

Annual Report and Accounts 2018-19

Health Education England
(Executive Non-Departmental Public Body)



Developing people
for health and
healthcare

Health Education England
(Executive Non-Departmental Public Body)

Annual Report and Accounts 2018-19

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Contents

Foreword from our Chairman and Chief Executive	6
Performance Report	8
Overview	8
Our Purpose	9
Statement on Performance from our Chief Executive	10
Performance Summary	11
Performance Analysis	12
Key Issues and Risks to Delivery	21
Our Strategic Direction	22
National, Regional and Local	26
Global Engagement	26
Financial Review	27
Accountability Report	30
Corporate Governance Report	30
- Directors' Report	30
- Statement of Accounting Officer's Responsibilities	31
- Governance Statement 2018-19	32
Remuneration and Staff Report	45
Parliamentary Accountability and Audit Report	67
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	68
Annual Accounts 2018-19	72
Appendices	89
Appendix 1: Sustainability and Environmental Matters 2018-19	89
Appendix 2: Attendance at Board and Committee Meetings 2018-19	91
Appendix 3: Information Incidents - 1 April 2018 to 31 March 2019	92

Foreword from our Chairman and Chief Executive

We live in a changing society. Our population is growing and living longer and this is changing the demands placed on healthcare. We also live in a society where technology is rapidly advancing, giving us new and different tools to meet challenges.

In July last year we celebrated the 70th anniversary of the NHS and the way it has served changing needs. We will continue to develop, educate and train the NHS workforce to ensure it can respond to the demands and challenges that changes in population and technology will present over the coming years.

In future more people will have their genome sequenced, health data will become a fundamental part of care and artificial intelligence will grow exponentially. Similarly, low-cost sequencing technology, telemedicine, smart-phone apps, biosensors for remote diagnosis and monitoring, speech recognition and automated image interpretation will be common place.

As we stand on the cusp of a technology revolution, we are indebted to Dr Eric Topol for leading the major independent review aimed at exploring how to prepare the healthcare workforce, through education and training, to deliver the digital future. Commissioned by the Secretary of State for Health and Social Care and produced by Health Education England (HEE), 'Preparing the healthcare workforce to deliver the digital future' sets out the steps needed now to prepare staff to deliver a future where the NHS is the world leader in revolutionary technologies that will allow the service to continue to provide the best care and treatment possible.

HEE continues to play a key role in delivering on the asks set out in the NHS Long Term Plan, working closely with partners such as NHS England and NHS Improvement in developing the NHS People Plan. Collaborative working, including shared Board appointments and arrangements for agreeing HEE's mandate, will ensure education and training is better aligned with service need and that our work is relevant and understood.

Over the past year we have delivered a number of key achievements to attract our future workforce:

- Recruited record numbers of General Practitioner (GP) trainees, an increase of over 10% on 2017, as well as filling GP training places in hard-to-recruit-to areas

- Achieved 100% fill rates in 25 specialty medical training programmes, including Clinical Radiology, Clinical Oncology, Ophthalmology, Gastroenterology and Neurosurgery, with a further 36 training programmes attaining a 95% or higher fill rate
- Worked with the Office for Students to allocate 1,500 new medical school places across the country, including in areas previously underserved by medical schools, to further support diversity in the medical profession
- Our Health Careers website has attracted more than 6 million visits over the past year, helping potential healthcare workers of the future learn about the 350 careers available across the NHS.

Over the past year we have delivered a number of key achievements to retain our workforce:

- Recruited more than 1,000 nurses through our Return to Practice programme, joining more than 3,000 who have already completed it and are available to be employed in the NHS
- Published the Mental Health and Wellbeing of NHS Staff and Learners Commission under the Chairmanship of Sir Keith Pearson, its recommendations are central to the employer of excellence strand of the NHS People Plan
- Attracted 300 Allied Health Professionals (AHPs) and Healthcare Scientists (HCS) back to the Health & Care Professions Council register through our Return to Practice programme. We have also invested in retention of the advanced clinical practice workforce.

Over the past year we have delivered a number of key achievements to develop our current workforce:

- Developed new roles such as Nursing Associates, with 5,000 Trainee Nursing Associates recruited in 2018
- Invested in training of Physician Associates (PAs) with 1,600 student PAs on programmes across 35 course providers
- Directly supported 58 employer-led apprenticeship trailblazers developing new standards across nursing, advanced clinical practice, AHP and midwifery
- Doubled the intake of the NHS Graduate Management Training Scheme to 200 trainees in 2018, to help build a bigger talent pipeline of high quality, compassionate and inclusive leaders

Foreword from our Chairman and Chief Executive *continued*

- Invested £119m in workforce development, an increase of 54% on the previous financial year. We remain committed to investing more in the next year
- Co-created and commissioned, in partnership, 220 training places for a new Education Mental Health Practitioner role, across seven universities, with another 1,900 planned over the next three years.

These achievements were made possible by our people, our partners and the public money we spend. The allocation for 2019-20 is the last of a multi year settlement and will enable HEE to continue to deliver increasing numbers of healthcare professionals. For future years we await details of financial allocations to allow us to make decisions about levels of investment in building a workforce for the future that needs to be both bigger and different.

At HEE we remain committed to creating an inclusive working environment that values the contribution everyone makes. This year we increased our ranking by 56 places in Stonewall's UK Workplace Equality Index, the definitive benchmarking tool for employees to measure their progress on lesbian, gay, bi and trans inclusion in the workplace. This achievement reflects the hard work HEE staff and colleagues have put into creating a friendly, supportive and respectful environment for all of our employees through our Advancing HEE's Equality and Diversity (AHEAD) Groups nationally and regionally.

For the second time we have also produced a gender pay gap report for the organisation and overall statistics have improved on last year, though there remains much more progress to be made. We remain committed to consistency, fairness, transparency and equal treatment for all our staff and are undertaking specific actions to deal with issues raised by our Staff Survey, such as volunteer contact staff across HEE available to any staff member who wishes to raise an issue formally or informally. We have also revised our Flexible Working Policy and created HEE's first ever Agile Working Policy to increase equality of opportunity and flexibility, ensuring that HEE is a modern employer.

Looking forward, HEE will work collaboratively with stakeholders and partners such as providers, trade associations, NHS Improvement, NHS England, Royal

Colleges, Universities, Higher Education Institutions, the Department of Health and Social Care, regulators and many more. In such a complex and devolved structure, collaboration and cooperation are vital for success, recognising that no one organisation has all the answers, tools or capacity to deal with all the challenges and opportunities the NHS faces. This coming year will be one where we do need to adapt and develop, we will do this whilst listening to our service users and stakeholders, with determination to improve, grow and develop.

There is much in this annual report that explains how we will ensure healthcare education and training supports the delivery of excellent healthcare and health improvement to the patients and public of England, from the creation of new roles, new routes into the NHS, increased diversity and social mobility, to those most important of human gifts such as kindness, compassion, empathy. For all of this, we rely on and remain enormously grateful to our staff and to the many individuals and organisations that work with us.

We would like to thank two of our Non-Executive Directors, Dr Anna van der Gaag and Kate Nealon, whose term of office ended on 31 March 2019 for their contribution to the development of HEE. Our gratitude is especially extended to Sir Keith Pearson, HEE's founding Chair, whose term of office ended on 30 November 2018. We believe that the Commission into the Mental Health and Wellbeing of NHS Staff and Learners, which he chaired, is a testament to his commitment to the NHS and the people who work within it.



Sir David Behan CBE
Chairman



Professor Ian Cumming OBE
Chief Executive

Performance Report

Overview

This overview is to provide a concise summary of Health Education England's work, its purpose, the key risks to the achievement of our objectives and how we have performed during 2018-19.



Performance Report

Our Purpose

Health Education England (HEE) exists for one reason only, using education and training to support the delivery of excellent healthcare and health improvement to the patients and public of England by ensuring that the workforce of today and tomorrow has the right numbers, skills, values and behaviours, at the right time and in the right place.

We plan for, fund and oversee the delivery of the highest quality education and training, resulting in world class health professionals working together for the benefit of patients. As well as planning for and training our future workforce, we work alongside employers and other stakeholders to develop our current workforce.

To deliver this purpose the following corporate goals were agreed at the start of 2018-19:

- **Medical and Dental Education:** HEE will ensure the planning, management, delivery and quality assurance of education and training to the highest standards
- **Education of Clinical Professions:** HEE will act to enable a sufficient, high quality and well-functioning market for these education programmes
- **Quality and Patient Safety:** With partners, HEE will improve the overall quality of the learning environment and education and training for all health care learners to support patient safety and delivery of health services
- **Workforce Planning and Intelligence:** With partners, HEE will identify and secure the right supply of skilled staff across priority areas to meet patterns of NHS demand through the education and training of new and current healthcare professionals. This includes the provision of a Health Careers Service
- **Workforce Transformation:** With partners, HEE will build and develop an NHS workforce that drives innovation and improvement

- **Leadership Services:** HEE, through the NHS Leadership Academy and partners, will develop the leaders required to deal effectively with the healthcare challenges of today and tomorrow.

Five objectives also underpin our work, these are:

- **Thinking and leading** - we will lead thinking on new workforce policy solutions in partnership with the Department of Health and Social Care - 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
- **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.

Our business model is to provide strategic leadership and policy development nationally and deliver tailored solutions nationally, regionally, locally and increasingly, internationally with our partners.

Performance Report

Statement on Performance from our Chief Executive

The NHS and Social Care is undergoing significant change to meet the needs of patients. Health Education England (HEE) has been responding to these changes and remains committed to delivering high quality education and training to support the NHS.

Developing our existing and future workforce is at the forefront of the Long Term Plan (LTP) developments. HEE has already contributed and will continue to play a significant role in workforce development and transformation.

In addition to ensuring the supply side of the NHS workforce by increasing medical school places and training more GPs in NHS history during 2018-19, HEE continues to grow its focus on the current workforce, supporting initiatives around recruitment, retention, return to practice, workforce development and transformation to make a difference to the frontline quickly and effectively. We deliver this in partnership with other arm's-length bodies (ALBs) and local organisations, through Local Education and Training Boards (LETBs), Sustainability and Transformation Partnerships (STPs) and Local Workforce Action Boards (LWABs).

We are proud that we do what we say we will do and have a strong track record of delivering on our commitments, as set out in our Mandate from Government. In 2016, we delivered the first Trainee Nursing Associates (TNAs) and continue to increase numbers in response to demand from the system. In 2018-19 we recruited over 5,000 new TNAs into training, whilst graduates from the first 2,000 strong cohort joined the NHS as Nursing and Midwifery Council regulated professionals. This new role will sit alongside existing nursing care support workers and registered nurses to deliver hands-on care for patients but will also provide a new career path for those already working in our NHS with an ambition to become registered nurses.

In primary care, our partnerships with NHS England and the Royal College of General Practitioners (RCGP) are delivering significant results for patients with a record number of General Practitioner (GP) trainees, in addition to the new physician associates, playing a key role in meeting our primary care priorities.

As ever, 2018-19 brought new challenges and opportunities. Although these are challenging times, we are proud to work with the providers of NHS services and other organisations including professional bodies, local authorities and higher education providers to look at how we can do things differently to meet growing demands. This report reflects our achievements to March 2019 and for full details of our plans for next year, please take a look at HEE's Business Plan 2019-20 at www.hee.nhs.uk

Professor Ian Cumming OBE
Chief Executive

Date:

Performance Report

Performance Summary

A key enabler to monitoring our performance and identifying risks to delivery is the quarterly Integrated Performance Report (IPR). The report is comprised of two distinct parts. A multi-layered dashboard with drill down to each region and a narrative to provide interpretation and highlight key areas of interest. Each year the performance framework is reviewed to ensure that the domains reflect HEE's overall Business Plan and strategic goals.

In 2018-19 the performance dashboard comprised five domains:

Commitments and Programmes

This section provides a high-level summary against each of our Mandate, Business Plan and Programme commitments. Progress against each commitment is rated using a traffic light system and an exception report produced for any commitment that is rated amber or red to help mitigate further risks to delivery.

Medical Investment and Training

A key responsibility of HEE is to ensure the planning, management, delivery and quality assurance of medical training and education. In this section of our report we monitor delivery of:

- Medical Recruitment Fill Rates
- Trainee Doctor Revalidations
- Code of Practice Compliance
- Clinical Pharmacists in Training to Work in General Practice.

Workforce - New Roles and Returners

Recognising the key role that HEE plays to ensure the right supply of skilled staff and supporting workforce transformation, this section of the performance report monitors the delivery of new trainee uptake into key roles such as Nursing Associates, Reporting Radiographers, Apprenticeships and staff Returning to Practice across a wider range of professions.

Quality and Outcomes

Supporting the expansion and transformation of the workforce is only part of HEE's remit and keeping a focus on the quality of the trainee/student experience is also a key role for HEE. This section of HEE's

performance framework monitors the delivery of HEE's Quality Framework and the results from the National Student Survey and General Medical Council (GMC) Training Survey. A new National Education Survey (NETS) was introduced in 2018-19 and further work is under way to develop metrics for the 2019-20 performance framework.

Corporate Governance and Management

Reviewing data on staff sickness and turnover as well as staff survey results are important measures to determine whether the organisation is operating effectively and is attracting and retaining its staff i.e. a place where people want to work. This section of the performance dashboard includes a range of metrics to provide an overview of HEE's organisational health.

The dashboards and accompanying narrative reports are used by HEE's internal Finance and Performance Group, as well as the Board Performance Assurance Committee, to develop a deeper understanding of where HEE is performing well and where there are challenges, to enable constructive challenge and agree priorities for action. Following review within these forums, the report is discussed in HEE's public Board meetings and published on the HEE website.

As many of HEE's in-year deliverables are linked to wider programmes of work, HEE underpins these programmes with a robust Portfolio and Programme Management framework that not only focusses on the delivery and reporting against programmes but also the professional development of staff in project and programme delivery roles and developing resources and networks across traditional organisational boundaries. During 2018-19 HEE created an internal Programme Oversight Board (POB) to provide deeper insight and scrutiny into the more transformational aspects of HEE business.

The report is continually evolving and developing to reflect HEE's changing role within the education and training environment and is a key enabler to inform performance related discussions and ensure it is on track to deliver a workforce fit for today and for the future.

A snapshot of HEE's achievements as an infographic can be seen online at: <https://www.hee.nhs.uk/news-blogs-events/news/health-education-england%E2%80%99s-key-achievements-showcased-new-infographic>

Performance Report

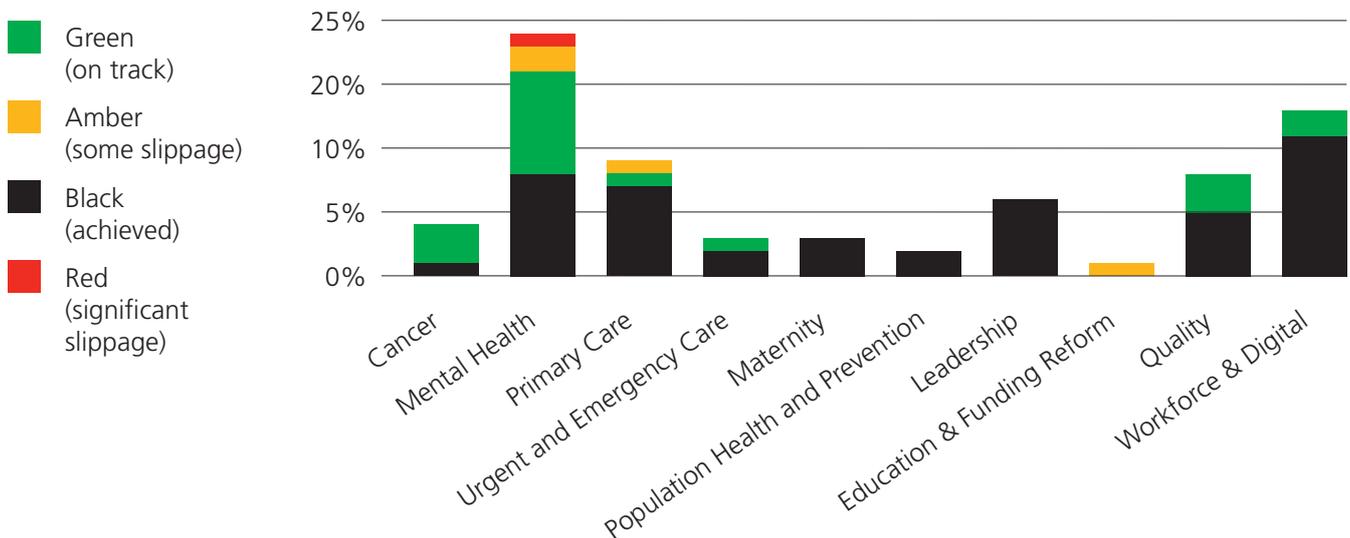
Performance Analysis

An analysis of HEE's performance against the five domains outlined in the Performance Summary is detailed below:

Domain 1 - Commitments and Programmes

In 2018-19 there were 68 Mandate and Business Plan commitments mapped to the performance framework. The reported year end position was 92.6% (63 deliverables) delivered or on track for delivery, where the deliverable due date is beyond 31 March 2019. A summary of progress against the 68 deliverables is illustrated in Chart 1 below.

Chart 1: Percentage of Mandate and Business Plan deliverables by RAG status and domain



Overall HEE has performed well against its Business Plan and Mandate commitments and a summary of the key challenges and achievements is explored in more detail in the following sections. Some of the highlights from 2018 include, recruiting 1,000 more nurses to the Return to Practice programme, recruiting the largest number of GP trainees in NHS history, recruiting 5,000 people onto the new Nursing Associate Training programme and doubling the intake of the NHS Graduate Management Scheme to develop NHS leaders of the future.

HEE has also experienced some more challenging areas of delivery. Exception reports are created for commitments that have been red or amber risk rated.

These commitments are reviewed and monitored closely by the Finance and Performance Group where mitigating actions are agreed and where necessary, escalated to the HEE Corporate Risk register.

Performance Report

Performance Analysis



Delivery Risk Areas

Red rated

Mental Health Programme - Expansion of Improving Access to Psychological Therapies (IAPT) training

Nine out of ten adults with mental health problems are supported in primary care. There has been a significant expansion in access to psychological therapies, following the introduction of the national Improving Access to Psychological Therapies (IAPT) programme. In order to meet growing demand for these services, HEE has committed to expand the number of places available for IAPT training, as set out in the recommendations of the Five Year Forward View. One of the key risks identified with the expansion programme is the ability of employers to release the workforce onto training programmes. HEE has been working closely with local teams to monitor uptake and is actively making sure that the educational capacity is in place. HEE is also working with partners in NHS England to influence employers to provide the salary support funding required.

