engagement was delivered by a 'call for evidence' to gather best practice examples and an event that informed the report and its recommendations.

The report was published in March 2017 and is available to read on our website: https://hee.nhs.uk/our-work/hospitals-primary-community-care/primary-community-care/general-practice-nursing-workforce-development-plan

Improve GP training by developing post-Certificate of Completion of Training (CCT) fellowships

Through local office investment, post-CCT fellowship opportunities have been offered to develop GPs through a fourth year of training in a range of subjects, including emergency medicine, leadership, research and education and training. Local office recruitment has been focused on the 'hard to recruit to' areas. Between April 2016 and December 2016 HEE recruited 42 post-CCT fellows across six local offices (London, Thames Valley, North East, West Midlands, East of England and Yorkshire and the Humber). A further 78 are anticipated to be in post by August 2017.

Discussions are continuing with local office GP directors to consider how to further increase uptake to pre and post CCT fellowships and for those areas that have had a poor response to work up action plans. Work is ongoing to develop post CCT fellowships further.

Promoting general practice

In 2016/17, we convened a working group tasked with raising the profile of the GP career in medical schools. Their recommendations will improve the medical school experience of general practice through greater exposure to the diverse reality of general practice professionally and personally. A plan for implementation was developed, which started with key stakeholder meetings in January 2017.

HEE launched the campaign 'Nothing general about general practice' to raise awareness, inspire and inform young medics about a career in general practice. The 2016/17 marketing campaign was launched to coincide with the GP speciality recruitment round in November 2016. A marketing agency has been procured and plans to support the next round of recruitment are being developed.

Training hubs

Training hubs provide an opportunity to meet the educational needs of the multi-disciplinary primary care team, bringing together NHS organisations, community care, local authorities and education establishments.

There has been investment this year in multi-disciplinary training hubs across England and HEE is making progress in enabling all GP practices to have access to the services of a training hub. This will provide much broader education and support workforce planning. For more information visit this webpage: https://hee.nhs.uk/our-work/hospitals-primary-community-care/primary-community-care/training-hubs

Performance analysis

Return to Practice

This Return to Practice programme is addressing the nursing workforce shortage, bringing back more nurses to complement our existing workforce and so ensuring we provide staff for both today and tomorrow. Since the programme started in September 2014 we have successfully embedded RTP programmes within 39 higher education institutes.

Experienced nurses who return to the profession have much to offer employers and patients. HEE commissions training for returners with higher education institutions (HEIs) and trusts to ease the transition and build on existing skills. The #ComeBacktoNursing campaign continues with the focus on providing support and information for potential returnees, as well as sharing case studies of nurses who have re-joined the profession.

This is good news for patients but is also a quick and efficient way of boosting the current workforce - each returning nurse costs HEE £2,000 and their training can be completed in three months, compared to the three years of training for a newly-qualified nurse.

Due to the success of encouraging returners to the five branches of nursing, we are now targeting pilot programmes to bring returners back to practice specifically in GP practices, in collaboration with the RCGP and in nursing homes working with Skills for Care. The programme will be further supported through flexible working arrangements for returners to the allied health professions (AHPs).

Implementing the clinical pharmacy education and training pathway across NHS England pilot sites

The national pre-registration pharmacist recruitment scheme using the ORIEL online platform will be used to recruit all NHS employed pre-registration posts from 2017 onwards. HEE invited community pharmacy employers to sign up for the scheme. A few hundred replies were expected, but this has been more successful than anticipated and circa 1,500 expressions of interest were received.

HEE is working with its national delivery partner, the Centre for Pharmacy Postgraduate Education (CPPE), to implement a comprehensive education and training programme to support the increase and development of the clinical pharmacist in general practice. The phase one pilot successfully recruited 491 clinical pharmacists into general practice. Procurement of the education and training pathway for a further 1,500 clinical pharmacists for phase two is in progress.

Performance analysis

Integration of health and social care

HEE is creating plans for leadership development in health and social care that supports the integration of the two sectors.

The NHS Leadership Academy is undertaking a significant amount of work to develop stronger working relationships between health and care. Specific work is ongoing to integrate the social care and NHS Graduate Management Training schemes. Work will also be undertaken to consult with social care stakeholders around inviting participants on Leadership Academy development programmes. The Academy's Ready Now programme has partnered with the Skills for Care Moving Up programme to enable shared learning and will continue to strengthen this with each intake.

Case Study:

Proud to care in the south west

HEE's team in the south west has been instrumental in supporting the Proud to Care campaign across the region, which is being led by Devon County Council and Torbay Council in particular. This is a key element of the work to integrate health and social care recruitment.

The project is co-funded by HEE and 16 south west local authorities, and will be used to expand the existing Devon County Council Proud to Care campaign across the whole of the south west region. There is more detail on the campaign here: https://www.proudtocaredevon.org.uk/

The aim of the campaign is to begin to integrate the perception that careers in "care" include social care as well as health roles. The work supports entry into social care roles, which support the health sector, plus highlights the career pathways from social care into health roles and vice versa. This campaign is supported by local Sustainability and Transformation Plan (STP) leads who recognise that more support for social care will help to reduce delayed transfers of care and take care back into the community. The work was showcased at the South LETB meeting in March 2017 and recognised as a valuable contribution to the health and care continuum.

End of life care

Improvement to the delivery of end of life care by NHS staff needs system-wide attention so we commission effective, integrated services delivered by appropriately, well trained staff. This collaboration across the system is essential to raise standards of care. HEE is fulfilling its national leadership role through key projects, including:

- Best practice in employer training - commissioning NHS Employers to identify, showcase and disseminate best practice in end of life care staff training and Continuing Professional Development in England.
- Core Competency Framework - collaborating with Skills for Health and Skills for Care to refresh clearly defined evidence-based competencies for staff and extending these to reflect our move to a more community development approach to End of Life Care (EOLC) education and training.
- National Action Plan - we are working to deliver a national action plan to promote best practice in workforce education and training in end of life care.

Sustainability and Transformation Plans (STPs) and new care models

The Workforce Advisory Board (WAB) and Transformation Delivery Group are now operational and have detailed work programmes. Local Workforce Action Boards are also in place across England with co-chairs appointed from HEE's local senior management teams. There is more detail on this in the progress report for the NHS' Five Year Forward View here: https://www.england.nhs.uk/publication/next-steps-on-the-nhs-five-year-forward-view/

Evidence-based innovative and transformational practice was launched online to all staff via HEE Wire in April 2016. Since then the site has attracted almost 40,000 page views and hosts a variety of good practice case studies as well as the internally-facing STAR, HEE's workforce transformation offer. A recent user survey has been conducted with staff that will inform future development.

Performance analysis

Urgent and emergency care

HEE in partnership with the Royal College of Emergency Medicine (endorsed by the Royal College of Nursing) has conducted a national census to gather information on the multi-professional workforce working in emergency departments. This work will support the development of a baseline upon which HEE can continue to plan and develop the urgent and emergency care workforce to deliver optimum patient care.

A programme board was established in 2016/17 and a workforce guidance information pack has been designed to clarify to providers the importance of new roles in emergency departments.

A report for the HEE Board on paramedic education and the case for change in training will be discussed at a board meeting in summer or autumn 2017.

Seven day services

To help deliver seven day services, HEE has a Mandate commitment to work with partners to make available 10,000 primary and community health and care professionals by 2020, including 5,000 doctors in general practice.

NHS England and HEE are working in partnership on various work streams, including improving GP recruitment and the Induction & Refresher returner scheme; development of the general practice nursing workforce; and supporting the introduction of new roles such as clinical pharmacists, physician associates and medical assistants.

Patient safety

HEE established the Commission on Education and Training for Patient Safety in February 2015 to make evidence-based recommendations for improving education and training of health professionals to deliver safe, dignified, compassionate, person-centred care.

The independent report produced by the commission addresses this as one of the most important issues the NHS is confronting. It is the first of its kind to focus on how education and training interventions for all healthcare staff can actively improve the safety of patients in the NHS.

The report was published in March 2016 and made 12 recommendations to HEE and the wider healthcare system. HEE supported the findings of the report and accepted all 12 recommendations.

HEE has delivered this year against the following Mandate deliverables:

- Submitted an annual progress report based on the commission's report to members of the commission and the Secretary of State for Health. Plans are now in place to initiate work on the report.
- Ensured increased use of patient safety data as an educational resource and shared good practice.
- A Board approved action plan is now being implemented.
- Developed a framework to support more robust evaluation of all patient safety education and training interventions.
- Created mechanisms to facilitate co-design and co-delivery of education and training for patient safety from March 2017. HEE workstream leads from each region ensure patients are continually involved in the delivery.
- Ensured 'human factors' training is included in the induction of every new employee and is offered as refresher training for all staff.
- Developed a suite of products to assist changes in the whistleblowing culture in the NHS.

The implementation plan was published in January 2017. It is delivering the recommendations of the Commission on Education and Training for Patient Safety report.

Performance analysis

NHS apprenticeships

Apprenticeships are a key way for people to learn on the job, both for new starters to the NHS and for existing members of staff. They give learners the opportunity to gain a qualification while earning a salary.

HEE is mandated to promote apprenticeships across the NHS in England and has a team of coordinators working with trusts to help them fulfil their apprenticeship recruitment and support those who come into training.

A major campaign was launched to coincide with National Apprenticeship Week in March 2017. The campaign actively promoted the NHS as a high quality employer through a range of popular social media, traditional advertising, awards events and exhibitions. These promoted the range of roles currently available across the NHS.

We are now working to improve the way we collect data on apprenticeships and ensure that we can demonstrate not only the numbers, but the impact and career progression for those who have successfully completed an apprenticeship.

Talent for Care

In October 2014, the NHS launched a new strategy for support worker education and development called Talent for Care. The NHS's support workforce, which includes healthcare assistants, maternity support workers and therapy assistants, makes up 40 percent of the total workforce and provides around 60 percent of patient care. Despite this, the support workforce historically received less than 5 percent of the national training budget.

Under the three primary themes of Get In, Get On and Go Further, we're working with national, regional and local partners to change this picture, increase investment in the support workforce and to spread good practice and innovation.

The work this year to develop apprenticeship standards for support staff is on track and, in March, the healthcare support worker (HCSW), senior HCSW and assistant practitioner standards were launched during Apprenticeship Week.

The Quality Principles work on high quality and high ambition apprenticeships, commissioned from the National Skills Academy for Health, has been progressing well and will continue into 2017/18.

Performance analysis

Care Certificate

The Care Certificate is an identified set of standards that health and social care workers adhere to in their daily working life. Designed with the non-regulated workforce in mind, the Care Certificate gives everyone the confidence that workers have the same introductory skills, knowledge and behaviours to provide compassionate, safe and high quality care and support.

The Care Certificate e-learning pilot completed in January and, by the end of March 2017, work had been completed on 14 out of a total of 15 elearning sessions which together cover all the standards for the Care Certificate. The last session will be delivered by May 2017.

The communications task and finish group has met and requested proposals to raise the profile of the Care Certificate and this work will continue in 2017.

Discussions are under way with the Department of Health to agree a simplified data collection that is likely to be more accurate and comparative with social care. Work is also being completed to review the number of organisations completing the Care Certificate and the responsiveness of their reporting. HEE has also engaged with organisations such as the Prince's Trust that have developed pre-work learning programmes using the Care Certificate, in partnership with trusts.

Nursing associates - a new nursing role

The Shape of Caring review recommended developing a new nursing associate role to meet a need in the NHS from patients, trainees and the service. The new role is expected to work alongside care assistants and registered nurses to deliver hands-on care, focusing on ensuring patients continue to get the compassionate care they deserve. Nursing associates will be a new type of care worker with a higher skill-set to assist, support and complement the care given by registered nurses.

Its introduction has the potential to transform the nursing and care workforce, by creating a career pathway that offers progression opportunities and gives job satisfaction to those who want to develop themselves in this important profession.

Over 1,000 nursing associates began training in early 2017. Following high demand from providers wanting to offer training places, another 1,000 training places have been created.

Case Study:

Nursing associate test site for children and young people in north central and east London

Led by Great Ormond Street Hospital for Children NHS Foundation Trust (GOSH), the smallest nursing associate test site is also the only one in the first wave to focus exclusively on children, young people and their families. Twenty-three trainees began their two-year foundation degree in January 2017. This is a work-based learning programme - trainees attend London South Bank University (LSBU) one day a week, plus work at their employing trust and undertake clinical placements.

This partnership brings together Health Education England, LSBU, GOSH and six other NHS trusts. More than two million children and young people live in the test site's area, and services provided by the partnership are accessed from all over the country. The partnership reflects the local sustainability and transformation plans to equip their workforce to provide care centred on the personal needs of each individual.

Trainees are offered a wide range of clinical placement experiences across community settings, children's wards and specialist units. These mirror a child or young person's journey - from first contact with healthcare staff through to completion of their treatment - and include caring for children and young people with learning disabilities, as well as for those with physical and mental healthcare needs.

Performance analysis

Leadership development

Since April 2016, the NHS Leadership Academy has been part of HEE. The Academy's purpose is to develop outstanding leadership in health, to improve people's health and their experience of the NHS. Over the last year the team have increased the impact and efficiency of leadership development interventions by:

- Facilitating and supporting system leadership
- Enabling whole-system talent management and integrating talent management into all our offers
- Making local and national leadership development more coherent by working more seamlessly with our network of Local Leadership Academies (LLAs)
- Reducing the cost of programmes and increasing in-place support

Throughout the last year, the Academy has continued to support, deliver and enable interventions that support compassionate and inclusive leadership, but has also responded to a period of intense change. On 1 December 2016, in partnership with a coalition of teams across health and social care, we published the national leadership development framework - *Developing People: Improving Care.* The framework can be found at https://improvement.nhs.uk/uploads/documents/Developing_People-Improving_Care-010216.pdf

It aims to guide local, regional and national action to develop NHS and social care staff by equipping and encouraging people at every level to lead improvements.

The Academy supported 20,743 people as enrollers, completers or current programme participants in 2016/17. The Academy also reached 2,066 people through its Applied Leadership offers across approximately 40 organisations.

Academy decision making is supported by the HEE Advisory Group, internal to HEE, and the National Leadership Development and Improvement Board, which operates on behalf of the system and through ten local Leadership Academy steering groups.

