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# Chair's foreword



2020/21 was a difficult year for everyone. In the UK our healthcare systems, the way we work and even how we all live was challenged by the COVID-19 pandemic. The impact on the NHS and how patient care is delivered was enormous, yet our clinical colleagues across the frontline adapted magnificently to continue delivering excellent care to patients.

Our role is to enable our frontline colleagues to deliver that excellent patient care, ensuring that our NHS estate continues to meet their changing needs. We had to move rapidly to ensure our customers were supported during the pandemic. This was no small task and our teams across the UK worked tirelessly to reconfigure space, expand our cleaning services, and respond to thousands of requests from our customers.

In addition to providing additional support during the pandemic, we work in collaboration with our partners in the Department of Health and Social Care (DHSC), NHS England & Improvement (NHSE&I) and the wider healthcare system to ensure the NHS estate is fit for purpose both now and in the future. This is vital to ensure that we deliver the right estate choices to better support patient care.

As part of our strategy to ensure our NHS customers are at the heart of what we do, in 2020/21 we launched our Customer Charter that sets out our commitment to our customers and the communities they serve. I believe our customer and partner relationships are the bedrock of the organisation and our strength derives from a strategy that is increasingly aligned to the NHS Long Term Plan.

The NHS estate plays a critical role in supporting the delivery of the NHS Long Term Plan and is the foundation of healthcare delivery. From providing healthcare facilities that meet the needs of local communities, to the flexible use of space such as facilitating digital clinical interventions or releasing space for new initiatives such as social prescribing – we must ensure our estate supports positive health outcomes for patients.

In April 2020, we reorganised our structure to match the seven NHS England & Improvement (NHSE&I) regions to better align our services with the integrated care offered across the NHS. As Integrated Care Systems (ICSSs) continue to emerge across the healthcare system, our aim is to continue to build strong partnership relationships with them, supported by the appointment of our dedicated Regional Partnership Directors.

In collaboration with our ICS partners and the wider healthcare system, we identified over 100 transformational estate projects across the system in 2020/21, ranging from construction projects to estate optimisation and social prescribing. These initiatives have been specifically designed to deliver improved patient outcomes, all in line with the NHS Long Term Plan. I am delighted that we were able to deliver 100 key milestones across these projects in 2020/21, helping our customers and their patients get the most out of their estate.

COVID-19 undoubtedly cast a shadow over the last financial year and as an organisation we had to adapt quickly to support our NHS colleagues. During the pandemic, NHS Property Services Ltd (NHSPS) played a sustained and critical role in

supporting the continuity of NHS clinical services, providing urgent support services including the deep cleaning of clinical space and setting up hot and cold sites to manage COVID-19 patients.

We worked quickly to adapt and reconfigure space in our buildings, providing accommodation for additional patient beds, isolation centres and setting up testing centres across the nation. NHSPS has been at the forefront of the national vaccination programme, setting up mass vaccination centres as well as supporting GPs and Primary Care Networks (PCNs) with targeted, community-based rollouts. Despite the challenges, our frontline and management teams continued to show resilience in the face of adversity, adopting new approaches to delivering essential services to the nation and ensuring their continuity throughout the year.

An organisation is only as good as its people and over the past year we've rolled out a new strategy to ensure that our colleagues are supported in their wellbeing, career development and training. We've implemented a new wellbeing programme to help support colleagues in managing stress and developing resilience, as well as resources and support on how to maintain good mental and physical health. This includes a wellbeing webinar series, online exercise sessions and tips for maintaining a good work/life balance. In addition, we launched our new Smarter Working policy to enable colleagues to work more flexibly.

We've also renewed our focus on promoting diversity and inclusion across NHSPS, helping us recruit and retain the best people across the organisation. A steering group with representatives from all areas of the business was established to guide our approach to diversity and inclusion. With full Board support, the forum provided the basis for our new diversity and inclusion strategy and the appointment of a dedicated Head of Diversity and Inclusion. It also identified the three critical themes that require initial focus: developing better insight data to understand our organisational baselines, colleague engagement and awareness of diversity issues, and the development of wider

initiatives to underpin the execution of our strategy.

The past year has also seen significant change across the leadership team at NHSPS. After five years of chairing the organisation, Ian Ellis handed over the role to me in March 2021. Ian's influence and direction has been critical in guiding the organisation forward as we become a customer-centric organisation aligned with the needs of our customers and their patients. His encouragement and leadership, particularly over the last 12 months has been both much needed and highly appreciated across the entire organisation. He leaves with our very best wishes for the future.

In becoming the new Chair of NHSPS, I am inspired by the work and dedication of our colleagues right across the organisation, particularly in their determination to bring their skills and experience to bear against COVID-19. I am proud and honoured to be part of such a dedicated and professional organisation. Our task remains to support the NHS estate both now and, in the future, and whilst we have come a long way in our journey, we remain committed to even better service provision to our customers and even closer alignment with the NHS.

A handwritten signature in black ink, appearing to read 'Jane Hamilton'.

**Jane Hamilton**  
Chair  
NHS Property Services Ltd

13 December 2021

# Chief Executive Officer's introduction



There is no doubt that the financial reporting year was shaped enormously by the COVID-19 pandemic and the devastating impact it has had on the world. All of us had to adapt to a new way of working and living, and our healthcare system had to adapt too, undergoing a rapid transformation to not only treat millions affected by COVID-19, but also continue to support patients' day-to-day healthcare needs. The NHS estate played a pivotal role in this, enabling our healthcare colleagues to treat and care for patients and their families safely during this time.

As owners of 10% of the NHS estate, we worked with partners across different levels of the healthcare system, from community hospitals to Primary Care Networks (PCNs) to respond quickly. By working together and supporting each other during these challenging times, we were able to achieve things that we wouldn't have thought possible at the beginning of the pandemic.

In a matter of weeks, we reconfigured and repurposed space to provide accommodation for patient beds and isolation units, redirected resources to provide on-the-ground support where it was most needed and scaled up the

provision of key services including cleaning, catering and portering. Our NHSPS colleagues volunteered to help distribute personal protective equipment (PPE) around the country and we continued to adapt our estate to rapidly accommodate vaccination sites as vaccines were approved.

Despite the additional challenges brought by COVID-19 and the dominating effect it has had on our lives, we have continued to deliver value for the NHS through our estates strategy and investing in the NHS estate to support the objectives of the NHS Long Term Plan.

Working with partners across the regions, we identified more than 100 projects to modernise the healthcare estate and support the needs of the local community. In addition to providing on-the-ground COVID-19 support across the country, our teams have worked tirelessly to deliver more than 100 key project milestones that will benefit two million patients across England.

This includes a £2.6m upgrade of four surgery theatres in Crawley Hospital, maintenance and upgrade works to Beeston Health Centre and large scale works currently underway at Whitby Hospital. These projects will also release surplus estate for around 2,000 housing units by 2023/4. This is in addition to the 4,000 that have already been released to support government housing targets.

In addition, we delivered 21 social prescribing sites which will enable GPs, nurses, and other primary care professionals to refer people to a range of local, non-clinical services to support their health and wellbeing across England.

The sites provide a number of services including mental health services, baby banks, community allotments and kitchen space for local charities. Some of the projects completed this year include the full redevelopment of a unit in North London to create six counselling rooms for a mental health charity and transforming the outside space at Offerton Learning Disability Resource Centre to create a multi-use garden. These sites

will provide an invaluable resource to patients within their communities.

Supporting the Greener NHS agenda is one of our key priorities and in 2020/21, we saved £10.6m and 8,600 tonnes of carbon through our energy and environment programmes. We're continuing to drive energy efficiencies across our portfolio through upgrading lighting to LEDs and investing in building management system upgrades.

This year has really shown us the value of adaptable space and the need for greater flexibility within the NHS estate. NHS Open Space, which offers clinical and non-clinical spaces for hire on an hourly or daily basis, has expanded its portfolio to over 700 rooms across 100 sites nationwide.

Over 1,800 users who have so far made 150,000+ bookings, accounting for more than 700,000 hours of patient service delivery. This system proved to be critical during the pandemic, enabling space to be used in a number of different ways as the situation evolved.

Throughout 2020/21, we've had to move quickly to respond to the rapidly changing needs of the healthcare system. Our colleagues have done a phenomenal job in adapting to the new way of working and I've been humbled to see how they've remained resilient and supportive of each other during this time.

I could not be more proud of the work all of our colleagues and the wider NHS have delivered this year and I feel privileged to have led our organisation during the COVID-19 pandemic as Chief Executive Officer. I'd also like to offer my heartfelt thanks to our Chairman, Ian Ellis, who stepped down from NHSPS after five years. Without Ian's steadfast support, and commitment, I doubt we'd be where we are today as an organisation and I wish him all the best for the future.

I'm delighted to welcome Jane Hamilton as our new Chair, and I look forward to working with

her to ensure that NHSPS delivers on its strategy of enabling excellent patient care. Jane has over 30 years of experience in the corporate, property and government sectors and is particularly keen on helping to improve the NHS colleague and patient environment and providing healthcare facilities that meet the needs of the future in a sustainable manner.

The NHS has been truly tested over the past eighteen months, yet stories of the courage, strength and unwavering dedication of our healthcare colleagues continue to shine through. Never before have I seen such a sense of community in the face of adversity. Our Hidden Heroes campaign was launched to celebrate the incredible work of our frontline colleagues, putting a spotlight on the critical work they do to help keep the healthcare system running.

Everything that we've done this year has been a team effort and I'm extremely grateful to each and every one of our colleagues across NHSPS for their incredible hard work. Together, we helped to ensure that the estate continued to support the delivery of excellent patient care during one of the most challenging periods in history.

A stylized, handwritten signature in black ink, appearing to read 'Martin Steele'.

**Martin Steele**  
Chief Executive Officer  
NHS Property Services Ltd

13 December 2021



# About NHS Property Services

## Who we are

NHSPS is a government-owned company which exists to help the NHS get the most from its estate and ensure that it is consistently fit for purpose, so that healthcare professionals can focus on delivering excellent patient care.

We have unparalleled facilities and asset management property expertise to help our customers make informed decisions about their estates on behalf of their local communities, so every patient can get the care they need in the best space and place for them.

Today our portfolio is one of the largest in the UK, comprising more than 3,000 properties with 7,000 occupiers across England. This represents about 10% of the total NHS estate.

Our properties range from listed buildings through to award-winning, state-of-the-art integrated health campuses. Few property companies have such a breadth of expertise as both a landlord and a service provider.

Since NHSPS was established in 2013, our portfolio has been evolving. It's been a period of tremendous change for the NHS, with the implementation of the NHS Long Term Plan and new models of care meaning that buildings have to deliver much more than before. We use our expertise in estate management and service provision to achieve value and cost efficiencies, with every penny reinvested back into the NHS.

## Our structure and service offering

We employ 5,817 people who are dedicated to enabling excellent patient care through better estate and facilities management.

### Our role is to:

- Advise customers on how to get the most out of their property
- Optimise customers' and the wider NHS estate
- Provide essential facilities management services
- Invest in the estate through new buildings and refurbishments
- Develop new opportunities for the NHS estate

## Key stats



Formed in  
**2013**



**3,000**  
properties



**6,000\***  
colleagues



**7,000**  
occupiers



**6,000,000**  
patients daily



**24/7**  
support

\* approximate number as at 31 March 2021

# Our customers

Our customers occupy our healthcare and non-clinical sites around the country. We work with commissioners and providers to enable our NHS colleagues and their workforce to deliver excellent patient care and to support the NHS Long Term Plan.

We have over 2,000 NHS occupiers including over 1,000 GPs, all Clinical Commissioning Groups, Foundation and NHS Trusts as well as local authorities, pharmacies, dentists, and others. We are working closely with Integrated Care Systems and Primary Care Networks.

## Our customers include:



GPs/Practice Managers



Clinical Commissioning Groups (CCGs)



Foundation Trusts



Social Enterprise/Charities



Private Providers



National Bodies



Integrated Care Systems (ICSs)



Primary Care Networks (PCNs)

# How we support our customers



Recovering from the pandemic



Creating Healthy Places



Transforming the NHS estate



Delivering sustainable estates

- Reducing waiting lists through flexible space
- Rapid repurposing and recommissioning of space
- Keeping NHS places clean, safe and compliant
- Using the estate to reduce health inequalities

- Creating and refurbishing Healthy Places to reduce health inequalities
- Enabling social prescribing hubs
- Improving accessibility of NHS spaces
- Providing flexible, bookable space

- Creating estate strategies for integrated care
- Delivering value for money
- Expert advice on analysing estates and facilities data
- Enabling smarter working
- Local and national experts

- Strategies to achieve Net Zero Carbon
- Greener NHS through energy and environment support
- Measuring and analysing sustainability data
- Achieving value for money through sustainable FM and estates



Over 6,000 colleagues



Safely operating 3,000 buildings



Digital and data-enabled estates



Investing in the NHS



# How we're working with ICSs

## Support during COVID-19

In April 2020, our eight zones were transformed to match the seven NHS England & Improvement regions and support the delivery of the NHS Long Term Plan. The Plan focuses on integrated care across NHS organisations, local authorities and voluntary and third sector partners.

A Regional Partnership Director was appointed in each region to support the emerging Integrated Care Systems (ICSs) with their estates strategies. This forms a key part of our corporate strategy to help us better serve patients in local communities.

We have made considerable progress in building partnering relationships with ICSs in all seven regions. Overall, we increased the percentage of ICSs we have partnering relationships with from 24% to 56%, working with these ICSs to develop patient-centred estates strategies to meet local needs.

As with many other organisations, our strategy had to be rapidly adapted following the completely unanticipated emergence of the COVID-19 pandemic. Within a few short weeks, the NHS had to transform its services to tackle the first wave and we worked closely with Primary Care Networks (PCNs) to support the healthcare system.

Our people found space for over 1,000 intensive care beds across England, provided deep-clean services at dozens of COVID-19 hot sites and supported the NHS through the toughest time in its history. Our regional focus enabled us to react quickly and provide flexible solutions depending on local need.

### CASE STUDY

#### Recommissioning vacant space at GP surgery for COVID-19 vaccination hub

Upon the announcement of the national vaccination roll out, Bradford Care Alliance approached NHSPs to support the mobilisation of vaccination sites across the region.

Whetley Medical Centre was identified as a potential site, with some vacant space on site available to repurpose.

Working with Bradford Care Alliance, NHSPs teams assisted the mobilisation of this vaccination hub by recommissioning and repurposing the vacant space. On site visits, we worked with local GPs and Primary Care Network (PCN) staff to scope out the improvement works needed, transforming the vacant space into a usable and welcoming hub in the space of two weeks.

The vaccination hub was delivered ahead of schedule and is now making a significant contribution to the vaccine roll out programme in the region. We have provided safe and compliant space for staff and patients alike, and we're delighted to have received such good feedback from our NHS partners.

#### Customer feedback

"Thank you for the transformation works at Whetley, turning around the void old surgery space that was tired and in need of lots of TLC into a space that is functional and will be a pleasure to work in. You have managed to turn the work around in the timescale promised...I would also like to thank you for accommodating the extra work at short notice."

Leigh Dickinson  
Operations Manager at Bradford Care Alliance

## Customer comments on how we've provided support during COVID-19

“The support delivered by NHSPS to our mobile testing unit has been phenomenal. We were signposted to the right people on first contact and kept updated through to resolution. The Regional Partnership Director quickly pulled together the relevant people, ensuring we had all aspects covered and even factoring in the need to consult external partners. The process only took one week from first phone call to being ready for deployment. Thank you!”

“Please pass on my sincere thanks to the team, I know that all involved have worked extremely hard to get this over the line. This is a fantastic achievement and a great example of system working.”

“It's astonishing to think that all this stemmed from a phone call with Patrick at the beginning of April and here we are now with a finished project and almost ready to treat our first suspected COVID-19 patients in the new suite. Everyone has pulled out all the stops to get this job done and I'd like to thank the NHSPS team and contractors who have worked tirelessly for the past few weeks.”

## Healthy Places

In addition to supporting ICSs to adapt their estates during COVID-19, we continued to work in partnership with ICSs on their longer-term strategic estate goals. In 2020/21, we identified over 100 transformational estate projects across England, ranging from construction projects to estate optimisation, to social prescribing and NHS Open Space expansion. These projects were developed to support improved patient outcomes, in line with the NHS Long Term Plan.

Property change across health and social care is by its nature complex. This initiative allowed NHSPS to utilise its national, regional, and local property expertise and knowledge to make rapid change with these projects that have a positive impact on patients.

The initiative was launched in May 2020 as a key business objective for 2020/21, but as part of a programme of projects that would extend in some cases to a three-year programme.

Each project helped to solve local healthcare problems, support ICS plans, and – most crucially – enable the delivery of excellent patient care. Through effective collaboration across NHSPS and our customers, we exceeded our target, delivering or reaching key milestones to drive 110 transformational projects nationwide. These projects will benefit over two million patients, providing improved spaces (c100,000 sqm) through refurbishment and new build projects and refurbishment projects.

The programme also better optimises the estate by removing 78,000sqm in surplus estate for re-use or disposal, with the potential of raising £156m for the NHS and releasing space for 1,840 housing units based on a three-year projection. It also supports the NHS becoming more financially sustainable by removing £60.4m in backlog maintenance liabilities and reducing running costs by £10.2m.



As the NHS faces a backlog of more than two million operations, the money raised through the disposal of land and saved on running costs and backlog maintenance would total **£226.6m** and could fund:



Approximately **34,000** hip replacements



The building of **68** new GP surgeries



Hiring almost **4,000** doctors for a year





# Patient impact

Across all our projects we work in partnership with local and regional NHS teams to understand their priorities and how we can develop and deliver solutions together, so everyone gets the best possible care now, and in the future.

At a time when the NHS is facing challenges never seen before, these projects are integral to supporting the health service moving forwards. By using the estate more efficiently, over the coming years we can provide better quality spaces for the provision of healthcare, which will improve patients' experiences, as well as create better environments for healthcare professionals to deliver care.

We are now looking ahead to next year, aiming for 300 projects and expanding our scope to include more social prescribing, Greener NHS, and other transformational initiatives.

In 2020/21, we:



Upgraded and expanded spaces to support the NHS and social care sector to provide improved services



Better optimised the estate to remove surplus space for re-use or disposal



Improved financial sustainability, by removing backlog maintenance liabilities and reducing running costs



## CASE STUDY

### Expanding a refurbishment project to improve NHS staff welfare areas and site accessibility

NHSPS teams were running a wider refurbishment of Great Lever Health Centre in Bolton, where we were undertaking backlog maintenance works including roof replacement and air conditioning.

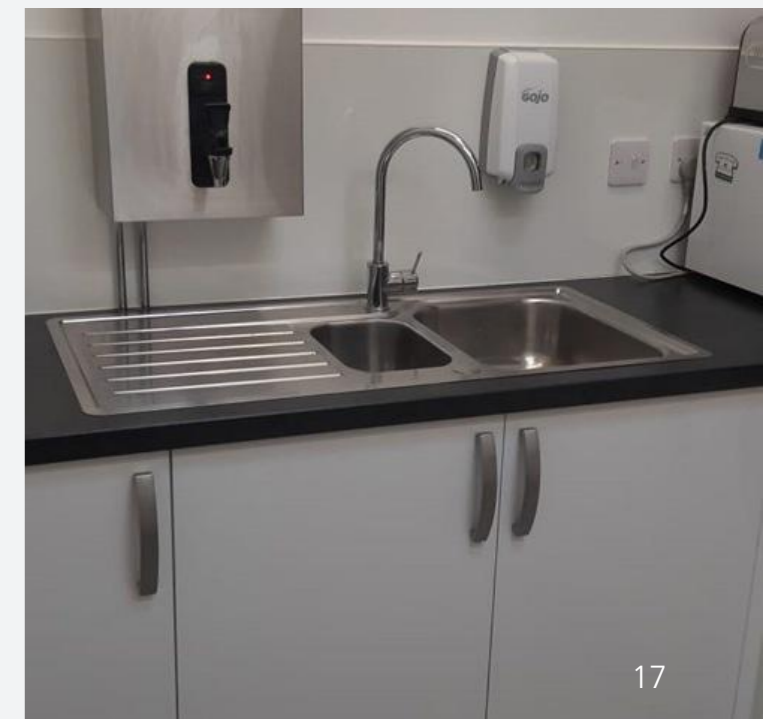
During the works, we ran an inspection of the internal areas and found the toilets, staff facilities and corridors in poor condition. We proposed building these works into the wider scheme and investment.

NHSPS are committed to improving environments for NHS colleagues and patients alike. This scheme is part of our nationwide initiative to identify opportunities to improve staff rest and welfare areas for our NHS partners.

We invested an additional £55,000 to refurbish two staff kitchens, three toilets, and decorate all corridor areas throughout the building. We also took the opportunity to replace the signage internally and externally, improving wayfinding for patients.

The refurbished corridors and signage will create a more pleasant, welcoming, and accessible experience for patients on site.

The improved staff kitchen and toilets now offers nicer spaces for our NHS colleagues. We hope this can help improve their physical and mental wellbeing, which will help them to continue delivering excellent patient care.



## CASE STUDY

### Partnering with an Integrated Care System to develop an enabling NHS estate for regional healthcare transformation

Since 2017, NHSPS and the clinical commissioning groups (CCGs) in North West London have worked together to identify the first four national development projects to deliver transformational change to the NHS estate in addition to other projects.

These relationships have now developed further by working on a strategic level across the North West London Integrated Care System (ICS) area on development and optimisation projects to meet their strategy to help deliver improved primary care estates.

There are varied challenges across the region from high deprivation in outer London, to cost challenges in central London. The estate includes some sites that are larger, complex, or high profile with varying levels of effective utilisation and condition challenges.

The NHS estate is seen as a key enabler to resolving these challenges and helping the NHS optimise patient and workforce experience.

NHSPS is a key partner to North West London ICS and is working collaboratively to design and deliver the estate required to support transformation of the region's healthcare.

**This partnership has enabled the NHS family to come together to deliver successful projects in the region through increased collaboration. The success of the partnership demonstrates how an aligned estate and clinical strategy can enable one another to make a positive impact to an area's healthcare outcomes.**

There is a close and trusted relationship with the ICS team to provide support including:

- Leading on business cases for joint re-development projects in support of providing new and improved healthcare facilities.
- Working together collaboratively on key Estates Transformation and Technology Fund (ETTF) and Sustainability Transformation Partnership (STP) funded projects, to secure funding and support the design and delivery of construction for refurbishments.
- Jointly scoping and progressing One Public Estate (OPE) opportunities with CCGs and local authorities to successfully secure funding and complete reviews to seek new opportunities to improve NHS facilities.
- Acting as landlord to take on and drive best value from headleases to ensure continuity of service.
- Identifying and enabling additional bed capacity by reconfiguring space within the NHSPS buildings during the initial wave of COVID-19 to support hospital capacity.
- Supporting vaccination programme across the region.



#### Key sites that demonstrate this productive partnership include:

##### Chiswick Health Centre

The site has been identified as a key healthcare hub for the delivery of current and additional out-of-hospital services. NHSPS and the ICS are working together to develop a flexible, fit-for-purpose health hub over four storeys which delivers a brand-new health centre with increased capacity, much needed new homes, and enhanced public spaces.

##### Northwood & Pinner Community Hospital

The development project was enabled by the release of surplus NHS land, providing a new self-funded health facility on a 100-year-old NHS unused building. We are supporting the ICS through the whole project including the business case, obtaining planning, design, and construction of the new facility.

##### St Charles Hospital

Supported the One Public Estate (OPE) partnership locality healthcare planning review to identify additional opportunities for the ICS and other public partner organisations to work together on projects to transform local communities and public services.

##### Willesden Centre for Health

Supporting the delivery of recommissioning of space at this site in support of COVID-19 which included providing an additional 38 patient beds during the first wave and a Primary Care Network (PCN) vaccination location in January 2021.

##### Milson Road

Developing a new modern "super surgery", supporting more than 8,500 patients by refurbishing a site that enables relocation and co-location of two GP practices. NHSPS supported the business case development to secure £1.6m funding which can be invested into the building to optimise the estate.

##### Ferguson House

Delivering a headlease renewal of the ICS' headquarters to right-size the office estate on preferred terms with a new modern refurbishment and creating space for a GP to move into a new modern healthcare estate.

##### South Westminster

Developing London's very first NHS Open Space location, bringing an easy-to-use digital booking platform to drive usage and broaden access to additional healthcare services in local communities.

##### Central London

Leading on a programme which looks to optimise multiple sites with the region, to generate value from non-optimal estate which can be reinvested into modern fit for purpose strategic estate to improve the patient experience in line with regional healthcare priorities.