Amber rated

Of the four amber rated deliverables, two of these are well under way for completion, however, slight slippage on timescales has occurred and delivery will be completed in 2019-20. The remaining two deliverables have some further delivery risks:

Primary Care - 1,000 Physician Associates (PAs) in primary care

Physician Associates support doctors in the diagnosis and management of patients. They are trained to perform a number of roles including, taking medical histories, performing examinations, analysing test results and diagnosing illnesses under the direct supervision of a doctor. HEE has committed to train physician associates to support the cross-system target to deliver 5,000 multi-professional primary and community staff including 1,000 PAs in primary care by 2020. Although PA numbers are growing substantially, with an estimated 2,855 PA graduates by the end of 2020, recent figures from NHS Digital suggest that there are only 83 PAs working in general practice as of March 2019. NHS England (NHSE), NHS Improvement (NHSI) and HEE are working together to incentivise PAs into working within primary care in order to meet the 2020 target.

Performance Report

Performance Analysis

Case study

Physician Associates: Developing a new type of multidisciplinary team in North East London

In 2016, a collaboration of healthcare providers and commissioners worked with Queen Mary, University of London and Health Education England, to launch a bespoke Physician Associate (PA) programme in North East London. The programme was designed to support delivery of primary and integrated care across an area that has experienced accelerated population growth, resulting in higher than average GP:Patient ratios.

PAs are healthcare professionals with generalist medical education, who can work alongside doctors and surgeons as an integral member of a multidisciplinary team across primary, secondary and social care settings.

The programme is now entering its third year and the system has created the capacity to welcome 51 PA students into local placements in 2019, an increase from 21 placements in 2016. Throughout

this time trainees, universities, employers and HEE have collaborated to continuously learn from each other to improve the programme, to ensure a rewarding learning experience for trainees that also addresses the healthcare needs of the local population.

The PA programme considers more than the trainee journey and aims to create a world-class working environment for graduates. A common offer of employment across all stakeholders has been developed, creating an employment market with a level playing field for the first cohort of PA students qualifying in March 2019. A range of employment opportunities are being offered to new graduates across different specialities recognising the multidisciplinary nature of the role. Current PA trainees have welcomed the chance to spend more time with patients and delivering continuative care as part of their training.



Education and Funding Reform - Increase nurse training places by 25%

HEE has a Mandate commitment to lead the development of future delivery models and funding options to align with the clinical placement system introduced in August 2017. This includes working with providers to build on the expansion that started in 2017-18 to deliver a 25% increase in nurse training places. Placement funding has been made available to support the increase although nurse training uptake across England in 2018 has been lower than expected. A deep dive to understand the reasons has been undertaken by a cross-ALB working group. HEE is working with its regional delivery teams to pilot place-based approaches to increasing placement capacity and capability, aimed to support the increase in training numbers by 2021. The programme is also looking into how funding levers can be applied to help meet the expansion target by adopting a place-based system. This is aimed to support the increase in nurse training by 25% by 2021.

Performance Report

Performance Analysis

Domain 2 - Medical Investment and Training

HEE had a hugely successful year in relation to the expansion of its medical investment and training programme. Highlights during 2018-19 include:

- Leading the bidding process to allocate an additional 1,500 training places across the country, including the selection of sites for new medical schools
- Recruiting the largest number of GP trainees in NHS history, 3,473 (against a target of 3,250) representing an increase of over 10% on 2017. This also including filling GP training places in typically hard-to-recruit-to areas such as the Midlands and the North
- Achieving 100% fill rate in 25 specialty training programmes, including Clinical Radiology, Clinical Oncology, Ophthalmology, Gastroenterology and Neurosurgery, with a further 36 training programmes attaining a 95% or higher fill rate
- Achieving a 25.5% increase in the number of trainees entering training at ST1/ CT1 level in Psychiatry (core and Child and Adolescent) compared to 2017
- Co-leading the Annual Review of Competency Progression by which junior doctors are assessed and appraised. The review's recommendations will ensure a fair and consistent process for doctors as well as facilitating increased flexibility in training pathways.

Domain 3 - Workforce including new roles and returners

Although there continue to be some significant workforce challenges across the healthcare system, HEE has contributed to addressing these through a number of innovative and transformational activities as well as running campaigns to attract staff who had left the health service back into clinical roles.

Key achievements over 2018-19 include:

- Recruitment of over 5,000 new Trainee Nursing Associates (TNAs), whilst graduates from the first 2,000-strong cohort join the NHS as Nursing and Midwifery Council regulated professionals. Furthermore, in 2019-20 HEE is working with partners to recruit an additional 7,500 TNAs
- Recruitment of 1,000 more nurses to HEE's Return to Practice programme, joining more than 3,000 who have already completed the training and are available to be employed in the NHS
- Maintaining delivery of HEE's Return to Practice programme for Allied Health Professionals (AHPs) and Healthcare Scientists (HCS). The programme aimed to attract 300 AHPs and HCS back to the Health Care Professions register. At the end of 2018-19, 516 individuals have been engaged in the programme, 224 have completed and 119 have returned to employment
- Leading the development of a supply and demand model for paramedics, in collaboration with NHS Improvement and ambulance services. This has led to the growth of paramedic training and education from circa 750 new starters in 2013 to 1,867 new starters in 2017. Further growth is forecast, with 2,131 new starters predicted in 2018 and 2,415 in 2019
- Training 31,000 maternity staff as part of the Maternity Safety Training Fund
- Continuing to support the cross-system Five Year Forward View programmes of work by delivering 300 Reporting Radiographers, increasing the number of Obstetric Ultrasound staff trained, or in training, by 241 against a target of 200 and recruiting 202 people to Clinical Endoscopy training against a target of 200 for 2018
- Directly supporting 58 employer-led trailblazer groups in developing new apprenticeship standards across nursing, advanced clinical practice, allied health professionals and midwifery
- In association with partners co-created and commissioned 220 training places for a newly created Education Mental Health Practitioner role, across seven university providers, with another 1,900 planned over the next three years
- Recruiting 200 people to the Graduate Management Trainee Scheme (GMTS) and continuing to develop plans to deliver the growth in graduate numbers for 2019
- Creating a single model to lead workforce transformation across provider systems (the HEE Star), alongside an interactive directory of education and training resources targeted at addressing workforce challenges, which includes over 200 readily accessible products.

Performance Report

Performance Analysis

Case study

Growing the new Nursing Associate role in the North

The nursing associate role was introduced in 2016 as one of the recommendations of The Shape of Caring review, with our first trainee nursing associates starting in test sites across the country in 2017.

This newly regulated role sits alongside existing healthcare support workers and registered nurses, making a significant contribution to the delivery of high-quality person-centred patient care.

In 2018 we were delighted to exceed the target set for the north of 1,500 new trainee nursing associates starting on their training programme. Partnership working has been key to the success of the roll out of this role, with a wide range of service and education providers working closely together to ensure that our trainees are educated and supported appropriately, across both health and social care, in primary care, learning disability and mental health settings as well as in care homes and private healthcare providers.

The vast majority of NHS providers in the north have been actively engaged in the development

of this new role, either as employers or placement providers of trainee nursing associates.

This furthers our work in previous years to grow our own workforce and ensure that there are opportunities for all staff to develop to reach their full potential, using the apprenticeship route during 2018 to help these trainees to develop into fully qualified nursing associates.

The use of apprenticeships has ensured that individuals who are unable to commit to leaving their posts to undertake further education and training can be supported and 'earn while they learn', giving both current employees and those looking to enter the healthcare workforce the opportunity to progress.

Our first nursing associates completed their journey in January 2019, entering the new part of the Nursing and Midwifery register which opened on 28 January, with more of their colleagues ready to follow their lead in March and April. They will then begin to clearly demonstrate the impact they will make to the delivery of high quality patient care.



Performance Report

Performance Analysis



Case study

Rotating Paramedics increasing capacity and developing careers

A pilot of the Rotating Paramedic model, developed and funded by HEE, in the South Central region (Hampshire, Berkshire, Buckinghamshire & Oxfordshire) is demonstrating its real potential to improve patient care, safety and overall experience, reduce pressure on the NHS and provide new and exciting career opportunities for the 21st century paramedic.

A collaboration between South Central Ambulance Service (SCAS), local GP practices, community and acute trusts, the Rotating Paramedic Model aims to address joint workforce shortages (paramedics, GPs, nurses) and recruitment and retention challenges. The model involves specialist and advanced paramedics rotating between primary & urgent care and the ambulance service, attending relevant urgent and emergency calls to improve patient care and response to demand.

Specialist paramedics working within the ambulance Emergency Operations Centre (EOC) are helping to ensure appropriate conveyances

to Accident and Emergency, giving the right response to people first time and thereby increasing capacity. Plans to operate a live Skype link to care homes to provide advice and support is scheduled.

Three clinical mentor posts have now started to strengthen mentorship support and provide on-going continuing professional development. This will ensure that specialist paramedics are supported in all aspects of their role. Prescribing training is also available to advanced paramedics working in primary care rotations.

From a small scale pilot, specialist paramedics are now providing primary and urgent care support across much of South Central region including within GP practices, Falls and Frailty Services and a community hospital. Scaling up to this size and across such a varied geographical area is testament to the commitment shown by both SCAS and their partner organisations to work in true collaboration.

Performance Report

Performance Analysis

Domain 4 - Quality and Outcomes

A key source of HEE's metrics for the Quality and Outcomes domain is derived from the General Medical Council (GMC) and National Students Surveys. These surveys provide a rich source of qualitative information on the student and trainee experience.

The National Students Survey showed satisfaction rates of 84.7% for training and 86.9% for placements, whilst the GMC National Training Survey showed a 79% satisfaction rate amongst trainees. HEE uses this information with its partners to focus on any emerging issues, the 2018 survey highlighted some areas where education supervision could be improved.

HEE has developed a new National Education Training Survey (NETS) which was launched in 2018. NETS will better enable HEE to answer business questions relating to identification of risk within clinical placements, as well as to share good practice. The NETS is multi-professional and complements data for medical postgraduate trainees, collected via the GMC National Training Survey.

There were 23,904 responses to this survey during 2018 which was aimed at multi-professional learners on clinical placements. Around 40% of eligible postgraduate medical learners completed the survey. Response rates for other learner groups are being calculated and a reporting tool to analyse the results has been developed. It is intended to incorporate metrics from this survey into future performance reports.

Domain 5 - Corporate Governance and Management

The staff survey provides a rich source of qualitative information to assess the working life experience of HEE's own workforce. In 2018, 57% of staff responded to the HEE survey (a reduction of 2% on 2016 and increase of 2% on 2014). The scores show significant improvements in staff understanding of HEE's vision and positive increases in Manager and Senior Manager sections. Conversely, all three staff engagement themes have seen a small decline. The HEE engagement score is 3.69 compared to 3.74 in 2016 (and 3.78 across the NHS in 2017). As a consequence of the survey, a number of actions are

being implemented, including the development of a Health and Wellbeing strategy and action plan.

Another organisational health indicator is HEE's attendance rate. Over 2018 these have remained high and consistently exceeded the target of 96.6%. A review is being undertaken to ensure that all absences are being recorded. Feedback from the return-to-work interviews is also regularly analysed and any emerging themes fed into HEE's health and wellbeing strategy and action plan.

The retention rates over 2018 have also shown consistent improvement and the target figure of 80% (set when the organisation was in a period of organisational change) is now being reviewed to ensure HEE is benchmarking expected levels of retention with similar organisations within the UK health sector.

Five Year Forward View (5YFV) Priority Updates

The Programme Oversight Board (POB) provides greater governance and oversight to HEE's 5YFV related programmes of work. POB also serves to identify any common themes and build better connectivity between programmes and ways of working. A summary of the current progress, including any key issues and risks are as follows:

Cancer

The Cancer Workforce Plan sets out ambitions to increase the overall net supply position within seven key professions. HEE is working with stakeholders, including Cancer Alliances and Sustainability and Transformation Partnerships (STPs), to further develop and implement regional cancer workforce supply plans. This process has raised the profile of workforce planning with Cancer Alliance partners and now forms the basis of the workforce plans to 2021, considering local challenges.

Mental Health

HEE and NHSE have put in place several programmes of work to support the increased activity outlined within the Stepping Forward by focusing on a number of transformational areas including the addition of new roles. Whilst the programme has made good

Performance Report

Performance Analysis

progress on a number of areas, there are key risks in relation to meeting the 2018-19 Adult Improving Access to Psychological Therapies (IAPT) targets and delays around budget spend due to a lack of resource, impacting on timelines, however commissioning is now progressing.

Maternity

The Maternity Strategy supports the multi-organisational Maternity Transformation Programme to deliver the vision for the future of maternity services set out in Better Births and by 2030 halve rates of still birth, neonatal and maternal deaths and serious intrapartum brain injuries.

Primary Care

The Primary and Community Care programme is working to deliver the Secretary of State for Health and Social Care priority to increase the multi-disciplinary workforce by 10,000 in general practice, consisting of 5,000 additional doctors and 5,000 multi-professional staff into primary care by 2020-21.

Urgent & Emergency Care

HEE's UEC Programme Assurance Board discussed key priorities, challenges, sharing learning and the work of their national programme. As a result of these discussions, priorities were re-focused and a number of new areas of work considered, which include:

- Development of a national UEC Workforce Strategy, in partnership with NHSE and NHSI

Public Health and Prevention (PHP)

The PHP team continues to engage with key stakeholders through cross-system work and regular meetings with Public Health England (PHE), Heads of Schools of Public Health, Local and Regional Directors and the PHP programme Stakeholder Forum meetings.

Activities include:

- Commissioning of 12 projects in the local and regional teams targeting Behaviour change, Public Mental Health and Workforce development.

Building a Digital Ready Workforce

The Building a Digital Ready Workforce programme, funded through the cross-ALB Digital Transformation Portfolio and led by HEE, is working to develop tools and an evidence base to improve digital readiness across staff in health and care. The programme has been involved with:

- The NHS Digital Academy was launched in early 2018 and educated a first cohort of 99 Chief Information Officers and Chief Clinical Information Officers for the NHS in April 2019. These staff already lead change across the system and now have an academic base that make them among the best in the world.
- The Faculty of Clinical Informatics was opened for registrants attracting more than 300 members to co-produce the new profession of clinical informatics. This profession is leading digital change across health and care organisations ensuring changes are clinically safe, owned by clinical staff and user-centred in their design.

The Building a Digital Ready Workforce programme has delivered two board development sessions and is on track to launch a tool for board development in March 2020, recognising that cultural change is an essential component of supporting organisations to be digitally ready. It continues with development of resources to support the upskilling of the whole workforce, exploring digital championship models, learner confidence measures and scalable e-learning.



Performance Report

Performance Analysis

Apprenticeships and Widening Participation

HEE, on behalf of the NHS, is a member of Movement to Work, a voluntary collaboration of employers with government support who are committed to reducing youth unemployment by providing high quality work experience opportunities, particularly for those with barriers to employment.

We have national partnerships with a number of organisations, including the Department for Work and Pensions and the Prince's Trust, to deliver employability programmes across all ages. At the mid-point of 2018-19, HEE had supported the NHS to deliver more than 76,000 opportunities for work experience or work-related learning, a significant increase on the full year figure from 2017-18 of 67,000.

This is also why we have committed to a five year partnership with Fair Train to support healthcare organisations to achieve the national Work Experience Quality Standard accreditation. As of March 2019, 38 NHS Trusts have achieved at least bronze accreditation, with many achieving silver or gold. This rigorous process enables employers to assess the quality of their work-based learning provision and identify where efficiencies and improvements can be made to support the workforce supply pipeline.

HEE is working with Inspiring the Future to increase the number of NHS Ambassadors speaking to students in schools and colleges about the range of careers in healthcare. There are currently 2,700 active NHS Ambassador volunteers, with 105,000 interactions taking place in 2018-19. Recognising the lack of representation of disabled people in the NHS apprenticeship workforce, HEE commissioned NHS Employers to develop a train the trainer programme called Apprenticeships for All. The aim is to upskill line managers to recruit more inclusively to their apprenticeships and enable them to better support their disabled staff. Apprenticeships for All has been rolled out across 19 organisations in 2018-19, including internally at HEE and will now be further disseminated across those 19 Sustainability and Transformation Partnership (STP) areas.

Case study

Anglia Ruskin School of Medicine - widening access to medicine

Anglia Ruskin School of Medicine welcomed its first cohort of students in September 2018, having been awarded 100 student places as part of the government's expansion of medical undergraduate places. Part of its purpose is to open its doors to talented students from diverse backgrounds, which it achieves through its Widening Access to Medicine Scheme (WAMS). The scheme encourages capable applicants from academically disadvantaged backgrounds to enter a career in medicine.

Central to Anglia Ruskin's mission is to develop the local healthcare workforce to help address the critical shortages being experienced both in primary and acute care. A targeted selection strategy engages local schools at an early stage and positively reinforces local recruitment, with the aim of retaining medical graduates so that they can enter regional postgraduate training schemes and ultimately the local workforce. General Practice and Mental Health are particular areas of focus in the curriculum and students are placed in the clinical environment from their first year of study.

Significant investment by the university has been made in cutting edge facilities housed in a new medical school building on the Chelmsford campus, which include an anatomy laboratory that enables a whole-body Thiel embalmed cadaver dissection programme. The programme has been closely aligned with the teaching of radiological imaging at an early stage of the MBChB course, allowing the medical school to work closely with HEE to develop priority workforce areas such as reporting radiography and sonography.

The new Anglia Ruskin School of Medicine is aimed squarely at improving healthcare in all its facets for patients in Essex and the East of England.

Performance Report

Performance Analysis

Corporate Social Responsibility

HEE's primary focus is to provide and support the future of the NHS and ultimately, ensure that patients have a world-class health service available to them across the country. Nonetheless, as a public sector organisation, HEE is keen to support and promote worthy causes beyond its statutory responsibilities and particularly those that directly implicate its staff.

Via the Learning and Development Policy, HEE encourages all staff to set aside up to 5 days each year to aid their personal development and also make a difference to their local communities. Under the 'ABCDE' days incentive, staff are encouraged to 'do their bit' by volunteering for a charity of their choice for a day in which they would usually be at work.

Fund raising activities for a wide range of charities by groups of staff took place in HEE offices across England, raising many thousands of pounds for good causes during the past year. This included support for Devon Freewheelers (a charity that helps deliver blood supplies), Samaritans, Opening Doors (a charity supporting the LGBT+ community), Guide Dogs for the Blind, Maggie's Centres (cancer support centres), Papyrus (a charity that help prevent suicide among the young) and many more.

Many offices also ran food banks this Christmas and organised collection stations to enable people to donate items throughout the year, such as toiletries for local women's refuges, clothes for people in hospital and handbags that were used to fund educational opportunities for children in the Philippines.

Key Issues and Risks to Delivery

HEE's Risk Management Framework was reviewed by Internal Audit in July 2018, receiving a Substantial assurance rating. Work to embed the Board-approved framework for considering risk through the lens of the Board's risk appetite has taken place throughout the year. In March 2019, the Board's Risk Appetite Statement and Framework was approved for 2019-20, as well as further refinements to the HEE Risk Management policy to reflect the continuing maturity of the organisation's approach to risk management.