Through the development of the NHS Leadership Academy's business plan for 2017/18 and beyond, the national team is working closely with its network of local academies to align leadership development and talent management activities. Each local academy has also established a presence with each Local Workforce Action Board (LWAB) to establish the leadership development voice in local agendas.

To find out more, visit www.leadershipacademy.nhs.uk

Additional mandate commitments and organisational change programmes

There are a small number of Mandate commitments that are not reflected in the 2016/17 business plan priorities and a summary of these and HEE's progress is included here.

Genomics

The HEE Genomics Education Programme funded salary support for 22 higher specialist scientist trainees (HSST) in genetics and molecular pathology of acquired disease. We have recruited to five HSST trainees in clinical bioinformatics and are also funding the first year of training in Sustainability and Transformation Plan (STP) areas in genetic counselling, with a full cohort of 15 trainees. We have exceeded our targets for 550 commissions to the MSc in Genomics Medicine and CPD modules, promoting these opportunities to both the specialist and wider workforce. In addition, we have attracted over 19,000 learners to our online courses in Genomics, Bioinformatics, Consent and Ethics and Whole Genome Sequencing.

Reducing attrition (RePAIR)

An important shared definition of 'attrition' has been agreed, as well as a list of avoidable and unavoidable reasons for attrition which will be tested through the ongoing case study work. Given the scale and nature of the recommended good practice interventions being tested by the project, it's clear that the longer term impacts and benefits of the work of RePAIR will continue to be realised beyond the project's formal timescales.

This may impact on the achievement of a 50 percent reduction in avoidable attrition by September 2017, although we are making significant progress which will be identified through the ongoing case study work and comparisons with similar datasets.

Performance analysis

Older people's nursing fellowships

King's College London was commissioned to evaluate the older people's fellowship programme and its impact on alumni. This early report highlighted the positive changes they had made in practice as well as their impact on nurse leaders and it has been shared with the Department of Health.

Veterans' health

An elearning package, *Veterans' health in General Practice*, has been designed and launched to help GPs improve the management of care for patients who are veterans. NHS Employers also launched and promoted all the resources to support our guide to employing reservists, produced in partnership with NHS Employers and the Ministry of Defence.

Commissioning for quality

The Quality Framework has multiple applications and will provide a multi-professional diagnostic tool to support HEE and our providers in identifying, measuring and improving the quality of education and training for all learners. A consistent and comparable view of quality will enable HEE to deliver our statutory duty to secure continuous improvement in the quality of education and training. Following a period of co-production and collaboration across HEE and with our key partners and stakeholders, the HEE Quality Strategy 2016-20 and underpinning HEE Quality Framework 2016/17 were published in April 2016. Since their publication, the Commissioning for Quality team embarked on a significant programme of testing, piloting and calibrating the use of the Framework within the emerging quality governance structures, systems and processes which will fully operationalise the Quality Framework from April 2017.

In parallel, the team commissioned Newcastle University to provide academic rigour to build the evidence base underpinning the framework data and crucially, a HEE owned 'National Education & Training Survey' (NETS), which will provide a multi-professional insight into learner experience of clinical placements. Quality leads are testing and piloting elements of the Quality Framework and are exploring what needs to be nationally consistent going forward.

The outcomes of this work will be reflected in the Quality Framework Handbook 2017/18. The refreshed Quality Framework 2017/18 has recently been published on the HEE website at www.hee.nhs.uk

Enhancing junior doctors' working lives

HEE has given its ongoing commitment to improving the quality of education and training for doctors, ensuring they feel valued and supported and that they are key components in all aspects of care. This is starting to re-build morale.

Our achievements include:

- Maintenance and significant improvement of productive working relations with the BMA during their protracted dispute with the government.
- Enhanced whistleblowing protection for doctors in training. From August 2016, HEE has voluntarily placed a provision in contracts with local employers that protects trainees against detriment from HEE by providing direct redress for them against HEE through the courts.
- We have committed to make equitable use of the study budget to ensure that all trainees' curriculum requirements, including those delivered outside of the training programme, are funded by HEE.
- We have designed a pilot, and gained multi-organisational support, for extending less than full-time training provision to all higher emergency medicine trainees, to reduce burn-out and attrition.

HEE has fulfilled its commitment to the Department of Health to report on progress by the end of the financial year by publishing a report on enhancing junior doctors' working lives. The most recently updated report is here: https://www.hee.nhs.uk/news-events/news/enhancing-junior-doctors-lives

Performance analysis

Shape of Training

The Shape of Training programme looks at potential reforms to the structure of postgraduate medical education and training across the UK. It helps us to consider how best to deliver a workforce that meets the needs of future patient and models of service, particularly in the context of the Five Year Forward View.

HEE has made major progress on the Improving Surgical Training pre-pilot project with the Royal College of Surgeons. A particular achievement has been promoting the benefits of the pilot with trainee groups who originally voiced concerns. We have agreed in principle to extend the pilot to include urology and vascular surgery from 2019.

New models of training are being explored with colleagues and through visits to selected medical royal colleges with the UK-wide panel.

In particular, HEE influenced devolved administration (DA) colleagues to ensure that the process for signing off new curricula would not become an overly bureaucratic process after the Shape of Training policy development has drawn to a close.

Promoting health careers

A key priority for the Health Careers team early in 2016/17 was finding out what website users thought of the new Health Careers website. User testing and a comprehensive survey showed that the website's information is well received but that some restructuring of the website is necessary. Work is underway on this, along with development of a new career tool to match users' interests to roles in health.

The Step into the NHS Schools Competition was again popular with entries from nearly 100 schools - more than ever before. With a view on increasing engagement with primary schools, the team recently conducted some research with 7-11 year olds, their teachers and parents to check current awareness of health roles and how stereotyped children's views are.

Careers fairs and skills events attended by HEE national and regional careers leads provided a platform to engage with tens of thousands of people and provide an opportunity to try out some healthcare activities for themselves.

The team is keeping a close eye on applications for health courses as the funding arrangements change and has done some research with colleagues in the smaller allied health professions around how we can make them a more attractive career choice. And three new titles have been added to the suite of Health Careers literature to cover careers in psychological therapies, public health and pharmacy.

For more on Health Careers visit:
www.healthcareers.nhs.uk

Key issues and risks to delivery

Throughout 2016/17 we managed our strategic risks using the national corporate risk register, focusing on reducing the impact of threats to delivery of our objectives. In October 2016, the Board agreed a new risk management policy. This ensures a more cohesive and consistent approach to risk management, supports continual improvement, gives the Board improved assurance that risks are managed effectively at all levels of the organisation and helps to embed risk management as an integral part of all our activities.

Our Executive Team received the register on a monthly basis, scrutinising progress with mitigating actions, prior to its submission to the Audit & Risk Committee and the Board. The Board continued to receive additional information regarding our most acute risks, with actions highlighted in the Integrated Performance Report.

Our key risks this year have focused on meeting our Mandate requirements to attract sufficient trainee doctors into GP and specialist training; to ensure sufficient supply of clinical staff when graduate courses are funded via student loans rather than commissioned; and ensure adequate system-wide talent management is put in place.

Our strategic direction

In early 2014 HEE published Framework 15 (F15) - a strategic framework to guide our decision-making. F15 identified five key drivers of change that would impact on future demand for - and supply of - the workforce in England over the next 15 years, including skills, values and behaviours.

Over the past three years since we published our strategic framework, the context in which we plan has changed significantly with the Comprehensive Spending Review (CSR) and the creation of Sustainability and Transformation Plans and population/place-based commissioning. However, we have recently refreshed Framework 15 and found our assumptions and predictions about the five key drivers and their likely impact are almost all still valid with no significant change. The latest edition is on our website www.hee.nhs.uk

In some cases the trends that we had identified have accelerated even faster than predicted.

These include:

- Greater impact of elderly population and aging staff
- Increasing feminisation of the workforce
- The expansion of technology
- Volatility of socio/political factors
- Shift to more community-based settings

HEE's work will be delivered at a local and national level, with our 'local offer' being led by our Local Workforce Advisory Boards (LWABs), working with our partners to agree local priorities and who needs to do what to deliver them. HEE's Workforce Transformation STAR (https://hee.nhs.uk/hee-your-area/north-west/our-work/attracting-developing-our-workforce/workforce-transformation) will connect LWABs to national programmes and provide advice and support on supply, upskilling, new roles, new ways of working and leadership across our priorities.

Our strategic direction

Strengthening the voice of patients and the public

Ensuring that all of our decisions are informed by the voice of patients and the public is a core principle for HEE and 2016 was another strong year for HEE's Patient Advisory Forum.

Our patient and public voice partners are embedded across our work programmes; for example two of our patient and public voice partners have been working closely with us on guidance for service user and carer input to nurse education.

We launched our Patient and Public Voice Leads Network, bringing together our patient and public voice partners, lay representatives, and staff from across the country and the NHS Leadership Academy to share what they are proudest of and shape the direction of patient and public involvement going forward. We are also joining forces with colleagues from across the health arm's-length bodies and other partners, to start to build a strategic alliance to strengthen the voice of patients and the public.

The impact of the Patient Advisory Forum is being felt across the organisation, as demonstrated in a review undertaken this year. The review clearly demonstrated that the leadership of HEE and patient and public representatives operating at all levels in HEE are committed to working in partnership to ensure that the organisation works with - and listens to - patients and the public. Some improvements were recommended to build on the achievements in 2016 and further strengthen the impact of the voice of patients and the public in HEE to ensure that patient and public engagement becomes an integral part of everything that we do.

Seeking the best advice

HEE engages with our stakeholders to ensure that we receive the best clinical and professional advice on our work programmes. In 2016 we have continued to use a model of standing advisory groups focused by profession. For example in 2016 the Allied Health Professional Advisory Group advised on our work to improve the quality of orthotic services in England; the Mental Health & Learning Disability Advisory Group advised on the design and content of HEE's forthcoming Mental Health Workforce Strategy, and the Pharmacy Advisory Group gave us advice on the development of pharmacy trainee apprenticeships.

During 2016, HEE also evaluated the general effectiveness of these arrangements and concluded that, in future, seeking cross-profession (and patient) input on a programme and project specific basis should allow for more targeted, timely and effective engagement. For the professions, this is being built around the leadership of the respective Chief Professional Officers, who will retain the expertise of group members through their involvement in the new arrangements. As a result, we can close most of these standing advisory groups from 2017.

Planning for the NHS workforce

The NHS employed clinical workforce comprises 1.15 million individuals working across 240 NHS trusts and 200 clinical commissioning groups, plus other NHS organisations. These are organised into 44 Sustainable Transformation Planning footprint areas.

The wider workforce providing NHS funded services work across nearly 8,000 GP practices and in other settings including high street pharmacies, local authorities, 'third sector' and independent providers. At any one time 50,000 doctors are being trained, the majority of whom are also contributing to service delivery. In September 2016, over 88,000 students were on programmes leading to registration as other health care professionals. Thousands are undertaking 'post registration' studies to either equip them for other specific roles, or to enhance their skills and prepare them for the future.

HEE's role is to work with the system to forecast, plan and deliver the workforce this vast and complex system needs for the future while supporting the development of solutions to current workforce issues. In 2016/17 HEE was accountable for determining close to £5bn investment in the education and training of the future workforce. In 2016 HEE's local teams worked with NHS providers and the wider system to determine investment in each of more than 130 training and education programmes including all four branches of nursing, midwifery, health visiting, 14 allied health professional groups (such as physiotherapy, occupational therapy and radiography), health care scientists, and more than 60 medical specialities and 'feeder' programmes.

From 2017 HEE is no longer responsible for the numbers of undergraduate health professionals starting their higher education, but retains responsibility for NHS-funded placements and for determining commissions in postgraduate medical education and some post-registration programmes in other disciplines.

HEE's workforce intelligence function works with Local Workforce Action Boards and national stakeholders to support the development of local and national workforce plans.

This combination of local and national workforce supply and demand data gathering, modelling, forecasting and review culminated in HEE's assessment of the future supply prospects for the NHS. These are set out in HEE's Workforce Plan for England. The 2017 plan will be considered by our Board and published after the 2017 General Election.

Delivering nationally, regionally and locally

Although HEE is the strategic leader nationally for healthcare education and training, hand in hand with this national approach to policy, we are committed to the value of tailored local solutions. We recognise that local health systems across England are very diverse and that, in the future, more care will be delivered at home, or closer to home. Working in partnership with the system as we implement the Sustainability and Transformation Plans (STPs), our leaders at local level are driving the LWABs (Local Workforce Action Boards) that cover every STP area to help tackle those local workforce challenges.

The move towards four integrated regional teams, described elsewhere in this report, has been supported by the change in August 2016 from 13 Local Education and Training Boards, to four: North; South; Midlands and East; and London and South East. This structure is aligned more closely with the regional structures of other health arm's-length bodies and helps us to further develop meaningful, collaborative working relationships at both local and regional level.

There is more information on the work of the local teams at www.hee.nhs.uk/hee-your-area

North
- North East
- Yorkshire and the Humber
- North West

Midlands and East
- North Midlands
- West Midlands
- Central Midlands
- East of England

South
- South West
- Thames Valley
- Wessex

London and the South East
- Kent, Surrey and Sussex
- North Central and East London
- North West London
- South London

Fit for the future

To meet the demands of our budget allocations since the 2015 Comprehensive Spending Review (CSR), in 2017/18 we will complete our programme of significant organisational change. We are continuing to drive the one HEE approach - reducing duplication, working more flexibly and cutting costs. As well as meeting our cost savings targets, we believe this approach will pay dividends in quality improvement and consistent delivery.

Our local teams are gradually reorganising to form regional or national teams, taking those decisions with quality and sustainability at the top of the agenda. Teams will still, however, be based locally and deliver locally, to support the population and place-based commissioning of the Five Year Forward View (5YFV) via our key role in the Local Workforce Action Boards (LWABs).

As set out in the recently published *Next Steps on the Five Year Forward View*, next year HEE will focus on helping the NHS to grow frontline workforce and improve productivity. The report can be read here https://www.england.nhs.uk/five-year-forward-view/next-steps-on-the-nhs-five-year-forward-view/

For us this means a redoubled effort to expand GP numbers and recruit more nurses - specifically through the Return to Practice programme. The development of new professional roles is also a priority - including doubling the number of nursing associates - and enhancing existing roles. We will also be taking action over the next two years to address shortages in emergency medicine, endoscopy, radiology and ultrasonography.