# Strategic Report

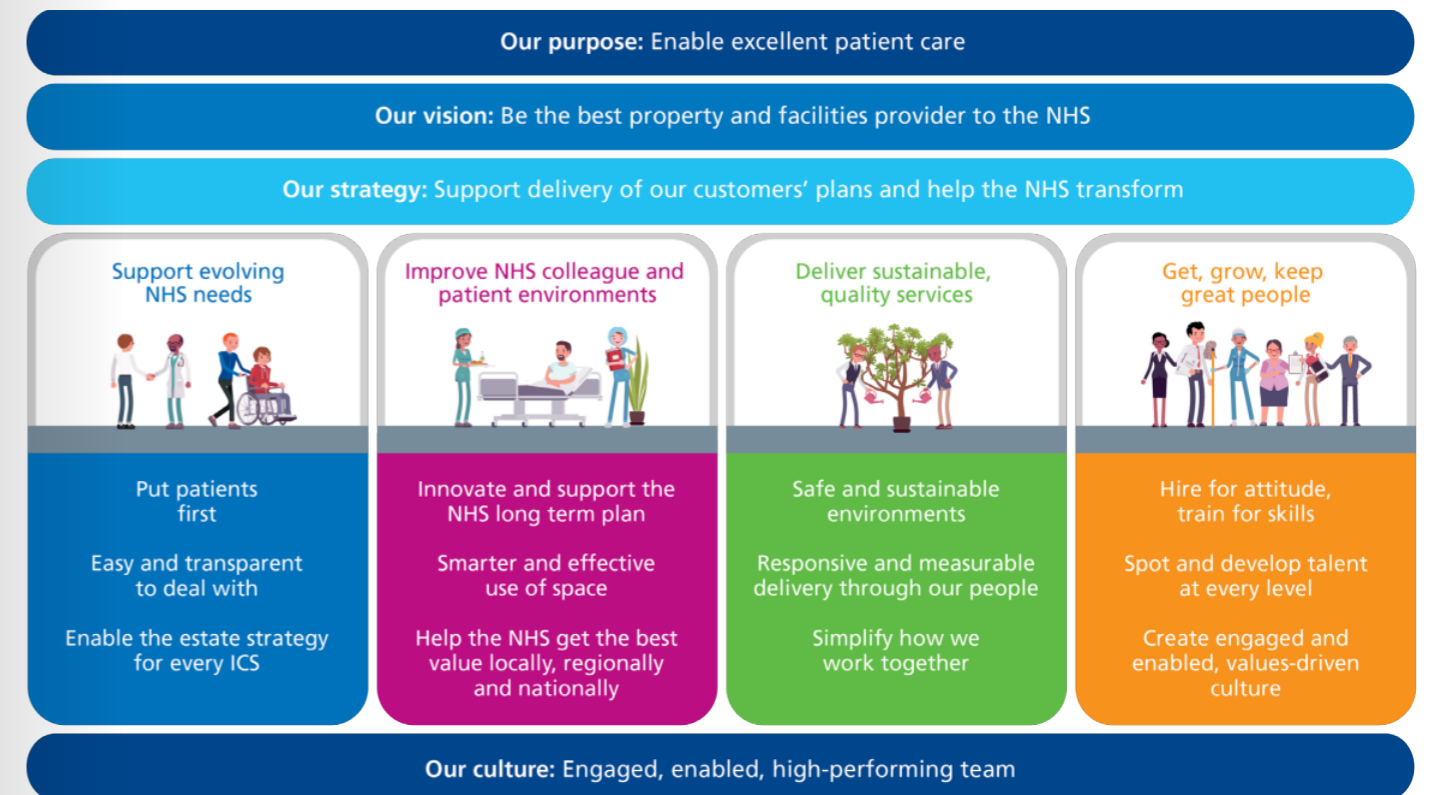
Whilst the last twelve months have been especially challenging due to the COVID-19 pandemic, 2020/21 proved to be a strong year for the business and a valuable building block for growth in the years ahead. NHSPS saw continued improvement in operational performance, and we performed well against our corporate objectives.

We're pleased with the progress we've made so far; however, we recognise that there is still much work to be done. The NHS is undergoing

a period of enormous transformation and we must continue to adapt as the healthcare system evolves to ensure the NHS estate continues to meet the needs of our customers and their patients. Over the coming year, we will be focusing on building stronger partnerships with Integrated Care Systems (ICs) and Primary Care Networks (PCNs) as well as continuing to optimise the NHS estate, investing in our people, and driving a better experience for our customers.

## Our corporate strategy

In 2020/21, we took the opportunity to re-evaluate our strategy and set new goals for the organisation. Our strategy aligns NHSPS with the key objectives of the NHS Long Term Plan and focuses the business on enabling excellent patient care throughout the NHS by ever closer alignment of our products and services to our clinical customers throughout the country.



## Key achievements

In 2020/21, we made significant progress against our targets, with all objectives either met or exceeded with the exception of the Non-Ringfenced RDEL target. This was due to adverse income pressure although the business costs remained materially ahead of the budget for the year:



### Operational

<b>Objective</b>	Improve our reputation (our people and our customers value us)
<b>Weighting</b>	15%
<b>Target</b>	Improve reputation score from 40% positive baseline to 60% positive baseline (50% increase) (measuring customer satisfaction, employee, media and political perception/engagement)
<b>Stretch target</b>	Improve reputation score to 70% (75% increase)
<b>Result</b>	Current reputation score: 70%   Customer satisfaction: 8.88/10   Average positive media: 67%

<b>Objective</b>	Support evolving NHS needs by delivering transformational customer projects
<b>Weighting</b>	15%
<b>Target</b>	Through the Regional Leadership Team (RLT), develop and delivery at least 100 qualifying* transformational customer projects which support NHS long term plan objectives
<b>Stretch target</b>	Through the RLT, develop and delivery at least 120 qualifying* transformational customer projects which support NHS long term plan objectives
<b>Result</b>	110 of 100 targeted objectives achieved

<b>Objective</b>	Deliver consistently high levels of facilities management service
<b>Weighting</b>	10%
<b>Target</b>	Facilities management service level agreement key performance indicator outturn at or above 90% by end of March 2021
<b>Stretch target</b>	Facilities management service level agreement key performance indicator outturn at or above 97% by end of March 2021
<b>Result</b>	95%

<b>Objective</b>	Agree occupations and rent
<b>Weighting</b>	10%
<b>Target</b>	Deemed agreements at or above 95%
<b>Stretch target</b>	Deemed agreements at or above 97%
<b>Result</b>	97%

<b>Objective</b>	Formalise ACS agreements
<b>Weighting</b>	10%
<b>Target</b>	Agree/align ACS 90% NHS, 60% non-NHS. No GP target.
<b>Stretch target</b>	Agree/align ACS 97% NHS, 80% non-NHS. No GP target.
<b>Result</b>	NHS: 82% agreed (90% paid not formally agreed)   Non-NHS: 62% (74% paid not formally agreed)



### Financial

<b>Objective</b>	NR RDEL (profit)
<b>Weighting</b>	10%
<b>Target</b>	Achieve £121.9 non-ringfenced RDEL (3% tolerance)
<b>Stretch target</b>	n/a
<b>Result</b>	Full year was £15.5m adverse to budget with a COVID-19 impact of c.£8m

<b>Objective</b>	Cost
<b>Weighting</b>	10%
<b>Target</b>	£639.4m maximum operating costs including £33m cost transformation excluding agreed adjustments
<b>Stretch target</b>	£630m maximum operating costs including £36m cost transformation excluding agreed adjustments
<b>Result</b>	Full year costs were £48.2m favourable to budget

<b>Objective</b>	Cash
<b>Weighting</b>	10%
<b>Target</b>	Cash collections £710m
<b>Stretch target</b>	Cash collections £735m
<b>Result</b>	Collections were £143m above budget

<b>Objective</b>	CDEL
<b>Weighting</b>	10%
<b>Target</b>	Net spend £85m
<b>Stretch target</b>	n/a
<b>Result</b>	Net CDEL was £0.4m under budget (0.5%)



## Expanding NHS Open Space

The way that space is being used across the NHS estate is evolving, and demand for more flexible space is growing.

In 2019 we launched NHS Open Space, which enables the booking of NHS space (both clinical and non-clinical), by the session, hour, or day, on a pay-as-you-go basis. This provides services flexibility and choice over the space they use, while making better use of the NHS estate, minimising vacant or underused space, and opening up NHS buildings to offer a wider range of services to local communities.

In the past year we have expanded this service to 100 sites nationwide. Health and wellbeing providers can now choose from 700 clinical and non-clinical rooms, ranging from examination rooms, to group activity spaces, to offices. Throughout the pandemic, spaces have remained open for use, ensuring providers could safely continue to offer support to patients. NHS Open Space also supported the NHS in providing space for the COVID-19 vaccination programme, with over 1,500 bookings relating to COVID-19 services between December 2020 and March 2021.

New services will join a community of over 1,800 users who have so far made 150,000+ bookings, accounting for more than 745,000 hours of patient service delivery. Income made from NHS Open Space bookings will be reinvested back into the health service for the benefit of patients and to help support the NHS.

We will be expanding the programme across our portfolio over the next few years, with expansions planned for Autumn and Winter 2021. We plan to run this across a total of 250 NHSPS properties, but we believe in the scalable potential of the programme and are already working with NHS and public sector partners on how this platform may be adapted for their estates.

## Key achievements

This 2020/21, we:



Secured more than **35,700 bookings** in our second year, with **156,400 hours** of services provided to patients



Rooms booked by over **1,800 customers** across England



Reduced non-booked usage of rooms to **3.4%**

## Our estate

Throughout 2020/21, we continued to optimise our estate to ensure it remained fit for purpose and supported the needs of local communities. The COVID-19 pandemic saw a rising demand for flexible space and we worked to expand the number of sites available through NHS Open Space, as well as supporting customers with their office strategies to enable smarter working.

We continued to reduce vacant space and manage surplus properties across our portfolio to deliver savings for the NHS, and capital receipts of £34m were reinvested back into the NHS estate.



## Reducing vacant space

One of our key priorities is to reduce vacant space in our portfolio. Now in its fourth year, the Vacant Space Handback Scheme was introduced as a key initiative to allow customers who are eligible to release space (either parts of or whole buildings) that is no longer needed. Through this scheme we remove the burden of costs such as rent, business rates and service charges from customers, allowing them to use funds to provide the frontline care our communities need.

Since the scheme was launched, 137 properties have been handed back to us, saving £18.3m in running costs for the NHS. Once space is handed back, we continue to work with our

customers and colleagues to develop strategies that optimise the way space is used through re-letting, disposal or development. So far, £14.5m has been generated via selling surplus land, which is reinvested in the NHS estate.

Next year, we will be streamlining the process for customers and colleagues alike, asking for a little more information in the initial Property Vacation Notice in order to help expedite the assessment and provide absolute clarity on the Handback Policy. We will also establish and implement a new process to bring vacant space to market and drive lettings.

### Total programme statistics:

**251** Property Vacation Notices submitted

**137** completed hand-backs

**£9.3m** of vacating payments

**91,526m<sup>2</sup>** NIA handed back

**32,309m<sup>2</sup>** disposed

**£14.5m** disposal proceeds

## Key achievements

This 2020/21, we:



Reduced vacant space to **9.83%** and vacant funded space from **6.4% to 4.99%** against a total 1<sup>st</sup> April 2020 baseline total estate net internal area (NIA) of **2,341,647m<sup>2</sup>**



Delivered a portfolio vacant space pipeline of **31,724m<sup>2</sup>** (**£22.7m MV**)

## CASE STUDY

### Delivering a modern community hub and saving the NHS £9.6m

South Tees Clinical Commissioning Group (CCG) worked with the local Foundation Trusts, GPs, and local authority partners in the area to consider the challenges faced in meeting the needs of a growing and ageing population. The CCG have recognised the need to improve the way they care for their elderly population and intend to invest more in community-based services.

To deliver on these ambitions they needed an estate strategy to rationalise the property portfolio, increase utilisation across the community clinical estate and achieve property cost savings to enable an increased investment in clinical services.

The Guisborough Primary Care Hospital has been identified as a key site in this strategy, with much of the site standing vacant meaning there's potential for significant savings in running costs as well as releasing land for housing. However, it also requires significant investment to bring it back to a satisfactory condition, with the most recent backlog maintenance estimate at £1.5m.

To support South Tees CCG in delivering their strategy, NHSPs are proposing to refurbish and optimise the space for the Guisborough estate, requiring a capital budget of £4.9million. Alternative options including demolition and new build (on same site) and acquisition and new build on another site were considered but ruled out due to financial constraints.

The older part of the site will be released for disposal, reducing the space on the site by over 80%. The newer building will be stripped back to its shell, and completely refurbished and upgraded to deliver a modern and fit for purpose community health centre. Part of the site has already been released and sold (2017) with the receipt being returned to Department of Health and Social Care (DHSC).

The funding has been secured via the DHSC, and the CCG will enter into a 25-year commitment to ensure that the funding can be recovered by way of a capitalised rental over that period.

## Managing surplus properties

In 2020/21, we made a number of significant sales of surplus properties, helping to drive reinvestment in the primary healthcare estate for the benefit of patients, clinicians, and taxpayers.

Our strategy is focused on optimising the estate and selling on land that the NHS no longer needs so that we can help increase efficiency, reduce the operational costs of the estate, and focus investment to develop and improve our healthcare estate in areas of high demand.

All capital receipts are reinvested into the NHS estate and the release of land and buildings has enabled the development of an estimated 7,173 new homes to date, supporting new housing targets.

At NHSPS we are committed to working with our customers at a more regional and local level, tailoring our approach to help the NHS get the most from its estate and enable excellent patient care.

The next step of this journey is our new policy that will see proceeds of disposals from surplus properties within the NHSPS estate shared with local health economies. Developed alongside the Department of Health and Social Care and NHS England & Improvement, this policy will mean 50 per cent of the net proceeds (up to £5.0m) from a disposal will now be reinvested in local health economies.

Previously, proceeds were pooled nationally and split between regions for reinvestment. As part of our new policy, we are applying the reinvestment of disposals and estates that were handed back since 1st April 2020, enabling more schemes and communities across the country to benefit.

This new policy will support the development of key schemes within the NHSPS estate at an Integrated Care System level, such as refurbishments, extensions, and new developments. These projects will support primary care capacity and the integration of community services.

## Key achievements

In 2020/21, we:



Achieved **92%** of our surplus property sales target, totalling **£43m**



Delivered **£34m** in capital receipts



Built a vacant space pipeline for 2021/22, which are those properties identified for disposal, totalling **31,724m<sup>2</sup>** at a market value of **£22.2m**



## Establishing occupancy levels

We have continued to support the system in a cost-effective way as landlord and service provider, by further developing the occupancy model for our customers. The initial stage of this process focused on establishing a basic level of occupancy across our eligible portfolio. This has been enhanced by agreeing, developing, and launching a standard occupancy document set and commissioning pack to help customers formalise their occupancy where there is not already a lease or an occupancy agreement in place.

This work was carried out in partnership with the Department of Health and Social Care (DHSC) and NHS England & Improvement (NHSE&I) following the feedback provided by the National Audit Office (NAO) and Public Affairs Committee (PAC) on establishing occupancy agreements with our occupiers and was formally launched in October 2020. Using this new process will drive transparency and improve our billing, as well as helping to optimise the way that space is used across the NHS estate and support the provision of excellent patient care through a better managed estate.

This year, we worked with the DHSC and NHSE&I to develop a third standard occupancy agreement format for our customers – a Memorandum of Terms of Occupation (MOTO) – offering more flexibility for our occupiers. This is effectively a light lease, designed especially for Primary Care occupation, and is the preferred document for use within the NHS family.

We have also worked with NHSE&I to agree a Property Commissioning Pack designed to support clinical commissioning groups (CCGs) in identifying the best NHSPS buildings to be used when commissioning a service, with all the details needed to provide clarity to bidders on building costs and occupancy.



## Key achievements

In 2020/21, we:



Established a basic level of occupancy across **97%** of our eligible portfolio



Worked with NHSE&I to develop a **Property Commissioning Pack** for CCGs



Regularised **385** occupations across the portfolio by documenting formally



Validated **91%** of all Sessional and Vacant Funded occupied space



With more occupancy agreements in place, we have been able to proactively manage lease events, delivering **£3.7m** in cost transformation and **£12.6m** in cost avoidance for the NHS



## Building a more agile workforce

Offices make up a significant proportion of the NHS estate, with the NHSPS portfolio alone covering approximately 300 office holdings, spanning 320,000 sqm and serving multiple NHS bodies. Through proactive management of this office estate, we have a huge opportunity to create better working environments for NHS staff and create a more cost-effective and sustainable NHS estate.

Our National Office Programme team is responsible for reviewing opportunities relating to NHS offices, helping the NHS get the most from its estate. So far, they have delivered 132 customer projects, generating a system saving of £120m for the NHS and in 2020/21 these projects received a 9.1/10 customer satisfaction rating.

These projects are also key to enabling smarter working across the NHSPS and wider NHS workforce, and we are committed to boosting staff productivity, collaboration, and wellbeing. During COVID-19 we have accelerated and formalised our own smarter working offering, building a more agile NHSPS workforce to better serve our customers, and deepening our understanding of smarter working to inform and guide our NHS partners.

### Key achievements

In 2020/21, we:



Delivered **45** customer office projects



Generated **£18m** savings for the NHS



Developed a **smarter working policy** encompassing data-driven workplace design, cultural change, engagement and building a technologically enabled workforce for NHSPS

## Saving on running costs, generating income, and maximising use of space via office consolidation

The site at Slyne, Lancaster had long standing issues, that made it no longer fit for purpose to accommodate NHS University Hospitals of Morecambe Bay Foundation Trust (UHMB) offices. UHMB faced increasing health and safety concerns, and so urgently required a relocation.

Meanwhile, nearby Moor Lane Mills – in much better repair – had approximately 600m<sup>2</sup> of long-standing vacant space, being paid for by the clinical commissioning group (CCG), which needed to be filled.

However, moving from one site to the other was complicated by a potential deficit in funding for UHMB, due to a lack of subsidy contributions from the CCG for Slyne Road in previous years.

Moor Lane was identified as the most appropriate relocation site for UHMB, and so work began to understand all current occupancies on site. This helped us to best judge how to move and consolidate teams, creating sufficient space for UHMB.

We prepared a financial viability study for the proposal to help the CCG make an informed decision and worked with the CCG and UHMB to come to an agreement on a subsidy to enable this move.

We then ran minor works at Moor Lane Mills to best accommodate UHMB, and worked with them to establish timelines, furniture deliveries and handovers for the move. NHSPS funded the relocation costs for UHMB also.

Once this was all agreed, we worked with the CCG to ensure the soon to be vacant Slyne Road site was declared surplus to healthcare requirements, so we could begin the disposal process.

Moving UHMB into Moor Lane Mills will make better use of NHS space and budget, enable



Photo © Michael Dibb (cc-by-sa/2.0)

substantial savings, and generate additional revenue for reinvestment.

It will enable a saving of £45,000 in running costs per annum on Slyne Road, negate the need to spend upwards of £1m on backlog maintenance, and – once Slyne Road is sold – generate much needed funds to reinvest in the NHS. For context, over a five-year period these savings will equate the salaries of 72 healthcare assistants and the carrying out of 1,003 tonsillectomies. Ensuring that Moor Lane Mills is fully occupied will also remove the vacant space issue, which had a liability of £159,000 per annum.

Beyond financial benefits, moving services into a fit for purpose property has of course been a priority for the local health system for years – UHMB will now benefit from better accommodation in a high quality, modernised and long-term held property. The co-location of various NHS organisations and teams will improve service delivery for patients and encourage collaborative working. Finally, the lease at Moor Lane Mills can now be renewed and formally documented with subtenants which will provide clarity and security of occupation.





## Our services

Optimising our frontline service provision is key to ensuring that we continue to deliver value to the NHS and support the needs of the estate and, ultimately, the patient. Over the last year, we have made significant progress by:

- Continuing to rebalance our facilities management (FM) delivery model to ensure greater alignment to the needs of the customer
- Delivering on our planned Construction Programme despite the challenges of the COVID-19 pandemic

## Driving our facilities management strategy

As part of our ongoing strategy to rebalance our facilities management (FM) delivery model, we've reviewed a further eight legacy outsourced hard and soft FM service contracts and completed the insourcing exercise for four contracts during 2020/21. The insourcing exercises included both hard and soft FM services and delivered the following outcomes:

- Welcomed circa 250 new colleagues into the business;
- Increased NHSPS self-delivery capabilities; and
- Delivered approximately £10m of in-year efficiency savings which will be reinvested back into the NHS.

2020/21 also saw the establishment of project teams to enable the delivery of a further four insourcing exercises to be completed in 2021/22. The projects include insourcing of heating, ventilation and air conditioning (HVAC) and solar systems maintenance which will further enhance our self-delivery capabilities and give us greater control of service delivery to our customers.

## Delivering service assurance

During 2020/21, we have also continued to roll out Facilities Management Service Level Agreements (FMSLAs) to our customers. 99% of our customers now have an FMSLA in place for their properties. We have been working hard to develop the capability to measure and report on service performance against our key performance indicators (KPIs) as part of this process, ensuring that customers have complete visibility on the performance of our FM services.

Through improving the quality of our data, development of performance dashboards and detailed data metrics, we can track performance of services daily. This enables us to provide assurance to customers that we are delivering on our commitments as well as being able to identify issues early. This also allows our FM teams on the frontline to ensure that any required interventions are made early enough to keep performance on track. By embedding these newly developed tools into our operational delivery structure, we have improved achievement of reactive task fix timescales from 67% in April 2020 to 91% by end of March 2021.



## Implementing new FM technology systems

In 2019/20, NHSPS invested heavily in technology to support the better delivery of FM services. This year we continued that trend with the launching of our newly developed FM Audit App. This new tool will enhance our ability to measure our service delivery performance. In addition, it will allow us to report quickly to provide assurance to our customers that we are delivering on our commitments and delivering services in line with the required standards. We will be sharing more on this with our customers in early 2021/22.

## Delivering estate improvements and new developments

Despite the COVID-19 pandemic and the uncertainty of Brexit, we continued to deliver capital projects, building and facilities improvements and new developments. Some of the key highlights from this year include:

- The delivery of 226 capital projects with individual project values of between £100k and £2.5m.
- The successful delivery of £69.4m CDEL capital expenditure including customer, NHSPS and Sustainability and Transformation Partnership (STP) funded schemes, and a further £10.3m of non-CDEL projects successfully completed for our customers.
- A further 306 capital projects with a total value of £12.8m and delivered by our FM Minor Works specialists with most projects below £100k CDEL.

Backlog maintenance is critical to the successful operation of the estate. It primarily involves the replacement of building fabric and engineering elements of our properties that have reached the end of their useful economic life or are no longer compliant with building regulations. Typical example activities include maintaining roof coverings, windows, boilers, ventilation equipment and lifts.



## Supporting customers through our FM Helpdesk

Since the first national lockdown occurred in March 2020 in response to the pandemic, the FM Helpdesk has continued to operate successfully on a 24/7 basis. Our operatives have been working remotely from their homes across a range of shifts to ensure the continuity of service to all our customers throughout the nation. This has meant that the Helpdesk remains the first point of call for our customers and internal colleagues who need to report on urgent building issues for resolution by NHSPS teams.

Despite the challenges the year has brought, performance in the FM Helpdesk has remained strong. In 2020/21, 127,000 inbound calls were handled with customer satisfaction scores averaging 9.5/10 for the year. Although this is a reduction from the 154,000 calls handled in 2019/20, this was primarily due to the activation of the NHSPS Business Continuity Plan for the initial wave of the COVID-19 pandemic which directed the team to handling only emergency calls.



## Our customers

2020/21 was a year like no other, with the COVID-19 pandemic creating a challenging environment for everyone, everywhere. It was more important than ever to listen to our customers and understand what we could do to ensure they were supported, so that they could continue to deliver excellent care to patients.

We adapted our corporate strategy to make sure customers and patients are at the heart of everything we do, supporting our efforts to become a truly customer-centric organisation.

In addition to launching our Customer Charter, we also refreshed our customer

feedback approach, expanding the number of touchpoints where we capture feedback and updating our surveys to gather more data. This has allowed us to dig deeper into what makes a great experience for our customers and make changes in year to address the root causes of common customer complaints.

We're pleased with the progress that was made during 2020/21, however there is still much work to be done. As Integrated Care Systems (ICSs) become more developed, it is critical that we continue to work closely with our customers to ensure that we can support them in the best way possible.

## Our commitment to our customers

As part of the NHS, our purpose is to help transform its estate, delivering on the NHS Long Term Plan and enabling our NHS colleagues to deliver excellent patient care.

We've developed a customer charter that sets out our commitment to our customers, outlining what customers can expect from their property and the services we provide, and how we can best work together.

### Our promise to customers:

#### We will support the NHS as it evolves, by:

- Supporting the development and implementation of estate strategies with every Integrated Care System (ICS) to ensure estate requirements are aligned to clinical strategies.
- Making healthcare sites more accessible.
- Providing the right space at the right time, such as through NHS Open Space.

#### We will improve NHS colleague and patient environments by:

- Getting the best value for the NHS –financially and socially – at a local, regional and national level, such as sharing the benefit of building disposals at a local level, or buying goods and services more effectively.
- Helping the NHS deliver healthcare in smart, effective space by providing flexible and accessible buildings.
- Focusing on creating environments that improve the physical and mental wellbeing of NHS colleagues, patients and local communities.

#### We will deliver sustainable, quality services, by:

- Championing sustainability and supporting the Greener NHS goals.
- Prioritising health and safety for patients, customers and our people.
- Being accountable to you through open and transparent reporting on our performance.

#### Our people will support you, by:

- Responding to your queries and requests promptly.
- Understanding your priorities and how the estate can support these.
- Being easy to work with and collaborating more effectively with you, making faster and well-informed decisions.

For more information visit [www.property.nhs.uk/customercharter](http://www.property.nhs.uk/customercharter)

# Improving customer experience

We've come a long way since we launched our customer satisfaction programme back in 2015, when our customer satisfaction (CSAT) score was 3.9 out of 10 based on a handful of surveys. In 2020/21, we focused on improving our customer feedback strategy to help us capture feedback at a wider range of touchpoints when customers have an interaction with us, for example logging a facilities management job or booking a room through NHS Open Space.

In 2020/21 we received over 2,600 responses and achieved an overall CSAT score of 8.9/10 based on customer surveys that were sent following interactions with NHSPS. We also partnered with the Institute of Customer Service (UKCSI) and asked them to conduct their business benchmark survey with all our customers in September 2020. This allowed us to reach a wider range of customers to get their feedback.

It was clear from the results of the UKCSI survey that there is still work to be done to address key issues, including ensuring that cases are logged

properly, and customers are kept updated about case progress. It also highlighted that more work is needed to embed a customer-centric mindset across the whole organisation and make support and training on customer experience more widely available. This will be a key focus for us in the year ahead.

The launch of our Customer Panel marks the next phase of our customer engagement strategy and will be a vital tool for us to gather more direct feedback and work with customers to shape the future of NHSPS. So far, we have signed up 71 people and asked for feedback on our new portal and our Open Space programme.

We're also focused on understanding how we can support and work with Integrated Care Systems (ICSs) and developing more insight into patient impact.



## How we're responding to customer feedback

### You said

### We did

It can sometimes take a lot of effort to resolve queries and access the right information.

We are simplifying how you can get in touch with NHSPS and improving our processes for addressing common queries.

We are also developing a dedicated customer portal which will enable customers to log issues and access information through a single point. Customers will also be able to access finance documents, raise queries and access reporting on our facilities management compliance and portfolio statistics.

You do not always agree your case has been resolved or are not always aware of the resolution.