All national and regional teams are required to identify, manage and report risks at the appropriate level and escalate, where appropriate, to the Executive Team to be considered for inclusion in the Corporate Risk Register. HEE's risk management framework, operates at all levels across the organisation, ensuring risks on the register are brought to the attention of Directors, the Executive Team, the Board or one of its committees as appropriate.

The Executive Team reviews our corporate risk register monthly. The register is also considered by our Board at each public meeting and more fully by the Audit & Risk Committee on a quarterly basis. National Directors attend the Audit & Risk Committee to discuss key risks relating to their areas of responsibility and the effectiveness of mitigations. Copies of the register have been provided regularly to our Department of Health and Social Care sponsor team and these have informed their assessment of our organisational progress at our regular accountability review meetings. A copy of the Corporate Risk Register is made accessible to all staff alongside publication of the Board Papers on the HEE website. We have maintained our agreed risk management process consistently. As a result, our corporate risk register is effective in describing our organisational strategic risks.

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.

There is more detail on risk management in the Governance Statement at pages 32 to 44.

Performance Report

Our Strategic Direction

Delivery of the business plan and mandate priorities

The HEE Board and Executive Team together have the responsibility for Health Education England's strategy and performance. They set the vision, objectives and outcomes to drive and support effective performance by teams and individuals across HEE.

As Directors of the Board, Executives and Non-Executives are individually and collectively responsible for all aspects of the strategic direction and performance of HEE. Therefore, directors need to deliver focused strategic leadership and effective scrutiny of HEE's operation in line with Framework 15, HEE's Strategic Framework. To do this it must be cognisant of the following developments.

Collaborative working

The draft workforce strategy 'Facing the Facts, Shaping the Future' published in December 2017 by Health Education England on behalf of national NHS bodies, stated that the Department of Health and Social Care (DHSC), working with HEE and other partners, would review national organisational roles and responsibilities to ensure that the national workforce system is well aligned. The draft strategy also recommended that for workforce, financial and service planning needed to be better aligned across the NHS.

It is vitally important to ensure that national, regional and local organisations are working effectively together to address the workforce challenges facing the NHS, providing a cohesive approach to recruiting, retaining, deploying and developing the current and future NHS workforce.

In light of this HEE will work jointly with NHS Improvement and the DHSC to develop its Mandate for 2019-20 onwards. HEE's Board and NHS Improvement's Board will agree the draft Mandate before approval by the Secretary of State for Health and Social Care. This will ensure that workforce plans are more closely aligned with NHS service and financial plans.

The NHS Long Term Plan (LTP)

HEE operates in the context of the NHS Long Term Plan (LTP) published on 7 January 2019 which it played a role in producing. This plan sets out key ambitions for the service over the next ten years. It builds on the policy platform laid out in the NHS Five Year Forward View which articulated the need to integrate care to meet the needs of a changing population.

The LTP is designed to improve the quality of patient care and health outcomes. It focuses on building an NHS fit for the future by:

- Enabling everyone to get the best start in life
- Helping communities to live well
- Helping people to age well.

The plan has been developed in partnership with frontline health and care staff, patients and their families as well as stakeholders across the country. It will improve outcomes for major diseases, including cancer, heart disease, stroke, respiratory disease and dementia.

It also includes measures to:

- Improve out-of-hospital care, strengthening primary and community health services
- Ensure all children get the best start in life by continuing to improve maternity safety including halving the number of stillbirths, maternal and neonatal deaths and serious brain injury by 2025
- Support older people through more personalised care and stronger community and primary services
- Make digital health services a mainstream part of the NHS, so that in five years, patients in England will be able to access a digital GP offer.

As part of delivering the LTP, HEE is working with partners and stakeholders to create the NHS People Plan which will help populate HEE's Mandate and Business Plan for 2019-20.

Performance Report

Our Strategic Direction

Topol Review

HEE's Strategic Framework (Framework 15) identifies technology as one of the key drivers of change to affect the healthcare workforce. The Secretary of State for Health and Social Care commissioned a review to explore the future impact of technology to prepare the healthcare workforce, through education and training to deliver the digital future.

This review was facilitated by HEE and led by Dr Eric Topol. The Topol Review's Final Report was published on 11 February 2019 and HEE has since launched 20 new digital fellowships, delivered as part of the Building a Digital Ready Workforce programme, to incorporate digital health expertise within their careers and pursue training in informatics and digital health. The Topol Programme for Digital Fellowships aims to support NHS organisations to invest in clinical staff to develop specialist digital skills, including the use of digital technologies, while giving clinicians enough time outside of clinical commitments to dedicate to training for a digital future. Further work to embed the digital technology revolution into the NHS is being led by HEE's Chair Sir David Behan in chairing the Tech Skills and Enablement work-stream of the NHS People Plan.

Mental Health and Wellbeing of NHS Staff and Learners Commission

This Commission, chaired by the former HEE Chair, Sir Keith Pearson, set out to discover and review evidence of good practice for the mental health and wellbeing of staff and learners in NHS organisations as well as hear the stories of those who may have benefited from more or different support and learn the lessons of sometimes tragic circumstances. HEE recognises its central role in supporting the current and future workforce to deliver high-quality, safe care and the commission has examined successful interventions from around the country, to identify what has worked well and what could be adopted widely.

The commission's recommendations seek to provide concrete examples of what the NHS can do differently to support NHS staff and learner's mental wellbeing and will be a key component of the NHS People Plan. This plan will help shape HEE's future strategic direction, business plan and Mandate.

Corporate Governance and Management

Reviewing data on staff sickness and turnover as well as staff survey results are important measures to determine whether the organisation is operating effectively and is attracting and retaining its staff i.e. a place where people want to work. This section of the performance dashboard includes a range of metrics which provide an overview of HEE's organisational health.

The dashboards and accompanying narrative are used by HEE's internal Finance and Performance Group, as well as the Board's Performance Assurance Committee, to develop a deeper understanding of where HEE is performing well and where there are challenges, to enable constructive challenge and agree priorities for action. Following review within these forums, the report is discussed in HEE's public Board meetings and published on the HEE website.

As many of HEE's in-year deliverables are linked to wider programmes of work, HEE underpins these programmes with a robust Portfolio and Programme Management framework. This framework reports on programmes, supports the professional development of project and programme delivery staff and develops resources and networks across HEE. During 2018-19 HEE created an internal Programme Oversight Board (POB) to provide deeper insight and scrutiny into the more transformational aspects of HEE business.

The report is continually evolving and developing to reflect HEE's changing role within the education and training environment and is a key enabler to inform performance discussions and ensure HEE is on track to deliver a workforce fit for today and for the future.

Involving patients and the public through the Patient Advisory Forum

The Patient Advisory Forum (PAF), which is established as an advisory committee of the Board, supports HEE's commitment to ensure that voices of the public, patient and carers are central to our work by:

- Ensuring that decision making is influenced by the views of patients and the public
- Providing assurance to the Board that the patient and public voice is at the heart of the education, training and workforce planning process

Performance Report

Our Strategic Direction

- Ensuring patients and carer involvement in education.

The Forum has 18 Patient and Public Voice Partners (PPVP) and is co-chaired by Sir David Behan CBE (HEE's Chairman) and Mary Elford, one of HEE's Non-Executive Directors. Partners are also members of the four regional Local Education Training Boards (LETBs) and enable two-way communication between PAF and the LETBs. The Senior Responsible Officer is Lisa Bayliss-Pratt, Health Education England's Chief Nurse and Interim Director, London.

Forum members are recruited through an interview and selection process and are appointed for an initial term of three years. Members may serve a second term of up to three years.

PAF member Kiran Bali says of her role, "as a representative of the Patient Advisory Forum working with a number of HEE programmes, my contribution has been genuinely embraced and valued in equal partnership. This has resulted in a meaningful and focused incorporation of the patient voice to transform education and to support the delivery of excellent healthcare and health improvement. The strong commitment to patient involvement is evident throughout the organisation."

The work of the PAF

The PAF meets formally four times a year as a whole group, but also operates throughout the year as a virtual network. Individual members are recruited to programmes of work, projects and other initiatives and HEE staff are also able to seek PAF advice on particular issues. PAF members have had a busy year including providing valuable input into the Topol Review, development of the Nursing Associate role and presenting about the work of the Forum at the Nursing Times Workforce Conference in 2018.

The Forum is holding a special workshop in June to look in detail at the NHS Long Term Plan and the HEE Mandate to consider how PAF's work can support its delivery. This will inform the PAF work plan for the coming year and ensure it is closely aligned to HEE's corporate objectives and strategy.

Phil Hough a member of PAF says, "As the NHS starts

to ignite the power of person centred care, having lived experience of patients and carers at the heart of developing education and training is essential. As a PAF member my experience and views have been valued from day one. HEE's open, honest, approach is a positive outcome of true involvement, as a PAF member I'm able to influence and ensure the views of patients and carers at all levels and feel a full part of the HEE team."

Quarterly meetings include presentations from HEE programme leads and other senior staff. This provides PAF with a strategic overview of the organisation's work and for work stream leads to seek guidance and advise from the Forum. In the past year, topics have included widening access to NHS jobs, technology enhanced learning and medical education.

PAF member Maggie Stubbs says "I have been well accepted within the programme boards I attend and I feel that my involvement is appreciated."

Liz Fenton, Deputy Chief Nurse, explains the impact of PAF input:

"The nursing team has benefited from having PAF members involved in all aspects of our nursing work programme. They have provided us with wise counsel, constructive comment and encouragement. Acting as a voice for those that use health care services PAF input ensures that our work remains focused on ensuring high quality care and focussed on what matters to people."

Diversity and Inclusion

HEE is committed to ensuring that colleagues feel supported, acknowledged and able to be themselves at work.

By embedding diversity and inclusion in our business planning and performance management processes as well as organisational, team and individual objectives, we want to achieve a culture that leads towards consistent consideration of inclusion.

We also recognise that HEE has a crucial role to play within the healthcare system, so we can support a world-class approach to education and training that creates ladders of opportunity for people in every setting and from every background.

Performance Report

Our Strategic Direction

HEE Diversity and Inclusion - Our Strategic Framework 2018-22

This is an exciting time for diversity and inclusion at Health Education England.

Our [2018-2022 Diversity & Inclusion Framework](#) has built upon much of the excellent work already in place and demonstrates our commitment to our people, the way we manage our business and our influence with stakeholders.

This live document sets out our ambitions and priorities at an organisation-wide level, which are then translated into measurable outcomes through our governance and accountability structures.

These include our Diversity & Inclusion Committee (supported by an Operational Group) that provides assurance that diversity and inclusion is being furthered across HEE's functions. It will also continue to ensure that HEE demonstrates compliance with the Equality Act 2010 and Public Sector Equality Duty.

HEE's LETB chairs and regional directors are also key, leading work that supports HEE in achieving its commitment of becoming an employer of choice.

Building on a number of notable achievements in the last twelve months, we now have a focus through key programmes:

- **Our people:** we will capture a more detailed picture across all aspects of our workforce, that will support greater connectivity at regional and national level and in turn inform targeted interventions
- **Our business:** we will develop a diversity and inclusion dashboard that will enable monitoring of progress against our commitments at a national and regional level
- **Our influence:** we will maximise our influence to further diversity and inclusion across the wider health care system and within clinical education.

Respect for Human Rights

Over and above our statutory responsibilities and

in accordance with the principles of the NHS Constitution, we are committed to respecting and promoting the human rights of all NHS staff, stakeholders and our business partners, as well as the patients of the NHS and those with the communities in which we operate. In order to achieve this ambition, we are constantly striving to maintain the highest standards of quality in all our work and in the employment and learning environments that we support and provide.

Combating Fraud and Bribery

Led by the Director of Finance, Health Education England (HEE) has strengthened its counter fraud and anti-bribery controls during the year.

HEE holds agreements with the Department of Health and Social Care Anti-Fraud Unit (DHSCAFU) and NHS Business Services Authority to provide accredited counter fraud specialists to investigate any suspected fraud cases. In addition, HEE now employs an accredited Local Counter Fraud Technician to lead on implementing our counter fraud plan, work on counter fraud awareness and conduct preliminary investigations before passing suspected cases to DHSCAFU for further detailed investigation.

HEE has established a regular Counter Fraud Panel chaired by the Director of Finance and attended by representatives from across HEE's business that assesses HEE's specific risks and oversees progress against the counter fraud plan. HEE's actions against fraud and bribery include promoting a strong counter fraud culture, surveys, staff awareness and training, maintaining clear policies and intelligence sharing with other public sector organisations such as the National Fraud Initiative (NFI) and the NHS Counter Fraud Authority.

Both HEE's Executive Team and its Audit & Risk Committee receive regular updates regarding the development of HEE's counter fraud plan along with reports of any suspected cases and their progress.

Sustainability and Environmental Matters report 18/19

For the full Sustainability and Environmental Matters report 18/19 turn to Appendix 1 on pages 89-90.

Performance Report

National, Regional & Local

HEE is the strategic leader in England for healthcare education and training. We develop policy and deliver on priorities nationally, but we recognise that local conditions need tailored local solutions. We work with Sustainability and Transformation Partnerships (STPs) and the new integrated care systems, our leaders at local level are co-chairing LWABs (Local Workforce Action Boards) that cover every STP area, developing local workforce plans to tackle very specific local workforce challenges.

There is more information at:
www.hee.nhs.uk/hee-your-area

Global Engagement

As part of HEE's statutory responsibilities to ensure the NHS has a workforce of the correct size and with the right skills and behaviours, HEE has sought to better engage globally. Established in 2018-19 Global Engagement Directorate has delivered pilot programmes across three key themes:

- Supporting NHS staff to work and learn overseas
- Opening opportunities for clinicians from overseas to work and learn in the NHS
- Collaborating with partner countries in the development of their Human Resources for Health (HRH) education, training and workforce planning capability and capacity.

Supporting NHS staff to work and learn overseas

Available evidence suggests that well supported opportunities for working and learning overseas supports the development of both clinical skills and soft skills. This investment represents value for money compared to academic courses and can support local recruitment and retention efforts. 50 medical trainees and 150 staff have been supported to work and learn in low and middle income countries for defined periods.

Opening opportunities for clinicians from overseas to work and learn in the NHS

The NHS's reputation as a world class clinical and learning environment means it represents an attractive opportunity for migration for self-betterment as well as economic reasons. HEE's Global Learners Programme pilots have placed 531 nurses, 18 Emergency Medicine Doctors and four Clinical Radiologists into three year programmes working and learning in the NHS.

Collaborating with partner countries on Human Resources for Health (HRH)

HEE has established HRH partnerships with China, Saudi Arabia, Uganda, Ghana and supported the development of the Foreign & Commonwealth Office (FCO) led Better Health Programme in South Africa, Mexico, Brazil, Thailand, Malaysia, Myanmar, Vietnam and Philippines.

Following these pilot programmes in 2018-19 HEE intends to evaluate, improve and upscale these programmes in 2019-20 as outlined in the HEE Mandate.

Performance Report

Financial Review

Health Education England (HEE) met all its statutory financial duties determined by Parliament in the 2018-19 financial year. The key financial performance targets achieved were:

- Revenue resource limit - underspend of £4.5 million, equivalent to 0.1% of the total
- Capital resource limit - underspend of £1.5 million
- Cash limit £2 million under the limit set.

As part of HEE's financial allocation, the Department of Health and Social Care (DHSC) stipulated that £125 million was only available "subject to demonstration of need". HEE was obliged to minimise expenditure against this and return rather than re-invest. HEE closely monitored expenditure throughout the year, resulting in £86 million being utilised and £39 million returned to DHSC under this arrangement.

HEE's primary activity remains the commissioning of education and training of future healthcare staff, with over £4 billion (90.7%) of our budget targeted towards this. Our investment is predominantly through funding part of the salary of doctors in training, placement support costs for doctors in training and clinical placements for undergraduate medical and clinical students. It is essential that future healthcare staff gain a balance of academic and hands on, supervised experience with patients.

The ongoing introduction of student loan funding for nursing, midwifery and allied health professional undergraduate courses results in an overall allocation reduction for HEE along with a reduction in spend. As the run-off of students on the old system continues over the next few years we will continue to monitor the costs carefully.

As in previous years, our expenditure on running costs forms only a small proportion of our revenue spend (1.44%) and HEE has achieved required reductions in running costs. Going forward we are reviewing our structures to align with NHS England and NHS Improvement. This is being planned within existing resources and with no increase in the number of senior managers.

Other achievements in 2018-19 include:

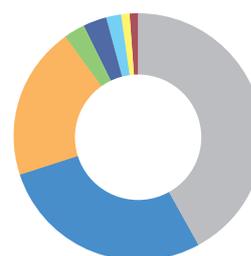
- The completion of mandated work to develop new

'currencies' for education and training placements. This concluded when the HEE Board approved proposals in December 2018 after a stakeholder engagement exercise. Going forward we will work closely with the DHSC who are exploring options for more granular tariffs and expanding the scope of tariff

- Commencing work on other education funding reforms with pilots for place based funding being well received. In parallel with this, we are also reviewing data flows and how we support decision making at STP / ICS level
- The successful implementation of a new online system for expense claims for trainees.

The Department of Health and Social Care has allocated HEE £4.069 billion in 2019-20 which has underpinned our budget setting and Business Plan considered by the Board at its meeting on 21 May 2019. It is therefore considered appropriate to prepare the 2018-19 financial statements on a going concern basis. HEE does not benefit from the recent five year funding allocated to NHS England and will require HEE to continue to work closely with NHS partners to assess the impact of the Long Term Plan and to make clear the education and training resource implications to inform the forthcoming 2020 Spending Review.

Net Expenditure 2018-19



FW Postgraduate medical and dental	- 42%
FW Clinical	- 28%
FW Undergraduate medical and dental	- 20%
National Activities	- 3%
Workforce Developments	- 3%
Education Support	- 2%
Leadership Programme	- 1%
Running Costs	- 1%

Performance Report

Financial Review

HEE's Procurement Committee reports to the Executive Team and is chaired by the Director of Finance. It provides oversight and scrutiny over HEE's commercial performance. This includes implementation of government policy relating to procurement and contracting, reviewing the effectiveness of the HEE procurement and contracts function including outsourced activities and formulation of future procurement strategy based on emerging themes and risks.

HEE's procurement and contracts function is split between an in-house team and an outsourced function. The team measures performance in line with the Government Commercial Operating Standards (GCOS) which ensures effective and consistent commercial delivery across Government and drive continuous improvement of that commercial capability. HEE has assessed itself against the 8 standards and 22 metrics with an improvement plan in place to work towards the best classification in all standards.

Better payment and late payment reporting requirements

HEE is required to adhere to the Better Payments Practice Code (BPPC). This code requires all public bodies to pay suppliers/other NHS bodies within 30 days of receipt of a valid invoice. Currently the target set by the Department of Health and Social Care is 95%.