Our objectives for 2017/18 will be set out in our refreshed Mandate from the Government. These priorities and deliverables will inform the content of our detailed 2017/18 Business Plan.

HEE cannot deliver alone, and we are proud to work both nationally and locally with our partners in arm's-length bodies, commissioners, local providers, universities and local authorities - partnerships which are now stronger than ever thanks to our combined effort to bring the 5YFV to life in vanguards, New Care Models, Sustainability and Transformation Plans and LWABs.

Financial review

Health Education is pleased to confirm that all statutory financial duties determined by Parliament were achieved in the 2016/17 financial year.

The key financial performance targets achieved were:

- Revenue resource limit - underspend of £5.6 million
- Capital resource limit - underspend of £2.5million
- Cash limit - £2 million under the limit set

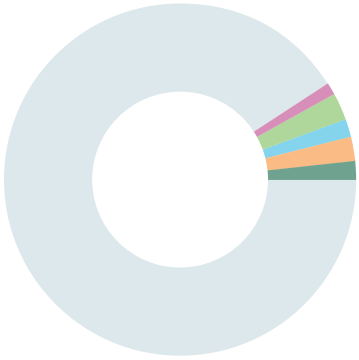
Our primary activity this year has been the commissioning of education and training of future healthcare staff. Resources are committed to students and trainees that span several years of their training programmes. Our investment in people is predominantly through funding part of the salary of doctors in training, tuition fees and student bursaries. HEE manages the training through contracts with high quality primary care, hospital and university providers. This year, 20 percent of our investment is through universities and 58 percent through NHS healthcare providers. It's essential that future healthcare staff gain a balance of academic and hands on, supervised experience with patients.

HEE has expanded its joint working with NHS England to target priority investment in GP training, with a focus on areas of the country in which it is hard to recruit. The cumulative full year effect of increased commissions for nurses in previous years has been accommodated within our expenditure budget. This has the impact of increasing the proportion of our investment in future workforce from 88% in 2015/16 to 91% in 2016/17, mostly funded by a reduction in workforce development from 4.1% to 2.3%. Another major change is the transfer of the Leadership Academy into HEE from April 2016: this now comprises £44.7 million of our allocation. This brings a wider remit to the work of HEE, with a focus on improving the knowledge, skills, attitudes and behaviours of managers and clinicians in management.

As in previous years, our expenditure on running costs forms only a very minimal proportion of our budget, and HEE has initiated a restructuring in 2016/17 that will ensure that it meets decreases in budgets for running costs in the coming years.

The indicative budget for 2017/18 has been agreed with the Department of Health. This includes the part year impact of the transition to student loans for degree students starting in autumn 2017. HEE is in dialogue with its partner organisations to ensure that the transition to the new system determined by a significant policy change is managed effectively.

Net Expenditure 2016/17



- **Future Workforce** - 91.11%
- **Leadership Programme** - 0.84%
- **Education Support** - 2.67%
- **National Activities** - 1.64%
- **Workforce Developments** - 2.27%
- **Other - Non Education & Training** - 0.02%
- **Running Costs** - 1.45%

Sustainability

For the full sustainability report, turn to Appendix 1 on page 81.

Professor Ian Cumming OBE
Chief Executive

Corporate Governance Report

This report explains the organisation of HEE's governance structures and how they support the achievement of our objectives.

Directors' report

Our Board

The HEE Board has met in public regularly. Through those meetings, the Board has been responsible for taking key strategic decisions about the direction of the organisation, how it will use its resources, reviewing progress of the delivery of key priorities for 2016/17 and agreeing the allocation of funding across HEE. In March 2016 the Board considered the Investment Plan for England 2017/18.

Meetings of the HEE Board are publicised through the HEE website, with reports published one week prior to meetings taking place. Board meetings are held in public as per the Public Bodies (Admission to Meetings) Act 1960. Members of the public are welcome to attend and observe the meetings; public attendee numbers have continued to decline in 2016/17 with numbers averaging four members of the public at each meeting.

During the financial year 2016/17 six public meetings of the HEE Board took place. Attendance rates of members are listed at Appendix 2.

Where applicable, directors are members of the NHS pensions scheme. Please refer to note 1.07 on page 65.

HEE has complied with the cost allocation and charging requirements set out in HM Treasury Guidance and did not make any donations or contributions to political parties in 2016/17.

All directors have confirmed that there is no relevant audit information of which the auditors are unaware and they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information and to establish that auditors are aware of that information.

Biographies of all HEE board members can be found online at https://www.hee.nhs.uk/about-us/our-leaders-structure/hee-board

The Board's Register of Interests is available at: https://www.hee.nhs.uk/sites/default/files/documents/2%20-%20Board%20Register%20of%20Interests%20-%20March%202017_0.pdf

Board members at 31 March 2017:

Non-Executive Members

Sir Keith Pearson JP DL
Chairman

Professor David Croisdale-Appleby OBE
Non-Executive Director

Mary Elford
Non-Executive Director

Dr Anna van der Gaag CBE
Non-Executive Director

Jacynth Ivey
Associate Non-Executive Director*

Professor Malcolm Morley OBE
Non-Executive Director

Sir Stephen Moss
Non-Executive Director

Kate Nealon
Non-Executive Director and Vice Chair

*In 2016 HEE recruited an Associate Non-Executive Director in addition to the formal complement of non-executive directors to lead on diversity and inclusion. This was agreed with Department of Health.

Executive members

Professor Ian Cumming OBE
Chief Executive

Steve Clarke
Finance Director

Dr Nicki Latham
Director of Performance and Development

Professor Wendy Reid
Director of Education and Quality and Medical Director

Corporate Governance Report

Directors in attendance

Professor Lisa Bayliss-Pratt
Director of Nursing

Rob Smith
Director of Strategy and Planning

Lee Whitehead
Director of People and Communications

Members of Executive Team, but not Board Members

David Farrelly
Regional Director, Midlands and East

Patrick Mitchell
Regional Director, South

Laura Roberts
Regional Director, North

Julie Screaton
Regional Director, London and South East

Statement of Accounting Officer's Responsibilty

Under the Care Act 2014, the Secretary of State, with the approval of the Treasury, directs Health Education England 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 Health Education England and of its net resource outturn, application of resources, changes in taxpayers' equity 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, 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; and prepare the accounts on a going concern basis.

The Secretary of State has appointed the Chief Executive as Accounting Officer of Health Education England. 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 Health Education England's assets, are set out in *Managing Public Money* published by the HM Treasury.

As Accounting Officer, I can confirm that as far as I am aware, there is no relevant audit information of which our auditors are unaware, and that I have taken all necessary steps to make myself aware of any relevant audit information and to establish that our auditors are aware of that information. I can also confirm that the Annual Report & Accounts as a whole are fair, balanced and understandable. I take personal responsibility for the Annual Report & Accounts and the judgments required for determining that they are fair, balanced and understandable.

Governance Statement 2016/17

Introduction

This statement outlines how responsibility for the control and management of Health Education England's resources were discharged during 2016/17.

Our role and responsibilities

Health Education England is responsible for securing an effective system for the planning and delivery of education and training in respect of the health service in England. This includes providing national leadership for the planning and development of the whole healthcare and public health workforce, as well as promoting high quality education and training that is responsive to the changing needs of patients and communities.

Responsibility for the regional delivery of our core functions lies with our Local Education Training Boards (LETBs) in accordance with the Care Act 2014. An initial authorisation process took place successfully in 2012/13 to ensure that all LETBs were fit to operate as committees of the Health Education England Board. In 2014/15 a further round of assurance occurred to review LETBs' developmental progress and confirm that all achieved Maturity Level Two requirements. In 2015/16 the Board was given assurance that Maturity Level Two had been sustained and agreed new LETB assurance arrangements that aligned with HEE's Organisational Development Framework.

Aligning with the Five Year Forward View

Throughout 2016/17, Health Education England has continued to work alongside NHS England, Public Health England, NHS Improvement and the Care Quality Commission to deliver the NHS Five Year Forward View. We have worked with the NHS's other principal leadership bodies to provide strategic oversight of the delivery of the Forward View and support greater alignment between the different statutory bodies at a national and local level.

To further support delivery of the Five Year Forward View, Health Education England aligned to the Forward View's architecture across England, regionally and nationally. This was done by working in partnership with Sustainability Transformation Plan (STP) leaders to establish Local Workforce Action Boards (LWABs), covering all 44 STPs. Having LWABs in place ensures that workforce issues are dealt with comprehensively at the right levels by the right partners. Priority issues identified to date relate mainly to workforce transformation and strategic HR. HEE is committed to ensuring that the right governance controls apply to LWABs to ensure all partners are confident in their decision-making on the best use of resources.

HEE also reduced the number of its LETBs from thirteen to four to reflect the focus on localism through the LWABs and thereby align further to the Forward View. The four new regional LETBs continue to meet HEE's statutory requirement to have a number of LETBs with coterminous boundaries that together cover the whole of England. The Board agreed this change in May 2016 with the four new LETBs established on 1 August 2016. Additionally, HEE continued to lead the National Workforce Advisory Board bringing together ALB and social care members to deliver national areas of work in support of the Forward View. The HEE Board has been kept regularly apprised of key developments across the system during 2016/17.

Our governance framework

Health Education England operates within a governance framework that includes: the Primary Legislation, Statutory Instruments and Directions that describe our core functions and duties; our Mandate from the Government detailing our strategic objectives; a Framework Agreement that defines how we will work with the Department of Health to discharge our accountability responsibilities together; matters determined by our Board to ensure decision-making processes exist and are applied; and compliance with the requirements of *Managing Public Money* and HM Treasury's *Corporate Governance in central government departments: Code of Good Practice* as this relates to public bodies.

Health Education England's system of governance is based on the standard element of a statutory integrated board with a single Accounting Officer and national Executive Directors. In addition, our four LETBs, responsible for overseeing the planning and delivery of our services regionally across England, are constituted as committees of our Board. These have independent Chairs and are supported by HEE's regional teams led by very senior managers.

Governance Statement 2016/17

Health Education England's Board comprises the Chair, six Non-executive Directors, an Associate Non-Executive Director (appointed 1 February 2016) the Chief Executive and three other Executive Directors. Our governance framework also includes separate Audit & Risk, Remuneration, and Performance Assurance Committees which are all constituted as non-executive committees of the Board:

The Audit & Risk Management Committee is responsible for providing the Board with an objective assessment of the effectiveness of its Assurance Framework and management of governance and risk. In addition to its non-executive members, the Director of Finance and internal and external audit attend.

The Committee maintains a comprehensive forward plan to ensure members are able to consider areas of focus in advance. All Executive Directors are now scheduled to attend at least once a year, with other staff members attending as required. The Committee monitors internal audit report recommendations, ensuring that these have been completed and that they have delivered positive outcomes.

2016/17 was a year of transition for the Audit Committee with an Interim Chair in post from April 2016 to November 2016 following the death of the Committee Chair in March 2016. A substantive appointment to the position of Audit Committee Chair was made in November 2016.

Throughout the year, the Audit Committee maintained a high degree on focus on the delivery of the Internal Audit Plan and individual reviews arising from that. The Committee was instrumental in the refinement of our approach to risk management. Members worked with our Risk & Business Continuity Management Lead on policy revisions which reflected recommendations of Internal Audit Reviews, sharing of good practice with other Department of Health arm's-length bodies and implementing learning from a pilot programme conducted in the Midlands & East region.

The Audit Committee also considered the Medical Directors Revalidation Quality Assurance report in October 2016. This was subsequently approved by the Board as a formal statement of quality assurance to NHS England that Health Education England, as a Designated Body, was fulfilling its responsibilities with regards to revalidation and the role of Responsible Officers.

Cyber security was another key area of Committee focus. Members attended externally led awareness raising seminars, ensuring that cyber security was a priority in our Internal Audit Plan and raising the importance of the matter to our Board through a developmental workshop which took place in April 2017.

The Remuneration Committee is responsible for determining the remuneration and terms of service for our very senior managers and other senior staff, as well as ensuring that systems are maintained to assess the performance of these staff effectively.

The Committee considered a range of key issues in 2016/17, including: performance related pay for executive and senior managers; Clinical Excellence Awards; individual issues regarding executive remuneration; Medical and Dental staff terms and conditions; LETB Chair appointments; and, succession planning and talent management.

The Performance Assurance Committee provides assurance to the Board that effective performance management and monitoring underpins delivery of our business objectives. The Committee scrutinises our integrated performance report before it goes to the Board. This enables any performance-related issues that require the Board's strategic consideration to be properly highlighted. Over the year, the Committee has worked to refine the integrated performance report to ensure the Board receives optimal information on delivery of objectives and key performance indicators.

The Chairs of all Board Committees have provided regular written and verbal reports throughout the year to the Board on key issues and progress.

In addition to their attendance at Board and committee meetings, Non-executive Directors have a well-developed programme to support their role as custodians of good governance. Kathleen Nealon operates as both Vice Chair and Senior Independent Director supporting the Chair by acting as an intermediary with other Directors and overseeing specific non-executive portfolio responsibilities.

Governance Statement 2016/17

Individual Non-executive Directors have allocated responsibility for oversight of specific regions and key work streams, including our Governance Oversight Group and leadership and quality initiatives.

Non-executive Directors meet with the Chair quarterly to review progress, with the Chief Executive attending one of these meetings annually. These meetings are used to consider organisational strategy and governance issues to check that Board decisions demonstrate accountability, integrity and openness. Non-executive Directors also meet regularly without the Chair. The induction process for newly-appointed Non-executive Directors benefits from the active participation of existing Non-executives to ensure knowledge and understanding is shared and continuity of Board effectiveness is maintained.

I have reviewed Health Education England's corporate governance arrangements against the requirements of the *Corporate governance in central government departments: Code of Good Practice*. I am satisfied that the relevant principles and provisions are reflected by the arrangements we have in place, and that we continue to introduce measures to strengthen our governance overall.

Board effectiveness

The scrutiny of the Health Education England Board was vital during this time of embedding change and helped to provide assurance that good governance continues to support our work. Non-executive Directors provided essential constructive challenge to assist with this objective and have overseen the application of key governance and organisational improvements in 2016/17.

The Board is responsible for holding the Executive Directors to account. One of the ways it achieves this is through regular performance management reports and reviewing plans and progress against them. In 2015/16, the Board supported the development of the Performance Assurance Committee, established in March 2016. This committee has added an additional layer of robust governance to our performance management process. Performance data is also scrutinised at monthly Finance & Performance Meetings chaired by the Director of Finance, held with all Executive Directors.