When a case is closed, we will give you the opportunity to tell us if you do not think the case has been resolved. We will then prompt the case owner to review it again and to communicate why it was closed and any further action required. This year, we will focus on improving the proportion of cases closed correctly the first time and will be working closely with case owners to understand and address the root causes of why a case may be closed prematurely.

More needs to be done to address issues with billing.

We're continuing to make improvements to our billing processes, including developing new templates for true-up statements to provide greater clarity on charges and year-on-year changes. In addition, the Annual Charging Schedule (ACS) check-in initiative now takes place annually, enabling us to meet with customers to ensure they understand their charges for the year. In 2020/21, we issued 98% of ACSs before the start of the new financial year and we undertook a data validation exercise to make sure the contact details in our system are up to date. Improving our billing processes remains a key focus for NHSPS and whilst we've made progress, we recognise that there is still a long way to go.

Properties were sold and you were not aware if/how the money had been reinvested.

We introduced a new disposals policy which will see proceeds of disposals from surplus properties within the NHSPS estate shared with local health economies.

Developed alongside the DHSC and NHSE&I, this policy will mean 50% of the net proceeds (up to £5m) from a disposal will now go to local health economies for reinvestment.

## Key achievements

This year, we have:

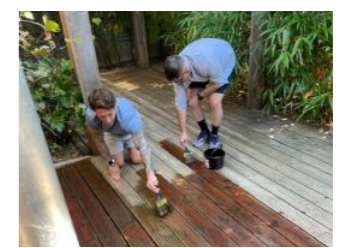
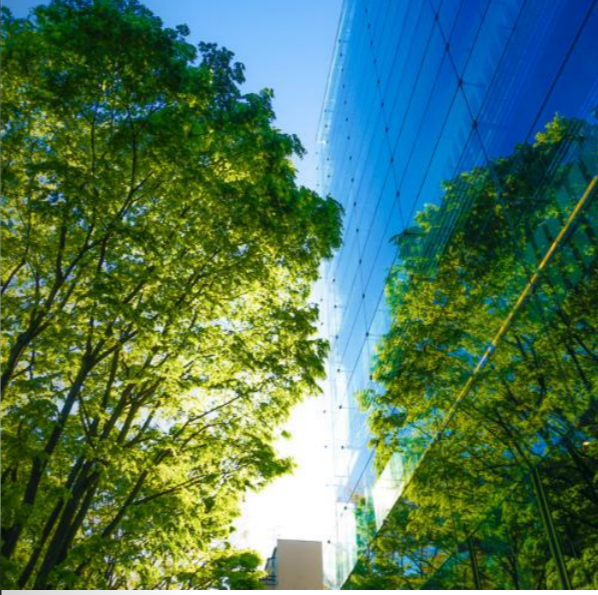
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Achieved a customer satisfaction score of **8.9/10**

Delivered **135,263** reactive jobs

Resolved **100%** of cases in **10 days** or less

Resolved **87%** of work orders within their SLAs



## What our customers are saying

“ Such a quick response and one which resulted in ensuring the GP practice could remain open for patient services. This site is not part of NHSPS portfolio so the fact that staff went over and above.

“ I was kept in the loop by Moira, who was very understanding and helpful, I am sure without her help the issue would not have been resolved as quickly. Marvellous service. Well done, Moira.

“ Very helpful, informative, and patient! Explained everything very clearly for me and worked through all queries in methodical and helpful way.

“ Engineer was very helpful, clearly it wasn't an easy job, but he didn't give up and did everything to fix it. We are so grateful.

“ The lady booking the call was reassuring and direct with her questions and answers, realised the importance of the call and acted very quickly.

“ Andrew was helpful, friendly, kind and showed a caring attitude. He listened to me and took my enquiry seriously. He proved that he was effective because I received a response from the NHSPS team within an hour or so of my call.

“ You really have created the most incredible centres for West London, from treating the Covid patients, to this vaccination centre.

## Our communities

In June 2018, we launched our first Corporate Social Responsibility (CSR) strategy, focused on striking the right balance between the economic, environmental, and social aspects of our activities and delivering sustainable value for our stakeholders. This strategy was designed to shape the next three years of how we do business at NHSPS, supporting our business and our customers to operate responsibly.

As we now approach the end of this framework, and as we work with our stakeholders to develop what the next phase of responsible business looks like for NHSPS, we want to share some highlights from the last financial year against some of our key programmes.

## Supporting community wellbeing

After successful trials in 2019/20, we launched our social prescribing programme at the start of 2020/21 to create more spaces to support the growth of social prescribing networks across the country. As COVID-19 took its toll, creating spaces for community groups to meet and deliver services that will help local populations overcome issues such as isolation and loneliness became even more important.

Our target was to develop 21 social prescribing spaces across the country, and we worked through the year to engage with local communities, occupiers, voluntary organisations, and other stakeholders to scope and deliver these projects.

We delivered all 21 projects within 2020/21 and patients have already begun using our social prescribing spaces following the easing of COVID-19 restrictions. We're continuing to expand the programme, with plans to deliver a further 28 social prescribing hubs in 2021/22.



## CASE STUDY

### Transforming a vacant health centre floor into a support centre for The Listening Place

Delivering on the NHS' social prescribing goal is more important than ever as England faces unprecedented cases of mental illness, loneliness, and chronic disease. Patient research conducted by YouGov on behalf of NHSPS shows nearly one in two patients want access to mental health services through GP practices and nearly one fifth requested additional community services such as support groups, exercise classes or nutrition programmes.

Since opening four and a half years ago, The Listening Place has had over 8,300 referrals, with 67% of them coming from the NHS. This year has been challenging for everyone and we know many people will be struggling with their mental health, so this number is undoubtedly going to increase.

Our Asset Management and Construction teams worked very closely with The Listening Place, a London based charity that supports those who feel like life is no longer worth living, North Central London CCG and London Borough of Camden to identify and refurbish vacant space

that really supports the needs of those in the community.

Between November and mid-December 2020, we refurbished the tired interior of the third floor of Hunter Street Health Centre, a Victorian building in London, into a refreshing, homely and welcoming space for visitors to The Listening Place. The space includes a range of meeting rooms, counselling rooms, and waiting areas.

The space at Hunter Street will allow The Listening Place to double their capacity for face-to-face appointments and support a further 1200 people each year at such a dark time for them and importantly, allows them to still socially distance while being able to speak with people during the pandemic.

Creating spaces in NHS buildings for services like The Listening Place will help to improve community health and wellbeing, improve confidence, and reduce isolation, simultaneously reducing demand on primary care.

## CASE STUDY

### Transforming a patio area for staff and patient wellbeing

Staff at Caterham Dene Hospital had made a request to transform the patio area on site from an unused and inaccessible area for patients. NHSPS was able to secure funding to replace the courtyard patio, from broken and unsteady paving slabs to tarmac. Patients, their families, and staff will now be able to fully enjoy and utilise the area without the risk of any slips or trips.

We are committed to improving environments for NHS colleagues and patients alike. This scheme is part of our nationwide initiative to identify opportunities to improve staff rest and welfare areas for our NHS partners. Supporting our NHS colleagues is a top priority, and we

hope this improved outdoor space will help improve their physical and mental wellbeing ensuring the delivering of excellent patient care.

#### Customer feedback

"The new patio floor will be a huge benefit for the patients. The work done in there has eliminated the shabby look and trip hazards. This space will be a blessing if relatives can visit the patients during Christmas period as social distancing can be maintained."

Nursing team





## Making our estate accessible

Whether you have a physical disability, anxiety about visiting a new place or just want to know what to expect, we are committed to ensuring that our NHS buildings are accessible to everyone. Having detailed and accurate information about the building you are going to visit is the first step in making our properties more accessible.

We have been in partnership with AccessAble since 2017, and they have undertaken in-person surveys of over 400 of our buildings to create online user guides. These guides provide detailed information on a range of accessibility criteria to help visitors plan and prepare accordingly before visiting one of our buildings.

In 2020/21, we also committed to improve the access of our sites, using the insight we gathered through the AccessAble surveys.

Working closely with our internal construction and minor works team, we used analysis from AccessAble to identify where improvements

were most needed. We also worked with our regional facilities management teams to advise on where improvements could be made, or where occupiers were asking how we could help them to make their sites more accessible.

We delivered 23 accessibility improvements within NHSPS properties, including installing automatic doors that can be easily opened by wheelchair users, creating step free access from car park to entrances, and refitting accessible toilets.

All patients are impacted by improved access to our sites, not just those with specific access requirements. The improvements make our sites easier to get in to and easier to get around, which can also help to reduce the number of patients who don't turn up for appointments.

## Partnering with charities

Our national charity partnership first launched in 2018, where we supported Carers Trust to fund grants for unpaid older carers to get respite whenever they needed it. During our partnership with Carers Trust, we raised almost £70,000 for the charity through our fundraising efforts – including cycling, hiking, walking, baking and raffles.

The money raised enabled Carers Trust to provide grants to enable older carers to attend group activities, including afternoon teas, Christmas lunches and coffee mornings. These peer support activities have helped to combat the isolation and loneliness that many older carers experience.

Now that we have come to the end of this partnership, we decided to take a democratic approach and underwent a colleague vote to select our next new charity partner. We had a number of charities who applied to be our charity partner, including: Young Lives Vs Cancer, St Giles Trust and Tommy's.

If we really want to make an impact on our communities, we need to partner with charities and community organisations to learn what our communities really need. Our colleagues are also part of our communities and so their voices are important too.

Our new charity partner has been chosen as Young Lives vs Cancer and we will be supporting their Homes from Home service. Homes from Home provides clean, safe, homely accommodation, completely free of charge to families while their child receives cancer treatment. Their Homes are a lifeline for families and can be the difference between being plunged into crisis or being able to stay strong for their child. We're incredibly proud to be supporting this work.

We're aiming to raise £150,000 for them over the next three years to support over 800 children, young people, and their family members. We will also be volunteering our time and expertise and offering some of our spaces to the charity to make the biggest difference we can.



## Changing how we charge charity occupiers

We recognise the positive impact that smaller, unfunded, charities have on communities and we want to offer them NHS space to create more holistic health and care hubs. COVID-19 has also put charities under significant pressure, with many seeing a huge increase in demand for their services alongside a decrease in donations and support offered. From April 2021, we will no longer charge our eligible charity customers for their occupancy of NHSPS buildings. This means they will not be charged for rent, rates, service charges or facilities management costs. We will be offering this exemption to around 40 of our 100+ charitable occupancies, based on criteria of space occupied and nature of service delivered.



# Volunteering in the community

Volunteering is another key area where we partner with charities to support local communities. We provide our time and expertise to help charities and voluntary organisations to increase their reach and effectiveness and to develop our own green spaces for communities to enjoy.

Due to COVID-19, this year's volunteering efforts looked a little different. We had the opportunity to support some new charities, as well as work with our existing charity contacts in new ways.

Over the last twelve months, we've supported charities including Big Alliance, Groundwork, and Circle Collective. Our colleagues have helped to support isolated people in the community through card and letter writing and provide career stories and financial planning advice to young people in unemployment.

We also had a number of volunteers from NHSPS who supported the frontline during COVID-19 through our Helping Hands initiative. This included delivering personal protective equipment (PPE), cleaning green routes and taking on temporary reception roles.

## How our NHSPS colleagues volunteered their time in 2020/21

### Helping with increased cleaning demand

Marie Mikolaskova, Property Manager, spent a week supporting our frontline colleagues helping to clean green routes in our hospitals and medical spaces after we saw a huge increase in demand for deep cleans elsewhere.

Marie said:

“ My feedback is mainly feeling a huge respect towards all the hardworking staff on the frontline who we don't always see but who are working behind the scenes to support our doctors, nurses and patients. It was such a humbling experience. I also feel a huge respect towards my colleagues in the Facilities team who regularly visit sites and ensure that everything is ticking well despite the increased number of unprecedented tasks and having to instantly respond to new challenges which this COVID-19 outbreak brought along. My colleagues in the FM team are going way beyond their regular 'job description' and it has been truly inspiring working alongside them as they just get on with it without complaining.

### Delivering essential PPE

Mark Greenwood, Senior Portfolio Optimisation Manager, delivered PPE to a number of frontline workers in the care homes of our previous charity partner, Carers Trust.

Mark said:

“ It was a pleasure to be able to give up a small amount of my time to be able to assist our partners in the care sector with the delivery of much needed PPE and allow them to carry on safely with their vital work in the communities they serve.



# Reducing our environmental impact








The last year has seen even greater success than 2019/2020 in relation to reduction in energy consumption and associated carbon emissions, with £10.6m and 8,600 tonnes of carbon saved in 2020/2021. In total, £16.6m and 14,300 tonnes has been saved in the last two financial years.

In comparison to our reporting base year of 2017/2018, we have reduced energy use by 15% and the carbon intensity of our properties by 16%.

The last year has also seen the establishment of our Environmental Management System, which encompasses legal requirements, processes, assessment, and reporting components that provide a structured methodology to managing the company’s environmental impact and supporting continuous improvement. Meanwhile, our procurement strategy has increased transparency, provided budget certainty, and delivered 100% renewable energy.



## NHSPS total energy use, carbon emissions and intensity ratio\*

	2017/18**	2020/21	Variance
 Energy use (kWh)	603,957,213	513,233,315	 -15%
 Associated Greenhouse Gas emissions (tCO2eq)	156,351	109,708	 -30%
 Intensity ratio (kg CO2eq/m <sup>2</sup> )	57.46	47.98	 -16%

\* FY2020/21 reporting period  
\*\* comparative

## Improving our utilities provision

Over the past three years, we have been working to improve our utilities provision and reduce costs for our customers. As part of this process, we have consolidated NHSPS’s utility suppliers, installed over 1,000 smart meters and provided over 200,000 data points for our occupiers to complete their sustainability reporting.

This has enabled us to provide budget certainty, increase expected cost transparency, reduce costs, and lessen the environmental impact of using electricity, gas, and water. In April 2019, we implemented a one-year deal with selected utility suppliers, however this evolved into a three-year deal from April 2020 with Inspired Energy (broker), British Gas (electricity) and

Corona (gas). This allowed us to provide 100% renewable electricity (REGO (Renewable Energy Guarantees of Origin) backed) and reduce costs by 12% (£6.3m).

The benefits of lower running costs have been passed onto our customers while also helping them achieve NHS England’s target of having renewable electricity. In 2020/21 this offset the equivalent of 38,600 tons of carbon dioxide.

In addition, the consolidation of over 1,800 water supplies saw greater transparency of cost and usage data for water.



## Driving efficiency

In support of the commitments made by the UK government and NHS England to become net zero carbon by 2050 and 2040 respectively, we are working hard to reduce our own carbon footprint. In 2020/2021, we achieved total carbon savings of 8,600 tonnes and total cost savings of £3.5m.

At the same time as working towards the net zero target, we are also working to reduce the running and maintenance costs of our infrastructure. These cost and carbon savings directly benefit our customers as well as making our estate more environmentally sustainable.

An energy efficiency fund was established to allow for investment into schemes that sat outside of other capital works (customer schemes and back-log maintenance). The year one fund increased from £1m to £2.3m at the start of 2020/2021 and grew to £4.3m as the impact of COVID-19 delayed other programmes and our pipeline of energy savings projects was ready to do. During the pandemic, we've worked with partners such as Energy Saving Lighting, our LED provider, to make our buildings more energy efficient and reduce our environmental impact, with 39 sites and an expected saving of £1.5m. We also invested in Building Management System (BMS) upgrades, that at one site saved 22%, along with sub-metering and renewable energy.

Within our three-year plan, we have set an objective of delivering cost transformation

savings of £1.4m in the first year and £6.8m in the second year. We have also set a target of adding value through capital investment of up to £2.3m per year.

In 2019/2020, we re-established our engagement programme, delivering training to more staff and targeting key sites with defined actions allowed the 'low / no cost' programme to deliver substantial benefits and continue to open the dialogue on how we can work with our occupiers to reduce their costs.

A cross functional working group has been developed for electric vehicles (EVs) with representation from across the business. Focusing on enabling our own fleet of 900 vehicles and the service vehicles of our occupiers, we will also seek to establish a commercial model for charging points that will facilitate more of our occupiers to make the transition to EVs.

With greater than 99% of waste not going to landfill, we are proud of our waste statistic numbers. However, we recognise the importance of more recycling, the need for more communication with occupiers on using the correct bins for their waste and expanding our removal of single use plastics campaign and furniture recycling. This will be a key focus going forward and all of these will deliver both cost and environmental benefits to the NHS.

## Impact of COVID-19 measures

In April 2020 measures to mitigate the impact of COVID-19 were put in place at national level. These included flexible working policies and a reduction of business activities in offices and healthcare facilities, as well as an increase in cleaning provision and service-related activities.







These measures all had an impact on the energy use within our estate. In particular, during 2020/2021, COVID-19 measures decreased total energy use in respect to 2019/2020 by 16m kWh resulting in £1.5m savings and a reduction of our carbon footprint of almost 3,500 tonnes. Total energy use in 2020/2021 decreased by 3% in respect to 2019/2020, due to COVID-19 measures. Conversely, we are starting to see some potential for increases in

energy due to higher ventilation rates required to ensure we maintain high levels of air flow through our properties. More detail on this will be available through this year.

Over this period, we have normalised the energy savings from our project work against the impacts of COVID-19, so that we do not double count the effects on the carbon footprint of the estate.

The below table shows the breakdown of energy, carbon and cost reduction per property type. Health centres, which constitute the majority of our estate, account for 50% of the reductions followed by hospitals and offices.

### NHSPS reduction of total energy use, carbon emissions and cost due to COVID-19 measures (compared to 2019-2020 baseline)

Property type	Total energy use reduction (kWh)	Carbon reduction (tCO2eq)	Cost savings (£)
 Health centre/surgery/clinic	9,023,621	1,922	733,850
 Hospital	4,393,955	952	434,613
 Nursing/care home	7,748	2	824
 Office	2,475,388	556	340,358
 Residential (non-medical)	14,653	3	1,700
 Warehouse/storage facility	105,320	23	9,573
<b>Total</b>	<b>16,020,685</b>	<b>3,458</b>	<b>1,520,918</b>



# Our people

Our people remain our most important asset and are essential to delivering our vision successfully. This has been reflected during 2020/21 in initiatives such as launching our new people strategy, reinforcing our company

culture, engaging our workforce to retain our brightest talent and attract new colleagues, and promoting an inclusive workplace and diverse workforce.

# Our people strategy

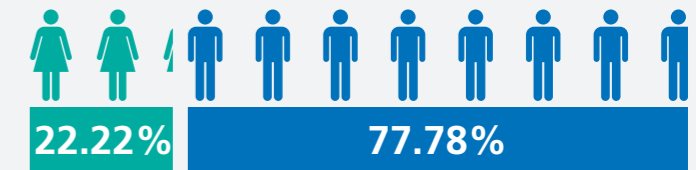
The importance of our people has been formally reflected in the company's business strategy for the first time in 2020/21. The new people strategy to 'get, grow and keep great people' was launched to colleagues across the business as the fourth pillar of the business strategy in June 2020. The people strategy has a three-year timescale and is built around three core sets of activities:

- Hire for attitude, train for skills
- Spot and develop talent at every level
- Create an engaged and enabled, values driven culture

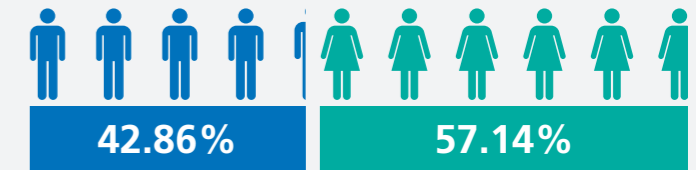
Over the first year of the people strategy, we have focused on putting firm foundations in place for the next two years. We've been making considerable progress building on the achievements of previous years and transforming other aspects of our people services, and all against the backdrop of playing an important part in supporting the NHS response in the global pandemic.

# Our people in numbers\*

## Board



## Executive Committee



## Overall



Frontline services and operations management



Corporate services



Asset management



Board



**Total: 5,817**

\* as at 31 March 2021

## Our values and culture

2020/21 has seen us undertake a project to refresh our company values in line with the new business strategy. We believe that to be successful, we must build a NHSPS company culture that enables colleagues to thrive, that draws in new talent to work for us, and that engages the whole NHSPS team with our core purpose of enabling excellent patient care.

We recognise that our values shape our culture, so last summer we gathered grassroots feedback from across the business, engaging with over 700 colleagues to find out the themes that they would like to see reflected in our values. Alongside the review of our values, our executive team scoped the behaviours they want leaders and colleagues to demonstrate and together these two pieces of work articulate the culture that we are creating at NHSPS.

Our new values – Community, Colleagues, Commitment, Collaboration – known as the 4Cs, define the principles that we believe to be important and the way we want to behave both individually and collectively. During 2020/21 remote events took place across the business to launch the new values and behaviours, with managers playing a crucial role in communicating and embedding these with their teams.

The values and behaviours are also being woven through our core people processes such as recruitment and selection, performance management, learning and development and succession planning to support the culture change we are driving.



**Community**



**Colleagues**



**Commitment**



**Collaboration**



## Driving engagement and recognition

We recognise the importance of having a workforce that is engaged with and committed to our purpose to enable excellent patient care. This has been more important than ever in a year defined by the COVID-19 pandemic.

To enable us to be more agile and responsive to colleague feedback, we have adopted a new approach to surveying our colleagues, launching our first fully online colleague survey, Your Voice, in September. Your Voice provides real-time insights and advanced analytics to managers about how their teams are feeling and their priorities. It is delivered via a best-in-class platform that enables us to run multiple surveys during a year, with mini surveys to be run on specific topics in between the main survey that will run annually.

We received our highest ever survey response rate, with 68% of colleagues responding to the first main survey in September 2020. We achieved an engagement score of 7.7 out of 10 placing us 0.2 below the external benchmark, with the survey output driving action plans across the company.

In February 2021 we used Your Voice again to run a mini survey to collect feedback on the extent to which our values are being lived across the business, and to update our engagement score. We were pleased to see that our engagement score had increased by 0.1 to 7.8, which represents very good progress over a five-month period. We also received positive feedback about each of our four new values. The response rate to this first mini survey was 60% and we received over 6,000 comments from colleagues about their experiences of working for NHSPS.

The NHSPS Recognition Scheme has been realigned with our new values, with quarterly opportunities having now been created to recognise colleagues who have role modelled the values. An annual People's Champion event has also been established to celebrate colleagues who have gone above and beyond and truly showcase the 4Cs. In total, 190 colleagues received recognition awards in 2020/21.



## Developing our people - 'grow'

On the back of the renewal of our values and behaviours, a leadership programme has been established to enable the development of leaders at every level across NHSPS. The first phase of this internally delivered programme has supported middle and senior leaders in adopting an 'engage and enable' style of leadership, and plans are in place to extend this training to frontline leaders.

Improving the development offering for frontline colleagues has been a priority for 2020/21. A new team has been recruited to focus on this community, and apprenticeship programmes have been provided to enable colleagues on the frontline to move into facilities services and various technical roles.

The pandemic has meant that all people development activities, including the leadership programme, have had to be delivered virtually over the last year. In fact, training remotely has proved to be a useful medium for developing colleagues and is now used to provide new starter training, management development and customer engagement skills, as well as systems and technical compliance training. Despite the initial challenges presented by remote training,

we have been able to extend the scope of our development activities considerably over the last year. We have also run a number of very successful 'virtual learning weeks' and these are now a quarterly occurrence. We are also developing a new curriculum focusing on 'life skills' and this will include digital, numeracy, literacy and language skills.

A mentoring programme was successfully piloted in 2020/21 for a cohort of managers looking to develop their careers, with mentors being identified at executive and senior leader level. Early feedback from this pilot has been very positive and the programme will be extended in 2021/22.

In the latter part of the last year, a talent and succession review was undertaken across the senior teams in all directorates to determine succession strength and risk and to identify colleagues with the potential to develop towards more senior roles. Development activity is now underway to support the first of the groups identified with potential for progression. The outputs of the succession review will also feed into the company's talent strategy.

## Recruiting great talent - 'get'

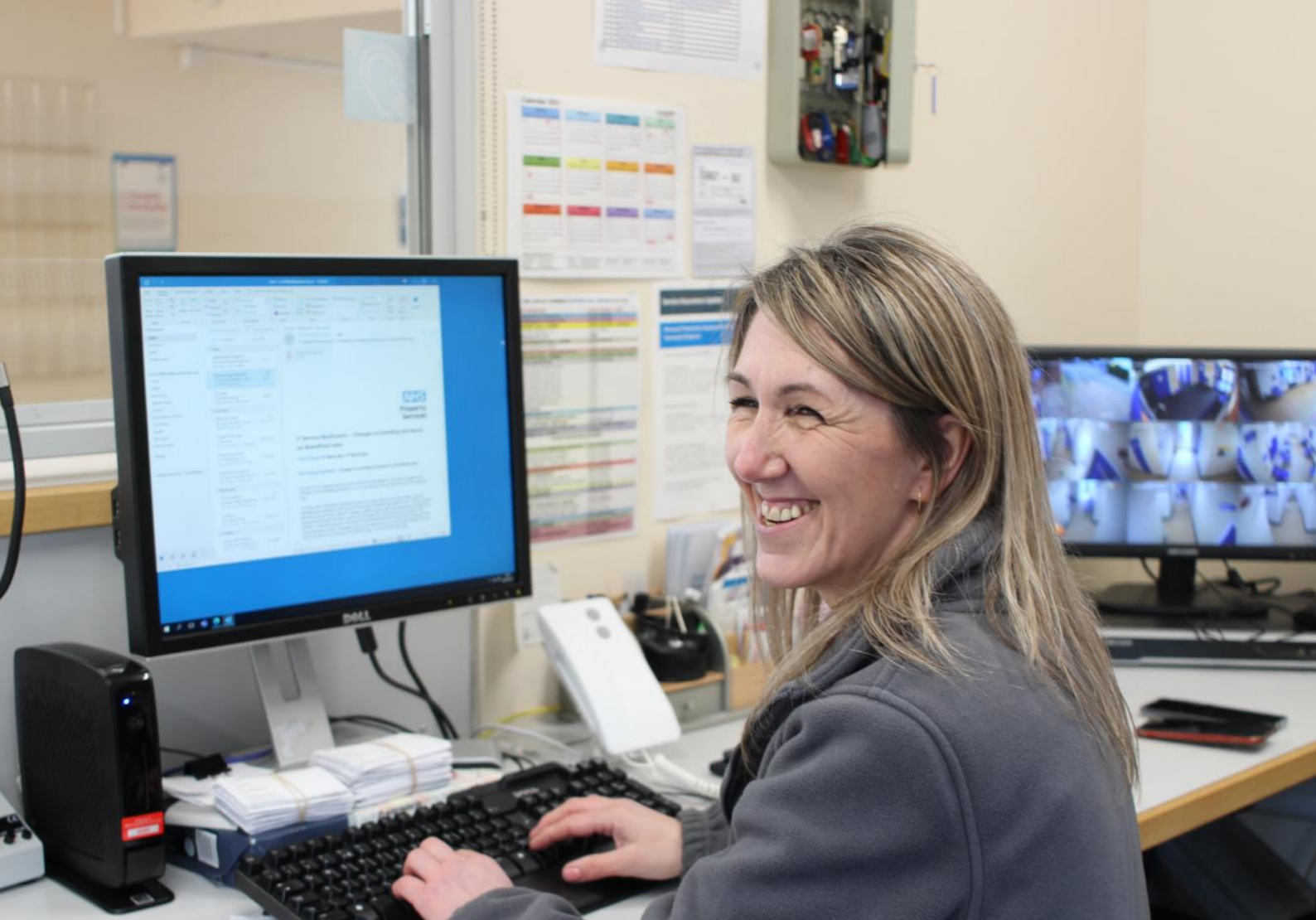
Maintaining essential frontline services has been a business-critical activity during the pandemic, with NHSPS filling over 700 temporary vacancies through the last year on top of business-as-usual (BAU) activity.