HEE's achievement in 2018-19 is as follows:

	Number of bills processed			Value of bills processed		
	Total number processed	Number within target	% within target	Total value processed	Value within target	% within target
NHS	11,791	11,352	96%	£3,549m	£3,525m	99%
Non-NHS	79,182	76,163	96%	£952m	£931m	98%

Professor Ian Cumming OBE
Chief Executive

Date:



Accountability Report

Corporate Governance Report

Directors' Report

Board members in 2018-19:

Non-Executive Members:

Sir Keith Pearson JP, DL Chair, to 30 November 2018

Sir David Behan CBE, Chair, from 1 December 2018

Professor David Croisdale-Appleby OBE, Non-Executive Director

Mary Elford, Non-Executive Director

Dr Anna Van Der Gaag CBE, Non-Executive Director,
to 31 March 2019

Jacynth Ivey, Associate Non-Executive Director

Professor Malcolm Morley OBE, Non-Executive Director

Kate Nealon, Vice-Chair and Senior Independent Director
to 31 March 2019.

Executive Members:

Professor Ian Cumming OBE, Chief Executive

Calum Pallister, Director of Finance

Professor Wendy Reid, Director of Education & Quality
and Medical Director

Professor Lisa Bayliss-Pratt, Chief Nurse and Interim Director,
London

Directors in attendance:

Rob Smith, Director of Workforce Planning and Intelligence

Lee Whitehead, Director of People & Communications

David Farrelly, Regional Director, Midlands & East

Patrick Mitchell, Regional Director, South

Laura Roberts, Regional Director, North.

Register of Members' Interests

HEE is committed to openness and transparency in its work and decision making. As part of that commitment, we maintain and publish a Register of Members' Interests which draws together Declarations of Interest made by our Board members. Our Register of Interests is a public document which is published on our website. Board members are required to notify and record any interests relevant to their role on the Board. The Register is presented to the Board for review bi-annually and at each meeting of the Board, or its Committees, members are asked to declare any interests in relation to agenda items being considered, abstaining from involvement if required and to advise the Board Secretary of any new interests which need to be included on the register.

The Register is available online via this page: <https://www.hee.nhs.uk/about/how-we-work/board-meetings-papers>

Biographies

Biographies of all HEE's Board members are made publicly available. These can be viewed here: <https://www.hee.nhs.uk/about/how-we-work/our-leaders-structure>

Personal data-related incidents

For full details of HEE's approach to information governance and personal data-related incidents, see the Governance Statement at pages 32 to 44 and Appendix 3 on pages 92 to 93.

Statement of Accounting Officer's responsibility

Under the Care Act 2014, the Secretary of State for Health and Social Care, with the approval of the Treasury, has directed 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 for Health and Social Care, including the relevant accounting and disclosure requirement and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed and disclose and explain any material departures in the accounts
- Prepare the accounts on a going concern basis.

The Secretary of State for Health and Social Care 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 have ensured that the Annual Report and Accounts for 2018 -19 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.

Accountability Report

Corporate Governance Report

Governance Statement 2018-19

This governance statement covers Health Education England's (HEE) control and management of resources during the period 2018-19.

Context

HEE is the people organisation for the NHS. We are responsible for ensuring that our future workforce is available in the right numbers with the necessary skills, values and behaviours to meet patients' needs and deliver high quality care.

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.

HEE was originally established as a Special Health Authority in June 2012 and by the provisions of the Care Act 2014 became a non-departmental public body in April 2015.

Responsibility for the regional delivery of our core functions lies with our Local Education Training Boards (LETBs). In 2016, we reduced the number of our LETBs from thirteen to four to align better with the wider system's changing architecture. This change and its greater focus on the four regions, continues to fulfil HEE's statutory requirement to have LETBs with co-terminous boundaries that cover all of England.

Health and care providers, together with ALB leads, were brought closer together at local level through the introduction of Sustainability and Transformation Partnership (STP) areas. We worked with STP leaders to establish Local Workforce Action Boards (LWABs) covering all STPs. This means workforce issues are being dealt with at the right levels by the right partners. HEE is now well placed to operate as the workforce intelligence and data experts of the NHS, driving cross-system changes where these relate to the workforce.

The benefits of effective cross-system working has been illustrated by the publication of *Facing the Facts, Shaping the Future; a draft health and care workforce strategy for England until 2027*. HEE led

and coordinated the production of this draft strategy, which was published in September 2017, but it was the product of the whole national system. It addresses cross-system priorities and highlights the benefits of positive collaboration to safeguard delivery of quality patient care. The consultation on this draft strategy ran from December 2017 to March 2018 and attracted extensive whole system feedback.

The feedback on the draft workforce strategy was used to inform the workforce specifics of the NHS Long Term Plan, which was published in January 2019. Since then, HEE has worked closely with colleagues in NHS Improvement and other Arm's Length Bodies on the Workforce Implementation Plan led by Baroness Harding, Chair of NHS Improvement.

Our Board has been kept fully informed of this and other key system developments that have taken place during 2018-19.

Government Mandate to Health Education England and joint working

Health Education England (HEE) is accountable, through its Board, to the Secretary of State for Health and Social Care for delivery of the mandate. The mandate reflects the priority objectives of the Government in the areas of workforce planning, education, training and development for which HEE is responsible and is issued annually.

Many of the deliverables in our mandate cannot be delivered by HEE alone, but depend on strong relationships with our NHS delivery partners. Facing the Facts, Shaping the Future, the draft workforce strategy published by HEE on behalf of national health bodies said that the Department of Health and Social Care (DHSC) would review roles and responsibilities to ensure the national workforce system is well aligned.

Considering this and building on previous joint working to develop workforce priorities for the NHS Long Term Plan, HEE, NHS Improvement, NHS England and DHSC have agreed new measures to govern how we work together:

- HEE will work jointly with NHS Improvement to develop its mandate for 2019-20 onwards. HEE's Board will continue to sign-off the draft mandate,

Accountability Report

Corporate Governance Report

but the NHS Improvement Board will now need to approve it also to ensure it meets service requirements before the Secretary of State for Health and Social Care gives final approval.

This new step will help to ensure that plans for NHS service and workforce are better aligned

- The NHS Leadership Academy transferred from HEE to the new NHS Improvement and NHS England People function on 1 April 2019. This will enable the work of the NHS Leadership Academy to be integrated into the People function's responsibility for leadership and talent across the NHS
- HEE will identify opportunities for its regional teams to align with those of NHS England/NHS Improvement to further develop the collaborative working that already occurs in support of local health systems.

Early engagement has commenced on developing the 2019-20 mandate to ensure deliverables are focused, more selective and fully aligned with the overall objectives of the Long Term Plan.

Framework Agreement

Health Education England (HEE) maintains a framework agreement with the Department of Health and Social Care (DHSC). This defines the critical elements of the relationship between the Department and Health Education England. The document focuses on how we work in partnership to serve patients, the public and the taxpayer, as well as how we both discharge our accountability responsibilities effectively. The latest version of our framework agreement, to cover our working relationship with the Department through until 2021 was published in February 2019.

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 and Framework Agreement with the Department of Health and Social Care, 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 regional Local Education Training Boards (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 operate with HEE's regional teams led by Executive Senior Managers.

Our Board

In 2018-19 Health Education England's Board comprised the Chair, five Non-Executive Directors, an Associate Non- Executive Director, the Chief Executive and three other Executive Directors.

The Board is supported by eight committees (four regional Local Education Training Boards (LETBs), Audit & Risk, Remuneration, Performance Assurance and Equality, Diversity and Inclusion) which underpin the Board's assurance and oversight of the organisation. The committees are part of HEE's formal governance structure and provide the Board with regular reports. This helps the Board to focus its time on strategic decision-making, whilst giving assurance that effective business decisions are based on the right information.

Committee Chairs report to the Board following each committee meeting and the Board formally receives the approved minutes of all committee meetings. This ensures the Board is kept informed of how its committees' responsibilities have been discharged.

The four LETBs provide the Board with Quarterly Governance Statements and an annual effectiveness review. In addition, a Non-Executive Director of the Board is linked to each LETB to ensure continuity of dialogue and information flow between both Board and LETBs.

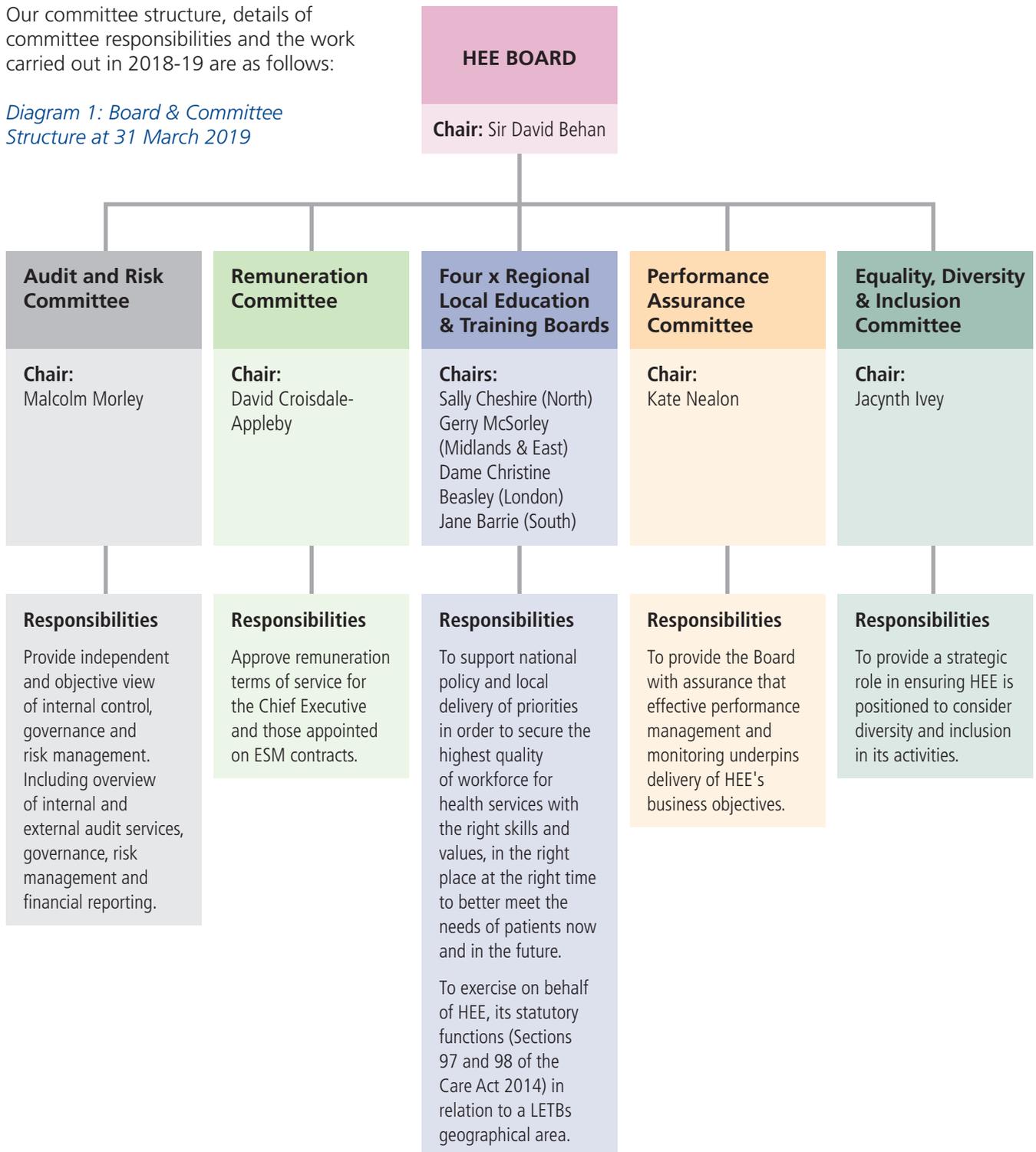
The Accounting Officer, as well as being a member of the Board, is informed of each committee's activities through discussions with the relevant Chair and lead Executive Directors. The Chair and Accounting Officer reserve and exercise the right to attend all committee meetings.

Accountability Report

Corporate Governance Report

Our committee structure, details of committee responsibilities and the work carried out in 2018-19 are as follows:

Diagram 1: Board & Committee Structure at 31 March 2019



Accountability Report

Corporate Governance Report

Board Activity

Our Board has been actively engaged in matters stemming from the draft Workforce Strategy - predominantly the Topol Review of technology in medicine, the Commission into the Mental Health and Wellbeing of NHS Staff and Learners, plus in recent months the development of the NHS Long Term Plan. At each of its public meetings, the Board has considered Finance and Performance Reports and HEE's Corporate Risk Register. The Board has also:

- Been apprised of matters concerning business continuity incidents the learning from which has informed our revised Business Continuity Policy and implementation plan
- Considered recommendations regarding the continued authorisations of HEE's LETBs and approved the 2018-19 LETB Assurance Framework
- Approved HEE's Diversity & Inclusion strategic framework
- Approved HEE's Global Strategy
- Approved the closure of the Paramedic Evidence Based Education Project, recognising the significant achievements in developing the paramedic workforce made to date
- Endorsed progress made with the Medical Education Reform Programme and approved the SAS Strategy - Maximising Potential - A system Wide Strategy to Support and Progress the Careers of SAS Doctors
- Considered proposals around the currencies for education and training placement (tariffs), further work on this is scheduled for the Board in final quarter of 2018-19
- Approved HEE's Managing Declarations of Interest Policy, to align our approach to this with good practice guidance for the NHS
- Met with the Patient Advisory Forum and received their annual review
- Engaged with the Building a Digital Ready Workforce programme
- Continue to seek and gain assurance on the progress of implementing our Organisational Design Strategy
- Considered and approved proposals on changing tariff currencies
- Focused on delivery of HEE's Mandate deliverables - notably the achievement of 5,000 trainee Nursing Associates in training and the opening of the Nursing Associates register by the Nursing and

Midwifery Council in January 2019

- Approved the Maternity Workforce Transformation Strategy
- Approved a revised HEE 2019-20 Risk Appetite Statement and Risk Management Policy
- Agreed Standing Orders for 2019-20 and the roll-over of the existing Scheme of Delegation and Standing Financial Instructions (until May 2019 to allow budget distribution arrangements under HEE's new operating model to be properly reflected)
- Been apprised of HEE's 2018-19 Data Security & Protection Toolkit submission
- Agreed the 2019-20 Business Plan framework and interim arrangements for the 2019-20 budget.

[Attendance at Board Meetings is available in Appendix 2 at page 91.](#)

Audit & Risk Committee

Role of the Committee

The Audit & Risk Committee provides independent and objective assurance to the Board on how Health Education England manages its system of internal control, governance and risk management. This includes an overview of internal and external audit services and financial reporting.

Committee members

The Committee met six times during the year. The Committee Chair is Professor Malcolm Morley and during 2018-19 there were two further Non-Executive Directors as members.

[Member attendance at Audit & Risk Committee is available in Appendix 2 at page 91.](#)

Additional attendees are invited to attend meetings to assist with Committee business. For 2018-19 these have included:

- The Chair
- Director of Finance
- Director of People & Communications
- Director of Workforce Intelligence
- Head of Finance Systems
- Director of Human Resources & Organisational Development

Accountability Report

Corporate Governance Report

- Head of Internal Audit (Health Group Internal Audit Service)
- Director responsible for health at the National Audit Office.

Committee business

The Committee has provided regular progress reports to the Board on its key duties which include:

- Reviewing the organisation's risk profile and the management and mitigation of current and emerging risks and ensuring that all corporate risks have an accountable national director and delegated risk owner
- Developing the framework for agreeing and implementing HEE's risk appetite
- Evaluating the effectiveness of HEE's control environment
- Assessing the integrity of HEE's financial reporting and satisfying itself that any significant financial judgements made by management were sound
- Considering relevant reports from the Comptroller and Auditor General (National Audit Office (NAO)) on HEE's accounts and the achievement of value for money
- Commissioning and receiving internal audit reports on the adequacy of internal control systems, risk management and corporate governance
- Reviewing the activities of internal and external auditors, including monitoring their independence and objectivity
- Assuring the Board that management responses to internal and external audit recommendations are implemented
- Oversight of the organisation's arrangements for counter fraud.

In addition, key activities have included:

- Considering areas for review by internal audit, approving the 2019-20 work plan of work and monitoring delivery of continuing work from 2018-19
- Receiving Director updates on outstanding internal audit actions and key risks relating to their respective Directorates
- Ensuring delivery of 2018-19 Annual Report and Accounts
- Reviewing NAO updates on progress with their audit work

- Receiving reports at each meeting covering corporate risks, updates to the status of internal audit recommendations, financial controls and the management of HEE's legal cases.

Remuneration Committee

Role of the Committee

The Remuneration Committee's primary role is to approve the appropriate remuneration and terms of service for the Chief Executive, Directors and other Executive Senior Managers. In addition, the Committee considers some issues, such as calculation and scrutiny of termination or special payments, in relation to all staff employed by Health Education England.

Committee members

The Committee met three times during the year. The Committee Chair is Professor David Croisdale-Appleby and all Non-Executive Directors are members of the Committee.

[Member attendance at Remuneration Committee is available in Appendix 2 at page 91.](#)

Additional attendees are invited to attend meetings to assist with Committee business. For 2018-19 these have included:

- Chief Executive
- Director of Human Resources and Organisational Development.

Committee business

Over the year the Committee has considered succession planning arrangements made by the Chief Executive and approved decisions relating to the targeted allocation of consolidated and non-consolidated pay awards to this group of senior staff for the financial year.

Additionally, the Committee have considered and endorsed HEE's Clinical Excellence Awards and considered matters on Gender Pay Gap reporting across the organisation.

Accountability Report

Corporate Governance Report

Performance Assurance Committee

Role of the Committee

The Performance Assurance Committee's primary role is to provide the HEE Board with assurance that effective performance management and monitoring underpins the delivery of business objectives. The Committee also highlights to the Board any performance-related issues which would benefit from the Board's consideration and strategic input.

Committee members

The Committee met five times during the year. In 2018-19, the Committee Chair was Kate Nealon and there were two further Non-Executive Director members.

[Member attendance at Performance Assurance Committee is available in Appendix 2 at page 91.](#)

Additional attendees are invited to attend meetings to assist with Committee business. For 2018-19 these have included:

- Chair, HEE
- Chair, HEE Midlands & East
- Director of Finance
- Director of Performance & Development
- Deputy Head of Corporate Affairs
- Head of Information & Intelligence.

Committee business

Over the year the Committee has received reports relating to HEE's performance management framework to be assured of progress. In addition, the Committee considered the annual LETB Effectiveness Reviews; making recommendations to the HEE Board on LETB assurance ratings and proposing the extension of the LETB Assurance Framework into 2018-19, as well as modifying its method of implementation.

Equality, Diversity and Inclusion Committee

Role of the committee

The Committee provides a strategic role to ensure

that HEE is better positioned to consider diversity and inclusion in the priority areas of:

- Our People - HEE as an employer of choice with a workforce that is sensitive to the diversity of the communities that it serves
- Our Business - HEE as an organisation that takes an inclusive approach to the development and delivery of its work and its way of working
- Our Influence - HEE as a national body supporting the advancement of diversity and inclusion for the benefit of the health system.