We have worked hard to ensure that the Board is provided with sufficient information to enable it to function well. The data provided are subject to thorough scrutiny and review by both Executive and Board committee channels and is constantly refined to ensure it develops with organisational needs. The Board is provided with comprehensive finance reports and receives an integrated performance report. These are informed by dedicated director-level Finance & Performance meetings and the scrutiny of the Performance & Assurance Committee respectively.

The Board continues to be supported in delivering improvements across HEE's governance framework by the Governance Oversight Group, comprising Non-executive Directors, Independent Chairs of LETBs and Executive Directors. Under the Care Act 2014, HEE is required to set appointment criteria for its LETBs. The Governance Oversight Group was instrumental in the development of these appointment criteria for 2015/16 and agreeing a single set of Terms of Reference for our LETBs. These were originally agreed in March 2016 together with our revised LETB Assurance Framework which governs the method by which HEE holds its LETBs to account and is able to confirm their continued authorisation.

In July 2016, the Board confirmed the suitability of these governance arrangements for the reduction of LETBs from 13 to four (The four new regional LETBs were established on 1 August 2016). This included conducting effectiveness reviews for the 13 LETBs that were in place in 2015/16, in line with the requirements of the LETB Assurance Framework. Overall, all LETBs received a Moderate assurance rating for 2015/16. This accurately reflects the steady progress made by LETBs since their inception. The LETB Assurance process, and the evidence of the effectiveness reviews, was used to demonstrate that LETB appointment criteria were assured across England.

On this basis, the Board was able to sanction the establishment of the four regional LETBs with confidence. Since August 2016, LETB Chairs have worked with Regional Directors and stakeholders locally to ensure our revised LETB arrangements remain effective. Quarterly Governance Statements have been introduced to augment assurance on LETB progression. Our Board has provided strategic direction to a range of key deliverables, including our third annual

Governance Statement 2016/17

Workforce Plan for England, our response to the Shape of Caring Review, Delivering the Five Year Forward View and the HEE Mandate. Possible and actual attendance records for Board and Committee members for 2016/17 are illustrated in Appendix 2.

The HEE Board has conducted a self-assessment exercise reviewing its work in 2016/17 to monitor its effectiveness and progress. Outcomes will be analysed during Quarter One of 2017/18 and an action plan agreed to address any opportunities for improvement.

Other responsibilities

The Health Education England Board has previously considered the recommendations of the Harris Review and its cautionary findings on the delegation of statutory functions. Appropriate guidance has been provided to our senior management to make certain we remain compliant in this area and this will be monitored as we move forward. Our Executive Team composition, which includes Regional Directors, helps us to maintain focused oversight in this area.

Health Education England recognises the importance of having adequate quality assurance in place for all analytical work. We are aware of the recommendations of Sir Nicholas Macpherson's review of quality assurance of government models and will continue ongoing work in this field to ensure robust levels of assurance are in place for our business critical models, such as those used for national workforce planning.

We are also cognisant of our need to support the Secretary of State for Health's duty to manage health inequalities. Through our annual National Workforce Plan, Health Education England has ensured that provision was made for investment in the public health and wider workforce to help deliver both local and national priorities designed to reduce health inequalities.

During 2016/17, Health Education England has worked with NHS England and other leadership bodies on the development of cross-NHS guidance for managing conflicts of interest. The Board agreed a refreshed HEE 'Managing Conflicts of Interest' policy in October 2016 and plans are in place to ensure this aligns with the new cross-system guidance.

Whistleblowing

We understand the need for openness and transparency that has been highlighted in recent years. In line with recommendations from the *Freedom to speak up?* Review led by Sir Robert Francis QC, we have focused on whistleblowing as a key priority. We have a 'Raising Concerns at Work' policy for the whole organisation. Access to guidance and support materials via our intranet and staff portal has been provided to all employees.

In February 2016, HEE was listed as a prescribed person under whistleblowing legislation, meaning individuals can make disclosures to us rather than their employer provided the concerns they wish to raise fall within our remit. As a Prescribed Person, HEE is required to address relevant concerns raised by individuals or to signpost whistleblowers to the correct organisation to assist with their concerns if these fall outside our remit. Our Executive team has agreed robust arrangements to ensure that we fulfil this new role well, and that the raising of concerns continues to receive strong support.

Risk assessment and control framework

Health Education England has maintained a risk management procedure which has been implemented across the whole organisation. We have maintained a corporate risk register and the Executive Team has reviewed this on a monthly basis. The register is also considered by our Board bi-annually, and more fully by the Audit & Risk Committee on a quarterly basis. Copies of the register have been provided regularly to our Department of Health sponsor team and these have informed their assessment of our organisational progress at our quarterly accountability review meetings. A copy of the risk register is made accessible to all staff.

In October 2016, the Board agreed an improved risk management policy which addresses recommendations from our last risk management internal audit. It also ensures that escalation routes are in line with our regional footprint. Also this year, we have provided an additional level of risk reporting to the HEE Board to deliver greater assurance on our most strategic risks. Risk management training has been delivered for staff across the organisation,

Governance Statement 2016/17

to help improve our culture and awareness of risk management, and ensure all are familiar with how our new policy works.

We have maintained our agreed risk management process consistently. As a result, our corporate risk register is effective in describing our organisational strategic risks. Overall, our register's content has evolved to focus more on the need to manage widespread change across the NHS landscape.

Our key internal risks have related to ongoing financial restrictions and the related challenge of delivering our key strategic programmes. External risks have focused on the need to maintain relationships with other organisations in the new health landscape to address new challenges, such as managing clinical placement supply when these become loan-funded rather than commissioned. To mitigate these risks, we have continued to develop links with other NHS bodies and sought clarity from the Department of Health regarding financial and Mandate deliverables.

Currently, our most critical risks relate to:

- Attracting sufficient trainees into General Practice to meet Mandate requirements: we are mitigating this risk by working closely with NHS England on the Primary Care programme and introducing a range of recruitment initiatives.
- The lack of a single IT infrastructure across HEE: this is being mitigated by the implementation of recommendations from our approved IT strategy, to deliver standardisation and flexibility business-wide. Office 365 has been procured for all staff to enable more collaborative working.

We continue to apply and develop specific programme and project management standards across the range of our business activities to make sure they are managed consistently to further reduce the incidence of risk.

Information risk reporting and cybersecurity

The Board has agreed the following roles to help ensure we discharge our information governance responsibilities in line with best practice:

- Lee Whitehead, Director of People and Communications is designated as our Senior Responsible Information Officer (SIRO) with responsibility for protecting and safeguarding all data
- Professor Wendy Reid, Director of Education and Quality and Medical Director is designated as our Caldicott Guardian with responsibility for confidentiality of personal data and ensuring information-sharing is managed well
- Information Governance Steering Group (IGSG) coordinates elements of information and cyber security risk management across the organisation.

We have continued work to strengthen our information governance arrangements by centralising and standardising our approach. We have established an Information Governance Steering Group (IGSG) to coordinate improvement work across HEE. Our annual Information Governance Toolkit submissions continue to show year on year progress, though there is still scope for improvement. As an important step, the national Executive Team has agreed a new Information Risk Management policy. This has been augmented by Information Risk Management workshops which have taken place across the organisation. These have been used to gain assurance that information assets are being managed in line with relevant guidance.

HEE is currently implementing a centralised information asset management system that captures information assets electronically, any information flows associated with those assets, automates risk outcomes, and provides graphical alerts and reports to those parties accountable and responsible for those assets. A total of 907 information assets are currently recorded.

Cyber security workshops have been available to all staff across the organisation, enhancing information risk and incident management awareness and reporting. A total of 908 staff attended these voluntary workshops which were well received. Additionally, the content of the workshops was recorded and made accessible to all staff. Our most recent internal audit reports on Information Governance and Cybersecurity provided moderate assurance on the arrangements we currently have in place. However, both reports acknowledged that control measures were improving - a trend that has continued throughout 2016/17.

Governance Statement 2016/17

Following the serious 'ransomware' attack across the world on 12 May 2017, many organisations temporarily lost access to data and business continuity was affected. As HEE had applied relevant software fixes as recommended by suppliers, our business was not impacted.

Details of information incidents in 2016/17 are shown in Appendix 3.

Review of internal control effectiveness

As Accounting Officer for Health Education England, I am responsible for reviewing the effectiveness of the system of internal control. In this, I have been informed by the findings of our internal auditors, as well as managers in the organisation with responsibility for the development and maintenance of a robust internal control framework.

In preparing the Governance Statement for 2016/17, I have also been informed by the findings of the National Audit Office. In addition, I have been advised on the effectiveness of the arrangements in place by our Board, the Audit & Risk Committee and the Executive Team.

Assurance has been provided to the Board by its Committees: Audit & Risk, Performance Assurance, Remuneration, and the four LETBs with matters flagged to the Board as required. The effectiveness of our system of internal control has been reviewed by the Audit & Risk Committee, which has received a range of reports, including those from both Internal and External Audit.

Our internal audit service is provided by the Department of Health. Eighteen specific audit reports were completed as part of our 2016/17 Internal Audit Plan. All received moderate assurance ratings or were advisory, indicating a trend of ongoing improvement, though with some work still to do.

We have received a qualified audit opinion regarding an outsourced employment service. This opinion was given generically to all service users, not just Health Education England. We were not aware of previous audit concerns regarding the supplier. The payroll costs concerned represent a small proportion of our overall expenditure. However, we recognise it is essential that we have sufficient control measures in place. Having reviewed these, we are content that they address auditors' concerns. The relevant control measures consist of: regular review of pay budgets by managers and finance support; programme of meetings between our HR and the supplier to ensure this new contract is established well; and, detailed reviews by the supplier, working together with our Finance and HR teams, including root cause analysis of any points of concern that are identified. We will continue to work closely with the supplier to ensure efficient service provision in 2017/18.

Comprehensive action plans have been agreed to address the recommendations of all audit reports, as well as those covering other areas. Progress with the implementation of audit recommendations is monitored quarterly by the Executive Team and the Audit and Risk Committee.

The Head of Internal Audit for Health Education England is responsible for providing an opinion on the overall assurance arrangements we have in place. Their opinion for 2016/17 gives us moderate assurance that we had an adequate and effective framework of control, governance and risk management in place for the year. This is positive as we have shown our ability to refine our framework of control measures as it evolves concurrently to meet the demands of a changing landscape.

Conclusion

Overall, my review confirms that Health Education England has a generally sound system of governance that supports the achievement of our aims, policies and objectives. We are committed to demonstrating continued progress with our governance arrangements and are confident that the changes we have introduced will allow us to engage in more effective partnership working and sharing of responsibilities across the wider health system.

Professor Ian Cumming OBE
Chief Executive

Remuneration and staff report

This report comprises HEE's remuneration policy for directors and senior managers, plus implementation of the policy and detailed remuneration figures. It also sets out HEE's activity in organisational development during this year.

The development of HEE and our people

Enabling our staff to deliver HEE's overall business strategy is our key driver and, during 2016/17, we continued to work towards these ambitions:

- Be explicit about the behaviours, skills and approach that is required from our staff to engage with a changing health system.
- Value and utilise the diverse cultures that exist within HEE, but emphasise the importance of ensuring that HR and Organisational Development services are delivered in a consistent and equitable manner, to a high standard.
- Create a healthy and effective organisation, and to consciously and deliberately stimulate the conditions in which people can give of their best so that the organisation can thrive.
- Reinforce our purpose, vision and values when new staff are brought in to HEE.
- Use and develop our HR metrics and systems to benchmark ourselves and identify areas for attention and investment.

We will continue to work with our staff and managers on the further development of our shared vision and the alignment of our new structures and systems to our priorities in 2017/18.

One HEE Development Framework

HEE's 'Development Framework' is a corporate programme of work, operating across all parts of HEE and focused on four key domains.

- Developing a shared vision - so that all (staff, trainees and stakeholders) understand and support our vision, and that leaders demonstrate positive behaviours at all times that promote inclusive leadership.
- Aligning our structures, systems and processes to our shared vision - so that we organise ourselves at all levels in an effective, collaborative and streamlined fashion, ensuring that our decision-making is underpinned by the quality of care delivered to patients.
- Bringing our values to life - so that we support and promote the values of the NHS Constitution, and hold ourselves to account for the quality of the services we provide.
- Developing an improvement-driven culture - so that a culture of continuous learning and development is instilled throughout HEE to drive learning, continuous improvement, innovation and evidence-based practice.

Implementation of the Development Framework has been managed locally and each regional director has been responsible for taking the associated supporting work forward in each local office. The Framework will be reviewed and updated during 2017.

HEE Partnership Forum

We have maintained positive relationships with our trade union representatives and have worked closely with them on a number of strategic pieces of work, including harmonisation of our staff policies and the development of a Contact Officer programme across the organisation to help staff tackle instances of harassment or bullying. Our Partnership Forum has met on a quarterly basis during 2016/17 and includes representation from our Executive Team and the HR team, alongside national officers and HEE staff from these recognised trade unions: BMA, MiP, RCN, UNISON and Unite.

UNISON hosted HEE's first Social Partnership conference on 2 November 2016, which was attended by HEE's Chief Executive along with local and regional directors and trade union representatives from within HEE. The conference is scheduled to take place annually.

The Partnership Forum has set up a Policy Working Group which meets on a six-week cycle. The purpose of the group is to ensure that a comprehensive set of HEE HR policies is developed and kept under review. The group met on eight occasions during 2016/17 and the harmonised policies were completed for Grievance; Respect and Dignity at Work; Speaking Out - Raising Concerns; Learning and Development; Promoting Attendance at Work - Attendance Management; Promoting Attendance at Work - Leave.

Remuneration and staff report

HEE has a directly employed workforce of 2609. We use the nationally determined NHS Terms and Conditions of Service (Agenda for Change) and the national contracts and terms for medical and dental and executive and senior manager (ESM) staff.

Remuneration

During 2016/17 we continued to work with DH, ALB and staff-side colleagues in all matters regarding our pay policy. We are clear about the need for continued pay restraint in the NHS.