During this time, we ended our outsourcing arrangements for volume FM recruitment and brought this service in-house to reduce costs and improve the candidate and hiring manager experience. We have been able to deliver the

move to significantly more direct recruitment and these changes have proven to be very successful, and we closed out the last year with 81% of our new hires being sourced directly and over £1.6m in cost transformation through talent acquisition.

We have also further improved our people resource resilience through strengthening the bank of temporary workers that we can call upon to fill short-term staffing gaps.





## Promoting diversity and inclusion

We have increased our focus on our work to promote diversity at NHSPS and create a more inclusive workplace over the last year. It remains of the utmost importance to us that our workforce is representative of communities we support and that we provide equality of opportunity to all our colleagues. In line with our Diversity and Inclusion strategy, we aspire to be sector leading in our promotion of diversity and inclusion practices.

Over the last year we have created a Diversity and Inclusion forum sponsored by a member of the executive team. We have also created a company strategy and three year plan to drive diversity and inclusion, and we have appointed our first Head of Diversity and Inclusion to lead the implementation of our strategy. We intend to closely align our talent and recruitment strategy with the diversity and inclusion agenda so that over time we also see our senior organisational levels better reflecting the wider

society as a whole and we work to develop talent from diverse and under-represented groups across the organisation. We are also committed to improving social mobility within our workforce, and this includes providing clear development pathways for our frontline roles and attracting talent from non-traditional backgrounds through apprenticeships and amendments to standardised job descriptions.

In the last year we signed up to The Business in the Community Race at Work Charter and committed to being a Disability Confident Employer. These external commitments will further help us drive diversity for minority ethnic groups and supporting candidates and colleagues with disabilities. We will continue to improve our demographic data which will give us more clarity on the number of diverse groups within the organisation and highlight areas we need to improve.

## Retaining our best colleagues - 'keep'

Creating an environment at NHSPS in which colleagues want to stay and build their careers is a priority, and our aspiration is to be able to increase the number of level 3 and above (leadership) promotions filled internally to 70% by 2023. The work already underway to refresh and develop our culture, and to provide a greater range of growth opportunities for colleagues, will support this.

In 2020/21, we commenced a significant project to provide better information and tools to enable colleagues to develop their careers with NHSPS. Although currently at an early stage, the project has defined the career strategy and proposition, and career pathways and other tools are now being developed for the various professional groups across the business.

COVID-19 has highlighted the importance of colleague wellbeing. Following the initial national lockdown, we increased the wellbeing support we provide to our colleagues through a series of webinars focused on different aspects of mental and physical health.

We extended this support in September and now provide a wellbeing handbook, a broader range of webinars including healthy eating and cooking, exercise, mindfulness and yoga, and a series of podcasts for frontline colleagues to listen to. Wellbeing Champions are also being introduced and trained to provide additional support across the business. Throughout the pandemic we have continued to encourage colleagues to make use of the services provided by our colleague assistance programme.



## Our hidden heroes

The pandemic put frontline healthcare workers in the limelight like never before and at NHSPS we are immensely proud of our colleagues on the frontline. Without them, the healthcare system could not have functioned the way that it did during the pandemic and their hard work was instrumental in supporting clinical staff and fighting the spread of infection.

Their definition as 'key workers' over the past 12 months has been a fitting description of the role they have always played across healthcare settings.

To raise awareness of the role they play, we launched our 'Hidden Heroes' campaign in April 2020. Launched to an internal and external audience, the campaign looked to shine a spotlight on our frontline, give them the recognition they so richly deserve, and boost morale at a very difficult time.

The campaign delivered widespread recognition for non-clinical NHS workers from colleagues, the media, politicians, and the public. One of our hidden heroes, Maureen Brannan, was interviewed by Channel 5 News and said of the experience that she hoped she "conveyed how important her team are in combating COVID-19 and how proud she is of them." Another colleague said that the campaign "was the proudest moment of her career".

The stories of our incredible hidden heroes were featured in the Daily Express, Good Morning Britain, Channel 5 News, and the Daily Mirror. In addition, our social media posts were reshared by the likes of Gary Lineker, Andrew Flintoff, Matt Lucas, and Alastair Campbell, helping to raise awareness of the amazing work frontline healthcare workers, from domestic assistants to porters, have been doing throughout the pandemic.

The campaign also delivered cost savings to the business of over £50,000 in recruitment costs due to unprecedented urgent job application numbers. We received 1,800 applications within the first two weeks, helping us to continue supporting the healthcare system during an extremely challenging time.

## Examples of Hidden Hero nominations



**Donna Williams**  
Facilities Services Assistant, North East

Donna has been completing deep cleans across the North East, working weekends and evenings after completing her normal day

job, going wherever she is needed. She has trained staff on how to complete deep cleans and because she works with them, they go the extra mile and work when needed - any time, any day. Donna has also helped mobilise a COVID-19 hub within a week, working alongside South Tyneside CCG to make sure they could provide services to the local community. Just this week, she has supported the setup of a COVID-19 staff testing room in Stanhope, with deep cleaning of the room seven days a week.



**Sharon Walters**  
Facilities Coordinator, London

Sharon has been working with two London hospitals to identify additional bed/ward space for patients and ensure facilities are in place for when these

patients arrive. She has also coordinated and supported the development of one hot hub in just over a week in North West London and will be working on another four in south London.

## How we responded to COVID-19

Throughout the pandemic, we have supported the NHS in their response, finding property options to provide urgent additional bed capacity and fast-changing requirements for space.

Our specialist strategic asset management teams helped to repurpose space, recommission vacant space and reconfigure sites across the country. We assessed vacant or underused space across our estate, putting it back into use to create more space for beds, testing and vaccination facilities, and worked closely with our NHS partners to best match this additional capacity to local demand.



## Key achievements and actions



### COVID-19 cleaning requests

- 7,106 COVID-19 cleaning requests completed for existing customers in addition to normal cleaning
- Additional services to non-customers
- Accelerating training to deliver more deep cleans



### Repurposing sites to create more bed space locally

- 41 locations and 1,500 possible beds identified
- 1,000 beds created
- 700 beds being used by local NHS and social care providers



### Strategic asset management

- 295 customer requests delivered
- Guiding customers on transition to 'hot/cold' sites – 125 'hot' sites delivered



### Vaccination programme

- 256 vaccination sites delivered of which 248 are operational



## Space related COVID-19 urgent customer requests

Throughout 2020/21, NHSPS was frequently liaising with NHS clinicians and estates teams, handling ad-hoc space related enquiries that emerged as the pandemic impacted on delivery of frontline patient services. NHSPS received and actioned 295 requests across the following types of critical request:

- Additional space required
- Cold space required
- Hot space required
- General project management
- Primary Care space
- Recommissioning space

## Health, safety and wellbeing

Working with NHSE&I and other service providers, the Health, Safety and Wellbeing Team along with Service Assurance team colleagues, provided expertise to develop safe systems of work for all frontline services. This included action cards, videos, provided by our domestic supervisors, on how to don and doff the required Personal Protective Equipment, and tailored Health, Safety and Wellbeing induction for new colleagues. Action cards were also developed for contractors working on our behalf, so they were aware of the restrictions and revised access arrangements. Constant review and interpretation of Public Health England guidance was required to ensure information remained current.

With the move to working from home, we developed additional guidance on the use of Display Screen Equipment and along with our Technology Service colleagues, looked to provide the correct equipment to ensure people could work from home safely.

We also developed guidance for our tenants on returning to buildings that had been empty during the peak of the pandemic. A COVID-19 Secure Risk Assessment format was produced to ensure that safe working conditions were established as buildings reopened and patients and visitors returned. All our hub and satellite offices had a COVID-19 secure assessment completed and signage and distancing requirements implemented.

## Bed recommissioning

Over the course of 2020/21, NHSPS identified over 1,500 additional beds representing approximately 45,000 sqm of additional clinical space that could be used by the NHS help combat the pandemic and provide additional and surge bed capacity if required. Of this figure, over 1,000 beds representing approximately 34,000 sqm of clinical space, were made available by NHSPS for use by the frontline NHS clinicians with 700 beds put into immediate and direct use on the NHS COVID-19 wards.

REGIONS	TOTAL IDENTIFIED			HANDED OVER			OCCUPIED AND OPERATIONAL		
	SITES	SPACE (SQM)	BEDS	SITES	SPACE (SQM)	BEDS	SITES	SPACE (SQM)	BEDS
EAST	9	10,517	383	8	9,066	331	7	8,124	304
LONDON	5	7,806	246	4	7,106	206	3	5,206	134
MIDLANDS	5	2,061	88	3	1,461	54	2	861	34
NORTH EAST & YORKSHIRE	7	7,164	135	8	7,164	135	2	3,293	48
NORTH WEST	2	2,900	45	1	400	5	1	400	5
SOUTH EAST	7	6,270	235	4	2,751	140	1	829	50
SOUTH WEST	8	4,527	142	6	3,177	98	2	2,363	30
NON-NHSPS SITES	2	3,100	229	1	3,100	89	1	3,100	89
<b>TOTAL</b>	<b>45</b>	<b>44,345</b>	<b>1,503</b>	<b>35</b>	<b>34,225</b>	<b>1,058</b>	<b>19</b>	<b>23,176</b>	<b>694</b>

## Vaccination programme

NHSPS has supported the NHS with the delivery of vaccine sites to support the COVID-19 vaccine programme since its launch in December 2020. Overall, NHSPS has supported the delivery of 256 sites across England, comprising a mix of large mass vaccination sites (26) and GP sponsored vaccination programmes delivered through their Primary Care Networks. As of 31 March 2021, 248 sites have been handed over for use by the NHS, of which 222 were clinically operational as of that date.





# Chief Financial Officer's Report



COVID-19 has presented unprecedented operational challenges to our company and to our customers over the past year. During this time, we worked together with our customers to support the provision of their vital services throughout the pandemic. Despite a difficult year, the company has continued to make progress and achieved success in a number of our key focus areas. Success in these key areas has been the result of collaboration across all functions in the business and with our partners and customers. This has been fundamental in shaping our financial results for the year, whilst ensuring we met the evolving needs of our customers and patients.

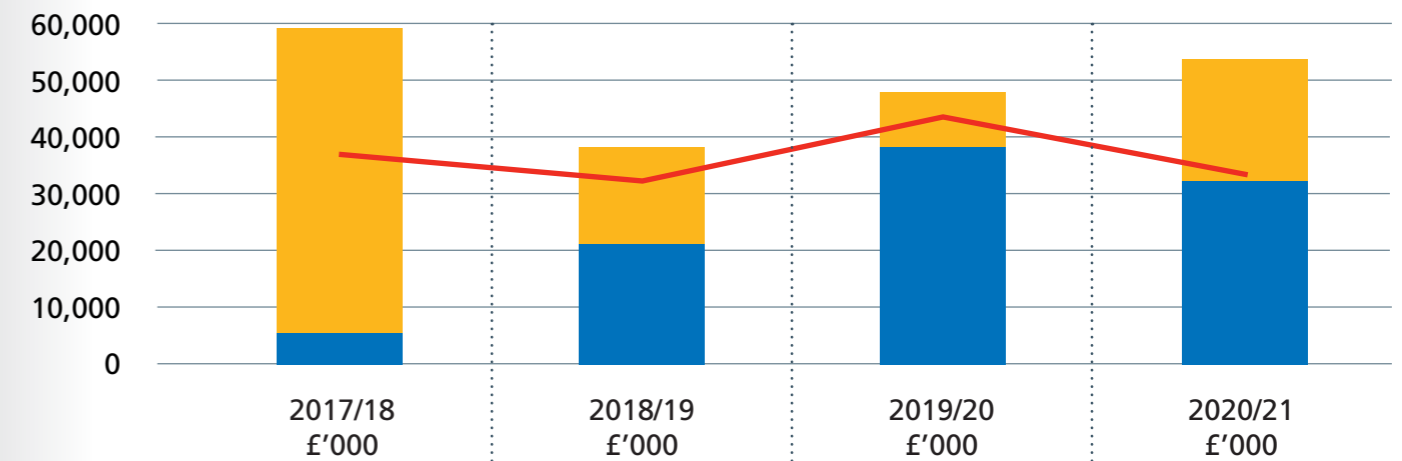
## Our qualitative results

### Delivering cost transformation for our customers

Ensuring we deliver value and efficiency across the NHS estate is a key aspect of our strategy. Our ambitious cost transformation programme enables us to optimise our service delivery, provide value for money and generate both time and cost efficiencies for our customers. These savings can be reinvested back into the NHS to support the delivery of excellent patient care.

For the full year 2020/21, we had an overall savings target of £32.9m. As at the year end, we have achieved savings totalling £53m. An example of one of the projects is the insourcing of selected hard FM services (mechanical and engineering, fabric). This has resulted in £8.7m of savings and created greater efficiencies and a more consistent standard of performance for our customers and patients.

The below chart shows our cost transformation progress over the last four years:



	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>One offs</b>	54,200	16,867	9,834	20,833
	<ul style="list-style-type: none"> <li>• Rates rebates</li> <li>• OCS credits</li> </ul>	<ul style="list-style-type: none"> <li>• Rates rebates</li> <li>• PFI</li> </ul>	<ul style="list-style-type: none"> <li>• Rates rebates</li> </ul>	<ul style="list-style-type: none"> <li>• Rates rebates</li> </ul>
<b>Recurring</b>	5,319	20,872	38,209	32,545
	<ul style="list-style-type: none"> <li>• Zone initiatives</li> <li>• L&amp;P</li> </ul>	<ul style="list-style-type: none"> <li>• Mitie contract negotiations</li> <li>• OCS insourcing</li> <li>• Leasehold activity</li> </ul>	<ul style="list-style-type: none"> <li>• Medical gas</li> <li>• Mitie contract negotiations</li> <li>• Energy</li> </ul>	<ul style="list-style-type: none"> <li>• Mitie insourcing</li> <li>• Leasehold activity</li> <li>• Energy</li> </ul>
<b>Budget</b>	36,300	32,000	43,000	32,900
<b>Actuals</b>	59,519	37,739	48,044	53,377



## Improving customer experience

Continuing our focus on our customers' experience, we've been concentrating specifically on what matters to them: accuracy and explanation, transparency, timeliness of billing and resolution, and communication. Some of our key achievements include:

### Accuracy and explanation

Issuing 98% of 2021/22 Annual Charging Schedules (ACSs) in the 2020/21 financial year. This is a major step forward in us becoming fully RICS compliant, and has also facilitated accurate and efficient Q1 billing to our customers.

### Transparency

Increasing the efficiency of our underlying processes, resulting in improved cost actuals for our customers at a property level. This was delivered through increased automation of our supplier invoice processes by growing the use of 'no touch' invoices by 75%, automating our supplier reconciliations and implementing a standardised national costing approach to soft and hard FM services. These changes have resulted in costs being more efficiently reported in our ledgers and allocated to our customers.

### Timely billing and resolution

Reviewing and refining our processes, including monthly income and expenditure reviews, SLAs around how long invoices can be delayed internally and enhancements to our billing delivery processes. These changes have reduced the number of customer leases with delayed billing by 78%. This progression towards more timely billing is demonstrated by the 68% reduction in our year-end facilities management and service charge accrued income.

### Communication

Reflecting on our approach to customer engagement and improving our cross functional collaboration within NHSPS. This resulted in a reduced but more meaningful number of conversations with our customers through our improved ACS check-in process. This approach has proven to be effective with 82% of ACSs being agreed with our NHS customers for the 2020/21 financial year. We are continuing to build and maintain relationships with our customers resulting in more strategic and value-adding conversations.

## Managing debt and cash collection

Continuing to drive forward our strategic debt management programme and support stronger cash collections. Our achievements include a record high cash collection in 2020/21 of £853m, delivering our first ever year-on-year debt reduction and a material reduction in the loan from the Department of Health and Social Care which now stands at less than £100m.

## Increasing transparency for our customers and other key stakeholders

Through the improvement and overhaul of the design of our annual report and accounts, we have taken steps to increase the transparency and availability of information and how the company works to embody our values.

## Reporting – keeping our finger on the pulse

As NHSPS continues to progress, we are also reflecting these changes in our management reporting processes. This is to ensure management have the best information available on a timely basis to support their decision making. This has been achieved through the development of a self-service reporting suite for all cost reporting which increases flexibility and data accessibility for managers across the business. We have also further enhanced our budgeting processes to strengthen accountability and ownership within this process.



## Our results in figures

### Income

In 2020/21, NHSPS's incoming resources excluding finance income were £727m, a 7% reduction compared to the prior year of £784m. This is mainly as a result of a £35m reduction in rent and £20m reduction in facilities management and service charge income (including rates).

### Expenditure

Total operating expenditure for the year was £807m (2019/20: £899m), a reduction of £92m (10%). This is mainly due to a reduction in the doubtful debt expense of £63m, other year on year reductions include rental expenses of £17m, rates of £19m, facilities management of £21m and repairs, maintenance and insurance of £13m which have been offset by a combined increase in direct staff costs and impairment of £42m.

### Property revaluations

The annual revaluation exercise generated a net unrealised gain in the revaluation reserve of £18m (2019/20: £75m) and £22m (2019/20: £29m) in profit and loss.

Last year NHSPS implemented a new property revaluation cycle. Working alongside our professional advisors, our enhanced process and cycle gives us additional insight into our portfolio and allows us to incorporate an even more detailed understanding of our properties. In the second year of the new cycle, we have revalued 40% of sites which make up the revaluation population, 20% were revalued on a desktop basis, and the other 20% were inspected. For 2020/21, 450 sites were revalued, this represents 31% by net book value of the NHSPS portfolio.

The £40m increase to Fixed Assets represents an overall 1% increase to NBV of the entire

portfolio and an overall 3.2% increase to NBV of the 2020/21 sample. At 31 March 2021, there was an overall impairment charge per the statutory accounts of £7.5m – there were additional charges during the year in relation to assets transferring to held for sale, AUC impairments and lease exits offsetting the gain above.

The 2021 revaluation exercise resulted in a closing value of the company's portfolio of £4,184m (2020: £4,373m).

### Capital receipts and investment in our estate

During the year, NHSPS completed sales of surplus properties which realised gross capital receipts of £34m (2020: £45m) generating an accounting profit of £10m (2020: £9m). NHSPS increased its investment in the estate during the year with total capital investments of £110m (2020: £90m).

The programme delivers improvements to the property portfolio for our customers and ensures that the estate is consistently fit for purpose, so that healthcare professionals can focus on delivering excellent patient care.

### Debt positioning and funding

At year-end, we had trade receivables of £531m (2019/20: £642m), a reduction of £110m. Of the 2020/21 year-end trade receivables, £495m was past due, which is a decrease of £118m compared to the prior year (2019/20: £613m). This is a significant improvement showing the continuing benefit of the change in our debt strategy in 2019/20 supported by DHSC and NHSE/I.

NHSPS renewed its flexible loan facility with the Secretary of State for Health and Social Care and currently utilised £98m (2019: £160m) of this loan facility. This is an in-year repayment of £62m.

**Mark Smith**  
Chief Financial Officer  
NHS Property Services Ltd

**13 December 2021**  
NHS Property Services Ltd  
Company Registration Number: 07888110

# Accountability Report



NHS Property Services (NHSPS) is committed to achieving high standards of governance and business integrity in all its activities and is accountable to the Secretary of State for Health and Social Care in this respect. This Accountability Report sets out how we meet key accountability requirements to the Department of Health and Social Care (DHSC) as well as the NHS, HM Government, and the wider public sector.

## The Accountability Report comprises the following key sections:

- **The Corporate Governance Report**  
Sets out how we have governed the organisation during 2020/21 including directors, membership, and organisation of our governance structures and how they support achievement of our objectives.
- **The Section 172 Statement**  
Provides a description of how directors have had regard to the matters set out in s.172(1) (a) to (f) when performing their duty under that section.
- **The Governance and Risk Report**  
Details the organisation's approach to risk as well as our approach to Information and Data Governance and Modern Slavery.
- **The Remuneration Report**  
Sets out our remuneration policies for Non-Executive Directors and Executive Directors and how these policies have been reviewed and implemented for the reporting period, including salary information and pension liabilities.

# Corporate Governance Report

## The Board

The Board is the senior decision-making body of NHSPS, has a responsibility to support the purpose, values and strategic direction and works to improve the success of the company. The Board acts with integrity, leads by example and promotes the desired culture. It delegates day-to-day responsibility to Executive Management, although a number of matters are reserved for the Shareholder Director (which can be reviewed within the Company's Articles of Association) and the Board. The Board has sufficient engagement with the business to allow it to lead the company with an in-depth understanding of its strengths and capabilities, and the challenges it faces.

To support its strategic leadership to the organisation and the Shareholder Director, the Board:

- Approves strategic business plans and monitors NHSPS performance against it;
- Ensures high standards of corporate governance and personal conduct;
- Approves the annual budget and capital expenditure budgets;
- Approves large capital expenditure and proposals over £10m; and
- Approves matters of major strategic importance.

The Board also oversees operating and financial performance; risk management and internal controls; compliance, counter fraud, major policy issues and the corporate risk register every six months.

The Board composition as at the financial year end and renewed position upon approval of this report is shown in the below table. The Company Secretary (and/or Deputy Company Secretary) attend each Board meeting with other senior executives attending as required.

## Board composition

As at year end 31st March 2021				As at 13th December 2021		
Name	Position	Appointment Date	Resignation Date	Name	Position	Appointment Date
Ian Ellis*	Chair	14/03/2016	30/04/2021	Jane Hamilton	Chair*	22/03/2021
Ben Masterson	Shareholder Non-Executive Director	31/01/2017		Ben Masterson	Shareholder Non-Executive Director	31/01/2017
Martin West	Non-Executive Director	26/03/2013	14/10/2021	David Godden	Non-Executive Director	26/07/2018
Jane Kennedy	Non-Executive Director	26/07/2018	26/07/2021	Nick Moberly	Non-Executive Director	04/05/2021
David Godden	Non-Executive Director	26/07/2018		Adrian Belton	Non-Executive Director	04/05/2021
Martin Steele	Executive Director	04/07/2017		Mark Lomas	Non-Executive Director	01/09/2021
Mark Smith	Executive Director	01/05/2019		Caroline Wehrle	Non-Executive Director	01/09/2021
John Westwood	Executive Director	06/07/2015	21/05/2021	Martin Steele	Executive Director	04/07/2017
Jane Hamilton	Non-Executive Director	22/03/2021		Mark Smith	Executive Director	01/05/2019
Rita Chudasama	Company Secretary	29/11/2018	01/09/2020	Paolo Fazzi	Company Secretary	01/09/2020
Paolo Fazzi	Company Secretary	01/09/2020				

\* Ian Ellis resigned as Chair of the Board of Directors on the 25 March 2021 and Jane Hamilton took over as Chair of the Board of Directors on the 25 March 2021. Time was allowed either side of resignation and appointment respectively to ensure a smooth handover.

## Membership and attendees

The Board has met six times during the reporting period and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered. The issuing of the Board pack usually occurs four working days and six calendar days before the meeting itself. For examples of principle decisions made by the Board during the reporting period, please refer to the s172 Statement within the Strategic report.

The following table details membership and the number of meetings attended by each member during the financial reporting period:

Member	Meetings attended
Ian Ellis	6/6
Jane Hamilton	1/1
David Godden	6/6
Jane Kennedy	6/6
Martin West	6/6
Ben Masterson	6/6
Martin Steele	6/6
Mark Smith	6/6
John Westwood	6/6

## Roles and responsibilities

The Chair ensures that the Board receives timely and clear information, communicates effectively with the Shareholder Director, Shareholder, and significant customers, and facilitates the effective contribution of Non-Executive Directors and constructive relations between Executive and Non-Executive Directors.

The Board supports the Chief Executive, who is the Accounting Officer and is therefore accountable to the Secretary of State for Health and Social Care for the management of the company. The roles of the Chairman and the Chief Executive Officer are distinct and have been agreed by the Board and are also supported by the Articles of Association and the Board Terms of Reference. The Chair chairs the Board and general meetings of the company, sets the agenda of such meetings, and promotes the highest standards of integrity, probity, and corporate governance throughout the company.

The Chief Financial Officer supports the Chief Executive Officer in developing and implementing strategy, oversees the financial activities of NHSPS and ensures that policies and practices set by the Board are adopted at all levels.

The Non-Executive Directors provide constructive challenge, strategic guidance, offer specialist advice and hold management to account. They bring an external perspective to the Board and objectivity to the deliberations and decision making.