The Committee is responsible for providing assurance to the Board on the implementation of HEE's Diversity and Inclusion Strategic Framework 2018-2022.

Membership

This consists of:

- Associate Non-Executive Director, as the Non-Executive lead for diversity and inclusion
- Board Senior Responsible Officer for diversity and inclusion
- LETB Chairs x 4
- Chair - National AHEAD Group
- Regional Director x 1
- Director of Human Resource and Organisational Development
- Director of Finance
- Postgraduate Dean
- Diversity and Inclusion Manager
- Patient Advisory Forum (PAF) representative x 2
- Staff side representative x 2
- Senior Communications Manager
- Stakeholder Engagement Manager.

The Committee met four times during the year. The Committee Chair is Jacynth Ivey.

[Non-Executive Director attendance at the Attendance at Equality, Diversity & Inclusion Committee is available in Appendix 2 at page 91.](#)

Committee Business

Over the year the Committee has received reports relating to the Diversity and Inclusion Strategic Framework 2018-22 to oversee developments and

Accountability Report

Corporate Governance Report

progress, including regular updates from Regional AHEAD groups. Other matters considered included: NHS Workforce Race Equality Standard, gender pay gap reporting and the results of the 2018 HEE staff survey.

Local Education & Training Boards

The overall aim of Health Education England (HEE) and its Local Education & Training Boards (LETBs) is to support national policy and local delivery of priorities, in order to secure the highest quality of workforce for health services with the right skills and values, in the right place at the right time to better meet the needs of patients now and in the future. LETBs work as part of HEE to inform national strategy and priorities and play a crucial role in bringing together providers covering the whole local health economy to review and agree local workforce priorities and the quality of education and training, applying scrutiny to and approving local plans.

There are four regional LETBs which cover the whole of England, they are:

- North: Chair, Sally Cheshire
- Midlands & East: Chair, Gerry McSorley
- London: Chair, Dame Christine Beasley
- South: Chair, Jane Barrie.

In line with the requirements of the Care Act 2014, HEE must formally appoint its LETBs annually and in doing so, be assured that each can fulfil the LETB appointment criteria as defined in the LETB Assurance Framework. The LETB Assurance Framework aligns to four development domains:

- Developing a shared vision
- Aligning structures, systems and processes to our shared vision
- Bringing our values to life
- Developing an improvement-driven culture.

During 2018-19 each LETB submitted a 2017-18 annual effectiveness review to demonstrate ongoing progress against the developmental domains. The Board approved substantial assurance ratings for all LETBs. When considering the Effectiveness Reviews, the HEE Board confirmed that it was satisfied that a further LETB appointment criterion was fulfilled

and that essential LETB membership requirements are met. These comprise: Chair, Regional Director, Regional Director of Education and Quality, Regional Head of Finance plus as specified in legislation, a minimum of three members with clinical expertise; one from a profession regulated by the Medical Act 1983, one from a profession regulated by the Nursing and Midwifery Order 2001 and one from another regulated profession. Provider representation on LETBs was in line with requirements also.

Throughout the year LETBs have:

- Represented and advocated for local needs within the national context
- Advised on the development and transformation of the whole health, care and public health workforce so that those staff deliver the best possible care and outcomes possible
- Engaged collaboratively with local and national stakeholders to support, monitor and evaluate the development of a confident, competent, multi-professional workforce, fit for the changing landscape and able to meet the needs of patients and service users
- Identified and agreed local priorities for education and training to ensure security of supply of the skills and people providing health and public health services
- Informed the planning and commissioning of education and training on behalf of the local health community in the interests of sustainable, high quality service provision and health improvement
- Gained assurance of the effective delivery against local and national priorities and compliance with the relevant governance framework, including local management of risk within a robust assurance framework; and
- Assured and promoted continuous improvements in the quality and outcomes of education and training.

Non-Executive Directors

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. Kate Nealon operated as both Vice Chair and Senior Independent Director, supporting the Chair by acting as an

Accountability Report

Corporate Governance Report

intermediary with other Directors and overseeing specific non-executive portfolio responsibilities. Individual Non-Executive Directors are aligned to individual LETBs and key work streams, including 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.

Corporate Governance

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, that there have been no departures from the Code and that we continue to introduce measures to strengthen our governance overall.

Board Effectiveness

2018-19 has been another year of change for Health Education England (HEE) and the scrutiny of the Health Education England Board was vital during this time, helping to provide assurance that good governance continued to support our work and underpinned the change management processes we went through. Non-Executive Directors provided essential constructive challenge to assist with this objective and have overseen the application of key organisational improvements in 2018-19. Our most recent Board Effectiveness Review confirmed that members feel they are provided with sufficient information to enable the Board to function effectively. The data provided to the Board is subject to thorough scrutiny and review via both Executive and Board committee channels and is constantly refined to ensure it develops with organisational needs.

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.

Our Performance Assurance Committee (PAC) has continued to add an additional layer of robust governance to our performance management process. During the year effectiveness reviews for the four LETBs, in line with the requirements of the LETB Assurance Framework, concluded for the 2017-18 period. Overall, all LETBs received a substantial assurance rating for 2017-18. This assurance rating recommendation was made by the Performance Assurance Committee and was considered to accurately reflect 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 re-authorisation of the four regional LETBs with confidence. LETB Chairs continue to work with Regional Directors and stakeholders locally to ensure our LETB arrangements remain effective. Quarterly Governance Statements from each LETB have continued to augment assurance to the Board on LETB progression. The Performance Assurance Committee has also reviewed and recommended to the Board changes to the application of the LETB Assurance Framework for 2018-19. These were approved in December 2018.

The Board is provided with comprehensive finance reports and receives an integrated performance report. These are informed by dedicated Finance & Performance meetings held with all Executive Directors. In addition, the Performance & Assurance Committee scrutinises all finance and performance reports, as well as the minutes of Finance & Performance meetings. The robustness of this approach has proved effective in maintaining the standard of information required to provide effective oversight of the organisation. This will be beneficial in the months ahead and help to mitigate the risk of any diminution of oversight standards through a period where the terms of some current Non-Executive Director Board appointments are due to end.

The most recent internal audit review report on HEE's governance (March 2018) gave a substantial audit opinion. The Board has overseen measures to further

Accountability Report

Corporate Governance Report

strengthen HEE's governance in 2018-19, relating to, succession planning; training and development for Non-Executive Directors and improving assurance on progress towards implementation and activity relating to, any recommendations agreed, approved or endorsed by the Board.

Appointments to the Board

Board members bring a range of complementary skills and experience in areas such as the patient and public voice, finance, governance and health policy, as well as ensuring that HEE's statutory duty to include a medical professional, registered nurse and allied health professional amongst its board membership is met. New appointments take account of the skills the Board already has and recognise where the areas in which knowledge could be strengthened. The Chair and Non-Executive Directors are appointed by the Secretary of State for Health and Social Care, executive members are appointed by the Board.

Sir David Behan CBE became the new Chair of Health Education England on 1 December 2018. This followed the departure of Sir Keith Pearson, who served two terms as HEE Chair, leading the organisation since its establishment in 2012.

Early dialogue has been established with the Department of Health and Social Care to manage the five Non-Executive Director board appointments we have that are due to end during 2019. This will help to ensure that vacancy recruitment is efficient to minimise disruption to the Board.

Register of Members' Interests

Health Education England is committed to openness and transparency in its work and decision making. As part of that commitment, we maintain and publish a Register of Members' Interests which draws together Declarations of Interest made by our Board members. Our Register of Interests is a public document which is published on our website.

Board members are required to notify and record any interests relevant to their role on the Board. The Register is presented to the Board for review bi-annually and at each meeting of the Board, or its Committees, members are asked to declare any

interests in relation to agenda items being considered, abstaining from involvement if required and to advise the Board Secretary of any new interests which need to be included on the register.

The Register is available at:

<https://www.hee.nhs.uk/about/how-we-work/board-meetings-papers>

Biographies

Biographies of all HEE's Board members are made publicly available. These can be viewed here:

<https://www.hee.nhs.uk/about/how-we-work/our-leaders-structure>

Board Meeting transparency

Health Education England is committed to transparency and holds regular board meetings in public. Board papers of those meetings are published online at:

<https://www.hee.nhs.uk/about/how-we-work/board-meetings-papers>

In addition, arrangements exist to publish the agendas and papers of any private board meetings, one year after the meeting has occurred, provided this does not infringe commercial or other confidentiality considerations. In 2018-19 the Vice Chair & Senior Independent Director reviewed these papers with the Board Secretary to determine their suitability for publication.

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.

Accountability Report

Corporate Governance Report

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 and Social Care 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.

Health Education England worked with NHS England and other leadership bodies on the development of cross-NHS guidance for managing conflicts of interest. The Board has agreed a Managing Conflicts of Interest policy that aligns with cross-system guidance and we will continue to monitor developments to ensure it remains fit for purpose.

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.

HEE is also 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 governance arrangements that ensure the raising of concerns will continue to receive dedicated support.

Risk management

HEE's Risk Management Framework was reviewed by Internal Audit in July 2018, receiving a Substantial assurance rating. Work to embed the Board-approved framework for considering risk through the lens of the Board's risk appetite has taken place throughout the year. In March 2019, the Board's Risk Appetite Statement and Framework was approved for 2019-20, as well as further refinements to the HEE Risk Management policy to reflect the continuing maturity of the organisation's approach to risk management. All national and regional teams are required to identify, manage and report risks at the appropriate level and escalate, where appropriate, to the Executive Team to be considered for inclusion in the Corporate Risk Register. HEE's risk management framework, operates at all levels across the organisation, ensuring risks on the register are brought to the attention of Directors, the Executive Team, the Board or one of its committees as appropriate. The Corporate Risk Register is a regular agenda item for the Executive Team and Audit & Risk Committee, where the organisation's risk profile is discussed and national directors attend to discuss key risks and issued in their respective parts of the organisation and is considered at a minimum quarterly by the Board.

Our Executive Team reviews our corporate risk register monthly. The register is also considered by our Board at each public meeting and more fully by the Audit & Risk Committee on a quarterly basis. National Directors attend the Audit & Risk Committee to discuss key risks relating to their areas of responsibility and the effectiveness of mitigations. Copies of the register have been provided regularly to our Department of Health and Social Care sponsor team and these have informed their assessment of our organisational progress at our regular accountability review meetings. A copy of the risk register is made accessible to all staff. We have maintained our agreed risk management process consistently. As a result, our corporate risk register is effective in describing our organisational strategic risks.

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.

Accountability Report

Corporate Governance Report

Our corporate risk register at year-end 2018-19 featured one red-rated risk. This concerns the supply of learning disability nurses and the prospect of the gap between demand and available workforce increasing by 2020. This risk is being mitigated by the introduction of an accelerated pre-registration nursing programme for learning disability and mental health, the implementation of pre-registration training programmes, a clearing campaign to encourage applications into courses with available places. In addition, a national Learning Disability and Autistic Spectrum Condition Workforce Strategy is being developed.

In addition, HEE's corporate risk register featured a range of lower-rated risks relating to the recruitment of enough high-quality trainees to meet future NHS workforce requirements. Individually, none of these risks were classed as critical.

Information Governance (IG)

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

Senior Information Risk Owner (SIRO): Lee Whitehead, Director of People and Communications is designated as our SIRO, with responsibility for managing information risk and the protection and safeguarding all information assets.

Caldicott Guardian: 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 information sharing.

Data Protection Officer (DPO): Andrew Todd, National Information Governance Lead and DPO.

The DPO has been appointed to inform and advise the organisation and its employees about their obligations to comply with the General Data Protection Regulations (GDPR). Our DPO and the Information Governance Team monitor compliance with the GDPR, other data protection laws and internal data protection activities, advise on data protection impact assessments (DPIAs), train staff and conduct internal audits to check progress and identify risk.

Our Information Governance Steering Group (IGSG) coordinates all activity relating to the Data Security and Protection Toolkit (DSPT), which was introduced 2018 as a replacement for the Information Governance Toolkit (IGT). The DSPT is based upon the ten data security standards recommended by Dame Fiona Caldicott, the National Data Guardian (NDG) for health and care and builds upon good practice applied from the previous IGT.

The DSPT draws together the legal rules and central guidance set out by Department of Health and Social Care policy, as a single standard set of requirements. HEE was required to complete an interim DSPT self-assessment by 31 December 2018 and provide evidence-based information to support our compliance evaluation. The final DSPT submission was submitted on 29 March 2019. The information governance team will continue the ongoing work that will cement progress, as well as working through data concerns relating to the possibility of a no deal exit from the European Union.

Additionally, we are considering Information Governance resource capacity to manage and facilitate information governance initiatives, monitor and review our systems and processes to reduce and manage information risk.

The GDPR, came into force on 25 May 2018, strengthening data protection and privacy for individuals and replacing the data protection directive.

Our initial internal audit report on GDPR preparedness in 2017-18 gave us a moderate assurance rating. We have addressed the report's recommendations to augment our current arrangements. This has involved the establishment of IGSG sub-groups to cover Information Risk Management, IG incidents, Records Management and GDPR. These groups have helped us negotiate GDPR-related changes, ensuring due diligence and formal governance underpin the monitoring of our compliance with new legal obligations. A subsequent internal audit on GDPR in 2018-19 gave a moderate assurance rating with the recommendations made being used to further develop and enhance our programme of work in this area.

HEE manages its information risks using a centralised Information Asset Management System (IAMS).

Accountability Report

Corporate Governance Report

The system records our information assets, information flows associated with those assets and automates risk outcomes. The system provides alerts and reports to those accountable and responsible for information assets to ensure we manage information risk effectively. The IAMS provides evidence-based information to aid DSPT and GDPR compliance. The system will be upgraded in early 2019 to ensure recorded information assets hold all the relevant information required. This will provide assurance that our information assets processing personal information adhere to our legal obligations.

Cyber security workshops were made available to all staff across the organisation from January 2019. These are designed to enhance staff awareness on cyber security, information risk and incident management reporting. Workshop content will be recorded and made accessible to all staff on our Intranet.

In the period 01 April 2018 to 31 March 2019, 130 information governance incidents were recorded by HEE, this report does not include those categorised as either 'near-miss' or were identified as not being HEE's data. All incidents outlined in Table One of Appendix 3, were discussed by HEE's Information Governance Steering Group, allowing lessons learned to be identified and mitigating controls to be applied.

In 2018-19, HEE reported five incidents using the Serious Incident Requiring Investigation (SIRI) reporting tool provided by NHS Digital. Two of these incidents were classed as not reportable to the Information Commissioners Office (ICO) so no further action was required.

Of the three remaining incidents, the ICO have reviewed each case and ruled that HEE handled each incident appropriately. The ICO notified HEE on all occasions that they are taking no further action. Details of these incidents can be found in Table Two of Appendix 3.

Review of internal controls

During 2018-19, we have continued our work to strengthen HEE as a single statutory organisation one that targets its resource on the way forward and lives within its means. HEE's Organisational Development Plan supports us to focus on our values

and behaviours providing clarity on our way forward and will help to ensure our organisation remains fit for purpose to deliver our objectives.

We benefit from a well-established regional delivery model. This allows us to avoid unnecessary duplication across the organisation to ensure we remain operationally and financially sustainable. We have plans in place to maintain this organisational discipline as we continue to adapt our future governance structure to align more beneficially with the wider system.

We have consolidated central staff resource across national supporting functions: Human Resources, Communications, Finance, Procurement, Information Technology, Information Governance and Corporate Governance to ensure we deliver those services consistently against clear governance standards that are communicated and understood by the whole of HEE.

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 2018-19 Governance Statement, 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, Equality, Diversity & Inclusion and the four LETBs, with matters flagged 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.

Health Education England's internal audit service is provided under a Government Internal Audit Agency framework contract, through the Health Group internal audit function.

Accountability Report

Corporate Governance Report

Comprehensive action plans are agreed to address all audit report recommendations. We maintain an online management system which enables action owners to provide their own updates; these then form the basis of a comprehensive update report provided at each Audit & Risk Committee meeting.

There were 18 specific audits and a follow up included in our 2018-19 Internal Audit Plan. Of these, three reports received substantial assurance ratings; these related to risk management, controls compliance and the 2017-18 restructure, twelve received moderate assurance rating and three received a limited assurance rating, these related to dental contracts, recruitment into speciality training, cybersecurity and IT. In each case, a management action plan has been agreed to deal with specific issues.

Our Head of Internal Audit's overall opinion for 2018-19 assessing HEE's governance, risk and control arrangements, is that moderate assurance is provided that adequate and effective systems are in place. 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 continued progress with our organisational governance arrangements. We have continued to evolve in 2018-19 to remain well-placed to continue our effective partnership working and maintain a disciplined use of resources.

Professor Ian Cumming OBE
Chief Executive

Date:

Accountability Report

Remuneration and Staff Report

The development of HEE and our people

Enabling our staff to deliver HEE's overall business strategy is our key priority. In 2018-19 we began to implement an organisational development plan to further embed our new operating model that was established in the previous year. The plan was underpinned by HEE's corporate objectives:

- Thinking and leading
- Analysing and influencing
- Change and improving
- Delivering and implementing
- Focussing on tomorrow.

We conducted an all-staff survey that was open throughout April and May of 2018 to inform the plan. The survey built on those of recent years to give us a current picture of staff experience and allowed us to monitor change and progress within the organisation. The survey outcomes, together with other organisational metrics, was then used to inform improvements in staff experience and well-being. Obtaining feedback from staff and taking account of their views and priorities, is vital for driving service improvements within HEE.

The staff survey results were supplemented by an Organisational Development Diagnostic programme that provided a deeper understanding of HEE's development requirements. The diagnostic work included a full review of the staff survey results, as well as further discussions with staff, managers and trade union representatives, to better understand the driving forces behind them. The outcomes of the diagnostic work ensured that HEE's Organisational Development plan will continue to have relevance to organisational need and provided positive direction for the years to come.

We recognise that the development of our staff is of paramount importance to the health of the organisation. A Learning Needs Survey was undertaken in December 2018 to capture the development needs of our staff. The resulting information is intended to inform our revitalised learning and development strategy and corporate learning offer, providing support to our staff in their development and ensuring that HEE continues to possess the knowledge, skills and experience needed

to meet our organisational requirements.

We also recognised that we needed to improve our staff mandatory training compliance rates, which provide the foundations for a safe workplace that promotes positive behaviours. We therefore reviewed and modernised the content of our mandatory training modules and removed all barriers identified by staff that were affecting their completion. Following a successful communications programme, HEE's compliance rates improved from 56% to 95% across all staff groups. As a result, we are now routinely meeting our responsibilities as an NHS employer as well as delivering on the requirements of the Information Commissioners Office and creating a healthy workplace environment.

Partnership Working

We have continued to build on our established relationship with our trade union partners throughout 2018-19. Our Partnership Forum met quarterly throughout the year, with attendance including representatives of the Executive Team, the Human Resource (HR) & Organisational Development (OD) function and organisational managers, alongside national officers and internal staff representatives from our recognised trade unions.