HEE's Remuneration Committee has formal responsibility, on behalf of the Board, for the oversight and agreement of senior staff salaries in accordance with the agreed terms of reference. All of our appointments and arrangements for determining the salaries of our senior staff are carried out in accordance with the processes set by our colleagues in the DH and, where required, with the approval of the Department's Remuneration Committee. The Remuneration Committee was chaired by Mary Elford, Non-Executive Director until October 2016. David Croisdale-Appleby, Non-Executive Director, began chairing the Committee on 13 December 2016. We would like to acknowledge and thank Mary for her work and dedication as chair.

Equality, Diversity and Inclusion

The values of equality, diversity and inclusion (EDI) continue to underpin all that we do at HEE. But with the challenges that we currently face, we recognise that we need to - and should - do more to progress this agenda further as part of our wider organisational development.

We welcome the Board's approval of a new governance and accountability structure that will be used to achieve objectives that will benefit our staff and the approach we take to our work. This structure will see the introduction of an EDI Committee, led by Jacynth Ivey, Associate Non-Executive Director, and Lisa Bayliss-Pratt, Director of Nursing, which will give appropriate reassurance to the Board.

While building on the work of the national 'Advancing HEE's Equality and Diversity' (AHEAD) group, four regional AHEAD groups will be established. Chaired by regional LETB chairs, the AHEAD groups will provide a platform for staff and stakeholder engagement.

We have also recently appointed a Diversity and Inclusion Manager, Stuart Moore, who will be leading on the development of an EDI strategy. This will bring together the work we are doing to meet our legal duties under the Equality Act (2010) and Public Sector Equality Duty.

It will also recognise the work we are undertaking in relation to the NHS Equality Delivery System (EDS) 2, Workforce Race Equality Standard (WRES) and Stonewall's Workplace Equality Index, to which we remain committed. Supporting the diverse geographies in which we operate, the strategy will also reflect regional and local EDI objectives.

HEE recognises that it has an important role as a system leader in advancing EDI, creating an NHS that is inclusive and shows respect and dignity to all staff, patients and the public. One demonstration of this commitment, in 2017, will be the development of resources to support the implementation of a sexual orientation monitoring information standard, which will aim to develop consistent information gathering about patients and service users (aged 16 and over) across the whole of adult health and social care in England.

Recognising the ambition to have a workforce that is sensitive to the diversity of the communities that we serve, we regularly review our workforce profile. As at March 2017, the gender breakdown of our staff is 1720 female and 889 male. Of our non-executive directors, four are female and four are male; of our executive directors five are female, six are male. Within our senior staff (Agenda for Change Bands 8d and 9), 428 are female and 487 are male.

Health and Wellbeing

The health and wellbeing of our staff is a key focus for the HEE Board and our senior managers. In 2016, HEE's annual staff survey was based on the Workplace Wellbeing Charter and the results have provided a helpful analysis of the areas on which we need to concentrate. We were pleased to receive the London Healthy Workplace Charter in November 2016, which

Remuneration and staff report

is supported by the Mayor of London and provides clear and easy steps for employers to make their workplaces healthier and happier.

We aim to keep staff well and support them if they become unwell. EEF Occupational Health Service is used for occupational health advice. Our staff also have access to a confidential Employee Assistance Programme which is available 24 hours a day, seven days a week.

We provide a wide range of facilities and schemes to improve the working lives of our staff including: flexible working options; support during maternity leave; paternity leave; and information about statutory and carers' rights.

To strengthen our commitment to the working lives of our staff, HEE has been successful in securing a number of important alliances and accreditations including, Tommy's Pregnancy at Work and Working Families.

The overall sickness absence rate for 2016/17 has remained low at 2.25%.

	2015/16	2016/17
Days available during that period	650,424	683,668
Days lost due to sickness during that period	14,722	15,395
Sickness absence rate	2.26%	2.25%
Average sick days per WTE	5.1 days	5.1 days

Promoting the NHS Constitution

We are fully committed to the NHS Constitution and to broadening awareness and support of the Constitution among staff and learners. HEE is required by statute to promote the NHS Constitution within our workforce, ensuring the NHS Values within it are understood and presented in the care that patients receive.

The NHS Constitution sets out seven key principles, which are underpinned by core NHS values. They are derived from extensive discussions with staff, patients and the public. More information can be found here: http://www.nhs.uk/NHSEngland/thenhs/about/Pages/nhscoreprinciples.aspx

HEE's NHS Constitution Delivery Group, which is chaired by David Farrelly, has been established to ensure continual improvement against our delivery of NHS constitution standards and behaviours and to maintain best practice in instilling the NHS values and behaviours through all aspects of our work. The group will develop a place to deliver a number of objectives and an annual timeline of events and reviews to ensure momentum is maintained and monitored throughout the year.

The group will focus on the following key points:

- To promote the NHS Constitution and values through all activities and interactions with stakeholders;
- To establish best practice across HEE and develop tools and processes for adoption and spread across the four regions;
- To establish methods of promoting the NHS constitution and values through HEIs, in particular, in all student facing activities;
- To ensure the benefits of the NHS constitution and values is identified in all programme and supporting Project Initiation Documents and through mandate delivery mechanisms;
- To ensure that the NHS Constitution is central to the emerging workforce strategies and plans arising from STPs and through LWABs; and
- To develop Constitution champions across HEE, recommending celebration events and rewards to recognise best practice by living the NHS values through our staff, students and educators.

Remuneration and staff report

Keeping the NHS Constitution centre stage

Health Education England is mandated to not only uphold, but promote the values of the NHS Constitution within the healthcare workforce. This is manifest in our work in values-based recruitment, ensuring the NHS attracts and recruits students, trainees and employees on the basis that their individual values and behaviours align with the values of the NHS Constitution.

To build on this work, HEE is developing the 'NHS Values Hub', providing, collecting and curating resources to help staff, students, managers and organisations to better understand what the NHS Values are and how we apply them as part of everything we do.

Background work has been happening throughout 2016/17 and the Hub will be launched in the coming year with an NHS Constitution Values Week, working with partners to promote the resources across the healthcare workforce, start collecting best practice and sharing educational tools that already exist within the system.

Statement on audit compliance

HEE has conferred with its auditors to ensure that the content and standard of the Remuneration Report complies with all requirements expected of us as an arm's-length body of the Department of Health.

Remuneration Committee

The Remuneration Committee is a formal Committee of HEE's Board. Its primary aim is to oversee, and approve where necessary, the appropriate remuneration and terms of service for the Chief Executive, directors and other Executive and Senior Managers (ESM) on behalf of the Board. The Committee has delegated powers to act on behalf of the Board within the approved Terms of Reference.

The Committee adheres to all relevant legislation, regulations and policies in all respects including (but not limited to) determining levels of remuneration that are sufficient to attract, retain and motivate executive directors and senior staff whilst remaining cost effective.

The committee's remit includes:

- With regard to the Chief Executive, directors and ESMs, all aspects of salary (including any performance-related elements, bonuses).
- Provisions for other benefits, including pensions and cars.
- Arrangements for termination of employment and other contractual terms.
- Ensuring that officers are fairly treated for their individual contribution, having proper regard to HEE's circumstances and performance and to the provisions of any national arrangements for such staff.
- Proper calculation and scrutiny of termination payments taking account of such national guidance as is appropriate, advising on and overseeing appropriate contractual arrangements for such staff. This will apply to all staff.
- Proper calculation and scrutiny of any special payments.
- Oversight of the local Clinical Excellence Awards process.

HEE's Remuneration Committee is now chaired by David Croisdale-Appleby, Non-Executive Director and is comprised of all the non-executive directors. The Committee met on five occasions during 2016/17 in order to discharge its duties in relation to the above terms of reference. A report of each meeting is provided to the subsequent public Board meeting, and copies of the full minutes of the meetings are provided to all the non-executive directors. The Committee is supported by the Board Secretary and the Head of Human Resources and Organisational Development.

Attendance at Remuneration Committee is available on page 83.

Remuneration and staff report

Fair pay

These figures have been subject to audit.

HEE is required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in the organisation in the financial year 2016/17 was £205,000-£210,000 (2015/16, £200,000 to £205,000).

Remuneration ranged from £7,020 to £205,312. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2015/16	2016/17
Band of highest paid director's total remuneration £000	200-205	205-210
Median total	£40,964	£41,373
Remuneration ratio	4.9	5.0

The Government Financial Reporting Manual requires the above figures to be calculated based on the organisation's workforce, including temporary and agency staff. The disclosure above is based on staff directly employed by HEE only. We are unable for 2016/17 to produce the information on this basis, but have undertaken a high level review to identify the likely change to the figures disclosed above and are confident that the change would not be significant. HEE will disclose fully in line with the Government Financial Reporting Manual in future years.

Clinical Excellence Awards

HEE manages a local Clinical Excellence Award (CEA) process. This process is overseen by the Remuneration Committee and each year's process is agreed by the Committee in advance of live applications. Submissions are considered by the CEA panel, whose membership is comprised of independent lay representatives, alongside HEE staff.

In 2016, the CEA panel reviewed each application and made a recommendation to the Remuneration Committee to approve five awards. These awards were approved on 19 July 2016.

Pay Review Bodies

HEE has worked closely with the Office of Manpower Economics (OME) in order to submit reports to the NHS Pay Review Body and the Doctors' and Dentists' Pay Review Body, as part of its national process of gathering evidence from interested parties to inform the recommendations for 2017/18. HEE was also pleased to be able to attend to submit oral evidence to both review bodies at the request of the OME.

The production of each report is managed by the HR & OD team, with the support and input of the Directorate of Workforce and Planning.

Remuneration and staff report

Off payroll engagements

In 2012/13, Her Majesty's Treasury introduced a requirement for public sector bodies to report arrangements whereby individuals are paid through their own companies (and so are responsible for their own tax and National Insurance arrangements, not being classed as employees). The requirement remains in place for 2016/17 and the table below presents the information required for HEE from 1 April 2016 to 31 March 2017, for those engaged for more than £220.00 per day and for a period lasting longer than six months.

	Number
Number of new engagements or those that have reached six months in duration between 1 April 2016 and 31 March 2017	6
Number of new engagements which includes contractual clauses giving HEE the right to request assurance in relation to income tax and National Insurance obligations	6
Number for whom assurance has been requested	6
Of which:	
Assurance has been received	3
Assurance has not been received	3
Engagements terminated as a result of assurance not being received, or ended before assurance received.	0

Expenditure on consultancy

HEE did not incur any consultancy expenditure in 2016/17 or 2015/16.

Remuneration and staff report

Salaries and allowances

Those identified within the annual report are those senior staff and non-executive directors who make up the organisational governing body - the HEE Board. This is as per the Department of Health's guidance on annual reports for 2016/17 which states that those listed should be:

"those persons in senior positions having authority or responsibility for directing or controlling the major activities of the NHS body. This means those who influence the decisions of the entity as a whole rather than the decisions of individual directorates or departments".

Staff Costs *These figures are subject to audit* **Staff Costs comprise:**	**Permanently employed staff**	**Others**	**2016/17 Total** **£000s**	**2015/16 Total** **£000s**
Wages and salaries	100,461	22,257	122,718	112,767
Social security costs	8,297		8,297	6,173
Other pension costs	9,759		9,759	9,339
Termination benefit	11,695		11,695	1,607
Sub Total	130,212	22,257	152,469	129,886
Less recoveries in respect of outward secondments	(344)	(160)	(504)	(994)
Total net costs	**129,868**	**22,097**	**151,965**	**128,892**

Remuneration and staff report

Pensions Costs

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 Government Financial Reporting Manual 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 utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2017, is based on valuation data as 31 March 2016, updated to 31 March 2017 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant Government Financial Reporting Manual interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

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 their recent demographic experience), and to recommend contribution rates payable by employees and employers.

The last published actuarial valuation undertaken for the NHS Pension Scheme was completed for the year ending 31 March 2012. The Scheme Regulations allow for the level of contribution rates to be changed by the Secretary of State for Health, with the consent of HM Treasury, and consideration of the advice of the Scheme Actuary and appropriate employee and employer representatives as deemed appropriate. The next actuarial valuation is to be carried out as at 31 March 2016. This will set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health after consultation with the relevant stakeholders.

Remuneration and staff report - *These figures have been subject to audit.*

Executive Salaries (Single total figures tables)

Name	Title	(a) Salary (bands of £5,000)		(b) Expense payments (taxable) to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) Long term performance pay and bonuses (bands of £5,000)		(e) All pension-related benefits (bands of £2,500)		(f) (a to e) TOTAL (bands of £5,000)	
		2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**
		£000s		**£**		**£000s**		**£000s**		**£000s**		**£000s**	
Mr S Clarke	Director of Finance	150-155	**155-160**	100	**200**	5-10	**5-10**	Nil	**Nil**	Nil	**Nil**	160-165	**160-165**
Prof. I Cumming	Chief Executive	190-195	**195-200**	Nil	**Nil**	5-10	**5-10**	Nil	**Nil**	Nil	**30-32.5**	200-205	**235-240**
Prof. L Bayliss-Pratt	Director of Nursing and Clinical Education	115-120	**115-120**	100	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	115-120	**115-120**
Dr N Latham	Director of Performance and Development	130-135	**130-135**	Nil	**Nil**	0-5	**5-10**	Nil	**Nil**	25-27.5	**30-32.5**	160-165	**170-175**
Prof. W Reid	Director of Education and Quality	160-165	**140-145**	Nil	**Nil**	Nil	**Nil**	Nil	**35-40**	42.5-45	**5-7.5**	200-205	**180-185**
Mr L Whitehead	Director of People and Communication	130-135	**130-135**	200	**200**	0-5	**5-10**	Nil	**Nil**	90-92.5	**32.5-35**	225-230	**170-175**
Mr P Holmes*	Regional Director - South *(retired 16/9/16)*	130-135	**70-75**	100	**Nil**	Nil	**Nil**	Nil	**Nil**	65-67.5	**N/A**	195-200	**70-75**

Continued overleaf

Remuneration and staff report - *These figures have been subject to audit.*

Executive Salaries (Single total figures tables) *continued*

Name	Title	(a) Salary (bands of £5,000)		(b) Expense payments (taxable) to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) Long term performance pay and bonuses (bands of £5,000)		(e) All pension-related benefits (bands of £2,500)		(f) (a to e) TOTAL (bands of £5,000)	
		2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**
		£000s		£		£000s		£000s		£000s		£000s	
Mrs J Screaton	Regional Director - London and South East	130-135	**130-135**	100	**200**	5-10	**5-10**	Nil	**Nil**	Nil	**22.5-25**	135-140	**160-165**
Ms L Roberts	Regional Director - North	120-125	**120-125**	Nil	**100**	Nil	**5-10**	Nil	**Nil**	Nil	**Nil**	120-125	**125-130**
Mr R Smith	Director of Strategy and Planning	130-135	**135-140**	100	**800**	Nil	**Nil**	Nil	**Nil**	57.5-60	**90-92.5**	185-190	**230-235**
Mr P Mitchell	Regional Director - South *(wef 1 April 2016)*	N/A	**135-140**	N/A	**Nil**	N/A	**Nil**	N/A	**Nil**	Nil	**37.5-40**	N/A	**175-180**
Mr D Farrelly	Regional Director - Midlands and East *(wef 1 April 2016)*	N/A	**120-125**	N/A	**200**	N/A	**Nil**	N/A	**Nil**	Nil	**135-137.5**	N/A	**255-260**

As Paul Holmes retired from his post on 16 September 2016, the salary disclosed is for the period 1 April 2016 to 16 September 2016. The full salary for the year was £130,453.00. Section e) All pension related benefits: The value of the pension benefit calculation can vary year on year dependant on the annual inflationary factor used in the calculation. These values do not represent in year gains or losses to individuals, but are the values that their pension increases or reduces during the year. In Column (e), All pension-related benefits: the 2015/16 prior year comparator column is restated, since the 2015/16 calculation was made without deduction of the employee's pension contribution. This was an incorrect presentation.