The Company Secretary supports the Board and offers advice and guidance on governance matters, supporting the Chair and the Chief Executive Officer in the delivery of a corporate governance agenda. The Company Secretary ensures the Board have the information, time and resources it needs in order to function effectively.

## Board appointments and diversity

The Chair and Non-Executive Directors are appointed by the Board. Board members bring a range of complementary skills and experience. Non-Executive Directors are appointed for a three-year term and can be reappointed for a further three years (subject to consideration and approval by the Nomination Committee). The Chair, together with members of the Nomination Committee which includes the Shareholder Director, evaluates the composition and range of skills on the Board.

The diversity and experience of the Board and Executive Team are essential to the effective leadership and success of the company. Control measures are in place to ensure that the obligations under equality, diversity and human rights legislation are complied with. Appointments are made first and foremost based on merit, using objective criteria, and considering the recognised benefits of all types of diversity. The Board will continue to ensure this is considered when making any new appointments with both the Chief People Officer and the Company Secretary playing critical supporting roles in this regard.

There were some changes to the membership of the Board/Committees during the financial year which are detailed later in the report.



# NHSPS governance framework and committees effective between 1 April 2020 and 31 March 2021

The Board has been supported in its assurance and oversight of the organisation by six committees up to the end of the year, each chaired by a Non-Executive Director. The Shareholder Director is supported by nominated individuals in certain Committees as noted within the Articles of Association and in Committee Terms of Reference. The names of these individuals can be found in the committee reports where relevant. The Board delegates certain functions to Committees. This allows the Board to spend a significant proportion of its time on strategic decision-making, whilst obtaining proper assurance that decisions across the organisation have been made effectively and based on the correct information. Furthermore, it enables Non-Executive Directors to share their expertise more widely with the Executive and Senior Management Team. This structure gives the following benefits to the company:

- Committees give the Board the opportunity to delegate lengthy or technical discussions, decisions, and oversight to a subset of the Board with the addition of committee members with relevant expertise.

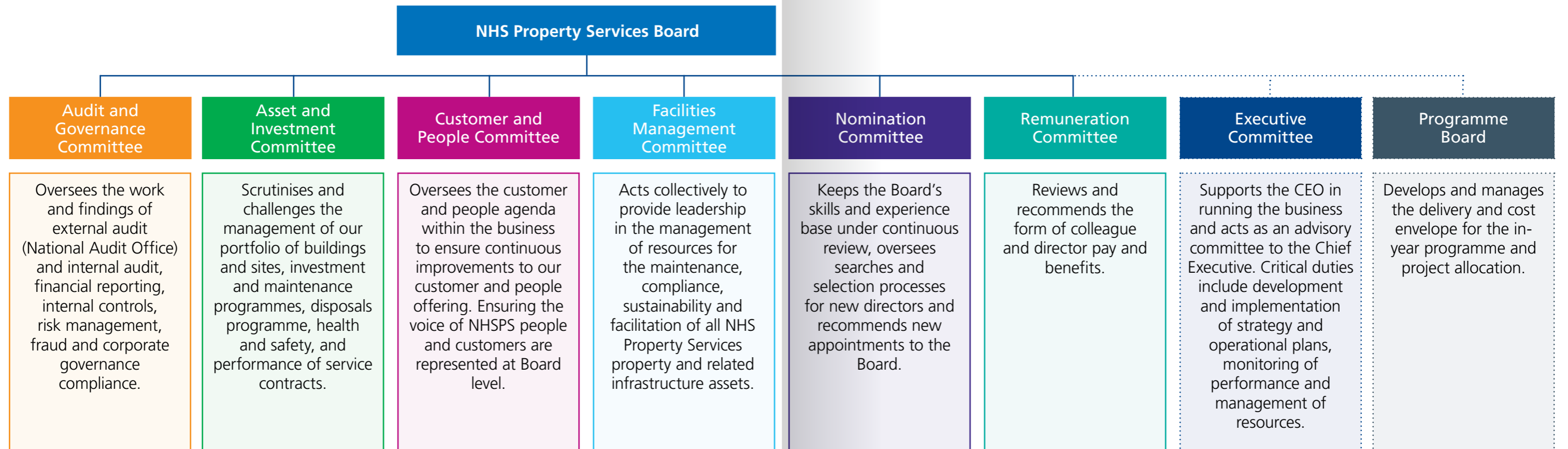
- Committees can support the Board's effectiveness by delegating agreed matters to this alternative forum, thereby enabling the Board to utilise their time on other subjects with a higher priority need for their time and expertise.
- Board committee structure enables improved individual accountability and responsibility from committee members. Time pressures can make it challenging for all directors to contribute on all topics, especially where views are similar to others.
- The committee structure supports the identification and testing of Board or Executive level candidates for the future.
- The benefit of utilising a committee should not only be seen as the ability of the Board to delegate, the add-on benefits in generating engagement from, and contribution by, the wider business should also be accepted, encouraged, and embraced.

The NHSPS Committee structure has been developed from Board down, to ensure each committee has a clear purpose, scope, and authority. Furthermore, the Committee Terms of Reference are reviewed and approved annually (last reviewed in January 2021 by the Board).

The work of the Committees continues to be reviewed to ensure that they focus on strategy, policy and governance and add value and expert knowledge and oversight to these areas. NHSPS Board and Committees conduct annual effectiveness reviews on the delivery of their terms of reference and running of the Committees. The findings are reviewed by the Committee and an action plan is developed to drive improvements and inform changes to the membership, terms of reference and workplans of the Committees. The next Board and Committee review started in December 2021 and will conclude in February 2022. This is an externally facilitated evaluation in line with recommendations contained in the Corporate Governance Code 2018.

Effective committees act as an internal control on Board delivery, either directly or indirectly. With actions delegated from the Board to a committee, the residual work undertaken by the Board can become more effective.

Committee board reports should be clear and concise, identifying areas for Board decision or contribution. All other content should be limited to a brief update which evidences that the committee is effectively delivering against its Terms of Reference without encouraging Board debate of the same topics as this would replicate considerations, negate committee benefit, and evidence poor delegation. The minutes of the Board Committees are made available to all Board Directors. The diagram below outlines the relationship between the Board and its six Committees. It should be noted that the Executive Committee, a Committee of Executive Directors that supports the Chief Executive Officer, and the Programme Board, a forum for monitoring critical programmes/ projects across the business, are not formal Committees of the Board.



# Audit and Governance Committee

The Audit and Governance Committee provides oversight and objective assurance to the Board on how NHSPS manages its system of financial and narrative reporting, internal and external auditing and control, fraud and compliance, governance, information governance and risk management systems.

The Committee has an annual cycle of business to ensure that all aspects of the duties are covered. The column to the right shows some key areas of business and some of the activities addressed during the financial period ending 31 March 2021.

The Committee has met ten times and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered. As with the Board, papers are usually circulated four working days and six calendar days before the meeting itself.

Additional attendees are invited to attend meetings to assist with committee business. For 2020/2021, these have included our key internal stakeholders, Deloitte LLP (internal auditors), National Audit Office (NAO, External Auditors) and Grant Thornton (Counter Fraud Specialist). The Shareholder Director representatives for the Committee during the reporting period were Jennifer Nicholls or Ben Masterson. Transparency and openness are fundamental to the relationship between management and the committee which is being further embedded during 2021/22.

The following table details membership and the number of meetings attended by each member during the financial reporting period:

Member	Meetings attended
Martin West	10/10
Jane Kennedy	10/10
Jennifer Nicholls	6/10
Ben Masterson	4/10



## External audit

- Review of the External Auditor's report
- Considered External Auditor Fees and Terms of Engagement
- Considered the External Auditor's non-audit services and fees



## Internal audit

- Approved the financial year 2020-21 internal audit plan on the 28 April 2020
- Reviewed the internal audit reports and any outstanding actions
- Monitored and reviewed the internal audit effectiveness



## Financial reporting

- Review of the Annual Report and Accounts FY2019/20, and Letter of Representation prior to submission and approval by the Board on 27 November 2020
- Review of management accounts during year



## Risk and internal controls

- Review of the impact of COVID-19
- Review of the effectiveness of NHSPS risk registers and risk responsibilities
- Review of the risk management and internal controls
- Receipt of regular updates on the risk management and internal controls, along with improved procedures
- Consideration of the audit findings and recommendations for improvements



## Examples of other considerations during the year but not limited to

- Review of the effectiveness of compliance reporting
- Results and impact of 2019/20 property valuation
- Monitoring Information Governance
- Monitoring Counter Fraud investigations and progress on new procedures
- Review of Anti Bribery action plan and progress made
- Review of new and/or updated policies
- Annual Review of Audit and Governance Committee Terms of Reference on 15 December 2020

# Asset and Investment Committee

The Asset and Investment Committee scrutinises and challenges the strategic asset management of our portfolio of buildings and sites, our investment and development programmes, surplus asset disposals, and the performance of advisors. The Committee also reviews estates strategy and policies.

The Committee has met three times and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered. As with the Board, papers are usually circulated four working days and six calendar days before the meeting itself.

Additional attendees are invited to attend meetings to assist with committee business. For 2020/2021, these have included our key internal stakeholders and the Shareholder Director or their Deputy. The Shareholder Director Representative for the Committee during the reporting period was Claire Hewitt.

The following table details membership and the number of meetings attended by each member during the financial reporting period:

Member	Meetings attended
Ian Ellis	3/3
David Godden	2/3
Kieran Kinsella	2/3
Adrian Powell	3/3
Claire Hewitt	3/3
Martin Steele	3/3
John Westwood	2/3

## Some key activities during the year:



- Support and monitoring of the Health Places programme to drive improvements, and align activities and resources across the business. Proactive management of risks and improved visibility of progress and challenges.



- Monitoring, providing guidance and supporting the changes to the disposal policy to enable net proceeds to be retained locally for reinvestment.



- Identifying the opportunity to review the Smarter Working Policy.



- Reviewed and monitored the Vacant Space Strategy and identified new business initiatives.



- Monitoring the main property development pipeline.



- Reviewing and approving communications and key stakeholder engagement.



- Monitoring the progress of the disposal pipeline.



# Facilities Management Committee

The Facilities Management Committee oversees all aspects of facilities management strategy and policy within the established strategies and business plan approved by the Board.

The Committee also provides leadership in the management of resources for the maintenance, compliance, sustainability and facilitation of all NHSPS property and related infrastructure assets.

The Committee has met four times and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered. As with the Board, papers are usually circulated four working days and six calendar days before the meeting.

Additional attendees are invited to attend meetings to assist with committee business. For 2020/2021, these have included our key internal stakeholders. The Shareholder Director Representative for the Committee during the reporting period was Matthew Cooper.

The following table details membership and the number of meetings attended by each member during the financial reporting period:

Member	Meetings attended
David Godden	4/4
Jane Kennedy	3/4
Matthew Cooper	4/4
Trish Stephenson	2/4
Martin Steele	4/4

## Some key activities included:

-  Monitoring operational workforce absences and health, safety and wellbeing
-  Reviewing operational customer engagement scores
-  Monitoring the performance and outputs of the Facilities Management Helpdesk
-  Reviewing and monitoring procurement key performance indicators
-  Reviewing pricing strategies
-  Reviewing operational financial expenditure
-  Reviewing and monitoring the Energy, Procurement and Renewables projects
-  Reviewing committee effectiveness and approval of Terms of Reference

# Customer and People Committee

The Customer and People Committee oversees the customer and people agenda within the business to ensure continuous improvements to our customer offering and ensures the voice of the customer is represented at Board level. The Committee ensures that the current strategic direction of the business by exploring opportunities to leverage the organisation's biggest levers of change – customer engagement and our people – to support wider NHS outcomes.

The Committee has met three times and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered. As with the Board, papers are usually circulated four working days and six calendar days before the meeting itself.

Additional attendees are invited to attend meetings to assist with committee business. For 2020/21, these have included our key internal stakeholders and the Shareholder Director or their Deputy. The Shareholder Director Representative for the Committee during the reporting period was Sonia McRobb.

The following table details membership and the number of meetings attended by each member during the financial reporting period:

Member	Meetings attended
Jane Kennedy	3/3
David Godden	3/3
Martin Steele	3/3
Sonia McRobb	3/3
John Westwood	3/3
Deborah Prince	2/3
Trish Stephenson	1/3

## Some key activities included:

-  Review and approval of the Customer Charter
-  Reviewing progress of the new people plan
-  Monitoring customer and people engagement forums and strategy outcomes
-  Review and approval of the Committee Terms of Reference
-  Reviewing metrics around customer complaints, help desk statistics, customer satisfaction scores and discharge clean requests
-  Reviewing operational financial expenditure
-  Reviewing the risk register and monitoring progress

## Nomination Committee

The Nomination Committee makes sure that the Board has an appropriate balance of skills, experience, independence, and knowledge. It oversees the search and selection process for new Directors and makes recommendations to the Shareholder Director and Board on new appointments and re-appointments to the Board.

The Committee also oversees executive succession planning to ensure continuity of senior management at and below Board level.

The Committee has met six times and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered.

The following table details membership and the number of meetings attended by each member during the financial reporting period. The main reason for non-attendance during these meetings is due to a conflict of interest for the non-attending committee member with discussions being around their contract:

Member	Meetings attended
Ian Ellis	4/6
David Godden	6/6
Jane Kennedy	6/6
Martin West	5/6
Ben Masterson	6/6
Martin Steele	3/6

### Some key activities included:



- Approval to extend Ian Ellis and Martin West Non-Executive Director contracts



- Approval of appointment of Jane Hamilton



- Review and approval of the Committee Terms of Reference

## Remuneration Committee

The Remuneration Committee oversees appropriate contractual arrangements for all NHSPS people and make recommendations to the Shareholder Director on all aspects of the performance, remuneration and terms of service.

The Committee has met six times and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered.

Additional attendees are invited to attend meetings to assist with committee business. For 2020/21, this has included the Chief People Officer and Head of Compensation and Benefits. The Shareholder Director Representative for the Committee during the reporting period was Ben Masterson.

The following table details membership and the number of meetings attended by each member during the financial reporting period. Jane Hamilton was invited to the final Remuneration Committee meeting of the reporting period (25 March 2021) where Ian Ellis formally resigned as Chair of the Remuneration Committee and where Jane Hamilton was formally appointed:

Member	Meetings attended
Ian Ellis	6/6
Jane Kennedy	6/6
Martin West	6/6
Ben Masterson	6/6
Martin Steele	6/6
David Godden	6/6
Jane Hamilton	1/6

### Some key activities included:



- Review and approval of colleague pay awards



- Review of Manager and Senior Management Team pay and bonus awards



- Review of Remuneration policies



- Monitoring of Executive Director performance throughout the year

## The Directors



**Ian Ellis**  
Chair of NHSPS  
to 25 March 2021

Ian Ellis joined the company on 14 March 2016 when he became Chair of NHSPS, bringing a wealth of property services expertise to our board.

His 46-year career in property includes leadership roles at some of the UK's most successful real estate and FM services organisations including Richard Ellis (now CBRE) Land Securities and Telereal Trillium.

Ian is currently Chair of Arcus Solutions, Chair of Notting Hill Genesis, and an Independent Director of Portman Settled Estates. Ian is a member of the Property Support Across Government working group and a Fellow of the Royal Institution of Chartered Surveyors.

At NHSPS, Ian was the Chair of the Board, Asset and Investment, Remuneration and Nomination Committees. Ian resigned as Chair of the Board, Remuneration and Nomination Committees on 25 March 2021 but remained as a Non-Executive Director of NHSPS until 30 April 2021.



**Jane Hamilton**  
Non-Executive  
Director and  
Chair from 25  
March 2021

Jane Hamilton joined NHSPS on 22 March 2021 and became Chair of the Board on 25 March 2021.

Jane has over 30 years of experience in the corporate, property and government sectors.

She has worked at a senior executive level in major global banks, investment management and property corporations. She is currently Chair of the Council of The University of Essex and a Non-Executive Director of the Government Property Agency. From 2015 to 2019 she was also on the Board of Trustees of the Institute of Cancer Research.

At NHSPS, Jane serves as Chair of the Board and Chair of the Remuneration and Nomination Committees (from 25 March 2021).



**Ben Masterson**  
Non-Executive  
Director

Ben Masterson took on the role of Shareholder Director on the board of NHSPS in 2017. He is currently Head of Company Management Team, Commercial Directorate at the Department of Health and Social Care, bringing vital insights and representing shareholder interests to the board.

Ben is also a non-executive Director of NHS Shared Business Services Limited.

Ben is a member of the Board, Nomination and Remuneration Committees and has representation at the Audit and Governance, Asset and Investment and Facilities Management Committees.

An accountant by profession, Ben has held a variety of accounting and financial management roles in the NHS and worked on financial planning at the Department of Health and Social Care. He manages the Department's property and construction procurement teams.



**Martin West**  
Non-Executive  
Director

Martin West had been a Non-Executive Director at NHSPS since the company was launched in April 2013.

Martin's executive positions include time spent as a Partner at chartered surveyor firm Drivers Jonas LLP, as well as Director in the Corporate Finance team at Deloitte LLP. He spent several years advising companies on engineering matters in Europe, the Arabian Gulf States and South East Asia. He is a retired Chartered Civil Engineer, and a Chartered Management Accountant.

Martin has been a member of the Department of Health and Social Care's Foundation Trust Financing Facility Credit Committee and a Director of the trading subsidiary at a London NHS Foundation Trust.

Martin was Chair of the Audit and Governance Committee and a member of the Remuneration and Nomination Committees.



**Jane Kennedy**  
Non-Executive  
Director

Jane Kennedy became a Non-Executive Director of NHSPS on 26 July 2018, joining with broad experience in leading high performing customer/operations delivery and people teams in the insurance and financial services industry.

She was previously Chief Operating Officer and HR Director of Just Group and Partnership Assurance Services.

Jane is a serving trustee of Age UK (Hythe and Lyminge), and a trustee on the board of Revitalise, a Non-Executive Director for Progress (a creative agency), a Consultant Advisor for Vitruvian Partners, and founder of her own Executive Coaching and HR consultancy -JAK63 Ltd. She has also previously held senior Customer service positions at Scottish Widows Life and Pensions, Saga Services, Colonial Mutual Life Assurance, GHL Group and Barclays Retail Mortgages.

Jane was Chair of the Customer and People Committee and a member of the Audit and Governance, Remuneration, Nomination and Facilities Management Committees.



**David Godden**  
Non-Executive  
Director

David Godden became a Non-Executive Director of NHSPS on 26 July 2018. He was formerly Chief Operating Officer at Land Securities Trillium and Group Client Director at Telereal Trillium.

David previously held senior roles including Operations Director at Johnson Controls Ltd and positions at BAE Systems both in Australia and the UK. David is currently a Trustee Director of Power to Change, an organisation that seeks to build a movement of community-run businesses across England. David is also currently a Non-Executive Director of Sage Housing Limited and was previously Chair of Metropolitan Thames Valley Housing Association's in-house repairs and maintenance business.

David is Chair of the Facilities Management Committee and a member of the Asset and Investment, Remuneration, Nomination and Customer Committees.



**Martin Steele**  
Interim Chief  
Executive Officer

Martin Steele joined the company on 4 July 2017 as Chief Operating Officer and became Interim Chief Executive Officer on 01 April 2020.

Martin brings a strong track record of designing and implementing both hard and soft facilities management strategies, which are vital to our efforts to deliver efficient and cost-effective services to our NHS customers.

As well as significant operational and commercial management experience, Martin led the delivery of complex facilities management services at several blue-chip commercial organisations including BT, Andersens, Northern Foods and Debenhams. He is experienced at leading teams to add value to an organisation, as well as driving transformation in fast-paced and intricate operating environments.

Martin also has broad expertise in construction project management, procurement and health, safety and environmental management.

Martin is a member of the Board and Asset and Investment Committee. He is Chair of the Executive Committee which although is not a formal committee of the Board, is critical to ensuring the operational success of the business.



**Mark Smith**  
Chief Financial  
Officer

Mark Smith joined the company formally as Chief Financial Officer on 1 May 2019.

He has overall responsibility for guiding the financial strategy of NHSPS.

Before joining NHSPS, Mark was responsible for developing and implementing business strategies for Openreach, playing a leading role in their £3bn rollout of the latest fibreoptic network throughout rural areas in the UK.

Mark's background is in IT, services and telecoms having performed various senior roles.



**John Westwood**  
Director of Asset  
Management

John Westwood joined the company on 6 July 2015.

John has more than 25 years' experience in corporate real estate. He has worked in a number of organisations within the pharmaceutical, technology and financial services sectors.

John joined NHSPS from Devonshire Investors International (Fidelity). Before this he held senior roles at Pfizer, Citigroup, BT and DTZ. He is a member of the Royal Institution of Chartered Surveyors.

John was the lead Executive Director on the Asset and Investment Committee.

## Board changes

Following the reporting period and prior to publication of our annual report there were three resignations and four appointments to the Directorship of the Board which are detailed below.

### Resignations:

- **John Westwood** resigned from his role as Executive Director on the 21 May 2021.
- **Jane Kennedy** resigned from her role as Non-Executive Director on the 26 July 2021.
- **Martin West** resigned from his role as Non-Executive Director on 14 October 2021.

### Appointments:



**Adrian Belton**  
Non-Executive  
Director

Adrian Belton joined NHSPS as a Non-Executive Director on the 4 May 2021.

Adrian has experience at both Board and Executive roles in the public and private sectors. He was appointed as Chair at Stockport NHS Foundation to help drive its transformation and has overseen its organisational turnaround. Adrian has had a broad career, starting in FTSE100 banking organisations before moving into the public sector. Whilst at Barclays he embarked on an exchange programme between the commercial and Public Sector. He went on to be Chief Executive of the Central Science Laboratory, the Food and Environment Research Agency and lastly the Construction Industry Training Board.

Adrian is currently a Non-Executive Chair at Defence Science and Technology Laboratory and a Member of the Council at University of Sheffield.



**Mark Lomas**  
Non-Executive  
Director

Mark Lomas was appointed as a Non-Executive Director to the Board on 1 September 2021 and is Chair to the newly formed People, Culture and Diversity and Inclusion Committee. This is a new and key appointment for our organisation. It demonstrates our commitment to our fourth strategy pillar, 'Get, Grow and Keep Great People' and our Diversity and Inclusion strategy over the coming months and years.

Mark has delivered numerous diversity and inclusion projects in the UK and internationally across a wide variety of sectors, including The Financial Reporting Council, Lloyds Market Association, Bermuda Hospital Board, Sheffield University, NHS Clinical Commissioning Group Boards, Highways England, ITV, The Law Society and the BBC. Mark is a published author on the topic of Equality and Diversity having authored the Law Society E&D Risk and Compliance Toolkit which assists law firms to comply with regulation and is the co-author of research published for Arts Council England on Goal 5: Equality and Diversity for Young People in the arts.

Mark is currently Head of Equality, Diversity and Inclusion at HS2 (High Speed Rail 2).

In 2019, he was identified in the Top 50 Influential Global D&I Leaders and was awarded 2019's Head of Diversity at the Inclusive Companies Excellence Awards. In 2020, Mark was named in the People Magazine Top 20 D&I Powerlist and in 2021 was recognised by D&I Leaders Co. as one of the Top 100 Inspirational Global E,D&I Leaders.

Mark is also an executive committee member of the R.I.D.I. (Recruitment Industry Disability Initiative).



**Nick Moberly**  
Non-Executive  
Director

Nick Moberly joined NHSPS as a Non-Executive Director on the 4 May 2021.

Nick joined the NHS in 2003 working at Board level and was a CEO for 11 years. For nine years he was CEO of the Royal Surrey County Hospital NHS Foundation Trust. He also spent two and a half years as CEO at King's College Hospital NHS Foundation Trust. Prior to joining the Royal Surrey, Nick spent three years at King's College Hospital NHS Foundation Trust as Director of Strategic Development, during which he worked to modernise the organisation as well as playing a key role in preparing the ground for the Trust's successful application for Foundation Trust status. In his earlier career Nick was with McKinsey & Co where he supported clients in the public sector and was First Secretary at the Foreign and Commonwealth Office.

Nick is currently CEO of the MS Society UK, Vice Chair at Christian Aid, a Board Member of the MS International Federation, and Board Adviser for Dr Morton's Limited.



**Caroline Wehrle**  
Non-Executive  
Director

Caroline Wehrle was appointed as a Non-Executive Director to the Board on 1 September 2021 and is Chair to the Audit and Governance Committee. Caroline has expertise in risk management, compliance and ethics, finance, audit, internal controls, and pensions. She spent 16 years at Diageo plc in a variety of senior finance, audit, risk and compliance positions, culminating in six years as the company's Global Head of Risk and Compliance.

Caroline is experienced at operating at board level with considerable international experience, including time living and working in Asia. She has a track record in leading teams and large global networks to deliver strategic outcomes.

Caroline is currently a Non-Executive Director with Aster Group, a housing association, where she is Chair of the Risk and Compliance Committee and Member of the Treasury Committee. She is also a Trustee Director with Diageo UK Pensions Ltd and sits on its Investment Committee, Responsible Investment sub-committee and Audit Committee.



## Director conflicts

The 2006 Companies Act provides that Directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or may conflict, with a company's interests. Any potential conflict of interest between the role of an officer working for the Department of Health and Social Care and their role as either the Shareholder Director or his representative in the company is registered and managed in an appropriate way.

All Board members have completed and signed a declaration of interest form. In addition, they are all required to notify and record any interests relevant to their role on the Board.

As part of NHSPS' commitment to openness and transparency, a Register of Members' Interests, is maintained. The register is reviewed at each Board meeting and members are required to notify and record any interests relevant to their role on the Board. In addition, members of the Board and the executive are required at the commencement of each Board meeting, and whenever relevant matters are raised, to declare any personal interest they may have in any business on the agenda and abstain from related Board discussion as required.

## Openness and transparency statement

We are committed to being an open and transparent organisation, and continue to seek to improve in this area. Work is currently underway to improve access to information on our website, on engagement with our key stakeholders, to improve how we invoice and how we work within procurement.