These include:

- British Dental Association
- British Medical Association
- Managers in Partnership
- Royal College of Nursing
- UNISON
- UNITE.

The Partnership Forum has two formal sub-groups. Information on the Gender Pay Gap Group is contained under the Equality, Diversity & Inclusion section below. The Policy Working Group met on 8 occasions throughout the year, reviewing and establishing effective policies and procedures, which included a review of HEE's pay progression framework in light of the 2018 NHS contract refresh. The following policies were developed and/or reviewed during 2018-19:

- Agile Working Policy

Accountability Report

Remuneration and Staff Report

- Flexible Working Policy & Procedure
- Managing Declarations of Interest Policy
- Maternity, Paternity, Adoption & Shared Parental Leave Policy
- Pay Progression Policy
- Risk Management Policy
- Transitioning at Work Policy
- Travel, Expenses & Subsistence Policy.

In January 2019, HEE received a Substantial rating in the audit of our 2017 restructure and organisational change programme. The report recognised “the clear evidence of effective stakeholder management including comprehensive union involvement, as well as the framework mechanisms to support the restructure changes”. A focused sub-group of the Partnership Forum was convened throughout the change programme to ensure that consultation on staff matters was continuous and effective in its outcomes.

Our third annual Partnership Engagement Conference was hosted by UNISON on 21 November 2018. The event was well attended by national and internal trade union representatives, as well as our Chief Executive and colleagues from the Executive Team. This year, the conference provided an opportunity for joint introspection and horizon scanning. As such, the group discussed the role of HEE going forward and considered its position within the wider NHS.

HEE has a directly employed workforce of 2,766. We use the nationally determined NHS Terms and Conditions of Service and the national contracts and terms for medical and dental and executive and senior manager (ESM) staff.

Health and Wellbeing

The health and wellbeing of our staff continues to be of paramount importance to HEE’s Board and senior managers. We aim to keep staff well and support them if they have become unwell. Collingwood Health is used for occupational health advice and our staff also have access to a confidential Employee Assistance Programme, which is available 24 hours a day, 7 days week.

We provide a wide range of facilities and schemes to improve the working lives of our staff, including

flexible and agile working options, support during parental leave and information about carers and statutory rights. Our Flexible Working Policy was updated in 2018 to allow all staff to access the policy from day one of employment, exceeding the statutory requirements in this area.

We once again provided a successful flu vaccination campaign to all of our staff through the winter. Staff were offered the option of receiving a vaccination via an on-site clinic, or alternatively utilising a voucher at a convenient location and time. Our 2018 flu jab campaign saw the highest ever uptake of vaccinations for the organisation, with 60% of our staff receiving an on-site vaccination or voucher.

HEE has also established a network of Contact Officers as an additional support mechanism for staff. Our Contact Officers are volunteers from a variety of roles across the organisation. They offer confidential support to anyone who feels that they have been inappropriately treated, bullied or harassed, or accused of such behaviours. This year, the network was refreshed with additional training and a further 3 members of staff joining the existing Officers, bringing the total across HEE to 9.

HEE also appointed its first Freedom to Speak Up Guardian (FtSUG) on 1 February 2019. The FtSUG will help to protect patient safety and the quality of care, improve the experience of workers and promote learning and improvement. They will be an independent contact, with direct access to HEE’s senior leadership, for any non-personal or whistleblowing issues, in line with HEE’s Raising Concerns Policy. An outline of the FtSUG role is provided by the National Guardian’s Office [here](#).

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

Accountability Report

Remuneration and Staff Report

The overall sickness absence rate for 2018-19 has remained low at 2.31%.

	2017-18	2018-19
Days available during the period (full time equivalent)	656,344	738,509
Days lost due to sickness during that period	13,473	17,089
Sickness absence rate	2.05%	2.31%
Average sick days per WTE	4.6 days	5.2 days

Equality, Diversity and Inclusion

This is an exciting time for diversity and inclusion at HEE. Our first [Diversity & Inclusion Framework](#) was published in June 2018. It builds upon much of the excellent work already in place and demonstrates our commitment to our people, the way we manage our business and our influence with stakeholders.

This live Framework sets out our ambitions and priorities at an organisation-wide level, which will then be translated into measurable outcomes through our new governance and accountability structures, particularly through the following three key groups:

Diversity & Inclusion Operational Group

A new sub-group of the Equality, Diversity & Inclusion Committee, chaired by Liz Fenton (Deputy Chief Nurse). The Group supports the implementation and delivery of activities, such as the Workforce Race Equality Standard and is guided by the Diversity & Inclusion Framework.

AHEAD (Advancing HEE's Equality and Diversity) Groups

The 4 AHEAD Groups ensure that each of HEE's regions are engaged in the diversity and inclusion agenda. HEE's LETB Chairs and Regional Directors are committed to leading the work that the groups deliver.

These groups are supported by two national diversity and inclusion staff members and three at regional level.

There have been a number of notable achievements in the past twelve months, including moving up 56 places in the Stonewall Workplace Index for LGBT+ equality. HEE is now ranked 256 out of 445 employers from a range of sectors. While we acknowledge that there is more to further advance our ranking, this progress does give an indication of the interventions that we have taken over the past 12 months to support an inclusive workplace. For example, our Transitioning at Work Policy has been ratified and we now have gender neutral toilets integrated into our London office.

HEE was also accredited as a Disability Confident Employer (Level 2). This was achieved by demonstrating a number of competencies such as, showcasing how HEE actively looks to attract and recruit disabled people and promoting a culture of being disability confident.

The NHS's Workforce Race Equality Standard has also enabled us to build data across nine indicators and implement targeted interventions from the information collected. The results have started to show with a 7% reduction in harassment, bullying or abuse in the last twelve months.

We are also establishing networking and support groups to enhance a positive workplace culture, including a BAME Network in the Midlands & East region. To further formalise support from senior members of staff, a reverse mentoring programme has begun in London.

We published our second Gender Pay Gap Report in March 2018 and have been working to reduce the gap, which decreased from 27% in 2017 to 23% in 2018 (mean hourly rate). In addition to the publication of our Diversity & Inclusion strategy, this has included a revision of our Maternity, Paternity, Adoption and Shared Parental Leave Policy and Flexible Working Policy, as well as the implementation of our first Agile Working Policy. Staff now have access to flexible working opportunities from their first day of employment with HEE. These policies were implemented with the aim of increasing equality of opportunity within HEE and ensuring that we are a modern and exemplary employer.

Accountability Report

Remuneration and Staff Report

We have also established our Gender Pay Gap working group as a sub-group of our National Partnership Forum. The Group meets on a quarterly basis and provides a focused opportunity to establish and action means of improving our gender pay gap in partnership with our recognised trade union colleagues.

Further consideration of the equality impact in policies, programmes and decision making has been supported by the newly created Equality Impact Assessments toolkit. Training sessions and close communication to help ensure its implementation remain ongoing.

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 of 31 March 2019, the gender breakdown of our staff is 1805 female and 961 male. Of our Non-Executive Directors, 4 are female and 3 are male, of our Executive Directors 3 are female, 6 are male. Within our senior staff (Agenda for Change Bands 8d and 9), 390 are female and 409 are male.

In the coming year, we will look to build on these achievements by implementing a number of programmes and initiatives. These include:

- Capturing more accurate workforce data and developing our diversity dashboard, which will in turn identify opportunities for the organisation
- Further expanding our staff networks and utilising the energy of our LGBT+ network to highlight intersectionality
- Creating visible role models and allies at all levels.

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. They are as follows:

1. The NHS provides a comprehensive service, available to all
2. Access to NHS services is based on clinical need, not on individual's ability to pay
3. The NHS aspires to the highest standards of excellence and professionalism
4. The NHS aspires to put patients at the heart of everything it does
5. The NHS works across organisational boundaries and in partnership with other organisations in the interest of patients, local communities and the wider population
6. The NHS is committed to providing best value for taxpayers' money and the most effective and sustainable use of finite resources
7. The NHS is accountable to the public, communities and patients that it serves.

The 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 focused on the following key points:

- To promote the NHS Constitution and values through all activities and interactions with stakeholders:
 - The group delivered a workshop in February 2019, where members from the Patient Advisory Forum, the DHSC and HEE Values Champions discussed approaches to collaboration to ensure the NHS Constitution is embedded in all aspect of our work and is reflected through to our stakeholders.
- To establish best practice across HEE and develop tools and processes for adoption and spread across the four regions:
 - The HEE Values Champion group meet regularly to discuss how the NHS Constitution Delivery Group can promote the values of the NHS Constitution internally and are currently developing a definition of best practice which will include measurable benchmarks.

Accountability Report

Remuneration and Staff Report

- To establish methods of promoting the NHS Constitution and values through Higher Education Institutes (HEI's) in particular, in all student facing activities:
 - The groups HEI representative ensures that ongoing work and collaboration with HEIs are key to delivering the promotion of the values and that this is underpinned in both curriculum and values based recruitment.
- To ensure the benefits of the NHS Constitution and values is identified in all programme and supporting Project Initiation Documents (PIDs) and through mandate delivery mechanisms
 - Group members ensure that all aspects of the NHS Constitution are identified and will continue to ensure the membership reflects an appropriate representative of both programmes and performance from across the organisation to ensure HEE meet their mandated requirements of the Constitution.
- To ensure that the NHS Constitution is central to the emerging Workforce Strategies and plans arising from Sustainability and Transformation Partnerships (STPs) and through Local Workforce Advisory Boards (LWABs):
 - Group representatives from the LWAB teams ensure that any new programmes of work incorporate the NHS Constitutions values and behaviours. As the Long Term Plan (LTP) develops and workstreams are identified, the NHS Constitution Delivery Group will ensure that the NHS Constitution is central within the plans.
- 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:
 - The HEE Vales Champions network across HEE meet regularly and feedback any ideas, recommendations to the NHS Constitution Delivery Group for representatives from Human Resources (HR) and our Communications teams to implement. A recent piece of work completed pulled together best practice examples from each office illustrating what had been delivered, how it worked and whether it was achievable across the organisation.

The information was then developed into a matrix for adoption across regional offices and further development of team based local actions and behaviours that can be measured against the HEE standards.

Respect for Human Rights

Over and above our statutory responsibilities and in accordance with the principles of the NHS Constitution, we are committed to respecting and promoting the human rights of all NHS staff, stakeholders and our business partners, as well as the patients of the NHS and those with the communities in which we operate. In order to achieve this ambition, we are constantly striving to maintain the highest standards of quality in all of our work and in the employment and learning environments that we support and provide.

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 DHSC.

Remuneration

During 2018-19, we continued to work with DHSC, 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.

The NHS Staff Council reached an agreement on a refresh of the NHS Terms and Conditions of Service (formerly known as Agenda for Change) on 27 June 2018. As a result of the refresh, HEE will now implement the reformed pay structure throughout a 3-year transition period. The new pay structure increases starting salaries, reduces the number of pay progression points and shortens the amount of time required to reach the top of pay bands for most staff. More information on the 2018 contract refresh is available via the NHS Employers website.

Accountability Report

Remuneration and Staff Report

Pay Median - Fair Pay Disclosure (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 2018-19 was £215,000 to £220,000 (2017-18 was £220,000 to £225,000).

Total remuneration ranged from £17,330 to £292,320. Total remuneration includes salary, non-consolidated performance related pay and benefits in kind. It does not include severance payments or employer pension contributions and the cash equivalent transfer value of pensions.

	2017-18	2018-19
Band of highest paid Director (£000s)	220-225	215-220
Median Total	41,787	42,414
Remuneration Ratio	5.3	5.1

The above disclosure includes all staff employed by HEE on a permanent, agency or interim worker basis. The calculation of higher paid director remuneration includes the cash value of any benefits in kind.

The highest paid Director is the Chief Executive. His salary banding and remuneration ratio is lower this year as 2017-18 included a higher benefit in kind value.

There are a number of individuals employed by HEE whose full-time equivalent salary exceeds the highest paid director. These individuals hold Medical Dean posts.

Remuneration Committee

The Remuneration Committee is a 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.

All appointments and the arrangements for determining the salaries of our senior staff are carried out in accordance with processes set by the DHSC and where required, with the approval of the DHSC's Remuneration Committee.

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:

- All aspects of salary (including any performance related pay elements) relating to the Chief Executive, Directors and ESMs
- Provisions for other benefits, including pensions and cars
- Arrangements for the 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 relevant national guidance as appropriate, advising on and overseeing appropriate contractual arrangements for all staff
- Proper calculation and scrutiny of any special payments
- Oversight of the local Clinical Excellence Awards Process.

Accountability Report

Remuneration and Staff Report

HEE's Remuneration Committee is chaired by Professor David Croisdale-Appleby, Non-Executive Director and is comprised of all of HEE's Non-Executive Directors. The Committee met on four occasions during 2018-19 in order to discharge its duties in relation to the 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 of the Non-Executive Directors. The Committee is supported by the Board Secretary and the Director of Human Resources and Organisational Development.

[Attendance at Remuneration Committee is available in Appendix 2 at page 91.](#)

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 its opening. Submissions are considered by the CEA panel, whose membership is comprised on independent lay representatives alongside HEE staff.

In 2018, the CEA panel reviewed each application and made a recommendation to the Remuneration Committee to approve 1 award. This award was approved on 17 July 2018.

Pay Review Bodies

HEE has again worked closely with the Office of Manpower Economics (OME) to submit reports to the NHS Pay Review Body and the Doctor's and Dentist's Review Body, as part of its national process for gathering evidence from interested parties to inform the recommendations for 2018-19. HEE was also pleased to be able to attend oral evidence sessions for both review bodies at the request of the OME.

The production of each report is managed by the HR & OD team, with the support of the Directorate of Workforce and Planning. The reports for 2018-19 are available via HEE's website.



Accountability Report

Remuneration and Staff Report

Off Payroll Engagements

Reform of legislation underpinning the off-payroll regulation known as IR35 came into effect from 1 April 2017. The key change under these regulations is the need for HEE to determine the employment status of all off-payroll workings and to make pay overs directly to Her Majesty's Revenue and Customs (HMRC) where appropriate.

The tables below present the information required for HEE from 1 April 2018 to 31 March 2019 for those engaged for more than £245 per day and for a period lasting longer than six months.

	Number
Number of existing engagements as of 31st March 2019	1
Of which:	
Number that have existed for less than one year at the time of reporting	0
Number that have existed between one & two years at the time of reporting	1
Number of new engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019	1
Of which:	
Number assessed as caught by IR35	0
Number assessed as not caught by IR35	1
Number engaged directly (via PSC contacted to the entity) and are on the departmental payroll	0
Number of engagements reassessed for consistency / assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following the consistency review	0

HEE had no off-payroll engagements of board members and/or senior officials with a significant financial responsibility between 1 April 2018 and 31 March 2019.

Salaries and allowances

Those identified within the annual report are those senior staff and Non-Executive Directors who make up the organisation's governing body, the HEE Board. This is in accordance with the government financial reporting manual for 2018-19.

Accountability Report

Remuneration and Staff Report

Director's Service Contracts

Name and title	Date of appointment	Notice period	Provision for compensation for early termination
Professor Ian Cumming Chief Executive	28-Jun-12	6 months	Option to provide taxable pay in lieu of part or all of the notice period
Mr Calum Pallister Director of Finance	21-Sep-18	6 months	
Professor Lisa Bayliss-Pratt Chief Nurse & Interim Director, London	01-Apr-13	6 months	
Professor Wendy Reid Director of Education and Quality and Medical Director	01-Apr-13	6 months	
Mr Lee Whitehead Director of People and Communications	01-Apr-13	6 months	
Mr Robert Smith Director of Workforce Planning and Intelligence	01-Oct-17	6 months	
Ms Laura Roberts Director of HEE North	01-Oct-14	6 months	
Mr Patrick Mitchell Director of HEE South	09-Jan-17	6 months	
Mr David Farrelly Director of HEE Midlands and East	26-Jan-17	6 months	

Accountability Report

Remuneration and Staff Report

Director's Remuneration 2018-19 (subject to audit)

Name and title	(a) Salary (bands of £5,000)	(b) Non-cash benefits including taxable expenses to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	(d) All pension- related benefits (bands of £1,000)	(e) TOTAL (a to d) (bands of £5,000)
	£'000s	£'s	£'000s	£'000s	£'000s
Professor I Cumming Chief Executive	200-205	5,300	10-15	Nil	215-220
Mr C Pallister Director of Finance	125-130	1,600	Nil	52	180-185
Professor L Bayliss-Pratt Chief Nurse & Interim Director, London	140-145	Nil	5-10	Nil	145-150
Professor W Reid Director of Education & Quality and Medical Director	140-145	Nil	35-40	Nil	175-180
Mr L Whitehead Director of People and Communications	125-130	5,900	5-10	18	155-160
Mr R Smith Director of Workforce Planning and Intelligence	135-140	Nil	Nil	Nil	135-140
Ms L Roberts Director of HEE North	120-125	Nil	5-10	Nil	125-130
Mr P Mitchell Director of HEE South	135-140	Nil	Nil	Nil	135-140
Mr D Farrelly Director of HEE Midlands and East	120-125	Nil	Nil	5	125-130

Director's Remuneration - Disclosures 2018-19 (subject to audit)

Mr Callum Pallister was previously Acting Director of Finance and was appointed substantively on 21 September 2018.

Professor Lisa Bayliss-Pratt, an overpayment of £19.5k (gross) relating back to April 2017 was identified in February 2019. The relevant amounts were included as salary in the 2017-18 Remuneration Report and in this 2018-19 report. This will be recovered over the two future financial years 2019-20 and 2020-21.

Accountability Report

Remuneration and Staff Report

Director's Remuneration 2017-18 (subject to audit)

Name and title	(a) Salary (bands of £5,000)	(b) Non-cash benefits including taxable expenses to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	(d) All pension- related benefits (bands of £1,000)	(e) TOTAL (a to d) (bands of £5,000)
	£'000s	£'s	£'000s	£'000s	£'000s
Professor I Cumming Chief Executive	200-205	9,100	10-15	Nil	220-225
Mr C Pallister Director of Finance (Acting)	30-35	400	Nil	22	50-55
Mr S Clarke Director of Finance	115-120	100	Nil	Nil	115-120
Professor L Bayliss-Pratt Chief Nurse & Interim Director, London	130-135	Nil	Nil	Nil	130-135
Professor N Latham Director of Performance & Development	175-180	Nil	Nil	56	235-240
Professor W Reid Director of Education & Quality and Medical Director	140-145	Nil	35-40	7	185-190
Mr L Whitehead Director of People and Communication	135-140	5,700	Nil	33	170-175
Mrs J Screaton Regional Director - London & South East	25-30	100	Nil	3	30-35
Mr R Smith Director of Workforce Planning and Intelligence	140-145	Nil	5-10	21	170-175
Ms L Roberts HEE Director - North	120-125	100	Nil	Nil	120-125
Mr P Mitchell HEE Director - South	135-140	Nil	5-10	7	145-150
Mr D Farrelly HEE Director - Midlands and East	120-125	100	5-10	7	135-140
Ms T Davis Acting HEE Director London & South East	30-35	Nil	Nil	15	45-50
Prior years arrears of pay:					
Professor I Cumming Chief Executive	15-20	Nil	Nil	Nil	15-20

Accountability Report

Remuneration and Staff Report

Director's Remuneration - Disclosures 2017-18 (subject to audit)

Mr S Clarke retired from his post on 31 December 2017 and the salary for 2017-18 disclosed above is for the period 1 April - 31 December 2017. The full year equivalent salary is £155k - £160k.