Remuneration and staff report - *These figures have been subject to audit.*

Non-Executive Salaries (Single total figures tables)

Name	(a) Salary (bands of £5,000)		(b) Expense payments (taxable) to nearest £100		(c) Performance pay and bonuses (bands of £5,000)		(d) Long term performance pay and bonuses (bands of £5,000)		(e) All pension-related benefits (bands of £2,500)		(f) (a to e) TOTAL (bands of £5,000)	
	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**	2015/16	**2016/17**
	£000s		£		£000s		£000s		£000s		£000s	
Ms M Elford	5-10	**5-10**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	5-10	**5-10**
Ms K Nealon	5-10	**5-10**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	5-10	**5-10**
Sir K Pearson	50-55	**50-55**	100	**100**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	55-60	**55-60**
Prof. D Croisdale-Appleby	5-10	**10-15**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	5-10	**10-15**
Sir S Moss	5-10	**5-10**	100	**100**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	5-10	**5-10**
Dr A Van der Gaag	5-10	**5-10**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	5-10	**5-10**
Ms J Ivey	0-5	**5-10**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	0-5	**5-10**
Prof. M Morley *(wef 1 November 2016)*	Nil	**5-10**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**Nil**	Nil	**5-10**

Remuneration and staff report - *These figures have been subject to audit.*

Executive Pension Benefits

Name	Title	(a) Real increase in pension at pension age (bands of £2,500)	(b) Real increase in pension lump sum at pension age (bands of £2,500)	(c) Total accrued pension at pension age at 31 March 2017 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31 March 2017 (bands of £5,000)	(e) Cash Equivalent Transfer Value at 1 April 2016	(f) Real increase in Cash Equivalent Transfer Value	(g) Cash Equivalent Transfer Value at 31 March 2017	(h) Employer's contribution to stakeholder pension
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Prof. Ian Cumming	Chief Executive	2.5-5	7.5-10	80-85	245-250	1,452	90	1,542	0
Dr N Latham	Director of Performance and Development	2.5-5	0	10-15	0	95	31	126	0
Prof. W Reid	Director of Education and Quality	0-2.5	2.5-5	60-65	190-195	1,404	69	1,473	0
Mr L Whitehead	Director of People and Communication	2.5-5	0-2.5	20-25	0-5	196	30	226	0
Mrs J Screaton	Regional Director - London and South East	0-2.5	2.5-5	40-45	125-130	740	52	792	0

Continued overleaf

Remuneration and staff report - *These figures have been subject to audit.*

Executive Pension Benefits *continued*

Name	Title	(a) Real increase in pension at pension age (bands of £2,500)	(b) Real increase in pension lump sum at pension age (bands of £2,500)	(c) Total accrued pension at pension age at 31 March 2017 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31 March 2017 (bands of £5,000)	(e) Cash Equivalent Transfer Value at 1 April 2016	(f) Real increase in Cash Equivalent Transfer Value	(g) Cash Equivalent Transfer Value at 31 March 2017	(h) Employer's contribution to stakeholder pension
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Mr R Smith	Director of Strategy and Planning	5-7.5	15-17.5	55-60	165-170	942	124	1,066	0
Mr P Mitchell	Regional Director - South	2.5-5	7.5-10	50-55	160-165	980	47	1,027	0
Mr D Farrelly	Regional Director - Midlands and East	5-7.5	12.5-15	40-45	105-110	577	123	700	0

Remuneration and staff report - *These figures have been subject to audit.*

Exit Packages

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies (£)	Number of other departures agreed	Cost of other departures agreed (£)	Total number of exit packages by cost band	Total cost of exit packages by cost band (£)	No. of departures where special payments have been made	Cost of Special Payment element included in exit packages (£)
<£10,000	2	16,097	27	181,392	29	197,489	-	-
£10,000 - £25,000	3	45,284	88	1,536,457	91	1,581,741	-	-
£25,000 - £50,000			78	2,747,687	78	2,747,687	-	-
£50,000 - £100,000	3	178,996	59	4,105,525	62	4,284,521	-	-
£100,000- £150,000			16	1,891,672	16	1,891,672	-	-
£150,000- £200,000			7	1,143,999	7	1,143,999	-	-
>£200,000					-	-	-	-
Total	**8**	**240,377**	**275**	**11,606,732**	**283**	**11,847,109**	**-**	**-**

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 there is a legal obligation. Where the organisation has agreed early retirements, the additional costs are met by HEE and not by the NHS Pension Scheme. Ill-health retirement costs are met by the NHS Pension Scheme and are not included in the table.

This disclosure reports the number and value of exit packages agreed in the year.

Note: the expense associated with these departures may have been recognised in part or in full in a previous period. There were no special payments made within exit packages during 2016/17.

Remuneration and staff report

Analysis of other departures

	Number of departures agreed	Total value of departures agreed
	Number	£000s
Voluntary redundancies including early retirement contractual costs	275	11,607
Mutually agreed resignations (MARS) contractual costs		
Early retirements in the efficiency of the service contractual costs	-	-
Contractual payments in lieu of notice		
Exit payments following employment tribunals or court orders		
Non-contractual payments requiring HMT approval		
Total of exit packages	**275**	**11,607**

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

HEE had no non-contractual payments in lieu of notice are disclosed under "non-contractual payments requiring HMT approval" above.

Nil 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.

Remuneration and staff report

Staff numbers - subject to audit

	2016/17 Total	Permanently employed staff	Others
	Number	Number	Number
Average number of whole-time equivalent employees - Provider staff			
- Medical and dental (FT only)	-		
- Ambulance staff (FT only)	-		
- Administration and estates (FT only)	-		
- Healthcare assistants and other support staff (FT only)	-		
- Nursing, midwifery and health visiting staff (FT only)	-		
- Nursing, midwifery and health visiting learners (FT only)	-		
- Scientific, therapeutic and technical staff (FT only)	-		
- Social Care Staff (FT only)	-		
- Healthcare science staff (FT only)	-		
- Other (All entities)	2,388	1,871	517
Total whole time equivalent persons	**2,388**	**1,871**	**517**
Of which number engaged on capital projects	-	-	
Last year we reported:	2,271	1,736	535

Accountability Report

Health Education England's annual report and accounts sets out for Parliament HEE's progress on the delivery of our objectives in 2016/17.

This Parliamentary Accountability and Audit Report has been prepared in compliance with the requirements of the Government Financial Reporting Manual and in observance of the Accounts Direction issued to HEE by the Secretary of State for Health. This report follows relevant accounting and disclosure requirements and explains any material departures in the accounts. As a public body, we also ensure that we manage our finances as required in *Managing Public Money*, published by HM Treasury. Working with the National Audit Office, we have fulfilled the audit requirements of an arm's-length body of the Department of Health.

Regularity of expenditure (subject to audit)

Losses

HEE has incurred total losses of £848,000 during the year, involving 1,456 individual cases. These consist of:

- Cash Losses - 1,444 totalling £838,000 these relate to Bursary overpayments
- Claims Abandoned - three cases totalling £1,000
- Stores losses - seven cases totalling £3,000
- Fruitless payments - two cases totalling £6,000

There were no reported losses in 2015/16.

HEE has not made any special payments during either of the years 2016/17 and 2015/16.

Fees and charges (subject to audit)

Income arising from fees and charges is immaterial and so disclosure on fees and charges is not applicable.

Remote Contingent Liabilities (subject to audit)

HEE does not have any remote contingent liabilities and nil in 2015/16.

Professor Ian Cumming OBE
Chief Executive

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

I certify that I have audited the financial statements of Health Education England for the year ended 31 March 2017 under the Care Act 2014. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Disclosures that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Care Act 2014. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to Health Education England's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Health Education England; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Health Education England's affairs as at 31 March 2017 and of net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Care Act 2014 and Secretary of State directions issued thereunder.

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

Opinion on other matters

In my opinion:

- the parts of the Remuneration and Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Care Act 2014; 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 Remuneration and Staff Report and the Parliamentary accountability disclosures 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.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

29 June 2017

Statement of Comprehensive Net Expenditure for the year ended 31 March 2017

	Note	2016/17	2016/17 Admin	2016/17 Programme	2015/16
		£000s	£000s	£000s	£000s
Staff costs	2	**151,965**	54,254	97,711	128,892
Operating expenditure	2	**4,916,745**	19,461	4,897,284	4,850,235
Total operating expenditure		**5,068,710**	**73,715**	**4,994,995**	4,979,127
Operating revenue	3	**(81,633)**	(1,364)	(80,269)	(91,385)
Comprehensive net expenditure for the year		**4,987,077**	**72,351**	**4,914,726**	4,887,742

The notes on pages 64-79 form part of these accounts.

Statement of Financial Position as at 31 March 2017

	Note	2016/17	2015/16
		£000s	£000s
Non-current assets:			
Property, plant & equipment	5	**782**	697
Trade & other receivables	6	**298**	176
Total non-current assets		**1,080**	873
Current assets:			
Trade & other receivables	6	**35,261**	23,709
Cash & cash equivalents	7	**13**	25
Total current assets		**35,274**	23,734
Total assets		**36,354**	24,607
Current liabilities:			
Trade & other payables	8	**(254,988)**	(253,548)
Provisions	9	**(19,161)**	(12,909)
Total current liabilities		**(274,149)**	(266,457)
Total assets less current liabilities		**(237,795)**	**(241,850)**
Non-current liabilities:			
Provisions	9	**(268)**	(1,703)
Total non-current liabilities		**(268)**	(1,703)
Total assets less total liabilities		**(238,063)**	(243,553)
Taxpayers' equity			
General fund		**(238,063)**	(243,553)
Total taxpayers' equity		**(238,063)**	(243,553)

The notes on pages 64-79 form part of these accounts.
The financial statements on pages 60-79 were approved by the Board on 1 June 2017 and signed on its behalf by:

Professor Ian Cumming
Chief Executive:

Statement of Cash Flows for the year ended 31 March 2017

	Note	2016/17	2015/16
		£000s	£000s
Cash flows from operating activities			
Net operating expenditure		**(4,987,077)**	(4,887,742)
Depreciation and amortisation	2	**391**	2,146
Other non-cash movements in statement of financial position items		**0**	197
(Increase) Decrease in trade & other receivables	6	**(11,674)**	31,680
Increase/(Decrease) in trade & other payables	8	**1,440**	(27,688)
Capital creditors	8	**(266)**	0
Use of provisions	9	**(240)**	(28)
Provisions reversed unused	9	**(806)**	(101)
Increase/(Decrease) in provisions	9	**5,863**	14,612
Net cash outflow from operating activities		**(4,992,369)**	(4,866,924)
Cash flows from investing activities			
Purchase of for property, plant & equipment	5	**(210)**	(287)
Purchase of intangible assets		**0**	0
Net cash (outflow) from investing activities		**(210)**	(287)
Net cash outflow before financing		**(4,992,579)**	(4,867,211)
Cash flows from financing activities			
*Grant in aid funding from Department of Health		**4,992,567**	4,867,236
Net increase / (decrease) in cash and cash equivalents	7	**(12)**	(87,211)
Cash and cash equivalents at the beginning of the Period		**25**	87,236
*1 April repayment to Department of Health		**0**	(87,236)
Cash and cash equivalents at year end		**13**	25

*On 1 April 2015 HEE changed its status from a Special Health Authority to a Non Departmental Public Body. The Closing cash balance was paid to DH and then repaid back to HEE as in year Grant in Aid funding.

The notes on pages 64-79 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2017

	General Fund	Taxpayers' Equity
	£000s	£000s
***Balance at 1 April 2015**	(224,524)	(224,524)
Changes in taxpayers' equity for 2015/16		
Comprehensive net expenditure for the year	(4,887,742)	(4,887,742)
Transfers under modified absorption accounting	1,477	1,477
Total recognised revenue (expense) for the year	(5,110,789)	(5,110,789)
*Grant in aid funding from Department of Health	4,867,236	4,867,236
Balance at 31 March 2016	(243,553)	(243,553)

	General Fund	Taxpayers' Equity
	£000s	£000s
Balance at 1 April 2016	(243,553)	**(243,553)**
Changes in taxpayers' equity for 2016/17		
Comprehensive net expenditure for the year	(4,987,077)	**(4,987,077)**
Transfers under modified absorption accounting	0	**0**
Total recognised revenue (expense) for the year	0	**0**
Grant in aid funding from Department of Health	4,992,567	**4,992,567**
Balance at 31 March 2017	(238,063)	**(238,063)**

*On 1 April 2015 HEE changed its status from a Special Health Authority to a Non Departmental Public Body. The closing cash balance was paid to DH and then repaid back to HEE as in year Grant in Aid funding.

The notes on pages 64-79 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

1.0 Accounting policies

The financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounts have been prepared in accordance with The Care Act 2014 and Secretary of State direction there under. The accounting policies contained within the FReM apply International Financial Reporting Standards 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 Health Education England (HEE) for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.01 Accounting convention

These accounts have been prepared under the historical cost convention.