## Directors' and Officers' liability insurance

NHSPS is a member of the NHS Risk Pooling Scheme which includes Directors' and officers' liability as permitted by the Companies Act 2006. The Shareholder has granted rolling indemnity to the Chairman, Executive Directors and Non-Executive Directors in relation to certain losses and liabilities which they may incur while acting as officers of the company.

## Directors' indemnities

As permitted by Article 77 of the Company's Articles of Association, the Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.



## Section 172 Statement

### S172(1) Reporting

Our directors are bound by their duties under the Companies Act 2006 (the “Act”) and the manner in which these have been discharged, particularly their duty to promote the success of the Company for the benefit of its member. The long term success of the organisation is dependent upon our Directors also having regard to the interests of our colleagues, the business relationships with our customers and suppliers, the impact of our operations on the community and the environment. These considerations have formed a core theme of NHSPS’s 2020/21 Annual Report as it reports the actions, behaviours and decisions made by the Board.

### Section 172

Duty to promote the success of the company.

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regards (amongst other matters) to factors (a) to (f).

- a. The likely consequences of any decision in the long term,
- b. The interests of the company’s employees,
- c. The need to foster the company’s business relationship with suppliers, customers and others,
- d. The impact of the company’s operations on the community and the environment,
- e. The desirability of the company maintaining a reputation for high standards of business conduct, and
- f. The need to act fairly as between members of the company.

The Chair is responsible for leading the Board, ensuring that it discharges its duties efficiently and that it delivers the strategy agreed by the Board. The Chief Executive Officer is responsible for directing and controlling operations, managing the day-to-day business, and ensuring it is aligned to the strategy. The Shareholder Director brings vital insights and represents shareholder interests to the board. This distinction between the Chair, the Chief Executive Officer and the Shareholder Director is key to governance accountability. The directors do individually and collectively act in the way they consider, in good faith, would be most likely to promote the success of the Company.

The Accountability Report on pages 70 to 71 provides information on how the NHSPS Board has governed during the accounting period, the Directors, membership, and the organisation of our governance structures and how they support achievement of our objectives as detailed on page 22.

The Risk Management Report on page 93 details NHSPS’s approach to risk as well as our approach to Information and Data Governance, and Modern Slavery; with internal controls and internal audit procedures.

Decisions are made by the Board reaching a consensus. Where appropriate, and as stated within the Articles of Association under Shareholder Reserved Matters which can

be viewed via our website, the Secretary of State for Health and Social Care is required to provide written approval for certain decisions. The Secretary of State is represented by the Shareholder Director and his nominated representatives from the Department of Health and Social Care.

The Board have access to internal and external legal counsel and a Company Secretary for advice on all governance matters, ensuring that the Board procedures are complied with. Directors may also seek independent advice.

For details on the Board and NHSPS’s response to the COVID-19 crisis, please go to page 13 and the ‘Examples of Principal Decisions’ table on page 92.

Throughout the various sections of our 2020/21 Annual Report, you will see evidence of the principal decisions made by the Board during the reporting period, the progress and/or outcomes of those decisions along with case studies in support. The table below provides a few examples of key decisions made during the financial year and which stakeholders were considered. We are particularly proud of our colleagues who have been integral to the outcomes as shown within our key achievements detailed in our Strategic Report at pages 22 to 23.

## Examples of Principal Decisions undertaken by the NHSPS Board in the year ending 31 March 2021

Principal decision and s172 considerations	Supporting information
<p><b>COVID-19 Response</b></p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Environment</li> <li>Shareholder</li> <li>Government and regulators</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Protecting the health, safety and wellbeing of our colleagues, customers and wider communities was a key priority.</li> <li>The Board supported the senior management's role in implementing safe working practices and procedures for our frontline staff, along with the implementation of the Business Continuity Plan and monitoring key responses to the pandemic.</li> <li>Maintaining critical frontline services whilst experiencing COVID-19 related staff absences by approving overtime, additional shift patterns and direct recruitment methods.</li> <li>Fast and effective response to enabling colleagues to work from home.</li> <li>Obtaining feedback from colleagues on agile working and in response putting in place an office strategy plan.</li> <li>Ensuring that the business operations continued with minimal disruption and that our customers continued to receive essential services, fast and effective solutions.</li> <li>The business worked closely with Trusts, GP Practices, and local Primary Care Networks to commission vaccination centres.</li> <li>The business also worked proactively with key suppliers to ensure minimal disruption.</li> <li>Government and Regulatory guidelines were tracked, communicated and the business remained agile to respond accordingly for best practice.</li> <li>Finances were regularly reviewed, and the necessary adjustments made to meet the changing landscape and protect the company's position whilst meeting critical business, customer, and community needs.</li> <li>All stakeholder groups were affected in some way by COVID-19 and the Board and Senior Management spent a great deal of time discussing the impact on the business, stakeholders, mitigating measures, responsible working, and the company's reputation.</li> <li>Regular updates were received from within the business and wider stakeholder groups, and the impact of decisions in the long term considered.</li> </ul>
<p><b>Diversity and inclusion</b></p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Shareholder</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>The Board endorsed and approved several initiatives by the people team to drive forward diversity and inclusion.</li> <li>A Diversity and Inclusion Forum was established to engage with the business to ensure the colleague experience was a positive one, aligned with our values and behaviours of treating people fairly, creating a climate of trust and inclusion.</li> <li>Yammer was introduced, a corporate social network, to better connect and inform our workforce.</li> <li>NHSPS engaged from within the business a Head of Diversity and Inclusion who, by partnering with colleagues from across the organisation and with our external stakeholders, will lead and develop NHSPS' diversity and inclusion ambition by implementing a three-year plan.</li> <li>The Board acknowledges that there is more work to be done and will continue to be closely involved with Diversity and Inclusion and driving change from the top.</li> </ul>
<p><b>Strategy</b></p> <p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Environment</li> <li>Shareholder</li> <li>Government and regulators</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>NHSPS' new strategy was launched on the 27 April 2020 outlining the purpose, values, culture and four pillars of delivery.</li> <li>The new strategy was communicated to colleagues, customers, external stakeholders and the Secretary of State through various platforms and feedback sought following the launch.</li> <li>The new strategy better enables NHSPS to be a capable strategic partner in the delivery of the NHS Long Term Plan and assist with smarter and effective use of space and to get the best value locally, regionally, and nationally.</li> <li>The Board continue to monitor how we deliver sustainable, quality services to our NHS partners, customers, and colleagues in a responsive, more flexible, transparent, measurable way and to simplify how we work together.</li> <li>Throughout the financial reporting year, the Board and its committees have engaged regularly with key stakeholders, reviewed internal controls, processes and procedures and enabled investment in key areas requiring expertise to drive the change needed to improve the services we provide.</li> <li>The Board of NHSPS, and colleagues, take great pride in the services provided to our NHS Partners, customers, and together continue to work hard to improve and reach a service of excellence in all areas of the business.</li> </ul>

# Governance and Risk Report

## Risk governance

The Board is responsible for the company's systems of internal control and risk management and for reviewing each year the effectiveness of those systems. Such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The system can provide only reasonable, and not absolute, assurance against material misstatement or loss. The process in place for reviewing the systems of internal control includes procedures designed to identify and evaluate failings and weaknesses.

The Audit and Governance Committee is responsible for overseeing the effectiveness of risk management and internal control systems and regularly assess the principal risks facing the company.

## Risk management framework

Risk management enables NHSPS to identify the possibility of future events happening which will impact the achievement of our objectives, as well as the controls in place to mitigate this and develop action plans which will enable us to make better business decisions that consider the effect of uncertainty.

NHSPS is committed to creating and enabling a risk management culture that seeks to enhance the value delivered to customers, position the company for growth and protect our reputation. Thinking about risk consciously and managing it in a planned and effective way will support our objective of delivering a consistently good service.

We continue to review our risk framework in-year to enhance awareness and focus on our Directorate Risk Registers that feed into our Corporate Risk Register. The Board also recognises the importance of a framework for risk management and review the reported risk deep dives and Corporate Risk Register every six months. During 2020/21 the Corporate Risk Register was also subject to a thorough mid-year evaluation by the Executive Committee in September 2020.

The Executive Directors are responsible for delivering the company's strategy and managing risks which may stop this being achieved. The Executive Directors in turn place reliance on their teams to monitor and manage operational risks on an ongoing basis, as well as identifying emerging risks. All risks on the Corporate Risk Register are owned by an Executive Director.

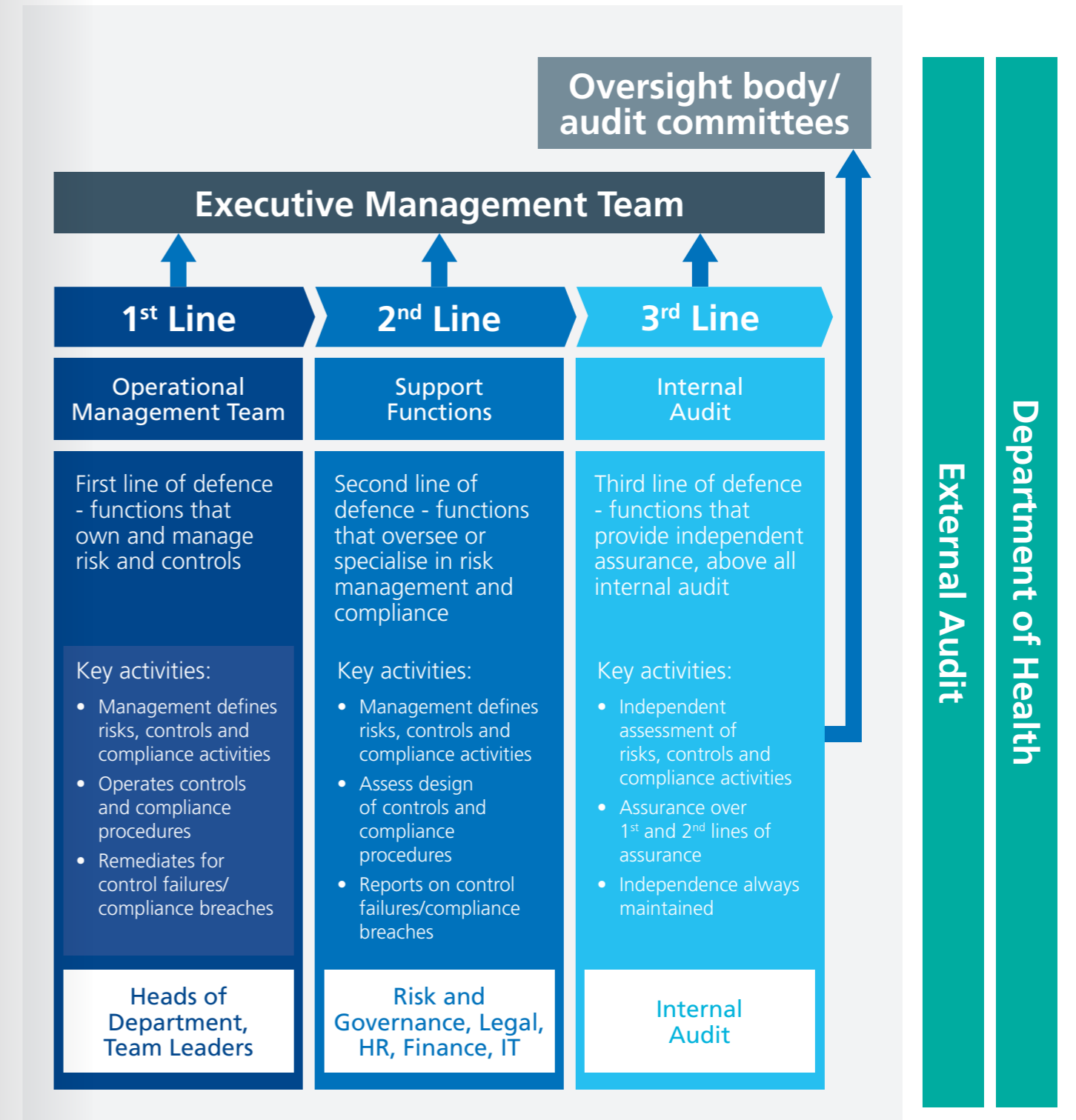
Directorate risk registers provide a framework for teams to feed into this process, recognising all staff members have shared responsibility for effective management of risk in delivering our strategy. At an operational level, risks are reviewed together with the level of control necessary to mitigate, where possible, the level of risk.

Two Risk Forums operate below the Corporate Risk level, one at Directorate level which reviews directorate risk registers and discusses cross-directorate risks, and the second forum which focuses on financial risks across the different teams in the Finance Directorate. This ensures that our approach to risk management is integrated, embedded and proactive, and that risk management is a driver for improvement in controls and performance across the organisation.

The financial impact of certain risks has been transferred through insurance arrangements. The company is a member of the NHS Resolution Risk Pooling Scheme (Previously NHS Litigation Authority), which covers third party and employer liabilities, and property-related risk exposure.

## Three lines of defence

NHSPS's Risk Management Framework provides for continuous and reliable assurance on organisational stewardship and the management of the major risks to organisational success and delivery of improved, cost effective, public services. The Three Lines of Defence model as illustrated below has been adopted to manage risk and control as well as provide assurance over the delivery of services.








NHSPS works with the support of our third line of defence comprised of internal auditors to strengthen our assurance framework and report on the effectiveness of operating controls.







# Principal risks

NHSPS's financial performance and operations are influenced by a range of risk factors. The company aims to mitigate the exposure through appropriate risk management strategy and internal controls.

Principally, the key risks of NHSPS fall in the financial, reputational, capability and transformation areas and programmes and actions have been implemented to mitigate the risks where appropriate.

Principal Risks	Key mitigating actions	
<b>Market deterioration</b> 	Market deterioration impacting corporate disposal programme and reducing funds for reinvestment.	<ul style="list-style-type: none"> <li>• Continuous review of property market conditions, both nationally and locally.</li> <li>• Tailor town planning strategy to changing market risk appetite.</li> <li>• Adapt disposal programme where high value sites may be vulnerable to market deterioration.</li> </ul>
<b>Business liquidity</b> 	Customers do not pay impacting the liquidity of the business.	<ul style="list-style-type: none"> <li>• Strategic Debt Management approach supported by DHSC and NHSE/I.</li> <li>• ACS Check-In process.</li> <li>• Implementation of Debt Assurance Panel by DHSC and NHSE.</li> </ul>
<b>Business continuity</b> 	There is a risk of a major incident or business continuity event impacting on operational/service delivery due to incomplete business continuity plans (BCPs) being in place.	<ul style="list-style-type: none"> <li>• Introduction of a major incident management process (MIM).</li> <li>• Introduction of Corporate and Directorate level BCPs.</li> <li>• Internal audit actions are in an action plan for continual improvement.</li> </ul>
<b>Health and safety</b> 	Risk that NHSPS cannot demonstrate compliance with health and safety legal requirements due to the lack of a corporate Health and Safety Management System, no defined senior accountabilities and lack of engagement with workforce.	<ul style="list-style-type: none"> <li>• Implementation of Health and Safety Management System.</li> <li>• Focused communications and training.</li> <li>• Focus on risk assessment process on high-risk activities.</li> </ul>
<b>Data and information governance</b> 	Non-compliance with regulatory change of data and information governance resulting in financial penalties and reputational risk.	<ul style="list-style-type: none"> <li>• Data awareness and mapping.</li> <li>• GDPR policy implementation.</li> <li>• Retention scheduling.</li> </ul>

Principal Risks	Key mitigating actions	
<b>Cyber security</b> 	There is a risk of cyber security incidents occurring because existing systems or processes are either ineffective or a new circumvention has been found. This could lead to a detrimental impact on the confidentiality, integrity and/or availability of NHSPS systems and/or data.	<ul style="list-style-type: none"> <li>• Improved and verifiable security posture.</li> <li>• Reduce number security alerts materialising into security incidents.</li> <li>• Dedicated Cyber Security Team in place and operational.</li> <li>• Proactive security hardening of environments</li> <li>• Continuous analysis of threat intelligence and proactive implementation of threat controls</li> </ul>
<b>Data and data management</b> 	There is a risk that NHSPS cannot assure the high quality and security of its Business-Critical Data because comprehensive data management, governance, processes and tools are not in place nor effectively used, and Business Critical Data has not been fully described.	<ul style="list-style-type: none"> <li>• Establish Data Governance framework.</li> <li>• Cross Business Data Improvement Plan.</li> <li>• Development of a Business Glossary to establish a common understanding of data across NHSPS.</li> <li>• Data improvements prioritisation to ensure more efficient management of data resources and activities.</li> </ul>
<b>Corporate strategy</b> 	Corporate strategy not fully aligned with policy ambitions of Shareholder/ HM Government resulting in a misalignment with corporate objectives and loss of reputation	<ul style="list-style-type: none"> <li>• Integration and alignment of Annual Business Planning Cycle with DHSC and NHS priorities.</li> <li>• Continuation of quarterly Accountability Review meetings with DHSC.</li> </ul>
<b>Reputation</b> 	Weak reputational perception among stakeholders, shareholders, regulators, and media, leading to inability to meet customer expectations and potentially undermine the mandate to operate from the DHSC.	<ul style="list-style-type: none"> <li>• Aligning the business to new and emerging NHS structures.</li> <li>• Social prescribing.</li> <li>• Improve the billing experience for customers</li> <li>• Development of bespoke customer action plans</li> </ul>



## Internal controls

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives.

We continue to work with our Internal and External Audit partners to strengthen our internal control framework. The 2020/21 internal audit plan has been focussed on key risk areas, covering the efficiency and effectiveness of the governance, risk management and internal control frameworks.

The Audit and Governance Committee monitors the effectiveness of controls through the receipt of written and verbal reports from directorates, Internal Auditors, and the External Auditors. The Committee confirms that it has kept a watching brief on issues such as:

- Valuation of the property portfolio
- Risks to cashflow and debt management
- The consequences of inaccurate data on the delivery of timely billing to our customers and cashflow
- Customer service and satisfaction
- Accounting policies and the potential impact from proposed changes

- Implementation of new systems such as CORE
- Accuracy of data driving IFRS16 calculations
- Management's own assessment of the strengths and weaknesses of the overall control environment and the action plans to address any weaknesses.

The comprehensive overview of the key elements of internal control system also include:

- Standard Financial Instruction (SFIs): scheme of delegation's process has been implemented to ensure financial transactions are carried out in accordance with the limit of authority assigned and delegated by the Board.
- Corporate Policy framework: overarching approach has been designed for creating maintain and amend policies to ensure NHSPS has consistent, relevant and up-to-date governance for document policy.

## Internal audit

Internal audit plays a key role in providing independent assessment and challenge of the governance, risk, and internal control frameworks at NHSPS. A key objective of the internal audit function, delivered in FY2020/21 by Deloitte through its assurance and investigation activities, is to safeguard value by protecting NHSPS's assets, reputation, and sustainability in relation to the organisation's objectives.

The internal audit plan for the year ending 31 March 2021 focussed on known risk areas for the organisation as identified in the Corporate Risk Register and was approved by the Audit and Governance Committee at the start of the year. Internal Audit provide update reports to each Audit and Governance Committee with key findings from completed audits. Further, they have provided an annual report, including the Head of Internal Audit Opinion, in relation to the organisation's framework of governance, risk management and internal control.

Team objectives and scorecards are linked to the completion of internal audit actions and the implementation status of audit actions is presented to the Executive team on a monthly basis, further strengthening the culture of the organisation to address control weaknesses. In addition, the Company Secretary has

completed a review of all Board Committee Terms of References and the Executive Team are reviewing the corporate risk register on a quarterly basis and performing deep dives on significant risks on a rotational basis. NHSPS has identified areas of improvement in defining the organisation's risk appetite and further embedding the 'bottom-up' risk process throughout the organisation.

With respect to the internal control environment, good progress has been made in establishing a framework and controls across the organisation. The 2020/21 internal audit opinion identified that the control environment continues to evolve and, as systems have been embedded in the organisation, this has facilitated improvements in the control environment through the automation of controls and enhanced management reporting.

In the opinion of the internal auditors there are robust frameworks in place for governance and risk management, which need to be further embedded throughout the organisation. With respect to the internal control environment, they provide limited assurance over the effectiveness and efficiency of the internal control framework, except for one area where they are unable to provide assurance.

We have an ongoing program of works to address and embed the recommendations resulting from our internal audits.

## Fraud detection and investigation

During 2020/21, the NHSPS counter fraud function was outsourced to Grant Thornton LLP, which undertook a range of proactive initiatives and reactive investigations to embed a strong anti-fraud culture and create a robust control framework to prevent fraud occurring. Over the last year Grant Thornton delivered a programme of work that included:

- A Data Mining Local Proactive Assignment that assessed procurement fraud risk throughout the organisation and involved teams from Procurement, Finance and Governance.
- A review of NHSPS Recruitment and Selection process.
- A review and refreshed roll-out of the anti-bribery mandatory training module to all colleagues.
- A Bribery risk review carried out at an organisation wide level.
- Promotion of the counter fraud team and NHSPS anti-bribery policies as part of November's counter-fraud awareness week.

Grant Thornton operates a full spectrum fraud detection and investigation capability and, together with the Company Secretariat,

proactively investigates possible cases of fraud resulting from the planned programme of work as well as reactively from referrals both within the business and externally. In FY2020/21, Grant Thornton launched six reactive investigations of which four were closed as of 31 March 2021 with two further investigations ongoing. Supported by the internal analytical capabilities of the Company Secretariat and the Risk and Governance Team, Grant Thornton deploy their expertise in counter fraud activities to undertake both financial and non-financial forensic analysis tailored to the specifics of each case identified. All cases were reported to the Audit and Governance Committee on a quarterly basis.

A joint NHSPS/Grant Thornton lessons learned evaluation took place in March 2021 that then informed the go forward 2021/22 workplan. Whilst NHSPS is not required to report its compliance with the NHS specific Counter Fraud Functional Standard, this workplan has been developed in accordance with those standards to provide a structured and risk-based Counter Fraud Specialist Workplan that NHSPS can benchmark itself against national, best practice counter fraud, bribery and corruption prevention and detection works. The standard is set out in 13 components in accordance with central government and the NHS CFA's strategy and will form the framework for activity in 2021/22.

## Information and data governance

Information Governance is an important part of the business, ensuring NHSPS remains compliant in relation to data protection, records management, and information security activities. The Secretary of State for Health and Social Care has mandated that all organisations that have access to NHS patient data and systems must complete the Data Security and Protection Toolkit, provided by NHS Digital, and this need is currently being progressed. The Information Governance Team are focussed on identifying and mitigating any potential data protection risk across the business. During 2020/21, NHSPS continued to evolve its systems and processes, to ensure best Data Protection practices and to embed Data Protection by Design and Default. This culminated in a comprehensive Information Governance plan which was published in December 2020 and designed to fundamentally improve the way NHSPS handles its information.

The Information Governance Plan is focused on delivering the following:

- Data awareness and mapping to ensure that all personal data is handled securely.
- Developing an improved suite of GDPR documents to ensure company-wide compliance.
- A new training programme to raise awareness of Information Governance throughout the organisation.
- Mapping, recording and management of all NHSPS paper-based assets to ensure security and compliance with GDPR.

NHSPS is registered as a Data Controller with the Information Commissioner's Office and confirms that there were no significant reportable data breaches during the year.



# Health, safety and wellbeing


The Health, Safety and Wellbeing plan for 2020/21 was designed to build on the production of our health, safety and wellbeing management system completed the previous year, with a focus on the implementation of Health and Safety procedures across the business.


Key in-year activities and achievements included:


- We introduced safety observations as a reporting category along with near misses, and our reporting doubled in these categories which demonstrates good safety awareness.
- The Service Assurance team rationalised our cleaning products to 26 and Control of Substances Hazardous to Health (COSHH) assessments were completed to facilitate use by our teams.
- A national framework for permits to work was established and national permits for working at height, hot works and work on fire safety systems were introduced.
- The Institution of Occupational Health and Safety (IOSH) Managing Safely course was converted to a facilitated virtual course and retained accreditation by IOSH which meant all attendees achieved their certificates.
- Our asbestos management survey project continued, initially focusing on buildings which had been vacated, but our occupiers also accommodated the surveys in buildings where COVID-19 patients were not being treated.
- This year saw a move to develop Regional Health and Safety Plans to support the delivery of initiatives and accountability for performance at a local level. Progress was communicated using an infographic to promote engagement.
- We again achieved the British Safety Council International Award with Merit.