Mr C Pallister was appointed to the post of Acting Director of Finance from 1 January 2018 and the salary disclosed above is for the period 1 January - 31 March 2018. The full year equivalent salary is £130k - £135k.

Mrs J Screamon left her post on 16 June 2017 and the salary for 2017-18 disclosed above is for the period 1 April - 16 June 2017. The full salary for the post was £120k - £125k.

Professor N Latham left her post on 30 November 2017 and the salary disclosed above is for the period 1 April - 30 November. This includes redundancy pay and pay in lieu of notice. The full salary for the year was £130 - £135k.

Professor L Bayliss-Pratt took on an additional post of Regional Director from 1 September 2017.

Professor I Cumming opted out of the Pension scheme on 31 March 2017. We have included an additional disclosure relating to arrears of pay backdated to April 2013, paid in 2017-18 of £15k - £20k.

Ms T Davis took on the position of Acting Director London and South East for the period 01 July - 30 September 2017.

Accountability Report

Remuneration and Staff Report

Director's Pension Table (subject to audit)

Name and 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 2019 (bands of £5,000)	(d) Lump sum at pension age related to accrued pension at 31 March 2019 (bands of £5,000)	(e) Cash Equivalent Transfer Value at 31 March 2018	(f) Real increase in Cash Equivalent Transfer Value	(g) Cash Equivalent Transfer Value at 31 March 2019	(h) Employer's Contribution to stakeholder pension
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Professor I Cumming Chief Executive	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr C Pallister Director of Finance	2.5-5	Nil	10-15	Nil	85	39	146	Nil
Professor L Bayliss-Pratt Chief Nurse & Interim Director, London	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Professor W Reid Director of Education & Quality and Medical Director	Nil	Nil	65-70	205-210	0	0	0	0
Mr L Whitehead Director of People and Communication	0-2.5	Nil	25-30	0-5	272	44	344	0
Mr R Smith Director of Workforce Planning and Intelligence	0-2.5	2.5-5.5	60-65	180-185	1,179	120	1,359	0
Ms L Roberts Director of HEE North	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr P Mitchell Director of HEE South	0-2.5	Nil	55-60	165-170	1,121	98	1,272	0
Mr D Farrelly Director of HEE Midlands and East	0-2.5	Nil	40-45	105-110	761	80	881	0

Those with values of 'N/A' are not pension scheme members.

Directors with a value of '0' in column (h) are members of the NHS Pension Scheme, which is not a stakeholder scheme. No CETV (column g) is disclosed for Professor W Reid, as she was over the usual Retirement age at 31 March 2019.

Accountability Report

Remuneration and Staff Report

Non-Executive Director's Service Contracts

Name and title	Date of appointment	Unexpired term @ 31 March 2019	Notice period	Prov for comp for early termination
Ms Mary Elford Non-Executive Director	01-Nov-16	7 months	None	None
Ms Kate Nealon Vice Chair and Senior Independent Director	01-Oct-15	NIL	None	None
Sir Keith Pearson JP DL HEE Chair (until 30 Nov 2018)	01-Jun-12	NIL	None	None
Professor David Croisdale-Appleby OBE Non-Executive Director	01-Sep-17	16 months	None	None
Dr Anna Van der Gaag CBE Non-Executive Director	01-Jul-15	NIL	None	None
Ms Jacynth Ivey Non-Executive Director	21-Dec-15	9 months	None	None
Professor Malcolm Morley OBE Non-Executive Director	01-Nov-16	7 months	None	None
Sir David Behan CBE HEE Chair (from 1 Dec 2018)	01-Dec-18	32 months	None	None

Accountability Report

Remuneration and Staff Report

Non-Executive Director's Remuneration 2018-19 (subject to audit)

Name and title	(a) Salary (bands of £5,000)	(b) Non-cash benefits including taxable expenses to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	d) All pension- related benefits (bands of £2,500)	(e) TOTAL (a to d) (bands of £5,000)
	£'000s	£'s	£'000s	£'000s	£'000s
Ms M Elford Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Ms K Nealon Vice Chair and Senior Independent Director	5-10	Nil	Nil	Nil	5-10
Sir K Pearson JP DL HEE Chair (until 30 Nov 2018)	35-40	100	Nil	Nil	35-40
Professor D Croisdale-Appleby OBE Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Dr A Van der Gaag CBE Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Ms J Ivey Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Professor M Morley OBE Non-Executive Director	10-15	Nil	Nil	Nil	10-15
Sir D Behan CBE HEE Chair (from 1 Dec 2018)	20-25	Nil	Nil	Nil	20-25

Non-Executive Director's Remuneration - Disclosures 2018-19 (subject to audit)

Sir Keith Pearson left the post of HEE Chair on 30 November 2018. The full year allowance for his post was £55,000.

Sir David Behan was appointed HEE Chair on 1 December 2018. The full year allowance for his post is £63,000.

Sir Stephen Moss voluntarily resigned from the post on 1 April 2018, so is not included in the tables above.

Accountability Report

Remuneration and Staff Report

Non-Executive Director's Remuneration 2017-18 (subject to audit)

Name and title	(a) Salary (bands of £5,000)	(b) Non-cash benefits including taxable expenses to nearest £100	(c) Performance pay and bonuses (bands of £5,000)	d) All pension- related benefits (bands of £2,500)	(e) TOTAL (a to d) (bands of £5,000)
	£'000s	£'s	£'000s	£'000s	£'000s
Ms M Elford Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Ms K Nealon Vice Chair and Senior Independent Director	5-10	Nil	Nil	Nil	5-10
Sir K Pearson JP DL HEE Chair	50-55	100	Nil	Nil	55-60
Professor D Croisdale-Appleby OBE Non-Executive Director	5-10	200	Nil	Nil	5-10
Sir S Moss Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Dr A Van der Gaag CBE Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Ms J Ivey Non-Executive Director	5-10	Nil	Nil	Nil	5-10
Professor M Morley OBE Non-Executive Director	10-15	100	Nil	Nil	10-15

Non-Executive Director's Remuneration - Disclosures 2017-18

Professor D Croisdale-Appleby OBE was Acting Audit & Risk Committee Chair during 2016-17. Professor M Morley OBE took up this post permanently in 2017-18.

Payments to Past Director's (subject to audit)

2018-19

Sir K Pearson JP DL (previous Chairman) was paid £6,666 for the period 1 December 2018 - 31 January 2019 to complete the Commission into the Mental Health and Wellbeing of NHS Staff and Learners.

2017-18

Mr S Clarke (previously Director of Finance) was paid £23,674 for the period 1 January - 31 March 2018 for his role providing temporary support to the new Director of Finance and completing a number of projects to ensure operational continuity.

Accountability Report

Remuneration and Staff Report

Exit Costs (subject to audit)

	2018-19			2017-18		
	Number of compulsory redundancies	Number of agreed other departures	Total number of Exit packages	Number of compulsory redundancies	Number of agreed other departures	Total number of Exit packages
Less than £10,000	6	0	6	3	11	14
£10,000 to £25,000	0	3	3	11	20	31
£25,000 to £50,000	2	0	2	8	19	27
£50,000 to £100,000	0	0	0	13	19	32
£100,000 to £150,000	0	0	0	0	5	5
£150,000 to £200,000	0	0	0	0	3	3
Over £200,001	0	0	0	0	0	0
Total	8	3	11	35	77	112
Total Cost (£000's)	118	42	160	1,439	3,666	5,105

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 2018-19.

Accountability Report

Remuneration and Staff Report

Analysis of Other Departures

	2018-19		2017-18	
	Number of agreed other departures	£000's	Number of agreed other departures	£000's
Voluntary redundancies including early retirement contractual costs	3	42	77	3,621
Mutually agreed resignations (MARS) contractual costs	0	0	0	0
Early retirements in the efficiency of the service contractual costs	0	0	0	0
Contractual payments in lieu of notice	0	0	1	45
Exit payments following Employment Tribunals or court orders	0	0	0	0
Non-contractual payments requiring HMT approval	0	0	0	0
Total	3	42	78	3,666

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 contractual payments made in lieu of notice.

HEE had no "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.

Accountability Report

Remuneration and Staff Report

Staff Numbers (subject to audit)

The average number of whole-time equivalent persons employed during the year.

	Total	Permanently employed staff	Others
	Number	Number	Number
2018-19	2,320	1,850	470
Of which number engaged on capital projects	-	-	-
2017-18 (Restated)	2,129	1,606	523

HEE previously disclosed fixed term contract staff as 'Permanently employed staff'. To better reflect the position this has now been amended to include this group in the 'Others category' in line with the FRoM guidance.

Staff Costs (subject to audit)

	2018-19			2017-18
	Permanently employed staff	Others	Total	Total
	£'000s	£'000s	£'000s	£'000s
Wages and salaries	81,192	40,870	122,062	133,805
Social security costs	8,294	1,025	9,319	8,319
Other pension costs	9,752	1,206	10,958	9,947
Termination benefit	171		171	5,474
Apprentice Levy	475		475	433
Total Gross Pay	99,884	43,101	142,985	157,978
Less income in respect of outward secondments	-760		-760	-341
Total net costs	99,124	43,101	142,225	157,637

Accountability Report

Remuneration and Staff Report

Pension Costs

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

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

a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2019, is based on valuation data as 31 March 2018, updated to 31 March 2019 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS

Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019. The Department of Health and Social Care have recently laid Scheme Regulations confirming that the employer contribution rate will increase to 20.6% of pensionable pay from this date.

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

Accountability Report

Remuneration and Staff Report

Trade unions and Trade Union Facility Time

HEE supports social partnership and actively promotes trade union membership amongst our staff. We regularly invite national trade union colleagues to staff events, alongside local representatives. We aim to have representatives within each of our regions and national functions, in order to provide support and representation for staff. In addition, trade union representatives play an important role in working with managers and HEE's Human Resources & Organisational Development (HR & OD) function in developing our employment policies and procedures and in promoting best practice.

Senior managers within HEE meet regularly with national trade union officials and staff representatives of those unions that have members within our staff. HEE recognises all of the NHS trade unions, but works in close partnership with those listed below via our national Partnership Forum and its sub-groups:

- British Dental Association
- British Medical Association
- Managers in Partnership
- Royal College of Nursing
- UNISON
- UNITE.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require employers in the public sector to publish information on trade union 'facility time', which is granted by employers for staff undertaking recognised trade union activity, as follows.

a) Trade Union representatives - the total number of employees who were trade union representatives during 2018-19.

	2017-18	2018-19
Number of employees who were relevant union officials during the relevant period	9	12
FTE employee number	9	11.15

b) Percentage of time spent on facility time - the number of employees who were trade union representatives employed during 2018-19.

Percentage of time	2017-18	2018-19
0%	0	0
1-50%	9	12
51%-99%	0	0
100%	0	0

c) Percentage of pay bill spent on facility time - the percentage of the total pay bill spent on paying employees who were trade union representatives for recognised trade union facility time during 2018-19.

	2017-18	2018-19
The total cost of facility time	£36,228	£10,216
Total pay bill	£157,978,000	£142,985,000
The percentage of the total pay bill spent on facility time	0.023%	0.007%

During a period of significant organisational change in 2017, 3 Trade Union representatives were temporarily released from their usual duties to devote their full working time to supporting the change process, working alongside HEE's managers and the HR & OD team. As such, facility time declared in the 2017-18 Annual Report was significantly higher than that anticipated in a usual year.

d) Paid trade union activities -

the percentage of total paid facility time hours spent by employees who were TU representatives during 2017-18 on other paid TU activities (such as internal trade union matters).

	2017-18	2018-19
Time spent on paid TU activities as a percentage of total paid facility time	0%	9.57%



Parliamentary Accountability and Audit Report

Health Education England's annual reporting and accounts sets out for Parliament HEE's progress on the delivery of our objectives in 2018-19. This Parliamentary Accountability and Audit Report has been prepared in compliance with the requirements of the Government Financial Reporting Manual and observance of the Accounts Direction issued to HEE by the Secretary of State for Health and Social Care.

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 requirements of an arm's length body of the Department of Health and Social Care.

Regularity of Expenditure (subject to audit)

The total number of losses and special payments cases and their total values was as follows:

Losses	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	2018-19 Number	2018-19 £'000	2017-18 Number	2017-18 £'000
Administrative write-offs	41	34	0	0
Fruitless payments	0	0	1	0
Bookkeeping losses	0	0	0	0
Constructive loss	0	0	0	0
Cash losses	3,558	2,693	2,428	1,830
Claims abandoned	0	0	3	0
Stores losses	16	5	14	3
	3,615	2,732	2,446	1,833

The cash losses above for both years relate to bursary payment debt which we have written off. These are a large volume of low value debt. All efforts to recover these amounts have been exhausted. The NHS BSA recommend the level of write off to HEE.

HEE have not made any special payments during either 2018-19 or 2017-18.

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 2017-18.

Parliamentary Accountability and Audit Report

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

Opinion on financial statements

I certify that I have audited the financial statements of Health Education England for the year ended 31 March 2019 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, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of Health Education England's affairs as at 31 March 2019 and the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with Care Act 2014 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

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

Conclusions relating to going concern

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

Responsibilities of the Board and Accounting Officer for the financial statements

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

Parliamentary Accountability and Audit Report

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Care Act 2014.

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

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

I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Health Education England's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

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

Parliamentary Accountability and Audit Report

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 Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Care Act 2014;
- in the light of the knowledge and understanding of Health Education England and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

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

Date: 31 May 2019



Annual Accounts 2018-19

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018-19	2017-18
		£'000s	£'000s
Staff costs	2	142,985	157,978
Other operating expenditure	2	4,426,869	4,756,315
Total operating expenditure		4,569,854	4,914,293
Operating revenue	3	(134,693)	(124,589)
Comprehensive net expenditure for the year		4,435,161	4,789,704

The notes on pages 76 to 86 form part of these accounts.

Annual Accounts 2018-19

Statement of Financial Position as at 31 March 2019

	Note	31 March 2019 £'000s	31 March 2018 £'000s
Non-current assets:			
Property, plant & equipment	5	1,325	1,210
Trade & other receivables	6	298	311
Total non-current assets		1,623	1,521
Current assets:			
Trade & other receivables	6	37,414	20,554
Cash & cash equivalents	7	13,072	22,246
Total current assets		50,486	42,800
Total assets		52,109	44,321
Current liabilities:			
Trade & other payables	8	(248,347)	(244,087)
Provisions	9	(168)	(940)
Total current liabilities		(248,515)	(245,027)
Total assets less current liabilities		(196,406)	(200,706)
Non-current liabilities:			
Provisions	9	(1,570)	(842)
Total non-current liabilities		(1,570)	(842)
Total assets less total liabilities		(197,976)	(201,548)
Taxpayers' equity			
General fund		(197,976)	(201,548)
Total taxpayers' equity		(197,976)	(201,548)

The notes on pages 76 to 86 form part of these accounts. The financial statements on pages 72 to 86 were approved by the Board on 30 May 2019 and signed on its behalf by:

Professor Ian Cumming OBE
Chief Executive

Date:

Annual Accounts 2018-19

Statement of Cash Flows for the year ended 31 March 2019

	Note	2018-19	2017-18
		£'000s	£'000s
Cash flows from operating activities			
Net operating expenditure		(4,435,161)	(4,789,704)
Adjustments for non-cash transactions:			
Depreciation and amortization	2	352	200
(Increase)/Decrease in trade & other receivables	6	(16,847)	14,694
Increase/(Decrease) in trade & other payables	8	4,260	(10,635)
Provisions utilised	9	(420)	(968)
Provisions converted to accruals	9	0	(15,342)
Provisions reversed unused	9	(792)	(2,768)
Provisions arising	9	1,168	1,431
Net cash outflow from operating activities		(4,447,440)	(4,803,092)
Cash flows from investing activities			
Purchase of property, plant & equipment	5	(467)	(894)
Net cash (outflow) from investing activities		(467)	(894)
Net cash outflow before financing		(4,447,907)	(4,803,986)
Cash flows from financing activities			
Grant in Aid funding from Department of Health & Social Care		4,438,733	4,826,219
Net (Decrease)/Increase in cash and cash equivalents	7	(9,174)	22,233
Cash and cash equivalents at the beginning of the Period		22,246	13
Cash and cash equivalents at year end	7	13,072	22,246

The notes on pages 76 to 86 form part of these accounts.

Annual Accounts 2018-19

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

	General Fund	Taxpayers' Equity
	£000s	£000s
Balance at 1 April 2017	(238,063)	(238,063)
Changes in taxpayers' equity for 2017-18		
Comprehensive net expenditure for the year	(4,789,704)	(4,789,704)
Grant in Aid funding from Department of Health and Social Care	4,826,219	4,826,219
Balance at 31 March 2018	(201,548)	(201,548)

	General Fund	Taxpayers' Equity
	£000s	£000s
Balance at 1 April 2018	(201,548)	(201,548)
Changes in taxpayers' equity for 2018-19		
Comprehensive net expenditure for the year	(4,435,161)	(4,435,161)
Grant in Aid funding from Department of Health and Social Care	4,438,733	4,438,733
Balance at 31 March 2019	(197,976)	(197,976)

The notes on pages 76 to 86 form part of these accounts.

Annual Accounts 2018-19

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 (FRoM) issued by HM Treasury. The accounts have been prepared in accordance with The Care Act 2014 and Secretary of State for Health and Social Care direction there under. The accounting policies contained within the FRoM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FRoM 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 provided by the Department of Health and Social Care, which is approved annually by Parliament. The Secretary of State for Health and Social Care 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, 2019-20 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 Critical accounting judgements and key sources of estimation uncertainty

In the application of HEE'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. None of HEE's areas of judgement or estimation are individually material.

1.04 Revenue

The main source of funding for Health Education England (HEE) is Parliamentary Grant in Aid, this is received from the Department of Health and Social Care. This funding is received within an approved cash limit and credited to the general fund. Parliamentary funding is recognised in the financial period in which it relates.

The majority of HEE's income is generated through contracts with customers. NHS England income is via an annual contract and invoiced in arrears. National Institute for Health Research (NIHR) income is via an annual contract which is invoiced quarterly in arrears. The recognition of the income corresponds with the period the work undertaken by HEE is meeting performance obligation. All other contract income is recognised in revenue when the performance obligations in contracts with customers are satisfied in line with IFRS 15. Where the performance obligation will not be satisfied until a future accounting period the income is deferred.