1.02 Going concern

The financing of HEE is met through grant-in-aid funding of the Department of Health (DH), which is approved annually by Parliament. The Secretary of State has directed that Parliamentary funding has been voted to permit the relevant activities to continue, this is sufficient evidence of going concern. As a result 2017/18 funding has been agreed for HEE's activities ensuring adequate funding to meet our liabilities; as such the Board of HEE has prepared these financial statements on a going concern basis.

1.03 Acquisitions and discontinued operations

Activities are considered to be 'acquired' only if they are taken on from outside the public sector. Activities are considered to be 'discontinued' only if they cease entirely. They are not considered to be 'discontinued' if they transfer from one public sector body to another.

1.04 Movement of assets within the Department of Health group

Transfers as part of reorganisation fall to be accounted for by use of absorption accounting in line with the HM Treasury FReM and the Department of Health Group Accounting Manual. The FReM does not require retrospective adoption, so prior year transactions (which have been accounted for under merger accounting) have not been restated. Absorption accounting requires that entities account for their transactions in the period in which they took place, with no restatement of performance required when functions transfer within the public sector. Where assets and liabilities transfer, the gain or loss resulting is recognised in the Statement of Comprehensive Net Expenditure (SOCNE), and is disclosed separately from operating costs.

Other transfers of assets and liabilities within the Department of Health Group are accounted for in line with IAS20 and similarly give rise to income and expenditure entries.

1.05 Critical accounting judgements and key sources of estimation uncertainty

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

1.05.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the HEE's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Notes to the Accounts

1.05.2 Attrition within Higher Education Institutes (HEI) contracts

Attrition of student cohorts is included in these accounts according to the individual contract terms. Most local offices pay higher education institutes for tuition costs and adjust retrospectively for attrition from courses. Some contracts have an estimated level of attrition built in and adjust for the actual level, which minimises the uncertainty. The estimates are based on the most recently available validated student activity data.

1.05.3 Other metrics on HEI contracts

Non benchmark price accruals are included in line with contract terms. These accruals cover the fees and expenses not included in the standard tuition fee (benchmark price).

1.05.4 Student bursary estimate

NHS Business Services Authority (NHSBSA) administers the payment of a bursary to qualifying students under the NHS Bursary Scheme. The status and payment award is calculated for each student individually. Due to the timescales involved the payment HEE makes to the NHSBSA includes an element of estimation. The estimate is based upon the HEE/NHSBSA calculation of expected expenditure agreed in March 2017.

A joint review of the level of debt recovery is carried out between the NHSBSA and HEE. In the light of on-going trends and an assessment of the level of risk, it has been deemed reasonable to revise the level of provision for debt from 77% to 81%. For 2016/17 this equates to an additional £2.7m charge.

Tuition fees are paid under the NHS Bursary Scheme on behalf of eligible medical and dental students. Each year, HEIs provide details of the number of students who they consider will be eligible. Fees are paid directly to HEIs on submission of an invoice. An accrual is made at the year end to cover those students for whom an invoice has not yet been received.

1.06 Revenue

The main source of funding for Health Education England (HEE) is Parliamentary grant-in-aid from the Department of Health within an approved cash limit, which is credited to the general fund. Parliamentary funding is recognised in the financial period in which it relates.

Revenue in respect of services provided is recognised when, and to the extent that, performance occurs, and is measured at the fair value of the consideration receivable.

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

1.07 Employee benefits

Short-term employee benefits

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

Retirement benefit costs

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

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

1.08 Other expenses

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

Notes to the Accounts

1.09 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised if:

- It is held for use in delivering services or for administrative purposes;
- It is probable that future economic benefits will flow to, or service potential will be supplied to HEE;
- It is expected to be used for more than one financial year;
- The cost of the item can be measured reliably; and
- The item has cost of at least £5,000; or
- Collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control; or
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their own useful economic lives.

Valuation

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 recorded subsequently at depreciated replacement cost.

HEE does not revalue its assets on the basis that the values involved are immaterial and historic cost is not considered materially different.

Subsequent expenditure

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

1.10 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance, which are capable of sale separately from the rest of HEE's business or which arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, HEE; where the cost of the asset can be measured reliably, and where the cost is at least £5000.

Measurement

Purchased Intangible assets are initially recognised at cost. For internally-generated intangible assets they are initially recognised at the sum of the expenditure incurred from the date when the criteria above are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

All assets are recorded subsequently at amortised replacement cost. HEE does not revalue its assets on the basis that the values involved are immaterial and historic cost is not considered materially different from fair value.

1.11 Leases

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

HEE does not hold any finance leases.

HEE as lessee

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

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

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

Notes to the Accounts

1.12 Cash and cash equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the HEE's cash management.

1.13 Provisions

Provisions are recognised when HEE has a present legal or constructive obligation as a result of a past event, it is probable that HEE 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.

HEE currently hold provisions for VAT liability, rates re-assessment, building dilapidations and voluntary redundancies.

1.14 Non-clinical risk pooling

HEE participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which HEE pays an annual contribution to the NHS Litigation Authority and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.15 Contingencies

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

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

1.16 Financial assets

Financial assets are recognised when HEE becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or the asset has been transferred.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss; held to maturity investments; available for sale financial assets, and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market. After initial recognition, they are measured at amortised cost using the effective interest method, less any impairment. Interest is recognised using the effective interest method.

At the end of the reporting period, HEE assesses whether any financial assets, other than those held at 'fair value through profit and loss' are impaired. Financial assets are impaired and impairment losses recognised if there is objective evidence of impairment as a result of one or more events which occurred after the initial recognition of the asset and which has an impact on the estimated future cash flows of the asset.

For financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and

Notes to the Accounts

the present value of the revised future cash flows discounted at the asset's original effective interest rate. The loss is recognised in expenditure and the carrying amount of the asset is reduced directly or through a provision for impairment of receivables.

1.17 Financial liabilities

Financial liabilities are recognised on the statement of financial position when HEE becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the net carrying amount of the financial liability. Interest is recognised using the effective interest method.

1.18 Taxation

HEE is liable to pay corporation tax, however the organisation does not currently have any qualifying activities. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the relevant expenditure heading or capitalised if it relates to an asset.

1.19 Foreign currencies

HEE's functional currency and presentational currency is sterling. Transactions denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in HEE's Statement of Comprehensive Net Expenditure in the period in which they arise.

1.20 Losses and special payments

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

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

1.21 Statement of operating costs by operating segment

Management has determined that HEE operates as one operating segment with results reviewed by the Chief Executive and the Board as the chief decision makers for the whole organisation.

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

IFRS16 - Leases. This was issued in January 2016, but is not due to be adopted until 2019. This will be a replacement for IAS17.
IFRS9 - Financial Instruments. This will be a replacement for IAS39
IFRS 15 - Revenue recognition

Notes to the Accounts

2. Total operating expenditure

	2016/17	2016/17 Admin	2016/17 Programme	2015/16
	£000s	£000s	£000s	£000s
Staff costs				
Wages and salaries	**122,214**	42,844	79,370	111,773
Social security costs	**8,297**	2,904	5,393	6,173
Other pension costs	**9,759**	3,416	6,343	9,339
Termination benefits	**11,695**	5,090	6,605	1,607
Total staff costs	**151,965**	**54,254**	**97,711**	128,892
Training and education activities:				
Future workforce:*				
• Undergraduate medical & dental	**892,289**	0	892,289	886,777
• Postgraduate medical & dental	**1,846,351**	0	1,846,351	1,815,886
• Non-medical	**1,788,308**	0	1,788,308	1,681,570
Total future workforce	**4,526,948**	0	**4,526,948**	4,384,233
• Workforce development	**112,868**	0	112,868	198,622
• Education support	**50,776**	0	50,776	42,224
• National programmes	**63,169**	0	63,169	76,260
• Leadership programme	**32,749**	0	32,749	0
• Other training & education activities	**55,215**	0	55,215	64,725
HEE chair & non-executive directors	**138**	138	0	177
Supplies and services	**2,816**	194	2,622	1,303
Establishment	**34,910**	5,779	29,131	40,119
Premises	**21,588**	6,463	15,125	20,185
Operating lease rentals	**3,120**	3,120	0	3,315
Depreciation & amortisation	**391**	391	0	2,146
Provisions arising/(released) during the year	**7,799**	0	7,799	14,511
Statutory audit fees (NAO)	**180**	180	0	180
Internal audit and assurance services	**270**	270	0	288
Education and training	**2,848**	2,848	0	1,475
Other operating expenses	**960**	78	882	472
Total other operating expenditure	**5,068,710**	**73,715**	**4,994,995**	4,979,127

*The majority of HEE's expenditure is focused on supporting the workforce for the future. The investment develops the health care professionals of the future. The expenditure includes tuition fees paid to Universities for undergraduate programs and the related bursary support for the individual students. Undergraduate students must experience clinical settings through placements, so placement fees are paid to clinical service providers. In the postgraduate environment salary and further training support is paid for to ensure relevant trainees can achieve full professional registration.

Further analysis of staff costs is included in the staff report at page 47.

Two 15/16 expenditure classification changes have been made:
£74,440k BiS payment previously included within National programmes moved to Future workforce - non medical in line with reporting changes in year.
£12,262k new provision arising in year was incorrectly reduced from Establishment which should have been reduced from Education Support.

Notes to the Accounts

3. Operating Revenue

	2016/17	2016/17 Admin	2016/17 Programme	2015/16
	£000s	£000s	£000s	£000s
Revenue from education & training activities:				
NHS England	**13,000**	0	13,000	21,871
NHS trusts	**2,068**	0	2,068	2,198
NHS foundation trusts	**2,080**	0	2,080	5,762
Department of Health	**54,164**	0	54,164	53,919
NHS other	**698**	0	698	407
Non - NHS	**6,792**	0	6,792	6,127
Total revenue from education & training activities	**78,802**	0	78,802	90,284
Other revenue:				
Recoveries in respect of employee benefits	**504**	81	423	447
NHS	**711**	711	0	0
Non-NHS	**1,616**	572	1,044	654
Total other revenue	**2,831**	**1,364**	**1,467**	1,101
Total operating revenue	**81,633**	**1,364**	**80,269**	91,385

HEE do not have any trading income over £1m.

4. Financial instruments

As the cash requirements of HEE are met through the estimates process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with HEE's expected purchase and usage requirements and HEE is therefore exposed to little credit, liquidity or market risk.

Notes to the Accounts

5. Property, plant & equipment

	Buildings excluding dwellings	Assets under construction	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s
2016/17					
Cost or valuation:					
At 1 April 2016	**1,304**	**0**	**1,215**	**187**	**2,706**
Additions	0	301	136	39	476
At 31 March 2017	**1,304**	**301**	**1,351**	**226**	**3,182**
Depreciation					
At 1 April 2016	**1,106**	**0**	**807**	**96**	**2,009**
Charged during the year	136	0	223	32	**391**
At 31 March 2017	**1,242**	**0**	**1,030**	**128**	**2,400**
Net book value at 31 March 2017	**62**	**301**	**321**	**98**	**782**

	Buildings excluding dwellings	Assets under construction	Information technology	Furniture & fittings	Total
	£000s	£000s	£000s	£000s	£000s
2015/16					
Cost or valuation:					
At 1 April 2015	1,222	0	1,098	99	2,419
Additions	82	0	117	88	287
At 31 March 2016	1,304	0	1,215	187	2,706
Depreciation					
At 1 April 2015	734	0	530	76	1,340
Charged during the year	372	0	277	20	669
At 31 March 2016	1,106	0	807	96	2,009
Net book value at 31 March 2016	198	0	408	91	697

Notes to the Accounts

6. Trade & other receivables

	2016/17 £000s	2015/16 £000s
Amounts falling due within one year:		
Trade receivables	**35,338**	25,225
Provision for impairment of receivables	**(9,560)**	(8,322)
Other receivables	**2,555**	1,899
Prepayments and accrued Income	**6,928**	4,907
Total amounts falling due within one year	**35,261**	**23,709**
Amounts falling due after more than one year:		
Trade receivables	**2,633**	1,902
Provision for impairment of receivables	**(2,335)**	(1726)
Prepayments and accrued Income	**0**	0
Total amounts falling due after more than one year	**298**	**176**

7. Cash & cash equivalents

Entities shall disclose the opening position, the net change in balances and the closing position separately for cash and cash equivalents. Where applicable, the closing position should be further analysed between balances held with the Government Banking Service (GBS) and balances held in commercial banks.

	2016/17 £000s	2015/16 £000s
Balance at 1 April	**25**	**87,236**
Net change in cash and cash equivalent balances	**(12)**	(87,211)
Balance at 31 March	**13**	**25**
The following balances at 31 March were held at:		
Government banking service	**13**	25
Commercial banks and cash in hand	0	0
Short term investments	0	0
Balance at 31 March	**13**	**25**

Notes to the Accounts

8. Trade & other payables

	2016/17	2015/16
	£000s	£000s
Amounts falling due within one year :		
NHS payables & accruals	**87,485**	106,964
Non-NHS payables & accruals - revenue	**141,616**	133,082
Non-NHS payables & accruals - capital	**266**	0
National insurance & statutory maternity pay	**1,162**	960
Tax	**1,082**	1,092
Payments received on account	**37**	0
Other	**23,340**	11,450
Total amounts falling due within one year	**254,988**	**253,548**

9. Provisions

	Total	Legal Claims	Redundancy	Other
	£000s	£000s	£000s	£000s
Balance at 1 April 2016	**14,612**	144	0	14,468
Arising during the year	**5,863**	0	376	5,487
Utilised during the year	**(240)**	0	0	(240)
Reversed unused	**(806)**	(144)	0	(662)
Balance at 31 March 2017	**19,429**	**0**	**376**	**19,053**

Expected timing of cash flows:	**2016/17**	**2015/16**
No later than one year	**19,161**	12,909
Later than one year and not later than five years	**268**	1,703
Later than five years	**0**	0

Include in 'Other' is the potential VAT liability payable to the University of London, the potential backdated rates assessment at Stewart House and lease building dilapidations.

Notes to the Accounts

10. Commitments under leases

HEE has entered into leasing arrangements to secure property for conducting the business of training and education and associated administration. All arrangements have been assessed individually and determined to be operating leases with reference to IAS 17.

HEE occupies accommodation under varying agreements.

The following note relates to formal leasing arrangements only.