 **1,300**  
safety observations and near miss reports

 **26**  
COSHH assessments on cleaning products

 **12**  
health and safety procedures

 **91%**  
of Health, Safety and Wellbeing Plan delivered

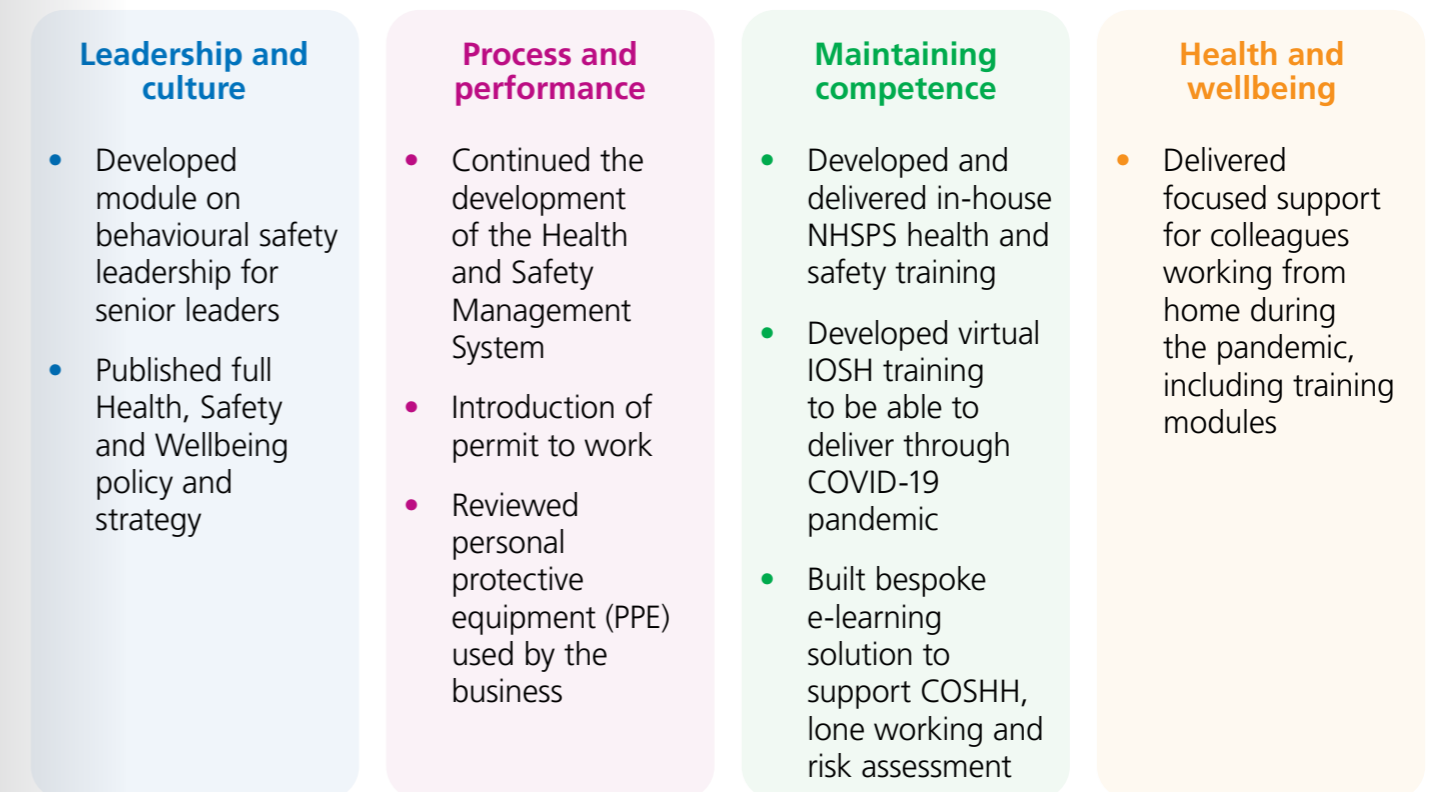
 **627**  
asbestos management surveys

 **800**  
water risk assessments

The four pillars of health and safety continue to act as a framework to deliver and embed health and safety activity both within the business as well as to our customers. The framework acts as an enabler to the wider programme of work in this key area.



In 2020/21, significant progress was again made against each of the pillars:



For our response to Covid-19, please refer to page 13.



# Modern Slavery and Human Trafficking Statement

NHSPS fully supports the Government’s objectives to eradicate modern slavery and human trafficking. This is our Slavery and Human Trafficking Statement for the financial year ending 31 March 2021:

## Organisation structure and supply chains

NHSPS is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. Our internal policies replicate our commitment to acting ethically and with integrity in all our business relationships.

Our procurement approach follows good practices, which includes a mandatory exclusion question regarding the Modern Slavery Act 2015.

When procuring goods and services, we expect our suppliers to comply with the Modern Slavery Act 2015. For all capital and construction appointments (including consultants) we have a mandatory requirement for them to be Constructionline registered, which is a government accredited process and covers modern slavery.

## Policies in relation to slavery and human trafficking

We operate a whistleblowing policy so that all colleagues know that they can raise concerns about how colleagues or people receiving our services are being treated, or about practices within our business or supply chain, without fear of reprisals.

## Due diligence processes

We operate a robust recruitment process; confirming the identities of all new colleagues and their right to work in the United Kingdom.

As part of our initiative to identify and mitigate risk we ask all potential or new suppliers to provide information about modern slavery, their approach and compliance with this legislation.

We have a zero-tolerance attitude to slavery and human trafficking. We encourage staff and members to speak up and have assigned the responsibilities of the Raising Concerns Guardian to the Company Secretary.

## Key performance indicators to measure effectiveness of steps being taken

We will continue to monitor the effectiveness of the steps we are taking to ensure that slavery and/or human trafficking is not taking place within our business or supply chain.

We will annually review the statement and any related policies to ensure they remain fit for purpose and in line with current legislation and best practice.

## Training on modern slavery and trafficking

Through our mandatory training on modern slavery and our whistleblowing policy, our staff and members are encouraged to identify and report any suspicions or potential breaches of our antislavery and human trafficking policy. We are looking at ways to continuously increase awareness within our organisation, and to ensure a high level of understanding of the risks involved with modern slavery and human trafficking in our supply chains and in our business.

## Responsibility

The Board has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.

This statement is made pursuant to s54 of the Modern Slavery Act 2015 and sets out the steps that NHSPS has taken to prevent the occurrence of modern slavery and human trafficking within our business or supply chain.

**Martin Steele**  
Chief Executive Officer  
NHS Property Services Ltd

13 December 2021

# Remuneration Report

The Board's Remuneration Committee is chaired by the Chair of the Board, Jane Hamilton. The committee is responsible for reviewing the terms and conditions of office of our most senior managers, including salary, pensions, termination and/or severance payments and allowances.

## Remuneration policy

This Remuneration Report covers members of the NHSPS Board.

The following elements of the Remuneration Report are subject to audit:

- Salaries (including performance pay) and allowances
- Compensation for loss of office
- Non-cash benefits
- Pension contributions
- Amounts payable to third parties for the services of senior managers

The Articles of Association state that the Secretary of State for Health and Social Care, or any senior civil servant acting with the Secretary of State's authority, must approve all appointments to the Board. The Secretary of State is represented by the Shareholder Director and his nominated representatives from the Department of Health and Social Care. Nominated individuals who support the work of the Board and its Committees are recorded in the Governance Report.

The Nomination Committee keeps the Board's skill and experience base under continued review, oversees searches and selection processes for new Directors and recommends new appointments to the Board. The remuneration and terms and conditions of the Chair and all Directors are approved by the Remuneration Committee, taking account of relevant market data and benchmarking against other similar positions.

The Remuneration Committee oversees appropriate contractual arrangements for our people. The Committee met six times during the financial year and was chaired by the then Chair of the Board, Ian Ellis.

Remuneration approval for all Directors and people earning more than £150,000 base salary per year is reserved to the Secretary of State for Health and Social Care or any senior civil servant acting with the Secretary of State's authority.

## Senior management

The structure of pay for senior managers is designed to reflect the long-term nature of our business and the significance of the challenges we face. Executive salary surveys and periodic assessments are conducted by independent remuneration consultants. Uplift to salary for Directors is approved at the Remuneration Committee where the Shareholder Director is a member. Salary awards and terms and conditions applying to NHS staff groups were applied in-year.

People appointed post 1 April 2013 have been employed on company terms and conditions of service.

A company-wide bonus and performance-related pay scheme was introduced during 2016/17. Executive bonuses were endorsed by the Remuneration Committee in June 2020 based on delivery of corporate and personal objectives.

## Company structure

The company has undergone further restructuring in the last year to align more closely with the business needs.

The Chief Executive Officer takes the lead in shaping the future requirements of the business in line with Shareholder expectations. The Executive Team keeps the operating structure under review to ensure the organisational design remains fit for purpose for the company's future needs.

## Service contracts

The individual contracts for Non-Executive Directors set out the fees and duration for their term of office. There is also no compensation provision for early termination.

The details of Directors' service contracts, term and notice periods are shown in the following table. Executive Directors hold open-ended appointments. Non-Executive Directors are appointed on a three-term basis which will then be renewed or extended.

Early termination, other than for misconduct, would result in the individual receiving compensation. This is a reserved matter as set out in the Articles of Association section 5.3.2(c) and the company's Delegated Authorities.

Company Directors	Period as a Company Director	Current term	Notice periods
Martin Steele	4 July 2017	n/a	Terminable by either party on giving six months notice.
Mark Smith	1 May 2019	n/a	Terminable by either party on giving six months notice.
John Westwood	6 July 2015	n/a	Terminable by either party on giving six months notice. Resigned on 21 May 2021.
Chairman, Shareholder Director and Non-Executive Directors	Period as a Company Director	Current term	Letter of appointment – notice periods
Jane Hamilton	22 March 2021	1	Terminable by either party giving three months notice
Ian Ellis	14 March 2016	2	Contract extended to 30 April 2021. Either party can give one month notice. Resigned on 30 April 2021.
Ben Masterson	31 January 2017	n/a	The Shareholder Director is a senior civil servant at the Department of Health and Social Care and receives no remuneration from the company. There were also no recharges. Any potential conflict of interest is registered and managed in an appropriate way - see Directors' conflicts.
Martin West	26 March 2013	3	Contract extended to 1 September 2021. Either party can give three months notice.
Jane Kennedy	26 July 2018	1	Initial period of three years. Either party can give three months notice.
David Godden*	26 July 2018	1	Initial period of three years. Either party can give three months notice.

\*David Godden's second term as a Non-Executive Director was approved in July 2021

Term details for Executive and Non-Executive Directors as at 31 March 2021

There are no other service agreements, letters of appointment or material contracts, between the company and any of the Directors. There are no arrangements or understandings between any Director and any other person pursuant to which any Director was selected to serve. There are no family relationships between the Directors.

## Remuneration of Board members

The following table provides details of the remuneration and pension of Board members:

Name	2020/21					2019/20				
	Salary £'000	Bonus £'000	Benefits in kind £	Pension benefits £'000	Total remuneration £'000	Salary £'000	Bonus £'000	Benefits in kind £	Pension benefits £'000	Total remuneration £'000
<b>Chairman and Non-Executive Directors</b>										
Ian Ellis	65-70	Nil	Nil	Nil	65-70	65-70	Nil	Nil	Nil	65-70
Martin West	25-30	Nil	Nil	Nil	25-30	25-30	Nil	Nil	Nil	25-30
Jane Kennedy	25-30	Nil	Nil	Nil	25-30	25-30	Nil	Nil	Nil	25-30
David Godden	25-30	Nil	Nil	1	25-30	25-30	Nil	Nil	1	25-30
Jane Hamilton	0-5	Nil	300	1	0-5	Nil	Nil	Nil	Nil	Nil
Ben Masterson*	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Strong	Nil	Nil	Nil	Nil	Nil	25-30	Nil	Nil	Nil	25-30
<b>Executive Directors</b>										
Mark Smith	175-180	30-35	8,000	7	225-230	170-175	Nil	Nil	7	180-185
Martin Steele**	185-190	45-50	26,400	12	275-280	180-185	35-40	9,600	11	240-245
John Westwood	175-180	40-45	8,000	11	235-240	170-175	35-40	8,000	10	220-225
Elaine Hewitt	Nil	Nil	Nil	Nil	Nil	230-235	65-70	8,000	Nil	310-315
Julian Pearce	Nil	Nil	Nil	Nil	Nil	15-20	Nil	Nil	Nil	15-0

\*The Shareholder Director is a Senior Civil Servant at the Department of Health and Social Care and does not receive remuneration from NHSPS | \*\*The comparative year for Martin Steele is as a COO of NHSPS, having been appointed as interim CEO on the 1 April 2020

- Michael Strong was a Non-Executive Director between 01 February 2016 and 31 March 2020.
- Julian Pearce was Chief Financial Officer between 03 September 2016 and 30 April 2019.
- Directors Remuneration 2020/21 compared with FY2019/20.
- Total Board Directors remuneration for 2020/21: £888,649.
- Directors' bonuses reported in 2020/21 were calculated based on 2019/20 targets and paid in June 2020.
- Benefits are noted to the nearest £100.
- Pension benefits relate to employer contributions to the personal pension plan.
- Salary includes gross salary, overtime, and any allowances to the extent that it is subject to UK taxation excluding voluntary settlements.
- The monetary value of benefits in kind covers any payments or other benefits provided by the company, which are treated by HM Revenue and Customs as taxable emolument.
- Benefits for 2020/21 relate to car allowance only for all Board Directors except for Martin Steele, who also received a responsibility allowance.

## Median remuneration

Reporting bodies are required to disclose the relationship between the remuneration of the most highly paid individual and their organisation and the median earning of the organisation's workforce. The table below details audited median earnings for the company.

	2020/21	2019/20
Highest paid earner's total remuneration (£)	260,000 – 265,000	310,000 – 315,000
Median total remuneration (£)	19,337	18,645
Ratio	13:6	16:8

Total remuneration includes salary, non-consolidated performance related pay, and benefits in kind. It does not include voluntary settlements, employer pension contributions and the cash equivalent transfer of pensions. The median calculations does not include agency workers or non-permanent staff.



**Jane Hamilton**  
Chair  
NHS Property Services Ltd

13 December 2021



# Directors' Report

## Principal activities

NHSPS commenced trading on 1 April 2013 and is a government-owned company which exists to help the NHS get the most from its estate and ensure that it is consistently fit for purpose, so that healthcare professionals can focus on delivering excellent patient care. Today our portfolio is one of the largest in the UK, comprising more than 3,000 properties with 7,000 occupiers across England. This represents about 10% of the total NHS estate.

Our properties range from listed buildings through to award-winning, state-of-the-art integrated health campuses. Few property companies have such a breadth of expertise as both a landlord and a service provider.

NHSPS acts as a key advisor to NHS organisations on all property matters to allow them to focus on what they do best – provide the vital services our communities need.

We principally provide property management and facilities management services. Our 6,000\* people are dedicated to enabling excellent patient care through better estate management.

### Our core services are:

- Advising customers on how to get the most out of their property
- Optimising customers' and the wider NHS estate
- Providing essential facilities management services
- Investing in the estate through new buildings and refurbishments
- Developing new opportunities for the NHS

\* approximate number as at 31 March



## Board of Directors

A list of Directors who served during the fiscal year are included below. The Corporate Governance Report on page 72 details further how NHSPS is governed and provides additional details of its Board members and committee structure, the frequency of meetings of the Board and its committees, attendance records at these meetings and the highlights the work carried out by committees.

Directors of the Board	Appointment to the Board
Ian Ellis	14 Mar 2016 - resigned as Chair on 25 March 2021
Jane Hamilton	22 March 2021 - appointed Chair on 25 March 2021
Jane Kennedy	26 July 2018
David Godden	26 July 2018
Martin West	26 March 2013
Ben Masterson	31 January 2017
Mark Smith	1 May 2019
Martin Steele	4 July 2017
John Westwood	6 July 2015

## Corporate Governance Statement

NHSPS operates with robust levels of governance across the business, with a clear governance infrastructure having had regard to the Corporate Governance Code 2018, The Companies (Miscellaneous Reporting) Regulations 2018 and the reporting requirements required by the Department of Health and Social Care. NHSPS Governance Framework is designed to promote the long-term success of the company, to minimise risk and to create value for our shareholders, customers, colleagues, partners, suppliers, charities, and communities along with environmental awareness of impact and for change.

## Results and dividends

The results for the year are shown in the Statement of Comprehensive Income. The company has not paid any dividends during the year and no dividends are proposed by the Directors.

## Business review

The company reported an operating loss for the year ended 31 March 2021 of £106m (2020: £161m loss). The total comprehensive loss for the year ended 31 March 2021 was £104m compared to £126m comprehensive loss reported in the year ended 31 March 2020. A review of the business and future developments is included in the Chair's Foreword on page 4. The significant finance projects carried out during the year have also been summarised in the Chief Financial Officer's report on page 64. The principal risks and uncertainties of the business are detailed on page 96.

## Share capital

The issued share capital of the company during the financial reporting period was 256,200,001 £1 ordinary shares. The Secretary of State for Health and Social Care owns 100% of the issued share capital. The company did not issue any shares in the period. Details of the company's share capital are set out in note 18 to the financial statements.

## Equality and diversity

NHSPS is committed to promoting equal opportunities for all colleagues and we are very proud of our diverse organisation. We want to role model an inclusive environment and value everyone in the organisation as an individual, and we aim to attract a diverse mix of candidates and colleagues to all levels in our business. We support the recruitment of staff with disabilities having full regard to their aptitude and abilities, and we also offer individual support to staff who become disabled during their employment and where appropriate, offer opportunities for retraining and redeployment. More information regarding our inclusion and diversity strategy can be found

in the Our People section of the Strategic Report on page 52.

## Political and charitable contributions

There were no political or charitable contributions made by NHSPS during the period ending 31 March 2021.

## Statement on engagement with suppliers, customers, and others in a business relationship within the company

For NHSPS, effective stakeholder engagement is about building sustainable relationships with the people who are affected by what we do, the services we provide, and those who make our services possible. This relies on a commitment to engage, listen, respond, and communicate openly and honestly with all of our stakeholders. Our key stakeholders are our suppliers, customers, and colleagues.

The company has been focussed on the continuous improvement of customer service engagement, including realigning our regions, which allows direct alignment with our NHS colleagues and the new Integrated Care Systems (ICSs). We have also continued to improve our billing through our proactive engagement plan to agree our Annual Charging Schedules with customers. Full details of which can be found in the Our Customers section of the Strategic Report on page 10.

As a company we recognise that one of our greatest assets is our colleagues. To ensure we engage with these key stakeholders we have carried out a number of projects which include the introduction of an online colleague survey platform called 'Your Voice', a review of our company values, recognition scheme and leadership programme. More details of which are available in the Our People section of the Strategic Report on page 52.

## Payment practice and performance

The company has also been improving how suppliers engage and work with us. We now have a single effective supplier helpdesk, and we have resolved backlogs and improved our payment cycles to ensure suppliers are paid when they should. NHS Property Services is committed to our suppliers and to acting with integrity. We therefore endeavour to resolve all disputes in a fair and timely manner. We seek to resolve disputes by discussion and agreement with a supplier, managed by the dedicated accounts payable team. Our standard payment terms state the payment of third party invoices for goods and services will be made with 30 days of receipt of a correct, undisputed and properly due VAT invoice, unless otherwise agreed in writing by a duly authorised representative. We continue to comply with HM Government payment practices reporting and record and update information on a bi-annual basis.

## Going concern

The company's business activities, together with the factors likely to affect its future development and performance, are set out in the Chief Financial Officer's Report on page 64. The financial position of the company, its cashflows, liquidity position and borrowing facilities are outlined in the financial statements.

The company is wholly owned by the Secretary of State for Health and Social Care who has given an undertaking that supports the 'going concern' view of the company. Specifically, an indemnity has been issued that commits the Secretary of State for Health and Social Care to provide funding, in the event of other sources of income being insufficient, for all property related liabilities and obligations either inherited by the company or which arise in relation to future projects. This indemnity may be viewed at [www.gov.uk/government/publications/transfer-of-assets-to-nhs-property-services-limited](http://www.gov.uk/government/publications/transfer-of-assets-to-nhs-property-services-limited).

The Directors do not consider COVID-19 to affect the company's ability to operate as a going concern.

The Directors believe that the company is well placed to manage its business risks successfully. Having reviewed the company's current financial position, cash flow projections and its actual and prospective loan facilities, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis of accounting in the preparing the financial statements.

## Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor appointed is the Controller and Auditor General.

Pursuant to the Articles of Association section 5 the approval and or change of the auditors is a matter reserved to the Shareholder Director.

## Statement of Directors' responsibilities in respect of the Company Financial Statements

The Directors are responsible for preparing the Annual Report, the Remuneration Report, and the company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each fiscal year. Under that law, the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that these give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently.

- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information.
- Make judgements and estimates that are reasonable and prudent.
- State whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company.

They are also responsible for ensuring that the financial statements and the remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

They are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Responsibility statements under the disclosure and transparency rules

Each of the current Directors confirms that, to the best of their knowledge:

- The financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of

the assets, liabilities, financial position and profit or loss of the company.

- The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

In addition, having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Directors are satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for the Shareholder Director to assess the company's performance, business model and strategy.

## Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.



**Mark Smith**  
Chief Financial Officer  
NHS Property Services Ltd

13 December 2021

# Independent Auditor's report to the members of NHS Property Services Limited

## Opinion on financial statements

I have audited the financial statements of NHS Property Services Limited for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards.

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of the loss for the year then ended;
- have been properly prepared in accordance with International Standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and applicable law. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's

Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of NHS Property Services Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Conclusions relating to going concern

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

My evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included assessing working capital, shareholder support, profit forecast, net asset position and the implications surrounding Covid-19.

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

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other Information

The other information comprises information included in the annual report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. The directors are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

## Opinion on other matters prescribed by the Companies Act 2006

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

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 2006.

- the information given in the Strategic Report, the Chief Financial Officer's Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Strategic Report, the Chief Financial Officer's Report and the Directors' Report have been prepared in accordance with applicable legal requirements

## Matters on which I report by exception

In the light of the knowledge and understanding of NHS Property Services Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report, the Chief Financial Officer's Report or the Directors' Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to 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 Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

## Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

My responsibility is to audit and report on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

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

I design procedures in line with my responsibilities, outlined above, to detect

material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the NHS Property Services Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to NHS Property Services Limited's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including NHS Property Services Limited's controls relating to Companies Act 2006, Employment Law, pension regulations and tax legislation,
- discussing among the engagement team and involving relevant internal and external specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals, expenditure and bias in assumptions underpinning accounting estimates in the financial statements; and
- obtaining an understanding of NHS Property Services Limited's framework of authority as well as other legal and regulatory frameworks that NHS Property Services Limited operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of NHS Property Services Limited. The key laws and regulations I considered in this context included Companies Act 2006, Employment Law, Health and Safety legislation, pensions regulations and tax legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

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.

# Auditor

**Peter Morland**  
Senior Statutory Auditor

13 December 2021

For and on behalf of  
the Comptroller and Auditor  
General (Statutory Auditor)  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London SW1W 9SP

# Annual Accounts

## Statement of Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 £000	Restated 2020 £000
Operating revenue	2	727,460	784,451
Direct property expenses	3	(653,835)	(699,819)
Administrative expenses	4	(91,350)	(94,241)
Other operating expenses	5	(62,128)	(105,324)
<b>Operating loss</b>		<b>(79,853)</b>	<b>(114,933)</b>
Finance income	7	2,766	3,228
Finance costs	7	(38,039)	(58,931)
Gain on disposal of property, plant and equipment		9,526	9,010
<b>Loss before tax from continuing operations</b>		<b>(105,600)</b>	<b>(161,626)</b>
<b>Taxation</b>	8	-	624
<b>Loss for the year</b>		<b>(105,600)</b>	<b>(161,002)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that will not be recycled to profit and loss:</b>			
Revaluation of property, plant and equipment		1,161	34,870
Other comprehensive income, net of income tax		<b>1,161</b>	<b>34,870</b>
<b>Total comprehensive loss for the year</b>		<b>(104,439)</b>	<b>(126,132)</b>

The above relates wholly to continuing operations.

Notes 1 to 27 form part of these financial statements.

# Statement of Financial Position

As at 31 March 2021

	Notes	2021 £000	Restated 2020 £000
<b>Non-current assets</b>			
Property, plant and equipment	9	2,853,428	2,930,019
Right of use assets	10	1,331,211	1,443,380
Intangible Assets		9,600	7,802
Trade and other receivables	12	95,174	67,356
		<b>4,289,413</b>	<b>4,448,557</b>
<b>Current assets</b>			
Trade and other receivables	12	416,306	559,132
Cash and cash equivalents		162,939	150,489
		<b>579,245</b>	<b>709,621</b>
Assets classified as held for sale	13	3,705	4,091
<b>Total assets</b>		<b>4,872,363</b>	<b>5,162,269</b>
<b>Current liabilities</b>			
Trade and other payables	14	118,410	152,348
Borrowings	15	196,757	261,045
Provisions	16	12,104	15,140
		<b>327,271</b>	<b>428,533</b>
<b>Non-current liabilities</b>			
Trade and other payables	14	9,418	8,395
Borrowings	15	1,005,062	1,088,285
Provisions	16	72,309	73,894
		<b>1,086,789</b>	<b>1,170,574</b>
<b>Total liabilities</b>		<b>1,414,060</b>	<b>1,599,107</b>
<b>Net assets</b>		<b>3,458,303</b>	<b>3,563,162</b>
<b>Equity</b>			
Share capital	18	256,200	256,200
Retained earnings		(1,169,606)	(1,075,206)
Revaluation reserve		1,343,448	1,353,487
Capital contribution reserve	19	3,028,261	3,028,681
<b>Total equity</b>		<b>3,458,303</b>	<b>3,563,162</b>

Notes 1 to 27 form part of these financial statements.

These financial statements were approved by the Board of Directors on 13 December 2021 and signed on its behalf by:



**Mark Smith**  
Chief Financial Officer  
NHS Property Services Ltd

13 December 2021

Company Registration Number: 07888110

# Statement of Cash Flows

For the year ended 31 March 2021

	Notes	2021 £000	Restated 2020 £000
<b>Operating activities</b>			
Loss for the year		(105,600)	(161,626)
<b>Adjustments for non-cash transactions:</b>			
(Gain)/loss on disposal of property, plant and equipment		(9,526)	(9,010)
Depreciation and amortisation	9,10	249,293	243,595
Provisions arising and reversed unused	16	(2,650)	12,596
Impairment of receivables arising and reversed unused		46,542	108,266
Impairments of non-current assets	5	7,511	(17,131)
<b>Working capital adjustments:</b>			
Interest received (shown below)	7	(2,766)	-
Interest paid (shown below)	7	37,449	40,645
(Increase)/decrease in trade and other receivables		132,253	(62,085)
Increase/(decrease) in trade and other payables	14	(33,984)	18,989
Increase/(decrease) in tax payable	12	(1,541)	(6,638)
Provisions utilised	16	(65,954)	(45,063)
<b>Net cash inflow from operating activities</b>		<b>251,027</b>	<b>122,538</b>
<b>Investing activities</b>			
Interest received	7	2,766	-
(Payments) for property, plant and equipment		(41,845)	(93,572)
Proceeds from disposal of property, plant and equipment		22,462	80,740
<b>Net cash (outflow) from investing activities</b>		<b>(16,617)</b>	<b>(12,832)</b>
<b>Financing activities</b>			
Increase/(decrease) in loans	15	(62,000)	54,245
Capital element of payments in respect of leases and PFI		(122,511)	(85,666)
Interest paid	7	(37,449)	(40,645)
<b>Net cash (outflow) from financing activities</b>		<b>(221,960)</b>	<b>(72,066)</b>
<b>Increase in cash and cash equivalents for the year</b>		<b>12,450</b>	<b>37,640</b>
<b>Cash and cash equivalents at start of year</b>		<b>150,489</b>	<b>112,849</b>
<b>Cash and cash equivalents at end of year</b>		<b>162,939</b>	<b>150,489</b>

Notes 1 to 27 form part of these financial statements.