1.05 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

Annual Accounts 2018-19

Notes to the Accounts

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 for Health and Social Care, 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 HEE commits itself to the retirement, regardless of the method of payment.

1.06 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.

1.07 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 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.

Depreciation and Amortisation

Depreciation and amortisation are charged to write off the costs or valuation of property, plant and equipment and intangible non-current assets, less any residual value, over their estimated useful lives, in a manner that reflects the consumption of economic benefits. Non-current assets are depreciated on a straight-line basis. The estimated useful life of an asset is the period over which HEE expects to obtain economic benefits or service potential from the asset. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

HEE's range of estimated useful economic lives:

Buildings	1-5 years
IT equipment	1-5 years
Furniture and fittings	1-4 years

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.

Annual Accounts 2018-19

Notes to the Accounts

1.08 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.

1.09 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.

1.10 Provisions

Provisions are recognised when HEE has a present legal or constructive obligation as a result of a past event and 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.

1.11 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 NHS Resolution 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.

1.12 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.

1.13 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.

Under IAS39 HEE's financial assets were classified as loans and receivables. Following adoption of IFRS9 from 1 April 2018 these are now classified as amortised cost. We have determined there is no impact from this classification change.

HEE impairs its financial assets by reviewing each individual balance at the point of recognition based on previous performance where known. No impairment is provided for any financial assets within the DHSC group. HEE's total impairment provisions are not material and as such no restatement has been made in the 2018-19 accounts.

Annual Accounts 2018-19

Notes to the Accounts

1.14 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.

Under IAS39 HEE's financial liabilities were classified at amortised cost using the effective interest rate method. Following adoption of IFRS9 from 1 April 2018 these remain classified as amortised cost. There is therefore no impact arising from this.

1.15 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.

1.16 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.

1.17 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).

1.18 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.

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

IFRS16 - Leases was issued in January 2016, but HM Treasury have deferred the effective date of implementation to 1 April 2020. HEE are currently reviewing their lease arrangements to assess the impact of this new standard, but it is not expected to make a material change.

Annual Accounts 2018-19

Notes to the Accounts

2. Staff costs and other operating expenditure

	2018-19	2017-18 (Restated)
	£'000s	£'000s
Staff costs:		
Wages and salaries	122,062	133,805
Social security costs	9,319	8,319
Other pension costs	10,958	9,947
Termination benefits	171	5,474
Apprentice Levy	475	433
Total staff costs	142,985	157,978
Training and education activities:		
Future workforce:*		
- Undergraduate medical & dental	893,659	882,501
- Postgraduate medical & dental	1,896,190	1,867,837
- Non-medical	1,233,433	1,653,632
Total future workforce	4,023,282	4,403,970
- Workforce development	119,424	77,538
- Education support	30,475	39,141
- National activity **	165,674	161,684
- Leadership programme	36,184	36,988
HEE Chair & Non-Executive Directors	125	123
Supplies and services	1,068	927
Establishment	22,670	23,095
Premises	20,563	25,019
Operating lease rentals	4,233	3,025
Depreciation & amortisation	352	200
Provisions arising	1,246	1,431
Provision reversed / unused	(792)	(2,642)
Provisions converted to accruals	0	(15,342)
Statutory audit fees (NAO)	170	180
Internal audit and assurance services	278	273
Education and training - HEE staff	1,582	414
Other operating expenses	335	291
Total other operating expenditure	4,426,869	4,756,315
Total staff costs and other operating expenditure	4,569,854	4,914,293

*The majority of HEE's expenditure is focused on supporting the NHS's workforce for the future. This investment develops the health care professionals of the future. Undergraduate students must gain experience in clinical settings through placements for which 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. Our expenditure also includes tuition fees paid to universities for undergraduate programmes and the related bursary support for the individual students, although support for students commencing nursing programmes ceased in September 2017. The reduction in our expenditure in this area can be seen under the 'non-medical' heading.

** We have amended some of the headings under Training and education activities to include expenditure previously classified as 'National programmes' and 'Other education and training' as 'National activity' as this better describes the nature of the activity and also better aligns with our internal management reporting. In 2017-18 these were reported as:

National programmes / £107,351k
Other Education and Training / £54,333

Further analysis of staff costs is included in the remuneration and staff report on pages 45 to 65.

Annual Accounts 2018-19

Notes to the Accounts

3. Operating revenue

	2018-19	2017-18
	£'000s	£'000s
Revenue from contracts for education & training activities:		
NHS England	62,608	52,047
NHS Trusts & Foundation Trusts	1,858	2,071
Department of Health and Social Care; including National Institute for Health Research	60,620	61,630
NHS other	261	550
Non - NHS	8,313	7,950
Total revenue from education & training activities	133,660	124,248
Other non-contract revenue:		
Income in respect of seconded staff	759	341
NHS	127	0
Non-NHS	147	0
Total other revenue	1,033	341
Total operating revenue	134,693	124,589

This represents all HEE income except the funding it receives as Grant in Aid from the Department of Health & Social Care. HEE do not have any trading income over £1m.

4. Financial instruments

As the cash requirements of HEE are met through the Department of Health and Social Care funding 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.

Annual Accounts 2018-19

Notes to the Accounts

5. Property, plant & equipment

	Buildings excluding dwellings	Assets under construction	Information technology	Furniture & fittings	Total
	£'000s	£'000s	£'000s	£'000s	£'000s

2018-19

Cost or valuation:

At 1 April 2018	1,602	0	1,781	427	3,810
Additions	393	0	74	0	467
At 31 March 2019	1,995	0	1,855	427	4,277

Depreciation

At 1 April 2018	1,263	0	1,166	171	2,600
Charged during the year	95	0	164	93	352
At 31 March 2019	1,358	0	1,330	264	2,952
Net book value at 31 March 2019	637	0	525	163	1,325

	Buildings excluding dwellings	Assets under construction	Information technology	Furniture & fittings	Total
	£'000s	£'000s	£'000s	£'000s	£'000s

2017-18

Cost or valuation:

At 1 April 2017	1,304	301	1,351	226	3,182
Additions	298	0	129	201	628
Transfers	0	(301)	301	0	0
At 31 March 2018	1,602	0	1,781	427	3,810

Depreciation

At 1 April 2017	1,242	0	1,030	128	2,400
Charged during the year	21	0	136	43	200
At 31 March 2018	1,263	0	1,166	171	2,600
Net book value at 31 March 2018	339	0	615	256	1,210

Annual Accounts 2018-19

Notes to the Accounts

6. Trade & other receivables

	31 March 2019	31 March 2018
	£'000s	£'000s
Amounts falling due within one year:		
Trade receivables	16,492	21,602
Provision for impairment of receivables	(6,634)	(9,288)
Other receivables	1,675	1,219
Prepayments and accrued Income	25,881	7,021
Total amounts falling due within one year	37,414	20,554

Amounts falling due after more than one year:

Trade receivables	3,048	3,045
Provision for impairment of receivables	(2,750)	(2,734)
Prepayments and accrued Income	0	0
Total amounts falling due after more than one year	298	311

7. Cash & cash equivalents

	2018-2019	2017-2018
	£'000s	£'000s
Balance at 1 April	22,246	13
Net change in cash and cash equivalent balances	(9,174)	22,233
Balance at 31 March	13,072	22,246

The following balances at 31 March were held at:

Government banking service	13,072	22,246
Commercial banks and cash in hand	0	0
Short term investments	0	0
Balance at 31 March	13,072	22,246

Annual Accounts 2018-19

Notes to the Accounts

8. Trade & other payables

	31 March 2019	31 March 2018 (Restated)
	£'000s	£'000s
Amounts falling due within one year:		
Payables	106,523	90,481
Accruals - revenue	121,043	141,785
National insurance & statutory maternity pay	1,416	1,189
Tax	1,311	1,142
Other	18,054	9,490
Total amounts falling due within one year	248,347	244,087

The classifications within this note have been amended to improve the presentation. Previously we disclosed Payables and Accruals together split between NHS and non-NHS. The 31 March 2018 column has been restated to reflect the amended presentation for 2018-19. In addition, we incorrectly disclosed £338k of Other Costs as Payables, this has been corrected as part of the restatement.

9. Provisions

	Total	Dilapidations
	£000s	£000s
Balance at 1 April 2018	1,782	1,782
Arising during the year	1,168	1,168
Utilised during the year	(420)	(420)
Reversed unused	(792)	(792)
Balance at 31 March 2019	1,738	1,738

Expected timing of cash flows:

	31 March 2019	31 March 2018
No later than one year	168	940
Later than one year and not later than five years	1,570	842
Later than five years	0	0

All the provisions held relate to building dilapidation costs. Actual costs are provided for where known, where there is a need to estimate a standard cost per m² is used.

Annual Accounts 2018-19

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	2018-19 Total	2017-18 Total
	£'000s	£'000s	£'000s	£'000s
Payments recognised as an expense in year				
Minimum lease payments	4,100	133	4,233	3,025
Total	4,100	133	4,233	3,025
Future commitments payable:				
No later than one year	3,191	76	3,267	2,431
Between one and five years	5,690	122	5,812	4,829
After five years	1,864	0	1,864	2,318
Total	10,745	198	10,943	9,578

11. Contingent liabilities

The HEE has the following contingent liabilities.

	31 March 2019	31 March 2018
	£'000s	£'000s
Contingent liabilities		
Legal claims	35	65
Net value of contingent liabilities	35	65

The above relates to outstanding legal claims notified to HEE but unlikely to be successful.

Notes to the Accounts

12. Related-party transactions

The compensation paid to key management personnel can be found in the remuneration and staff report on pages 45 to 65.

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

The Department of Health and Social Care 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, including:

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

In addition, HEE 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 Education that relate to the administration of student loans.

No Board member, key manager or other related parties have undertaken any material transactions with HEE during either 2018-19 or 2017-18.

13. Events after the reporting period date

The NHS Leadership Academy moved to NHSI and NHSE People Division with effect from 1 April 2019.

There are no adjusting events at the time of signing the accounts.

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

Annual Accounts 2018-19

Accounts Direction

ACCOUNTS DIRECTION GIVEN BY THE SECRETARY OF STATE FOR HEALTH 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 31st 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 and Social Care.
3. Health Education England shall provide accounts Data, in the format specified by the Department, for the periods 31st 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 31st 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 and Social Care.
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 and Environmental Matters 2018-19

Health Education England (HEE) ensures that the workforce of today and tomorrow has the right numbers, skills values and behaviours, at the right time and in the right place. Hence our development must meet the needs of the present generation without compromising the needs of the next.

HEE published its first Sustainable Management Development Plan in April 2017 with the aim of taking a lead role in the sustainable development agenda. As a national system leader within the NHS, we recognise the links between health and the environment and that climate change and the depletion of finite resources presents a real and growing threat for the global population. Our first Sustainable Development Management Plan has now been approved HEE's Board.

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

HEE works with and alongside the other Arm's Length Bodies as part of the national Cross System Sustainable Development Group, which also includes partners from the national trade unions and local government.

We support the government's commitment to sustainable development and its endorsement of environmental management as one of the tools we can use to ensure a better quality of life for our staff as well as the communities that we both serve and impact upon. This is clearly signalled by recognising the importance of social impact alongside economic and environmental impacts in decision making.

We are implementing our sustainability targets in a transparent and robust manner that will ensure that we deliver environmental, economic and social benefits. We also provide opportunities for our own staff to lead a sustainable and healthy lifestyle. We now make better use of video conferencing, efficient travelling and recycling. Equally, HEE's procurement policies now have sustainability embedded as a core component.

Wherever possible, we will meet and exceed the Greening Government Commitment targets by minimising our environmental impact and ensuring our purchasing activities are sustainable. Equally, we will prepare for and respond to, the health-related impacts of climate change in providing the workforce of tomorrow.

Travel and Transport

Despite the advancement of modern technology, frequent travel remains unavoidable for many staff in a national organisation of our size. We aim to achieve a reduction in our business travel, limiting journeys where possible and encouraging the use of more sustainable modes of transport. Reductions in our business travel not only improve the quality of local environments, but also support HEE to reduce carbon emissions and benefit the organisation financially, as well as reducing the impact on staff and supporting improvements in their health and well-being.

Business travel undertaken by HEE staff is monitored on a quarterly basis by the corporate management team. Departmental managers are responsible for ensuring that the most cost-effective and sustainable use is made of any essential spend on travel and transport.

Waste

Unless properly managed, waste can present significant risks to the health and safety of staff, the public and the environment. Poor management of waste could therefore lead to the risk of prosecution and loss of reputation. We therefore aim to ensure the safe segregation, handling, transport and disposal of all of our waste. We aim to reduce our total waste and where the production of waste cannot be avoided, we will continue to aim to use the most sustainable route available.

We aim to manage waste consistently across our estate, whilst recognising that in some circumstances local arrangements will be needed. Where the generation of waste cannot be avoided, we will continue to explore new and innovative ways to reduce its environmental impact, working together with our facilities management providers.

Appendices

Appendix 1: Sustainability and Environmental Matters 2018-19

Procurement

Our aim is to further our business by realising opportunities for sustainable development through procurement and contracting, to ultimately deliver sustainable value for the tax payer.

The public sector has particular reasons for demanding greater level of sustainability from its supply chain: it is directly and explicitly responsible for ensuring that public money spent on goods and services is applied in such a way as to maximise benefits to society.

We are driving our activities to:

- Reduce waste, save money and minimise environmental impacts
- Procure sustainable and ethical services
- Build supply chain resilience and
- Improve delivery efficiencies, ensuring continuity of supply.

We are working with key partners and suppliers to promote sustainability values and environmental policies and encouraging the adoption of similar policies to 'green' supply chain. We are now looking to embed sustainable development and reporting

into contracts with Higher Education Institutions, in line with the wider approach taken in NHS standard contract.

Built Environment

We have a large and varied leased estate, from which we operate, including a particularly large site at Stewart House in London. We also operate from smaller commercial rented or leased properties as well as those managed by NHS Property Services and other providers.

Wherever practicable, we will aim to rationalise and improve the quality of our built estate by applying our agreed principles of estate management. When making improvements to our facilities we aim to ensure that we are designing the best possible environments for our staff to work in, whilst ensuring that they are sympathetic to the natural environment.

We will aim to implement a national estates strategy to share best practice across the country while meeting the needs of our workforce ethically. In embracing modernisation, we will reduce the aforementioned negative effects of our work on the environment.



Appendices

Appendix 2: Attendance at Board and Committee Meetings 2018-19

	Board Meetings	Audit & Risk Committee	Remuneration Committee	Performance Assurance Committee	Equality, Diversity & Inclusion Committee
Non-Executive Director Members					
Sir Keith Pearson Chair (to 30/11/18)	3 of 4	-	2 of 2	-	-
Sir David Behan Chair (from 1/12/18)	3 of 3	1 of 1 (observer)	1 of 1	1 of 1 (observer)	1 of 1 (observer)
Kate Nealon Vice Chair and Senior Independent Director	5 of 7	4 of 6	2 of 3	4 of 4	-
Prof. David Croisdale-Appleby Non-Executive Director	7 of 7	5 of 6	3 of 3	-	-
Prof. Malcolm Morley Non-Executive Director	7 of 7	6 of 6	2 of 3	-	-
Dr Anna Van Der Gaag Non-Executive Director	7 of 7	-	3 of 3	3 of 4	-
Mary Elford Non-Executive Director	7 of 7	-	3 of 3	-	-
Jacynth Ivey Associate Non-Executive Director	5 of 7	-	2 of 3	3 of 4	4 of 4
Executive Director Members and Attendees					
Ian Cumming Chief Executive	7 of 7	-	1 of 3	-	-
Wendy Reid Director of Education and Quality and Medical Director	6 of 7	-	-	-	-
Rob Smith Director of Workforce Planning and Intelligence	7 of 7	-	-	-	-
Lisa Bayliss-Pratt Chief Nurse & Interim Regional Director, London	5 of 7	-	-	-	4 of 4
Calum Pallister Director of Finance	7 of 7	6 of 6	-	4 of 4	-
Lee Whitehead Director of People & Communications	7 of 7	6 of 6	-	-	-
Patrick Mitchell Regional Director, South	6 of 7	-	-	-	-
David Farrelly Regional Director, Midlands & East	6 of 7	-	-	4 of 4	-
Laura Roberts Regional Director, North	5 of 7	-	-	-	-

Appendices

Appendix 3: Information Incidents - 1 April 2018 to 31 March 2019

Table 1 - HEE reported incidents 2018-19

Financial Year 2018-2019

Incident Type	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Grand Total
Disclosed in error	2	3	9	11	3	5	8	5	2	7	13	7	75
Lost in transit	0	0	0	0	0	0	0	0	0	0	0	0	0
Lost or stolen hardware	0	0	1	2	1	0	2	1	3	2	1	1	14
Lost or stolen paperwork	0	0	0	0	0	0	0	0	0	0	0	1	1
Other	0	0	0	0	1	1	1	1	2	3	1	0	10
Technical security failing (including hacking)	1	2	1	2	0	1	0	3	3	2	1	2	18
Unauthorised access/disclosure	0	0	0	1	1	1	2	0	1	0	2	1	9
Non-secure disposal - hardware	0	0	0	0	0	0	0	0	0	0	0	1	1
Non-secure disposal - paperwork	0	1	0	0	0	0	0	0	0	0	2	0	3
TOTAL	3	6	11	16	6	8	13	10	11	14	20	13	131

Please note: This table provides figures on when the incident was reported, this is not necessarily when the incident occurred.

It should also be noted that although there are 14 incidents involving lost or stolen hardware, one incident involved the loss of 2 items.

It is recognised that there is further work required to reduce information incidents to a minimum and to ensure incidents are reported within the appropriate timescales. HEE's Information Governance Team leads on raising staff awareness about these things, using various channels as well as monitoring and auditing any information handling activities. This provides assurance that our business operations are underpinned by the application of sound governance.

Appendices

Appendix 3: Information Incidents - 1 April 2018 to 31 March 2019

Table 2 - HEE Serious Incidents requiring investigation

Date of Incident	Nature of Incident	Number affected	How Individuals were Informed	Lessons Learned
February 2019	Disclosed in Error A P45 was issued to an incorrect address and was unrecoverable.	1	Individual notified HEE when P45 was not received. Following an investigation, a subject notification letter was issued.	Records should be maintained and kept up to date. Where changes are made, details should be cross-checked for accuracy.
September 2018	Disclosed in Error An email was issued to Union members across the North West with all contact details being cc'd rather than bcc'd.	174	Individuals were issued with a notification letter jointly issued by HEE and the Union.	There is a need for staff to be further educated in policies and processes for the sharing of information.
July 2018	Disclosed in Error A failed mail-merge resulting in the scores of 121 trainee's situational judgement test's being disclosed to the entire cohort.	121	Individuals were contacted via email and issued a notification letter.	There is a need for staff to be further educated in policies and processes for the sharing of information

Get in touch

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

www.hee.nhs.uk

You can keep up to date with our news online by following us:

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