Health Education England as lessee	**Buildings**	**Other**	**2016/17 Total**	2015/16 Total
	£000s	**£000s**	**£000s**	**£000s**
Payments recognised as an expense in year				
Minimum lease payments	3,036	84	3,120	3,315
Contingent rents	0	0	0	0
Sub-lease payments	0	0	0	0
Total	**3,036**	**84**	**3,120**	3,315
Future commitments payable:				
No later than one year	2,046	64	2,110	3,007
Between one and five years	4,923	42	4,965	206
After five years	3,046	0	3,046	0
Total	**10,015**	**106**	**10,121**	3,213

The increase in future commitments payable is due to HEE has formalising the occupancy arrangements in a number of buildings during the year.

Notes to the Accounts

11. Contingent liabilities

The HEE has the following contingent liabilities.

	2016/17 £000s	2015/16 £000s
Contingent liabilities		
Legal claims	**890**	5,562
Amounts recoverable against contingent liabilities	**0**	0
Net value of contingent liabilities	**890**	**5,562**

The above relates to outstanding legal claims notified to HEE but unlikely to be successful. We have also been made aware of a claim which was recently referred back by the Court of Appeal. Our current legal advice is that there is low prospects of success and that any potential claim is not quantifiable at this early stage.

In addition, in line with the Comprehensive Spending Review HEE is required to reduce its running costs by 20%. In addition in response to pressures on programme budgets, the Board has agreed that Education Support Budgets should be subject to a 30% reduction over the same time frame. A significant amount of staff reductions have already been achieved during 2016/17. It is possible, but not probable that further staff reduction or cessation of current contractual commitments will be required during 2017/18 but it is not possible to quantify the value at this stage.

Notes to the Accounts

12. Related-party transactions

Health Education England is a body corporate established by order of the Secretary of State for Health. The Department of Health is regarded as a related party. During the year Health Education England has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department. For example:

- NHS England
- NHS Trusts
- Clinical Commissioning Groups
- NHS Business Services Authority
- NHS Foundation Trusts

In addition, Health Education England has had a number of material transactions with other central and local government departments. Most of these transactions have been with Higher Educational Institutes to commission training and development of the healthcare workforce and Department for Business Innovation and Skills that relate to the administration of student loans.

Details of related party transactions with directors for 2016/17 are as follows:

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
Sir Keith Pearson				
Migrant Access / Cost recovery Tsar (Independent Advisor) Department of Health	829	54,164	556	0
UK Revalidation Programme Board, General Medical Council	1	0	0	0
Professor Ian Cumming				
Honorary Chair in Leadership, Lancaster University	2,155	59	0	59
University of Nottingham (family member undertaking HEE funded study)	22,435	50	432	0
Worcester Acute Hospitals NHS Trust (wife is an employee)	11,412	13	29	0
Central Manchester University Hospitals NHS Foundation Trust (brother and sister are employees)	44,768	7	140	17
Professor David Croisdale - Appleby				
Visitor for Medical Education, General Medical Council	1	0	0	0
Two posts held, Honorary Professor & Visiting Professor Durham University	6	8	0	0
Three posts held, Department of Health	829	54,164	556	0
Visiting Professor of Human & Health Sciences, University of Huddersfield	8,853	0	5	0
Expert Advisor on Health of Older People, National Institute for Health and Care Excellence	3,839	0	0	0

Notes to the Accounts

Details of related party transactions with directors for 2016/17 *continued*

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
Dr Anna Van Der Gaag				
Visiting Professor, University of Surrey	13,314	0	0	0
Non-Executive Director, Kent, Surrey & Sussex Academic Health Science	0	21	15	0
Public Appointments Ambassador, Cabinet Office	1	0	0	0
Ms Mary Elford				
Non-Executive Director, East London NHS Foundation Trust	11,301	2	53	1
Professor Lisa Bayliss-Pratt				
Two roles, Honorary Research Fellow and Professor of Nursing and Inter-professional education, University of Wolverhampton	13,565	0	21	0
Trustee, Foundation of Nursing Studies	20	0	0	0
Honorary Visiting Professor, City University London	0	0	177	0
Sir Stephen Moss				
Non-Executive Director, Derby Teaching Hospitals NHS Foundation Trust	30,997	205	151	0
Professor Wendy Reid				
Consultant Gynaecologist, Royal Free London NHS Foundation Trust	41,839	7	2,298	6
Dr Nicki Latham				
Honorary Visiting Professor, Leeds Beckett University	5,363	0	0	0
Ms Jacynth Ivey				
Non-Executive Director, West Midlands Ambulance Service NHS Foundation Trust	8,507	1	1,825	0

Notes to the Accounts

Details of related party transactions with directors for 2015/16 were as follows:

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
Sir Keith Pearson				
Migrant Access / Cost recovery Tsar (Independent Advisor) Department of Health	1,382	53,930	417	21
UK Revalidation Programme Board, General Medical Council	1	0	0	0
Professor Ian Cumming				
Honorary Chair in Leadership, Lancaster University	3,115	69	0	0
Professional & Linguistics Assessment Board, General Medical Council	1	0	0	0
University of Chester (family member undertaking HEE funded study)	11,168	0	0	0
Leeds Beckett University (family member undertaking HEE funded study)	11,862	0	1,017	0
Worcester Acute Hospitals NHS Trust (wife is an employee)	11,576	0	396	0
Central Manchester University Hospitals NHS Foundation Trust (brother and sister are employees)	42,743	407	25	18
Professor David Croisdale-Appleby				
Visitor for Medical Education, GMC	1	0	0	0
Two posts held, Honorary Professor & Visiting Professor Durham University	273	0	84	0
Two posts held, Department of Health	1,382	53,930	417	21
Chair of Public Health Advisory Committee, National Institute for Health and Care Excellence	3,734	0	1,220	0
Dr Nicki Latham				
Honorary Visiting Professor, Leeds Beckett University	11,862	0	1,017	0
Sir Stephen Moss				
Non-Executive Director, Derby Teaching Hospitals NHS Foundation Trust	29,708	181	323	0
Ms Mary Elford				
Non-Executive Director, East London NHS Foundation Trust	8,473	3	136	0
Non-Executive Director, Queen Mary University of London	4,221	0	209	0

Notes to the Accounts

Details of related party transactions with directors for 2015/16 *continued*

	Expenditure with related party	Income from related party	Amounts owed to related party	Amounts due from related party
	£000s	£000s	£000s	£000s
Dr Anna Van Der Gaag				
Honorary Research Fellow, University of Glasgow	2	0	0	0
Honorary Research Fellow, University of Brighton	16,148	1	36	0
Visiting Professor, University of Surrey	20,541	0	0	0
Professor Lisa Bayliss-Pratt Honorary Research Fellow, University of Wolverhampton	14,532	0	4	0
Professor Wendy Reid				
Consultant Gynaecologist, Royal Free London NHS Foundation Trust	42,400	3	2,774	0
Ms Jacynth Ivey				
Non-Executive Director, West Midlands Ambulance Service NHS Foundation Trust	3,639	46	473	0

13. Events after the reporting period date

Subsequent to 31 March 2017, there are currently no changes to the business activities of Health Education England. The Chief Executive and Directors of Health Education England will monitor any issues arising from the change of government, following the General Election on 8 June. Health Education England will continue to work closely with the Secretary of State for Health and his team.

There are no adjusting events at the date of signing.

The accounts were authorised for issue on the date that they were certified by the Comptroller and Auditor General.

Accounts Direction given by the Secretary of State for Health Education England in accordance with Schedule 5, Paragraph 25 (2) of the Care Act 2014.

1. This direction applies to Health Education England.

2. In accordance with the legislation that establishes Health Education England as an Executive Non-Departmental Public Body, it shall prepare accounts for the year ended 31 March 2016 and for subsequent financial periods. The accounts shall be prepared in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ("the FReM") which is in force for that financial year, together with any additional disclosure or other requirements as agreed with the Department Of Health.

3. Health Education England shall provide accounts Data, in the format specified by the Department, for the periods 31 March 2016 to enable consolidation of the group wide position.

4. The accounts shall be prepared so as to:

   a. give a true and fair view of the state of affairs at 31 March 2016 and subsequent financial year ends, and of the net operating costs, recognised gains and losses and cash flows for the financial year then ended; and

   b. provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirements to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases informed and unbiased judgement should be used to devise an appropriate alternative treatment, which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with the Department of Health.

6. This direction supersedes any previous directions.

Signed by the authority of the Secretary of State for Health

Andrew Baigent
Director, Group Financial management
11 March 2016

Appendices

Appendix 1: Sustainability report

HEE is committed to long-term sustainable development and we take our responsibilities to the wider community seriously. We acknowledge the potential impact that our activities may have on the environment, so we will ensure that effective environmental management and sustainable development become integral to our working agenda.

Carbon

We continue to work towards reducing our carbon footprint as a result of our activities. Our travel policy is now more embedded in the organisation, resulting in a trend towards reduced travel. Continuing developments in IT, working practices and improved video conferencing will continue to support a reduction in our carbon footprint.

Waste

We recognise the importance of effective waste management. We continue to follow a Department of Health-led programme to reduce general waste to landfill at our offices by removing all individual waste bins and introducing central general and recycling waste containers to support both a reduction of landfill and an increase in recycling.

Procurement

We continue to act on relevant guidance on supporting sustainability through our procurement activities. The procurement manual and procurement policy both reference sustainability as an integral part of the procurement process, including:

- Ensuring that the business case and specification in each procurement project addresses sustainability and identifies whether there is scope to improve the environmental, economic or social impacts of the proposed contract, including reducing carbon emission issues to support our reduction targets, and optimum recycling capability of all products;
- Awarding contracts on the basis of whole life cycle costs, total cost of ownership and sustainable benefits wherever possible, taking into account environmental criteria in the selection of suppliers.
- Ensuring that government buying standards are incorporated into contracts where necessary and monitored and reported as required;
- Drawing up an action plan to embed sustainable procurement within the organisation, including supplier spend analysis, level of sustainability issues addressed in current contracts, developing a network of sustainable procurement champions, and achieving consistent working practices;
- Working closely with all key partners and suppliers to promote our sustainability values;
- Environmental policies and encouraging the adoption of similar policies to 'green' their supply chain;
- Issuing and promoting guidelines and practical toolkits on how to build small and medium-sized enterprises (SME) and sustainability-friendly requirements into procurement projects.

Priorities for the future

We will continue to rationalise our estate by applying the Government's estates space utilisation targets and working with Department of Health (DH) and other arm's-length bodies to maximise the use of available space.

HEE will also continue to utilise and improve on our technology solutions to promote agile working and reduce business travel. We will further embed good practice and continue to work with DH and other bodies to promote and contribute to sustainable development.

In addition, we will remain an active participant in the National Cross System Group on Sustainable Development, supporting wider national and cross-government initiatives on sustainability.

Appendix 1: Sustainability report

Sustainable Development Management Plan

HEE has developed a Sustainable Development Management Plan (SDMP). The delivery of the SDMP will require senior management commitment to ensure that sufficient resources, capability and funding are available. Outcomes from the plan will enable us to measure our performance, achieve a better understanding of the actions that will make the biggest impact and help prioritise our medium and longer term commitments to this agenda.

The draft SDMP was cascaded to the organisation for staff consultation on 10 January 2017 and closed on 10 February. The comments, suggestions and feedback are being considered and will be presented to HEE's Board in 2017.

HEE acknowledges the support received from colleagues within the national NHS Sustainable Development Unit (SDU) (http://www.sduhealth.org.uk/) in preparing this plan. We are proud to be working alongside, and with the support of, other national partners, including the NHS recognised trade unions and fellow members of the National Cross System Group for Sustainable Development.

Appendix 2: Attendance at Board and Committee Meetings

	Board Meetings	Audit Committee	Remuneration Committee	Performance Assurance Committee
Sir Keith Pearson JP DL Chair	8/8	-	5/5	-
Kate Nealon Vice Chair	6/8	6/6	5/5	3/3
Professor David Croisdale-Appleby OBE Non-Executive Director	8/8	5/6	5/5	-
Mary Elford Non-Executive Director	7/8	-	5/5	-
Dr Anna van der Gaag CBE Non-Executive Director	7/8	-	5/5	-
Jacynth Ivey Associate Non-Executive Director	8/8	-	5/5	3/3
Sir Stephen Moss Non-Executive Director	8/8	-	5/5	-
Professor Malcolm Morley OBE Non-Executive Director *(appointed 1 November 2016)*	2/3	1/1	1/2	-
Professor Ian Cumming OBE Chief Executive	8/8	-	-	-
Professor Lisa Bayliss-Pratt Deputy Director of Education and Quality and Director of Nursing	8/8	-	-	-
Steve Clarke Deputy Chief Executive and Director of Finance	8/8	-	-	-
Professor Nicki Latham Director of Performance and Development	8/8	-	-	
Professor Wendy Reid Director Education & Quality and Medical Director	6/8	-	-	-
Rob Smith Director of Strategy and Planning	8/8	-	-	-
Lee Whitehead Director of People and Communications	8/8	-	-	-

Appendix 3: Information Incidents - 1 April 2016 to 31 March 2017

There have been no Serious Incidents Requiring Investigation (SIRI) within this period, and one incident has been reported to the Information Commissioner's Office. We recognise that there is further work needed to reduce information incidents to a minimum, but it is positive that reporting mechanisms and staff awareness have generated a healthy increase in incidents reported. Seventeen incidents were reported in 2015/16 and a total of 76 incidents have been reported from 1 April 2016 to 28 March 2017. All incidents are discussed at the IGSG allowing any lessons to be learnt and the ability to apply constant mitigating controls across the organisation.

Incident Type	**Month**												**Reported to the IGSG**	**Serious Incident Requiring Investigation SIRI**
	A	**M**	**J**	**J**	**A**	**S**	**O**	**N**	**D**	**J**	**F**	**M**		
Confidentiality	2	7	3	2	6		4	3	6	2	2	3	Yes	No
Availability													Yes	No
Loss		1	1		1			1	1			2	Yes	No
System processing error				5			1		1	1			Yes	No
Cyber				2	2			2					Yes	No
Theft	1			1						1	1		Yes	No
Security	1		2		2					1	1		Yes	No
External incident 3rd party	1	1				1					1		Yes	No
Total	**5**	**9**	**6**	**10**	**11**	**1**	**5**	**6**	**8**	**5**	**5**	**5**		

Get in touch

If you would like to know more about our work, or have a comment or suggestion, visit our website at:

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