# Statement of Changes in Equity

For the year ended 31 March 2021

	Share capital	Retained earnings	Capital contribution reserve	Revaluation reserve	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2020 (restated)</b>	<b>256,200</b>	<b>(1,075,206)</b>	<b>3,028,681</b>	<b>1,353,487</b>	<b>3,563,162</b>
<b>Total comprehensive income for the period</b>					
Retained profit/(loss) for the year	-	(105,600)	-	-	(105,600)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	1,161	1,161
Transfers between reserves	-	11,200	-	(11,200)	-
Transfers and adjustments	-	-	(420)	-	(420)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(94,400)</b>	<b>(420)</b>	<b>(10,039)</b>	<b>(104,859)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares	-	-	-	-	-
<b>Total contributions by owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2021</b>	<b>256,200</b>	<b>(1,169,606)</b>	<b>3,028,261</b>	<b>1,343,448</b>	<b>3,458,303</b>

	Share capital	Retained earnings	Capital contribution reserve	Revaluation reserve	Total
	£000	£000	£000	£000	£000
<b>RESTATED</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April 2019</b>	<b>256,200</b>	<b>(971,423)</b>	<b>3,032,578</b>	<b>1,336,892</b>	<b>3,654,247</b>
Effect of adoption of IFRS16	-	38,944	-	-	38,944
<b>Revised brought forward</b>	<b>256,200</b>	<b>(932,479)</b>	<b>3,032,578</b>	<b>1,336,892</b>	<b>3,693,191</b>
<b>Total comprehensive income for the period</b>					
Retained profit/(loss) for the year	-	(161,002)	-	-	(161,002)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	34,870	34,870
Transfers between reserves	-	18,275	-	(18,275)	-
Transfers and adjustments	-	-	(3,897)	-	(3,897)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(142,727)</b>	<b>(3,897)</b>	<b>16,595</b>	<b>(130,029)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares	-	-	-	-	-
<b>Total contributions by owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2020</b>	<b>256,200</b>	<b>(1,075,206)</b>	<b>3,028,681</b>	<b>1,353,487</b>	<b>3,563,162</b>

Notes 1 to 27 form part of these financial statements.

# Notes to the Financial Statements

## Note 1: Accounting Policies

### Corporate information

NHS Property Services Limited ("the company") is incorporated and domiciled in the UK. The company's registered office is at Regent House, Heaton Lane, Stockport, Cheshire, United Kingdom SK4 1BS.

The company was incorporated on 20 December 2011. However, it did not start trading until 1 April 2013. The company is wholly owned by the Secretary of State for Health and Social Care. The parent entity is the Department of Health and Social Care.

The principal activities of the company are to manage, maintain and improve NHS properties and facilities, working in partnership with NHS organisations to create safe, efficient, sustainable and modern healthcare and working environments.

### Basis of preparation

The financial statements have been prepared on the historical cost basis, except where modified by the revaluation of land and buildings measured at fair value.

The company's financial statements are presented in sterling, which is the company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

### Statement of compliance

The company's financial statements have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union and applied in accordance with the Companies Act 2006.

### Going concern

The financial statements have been prepared on a going concern basis as the Directors consider that there are no material uncertainties about the company's ability to continue as a going concern.

The company is wholly owned by the Secretary of State for Health and Social Care who has given an undertaking that supports the 'going concern' view of the company. Specifically, an indemnity has been issued that commits the Secretary of State for Health and Social Care to provide funding, in the event of other sources of income being insufficient, for all property related liabilities and obligations either inherited by the company or which arise in relation to future projects.

The Directors do not consider COVID-19 to affect the going concern as the company operates in the Health and Social care properties and related services.

The Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As such, the financial statements have been prepared on a going concern basis.

### Standards adopted during year

No new accounting standards have been adopted in the year.

## Note 1: Accounting Policies (continued)

### Significant accounting policies

#### a. Leases

Leases are recognised under the new leasing standard IFRS 16, applied on the 1 April 2019.

#### The company as a lessee

Under IFRS 16 leases are recognised as a right of use asset with a corresponding lease liability on the balance sheet. Each lease payment is allocated between a reduction of the liability and the interest expense. The interest expense is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The company has applied the exemption for short-term leases (less than 12 months) and low value assets. In these cases, the leases are accounted for as short-term leases and the lease payments associated with them are recognised as an expense from short-term leases.

#### The company as lessor

Amounts due from lessees under leases are recorded as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases. Initial direct costs incurred in negotiating and arranging a lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Contingent rentals are recognised as revenue when earned.

#### b. Income

Revenue is recognised to the extent that performance has been provided and it is probable that economic benefits will flow to the company which can be reliably measured. Revenue is measured at the fair value of the consideration receivable.

The main source of revenue for the company is from rental income and the provision of facilities management and service charges. Rental income is outside the scope of IFRS 15 and is reported under IFRS 16.

Revenue has been disaggregated by major service line. The company typically satisfies performance obligations as services are rendered. There are no significant financing components of any contracts carried out. Due to the nature of the services provided, revenue relates to services provided in the financial year, therefore no contract assets or liabilities arise. As contracts run in line with the financial year, there are no unsatisfied obligations at the year end. There are no obligations for warranties, refunds, returns or any other related obligations. For all revenue streams, cash flows match the provision of services and a receivable is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the company.

## Note 1: Accounting Policies (continued)

The below table describes the revenue from contracts.

Sessional Space income is included in rental income and relates to the use of space by customers, on an ad hoc basis. Users of sessional space are billed based on the time and amount of space they use.

Revenue is recognised over time as the customer simultaneously receives and consumes all of the benefits provided therefore satisfying the performance obligation.

Services	Nature, timing of satisfaction of performance obligations and significant payment terms
<b>Facilities management income</b>	Facilities management (FM) income relates to FM services carried out within the space that the customer is occupying. In most instances these are billed to customers upon completion of the service. If there is a formal contract in place, these charges follow the same principle as service charge income and are recognised over time as the customer simultaneously receives and consumes the benefits provided.
<b>Service charge income</b>	This represents service charges that arise on multi-tenanted properties and covers costs relating to the common parts, shared areas and services. Service charges are normally outlined in the relevant lease. Revenue is recognised over time, in line with the overall lease rental revenue as the customer simultaneously receives and consumes all of the benefits provided by the company as they are performed. Cash flows relating to this revenue stream match the provision of services rendered and are recognised as a receivable when the amount can be reliably measured, and it is probable that future economic benefits will flow to the company.
<b>Management fees</b>	Management fees are charged on top of the cost that is passed onto tenants on rent, service charges, FM and additional sums. These follow the pattern of the income they relate to and are covered in the above categories, either being recognised over time or upon completion of the service.
<b>Capital funding income</b>	The company receives grants in order to carry out capital investment in its own premises to support the provision of healthcare. The company has adopted the deferred income model per IAS 20 to account for these grants, whereby deferred income from the grant is credited to the Statement of Comprehensive Income in a pattern equal to the consumption of value of the capital investment created by the grant.
<b>Other fees and charges</b>	Other income is primarily made up of catering income, car park income, sessional space and other invoices. These contracts tend to be ad hoc and relate to a specific good or service. The transaction price is determined in the contract and is recognised at the point in time when the customer takes possession of the asset. Cash flows match the provision of services and a receivable is recognised when the amount can be reliably measured and it is probable that future economic benefits will flow to the company.



## Note 1: Accounting Policies (continued)

### c. Finance income and expenses

Finance income is mainly comprised of interest income on lease receivables.

Finance costs are comprised of interest expense on borrowings, lease and Private Finance Initiatives (PFI) liabilities. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Interest income and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

### d. Other expenses

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

### e. Financial assets

Financial assets are recognised when the company 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 initially recognised at fair value.

Financial assets are derecognised when the contractual rights have expired, or the asset has been transferred.

#### Cash and cash equivalents

Cash and cash equivalents are defined as cash balances with original maturities of three months or less. The company has no other investments with banks or bank overdrafts.

#### Trade and other receivables

Trade and other receivables are recognised and carried at the lower of their original invoiced value and recoverable amount. Further information on trade receivables is included in note 1q.

### f. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and management is committed to the sale, which is expected to qualify for recognition as a completed sale within one year from the date of classification. Assets which are being actively marketed, but where the sale is unlikely to complete within one year are recognised in line with IAS 16. Information on a potential sale price is considered as part of the fair value assessment of those properties.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the Statement of Comprehensive Income. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets held for sale are not depreciated or amortised while they are classified as held for sale.

The gain or loss arising on disposal of an asset is the difference between the sale proceeds and the carrying amount and is recognised in the Statement of Comprehensive Income.

### g. Property, plant and equipment

#### Recognition and measurement

Property, plant and equipment asset classes predominantly consist of land, buildings, plant and equipment and furniture and fittings.

The company has recognised its property, plant and equipment in accordance with IAS 16.

Land is measured at fair value, and buildings are measured at fair value less accumulated depreciation and impairment losses unless they are considered to be specialist buildings,

## Note 1: Accounting Policies (continued)

for which there is no external market and are therefore valued at depreciated replacement cost. However, where an external market has been established for specialist buildings, or a more appropriate measure of market value is available for land and non-specialist buildings, then this source of information will be used for valuation purposes.

Buildings are considered specialised where they are constructed, laid out and/or contain specialised plant and engineering services, specifically to deliver healthcare services (including, where applicable, ancillary support services to healthcare).

Non-specialised buildings are generally office accommodation or residential accommodation.

All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Assets under construction are carried at cost. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. An impairment review is performed when the asset is ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for intended use.

#### Revaluation

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value. The company has adopted a periodic rolling programme of revaluations across its portfolio. The company has adopted the following bases of valuation:

- Specialised buildings – depreciated replacement cost (modern equivalent asset)
- Land and non-specialised buildings – market value (existing use value)

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in

equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the profit or loss. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss up to the amount previously expensed, and then recognised in other comprehensive income.

#### Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the Statement of Comprehensive Income as they are incurred.

#### Disposals

Gains and losses on disposals are determined by comparing the proceeds with the net carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to retained earnings.

#### Impairment

Property, plant, and equipment and intangible assets that have a finite useful life are reviewed for indicators of impairment as at each balance

## Note 1: Accounting Policies (continued)

sheet date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, the company shall estimate the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where the company would, if deprived of the asset, replace its remaining service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is treated as a revaluation decrease (see above).

For assets not carried at a revalued amount, the impairment loss is recognised in the profit or loss.

### Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than non-leased land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Where the useful lives and associated depreciation rates of major classes of property, plant, and equipment have not been advised by our external property valuers, they have been estimated as follows:

Buildings	
• Buildings main structure	50-60 years
• Engineering works	25 years
• External works	15 years
Plant and equipment	5-15 years
Furniture and fittings	5-10 years

Depreciation is charged monthly, and additions are depreciated from the date they are brought in to use.

### h. Intangible Assets

Intangible non-current assets are non-monetary assets without physical substance that are capable of sale separately from the rest of the group's business or arise from contractual or other legal rights. They are recognised only when it is probable that future economic benefits will flow to, or service potential be provided to, the company; where the cost of the asset can be measured reliably; and where the cost is at least £5,000. Intangible non-current assets acquired separately are initially recognised at cost. Software that is integral to the operation of hardware is capitalised as part of the relevant item of property, plant and equipment. Software that is not integral to the operation of hardware is capitalised as an intangible asset. Following initial recognition, intangible assets are amortised over their useful lives determined to be a minimum of two years and maximum of five years. Intangible assets are carried at depreciated historic cost as a proxy for fair value.

### i. Private Finance Initiatives (PFI) transactions

The company accounts for infrastructure PFI schemes where it controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement as service concession arrangements, following the principles of the requirements of IFRIC 12. The company therefore recognises the PFI asset as a right of use asset, together with a liability to pay for it. The fair values of services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- The service charge
- Repayment of capital
- The interest element (using the interest rate implicit in the contract)

## Note 1: Accounting Policies (continued)

### Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within operating expenses.

### Assets

Under IFRS16, assets are recognised as right of use assets, when they come in to use. The assets are measured initially at the present value of the minimum lease payments.

Where the operator enhances assets already recognised in the Statement of Financial Position, the fair value of the enhancement in the carrying value of the asset is recognised as an asset.

Where the PFI asset is owned by the PFI company and the company has an option to purchase the asset at the end of the term, the company has assumed that this option would be exercised. The asset is held as a financial instrument which is off-set against the lease liability and depreciated for the length of the contract period.

### Liabilities

A PFI liability is recognised at the same time as the assets are recognised. It is measured initially at the present value of the minimum lease payments and is subsequently measured as a lease liability in accordance with IFRS 16.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the period and is charged to finance costs within the Statement of Comprehensive Income.

The element of the annual unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

### Lifecycle replacement

An element of the unitary fee payment is allocated to lifecycle replacement costs. This is considered to be an expense when it is paid, with any changes to asset valuations being

made through our programme of professional valuations.

### j. Financial liabilities

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

The company has financial liabilities, comprising finance lease liabilities, PFI liabilities, loans and trade and other payables.

### Trade and other payables

Trade and other payables are recorded at their face value.

### Borrowings

Borrowings are recognised initially at fair value, net of any transaction costs incurred, and then measured at amortised cost using the effective interest rate method.

### k. 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.

#### l. Superannuation schemes

##### Defined benefit scheme

Employees who have been TUPE transferred over to the company are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care, in England and Wales. The scheme is not designed

## Note 1: Accounting Policies (continued)

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 company of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

### Defined contribution plan

Employees who join the company on or after 1 April 2013 are automatically enrolled into the Scottish Widows group personal pension scheme. This is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income in the periods during which services are rendered by employees.

### m. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that the company 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 the effect is material, when 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 the

general provision PES rates as the basis plus inflation.

### Onerous contracts

IFRS16 has removed the need for an onerous lease provision as from last year leases are included as a right of use asset and reviewed for impairment.

### Dilapidations

In respect of a number of the company's leased premises, the company is required at the expiry of the lease term to make good any damage caused to the premises and to remove any furniture and fittings installed by the company.

### Restructuring

A restructuring provision is recognised when the company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

### n. Equity and reserves

#### Share capital

Ordinary share capital is classified as equity and dividends are recognised as a liability in the period in which they are approved.

#### Capital contribution

The capital contribution reserve is not a distributable reserve and cannot be applied to fund expenditure. This is in line with section 830(2) of the Companies Act 2006, as this reserve does not consist of realised profits. The reserve reflects the value of assets transferred to the company at nil cost by NHS entities. Where further information is subsequently identified

## Note 1: Accounting Policies (continued)

about the value of the assets at the date of transfer the reserve is adjusted to reflect this.

### o. 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 the company, 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 with sufficient reliability. A contingent liability is disclosed unless the possibility of a payment is remote.

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

### p. Taxation

#### Corporation tax

Tax on the Statement of Comprehensive Income for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

### Value added tax (VAT)

Where output tax is charged, or input tax is recoverable, the amounts are stated net of VAT. Where input tax is not recoverable, VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

### q. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in the key accounting policies above and in the Accounting Policies in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where it affects only that period or in the period and future periods if it affects both current and future periods.

### Critical accounting judgements

The following are the critical accounting judgements that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

### IFRS16

Significant judgements applied include the methodology underlying the incremental borrowing rate for the company. Having

## Note 1: Accounting Policies (continued)

significant numbers of commercial entities as the lessor counterparty, as a lessee it is not readily possible to determine the interest rate implicit in a lease. The discount rates applied as of the transition date are predominantly based on the company's incremental borrowing rate. The weighted average discount rate was 1.87% on the existing stock of leases. In determining an incremental borrowing rate the company considers that it secures borrowing exclusively from its parent: the Department for Health and Social Care. Any hypothetical borrowing which would be secured to finance purchase of leased assets rather than lease them would have been secured at the current weighted average discount rate of 0.91% for the period 1st January to 31st March 2021 and 1.27% for the period 1st April to 31st December 2020. These rates are derived from the rates promulgated and set annually by HM Treasury in a PES paper.

As a lessor, where the company has entered into finance lease arrangements the readily available rate implicit in the leases is used. The judgement criteria for determining whether as a lessor, there exists a finance sublease, is the proportion of the headlease term that is covered by the sublease arrangement. The company determines that a period greater than or equal to 75% of the headlease term should be a necessary qualifying criterion.

### Impairment of Receivables

The company has used the simplified approach available under IFRS 9, for short term trade receivables, using a provision matrix. The company has impaired trade receivables based on an assessment of their recoverability. Impairments are applied to receivables where events or circumstances indicate that the carrying amounts may not be recoverable, including but not limited to, number of days past due. Management have specifically assessed the recoverability of receivables for each customer as follows; each customer is given a risk rating and then a recovery percentage based on the age of debt and risk rating is applied. In assessing the risk rating, management split the portfolio into (a) large debts and NHS customers where management's judgement based on previous experience is applied and (b) non-NHS customers

where, in addition, external credit risk ratings are also used.

A receivable is impaired based on a provision matrix, using historical credit loss experience for trade receivables to estimate the lifetime expected credit losses. The provision matrix specifies fixed provision rates based on the time that a trade receivable is past due and customer type.

When an amount is deemed irrecoverable, the balance is written off, using management judgement on a case-by-case basis.

The company has assessed its lease receivables, which are recognised where it acts as a lessor and that lease is a finance lease, for lifetime expected credit losses and in management's view no impairment to these receivables is required. These lease receivables represent arrangements where the transfer of risks and rewards are clear under the terms of a lease. Unlike other occupancy arrangements the company may hold with customers, based on management's previous experience, these payments are regularly received without delinquency.

## Note 2: Operating Revenue

The following is an analysis of the company's revenue for the year from continuing operations.

Revenue split by stream	2021 £000	Restated 2020 £000
Rental income	353,333	388,339
Facilities management and service charge income	357,636	377,705
Other fees and charges	5,413	6,880
Capital Funding Income	11,078	11,527
	<b>727,460</b>	<b>784,451</b>

Revenue split by contract / non-contract	2021 £000	Restated 2020 £000
Revenue from Contracts with Customers	374,127	396,112
Other Revenue	353,333	388,339
	<b>727,460</b>	<b>784,451</b>

The company does not have any contract assets or liabilities arising from contracts with customers.

The balance as at 31 March 2021 of receivables from contracts with customers is £296m (2020: £346m).

Restatement to rental income. Refer to note 27 for further information.

## Note 3: Direct Property Expenses

	Note	2021 £000	Restated 2020 £000
Depreciation of property, plant and equipment	9	148,483	144,300
Depreciation of right of use assets	10	96,485	96,375
Amortisation		3,161	1,495
Rental expense		25,881	42,571
Lease contingent rent expense		9,643	1,525
PFI contingent rent expense		15,232	14,725
Facilities management		155,182	176,530
Utilities		44,750	54,045
Rates		41,276	60,259
Repairs, maintenance and insurance		16,326	28,844
Staff costs	6	94,761	77,771
Legal and professional		2,655	1,379
		<b>653,835</b>	<b>699,819</b>

Restatement to Depreciation of property, plant and equipment and depreciation of right of use assets. Refer to note 27 for further information.

## Note 4: Administrative Expenses

	Note	2021 £000	2020 £000
Staff costs	6	57,421	51,156
Legal and professional fees		17,844	18,691
Chairman and non-executive directors' costs		175	200
External audit fees		562	354
Internal audit fees		376	372
Depreciation of property, plant and equipment	9	709	1,413
Amortisation		455	12
Office costs		5,191	6,689
Other administrative expenses		2,547	7,904
Software, systems and maintenance		6,070	7,450
		<b>91,350</b>	<b>94,241</b>

The external audit fees relate solely to the statutory audit. The 2021 expense includes an under accrual of £115k relating to 2020.

## Note 5: Other Operating Expenses

	Note	2021 £000	2020 £000
Impairment of property, plant and equipment		7,511	(17,131)
Dilapidations movements		(4,177)	(1,771)
Doubtful debts expense		59,344	122,604
Low value Leases Expense		785	759
Other		(1,335)	863
		<b>62,128</b>	<b>105,324</b>

## Note 6: Staff Costs

	2021 £000	2020 £000
Wages and salaries	123,200	103,485
Contractor staff costs	5,296	5,606
Social security costs	10,958	8,836
Contributions to defined contribution plans	12,728	11,000
	<b>152,182</b>	<b>128,927</b>

Directors remuneration is disclosed in the Remuneration Report on page 106.

Staff costs is included in both Direct Property Expenses £94,761k (2020: £77,771k) and Administrative Expenses £57,421k (2020: 51,156k).

### Average Number

The monthly average number of staff employed by the company (including directors) during the year was:

	Headcount 2021	Headcount 2020
Permanent staff	5,619	5,146
Contractor staff	30	30
	<b>5,649</b>	<b>5,176</b>

## Note 7: Finance Income and Costs

	2021 £000	Restated 2020 £000
<b>Finance income</b>		
Interest on leases	2,766	3,228
	<b>2,766</b>	<b>3,228</b>
<b>Finance costs</b>		
Interest on loans	320	1,208
Interest on obligations under PFI contracts and leases	37,129	39,437
Unwinding of discounts on provision	590	18,286
	<b>38,039</b>	<b>58,931</b>

Restatement to interest on leases and unwinding of discounts on provision. Refer to note 27 for further information.

## Note 8: Corporate Tax

	2021 £000	Restated 2020 £000
<b>Recognised in the statement of comprehensive income</b>		
<b>Current tax expense</b>		
In respect of the current year	-	-
In respect of prior years	-	(624)
	-	<b>(624)</b>

The corporation tax expense for the year can be reconciled to the accounting profit as follows:

<b>Reconciliation of effective tax rate</b>		
Loss before tax from continuing operations	(105,595)	(161,626)
Corporation tax expense calculated at 19% (2020:19%)	(20,063)	(30,709)
Effect of income that is exempt from taxation	(1,810)	(1,711)
Effect of expenses that are not deductible in determining taxable profits	25,248	19,562
Unutilised losses for which no deferred tax asset has been provided	(3,375)	12,858
	-	-

As at 31 March 2021, the company has a corporation tax debtor of £2,486k (2020: £3,405k). The company has unrecognised deferred tax assets of £13,140k (2020: £13,584k).

Restatement to corporation tax expense. Refer to note 27 for further information.

## Note 9: Property, Plant and Equipment

	Land £000	Buildings £000	Assets under construction £000	Plant and equipment £000	Furniture and fittings £000	Total £000
<b>As at 1 April 2020</b>	1,154,449	1,755,334	100,098	6,417	1,624	3,017,922
Reclassifications	12	72,982	(73,188)	13	-	(181)
Additions	455	2,529	104,247	1,054	-	108,285
Revaluation increase	13,426	25,086	-	-	-	38,512
Disposals	-	(15)	(752)	(4)	-	(771)
In year transfer to / from other bodies and other transfers	(247)	(205)	-	-	-	(452)
Impairment	(15,951)	(88,333)	(2,734)	(407)	113	(107,312)
Reclassifications to / from assets held for sale	(15,575)	(6,871)	-	-	-	(22,446)
<b>As at 31 March 2021</b>	<b>1,136,569</b>	<b>1,760,507</b>	<b>127,671</b>	<b>7,073</b>	<b>1,737</b>	<b>3,033,557</b>
<b>Depreciation as at 1 April 2020</b>	(11)	83,638	-	2,797	1,479	87,903
Charged during the year	-	147,921	-	1,212	59	149,192
Revaluation	-	(45,566)	-	-	-	(45,566)
In year transfer to / from other bodies and other transfers	-	(32)	-	-	-	(32)
Impairment	20	(11,196)	-	(270)	78	(11,368)
<b>As at 31 March 2021</b>	<b>9</b>	<b>174,765</b>	<b>-</b>	<b>3,739</b>	<b>1,616</b>	<b>180,129</b>
<b>Net book value as at 31 March 2021</b>	<b>1,136,560</b>	<b>1,585,742</b>	<b>127,671</b>	<b>3,334</b>	<b>121</b>	<b>2,853,428</b>

Depreciation of property plant and equipment is included in both direct property expenses £148,483k (2020: £144,300) and Administrative Expenses £709k (2020: £1,413k).

## Note 9: Property, Plant and Equipment (continued)

	Land	Buildings	Assets under construction	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000
<b>As at 1 April 2019</b>	1,337,327	2,744,190	109,067	3,779	1,701	4,196,064
IFRS 16 transition adjustment	(141,781)	(883,525)	-	-	-	(1,025,306)
Reclassifications	100	90,820	(91,429)	-	-	(509)
Additions	251	1,778	83,228	2,642	-	87,899
Revaluation increase	252,520	14,589	-	-	-	267,109
Disposals	(672)	(364)	-	-	-	(1,036)
In year transfer to / from other bodies and other transfers	(1,099)	(4,095)	-	-	-	(5,194)
Impairment	(267,361)	(202,738)	(768)	(4)	(77)	(470,948)
Reclassifications to / from assets held for sale	(24,836)	(5,321)	-	-	-	(30,157)
<b>As at 31 March 2020</b>	<b>1,154,449</b>	<b>1,755,334</b>	<b>100,098</b>	<b>6,417</b>	<b>1,624</b>	<b>3,017,922</b>
<b>Depreciation as at 1 April 2019</b>	115	288,927	-	2,183	1,484	292,709
IFRS 16 transition adjustment	(126)	(93,215)	-	-	-	(93,341)
Charged during the year	-	145,025	-	616	72	145,713
Revaluation	-	(195,258)	-	-	-	(195,258)
In year transfer to / from other bodies and other transfers	-	(1,297)	-	-	-	(1,297)
Impairment	-	(60,521)	-	(2)	(77)	(60,600)
Reclassifications to / from assets held for sale	-	(23)	-	-	-	(23)
<b>As at 31 March 2020</b>	<b>(11)</b>	<b>83,638</b>	<b>-</b>	<b>2,797</b>	<b>1,479</b>	<b>87,903</b>
<b>Net book value as at 31 March 2020</b>	<b>1,154,460</b>	<b>1,671,696</b>	<b>100,098</b>	<b>3,620</b>	<b>145</b>	<b>2,930,019</b>

In the year ended 31 March 2021, 42% of the company's freehold land and buildings by value underwent a valuation review. The company obtains valuations performed by external property valuers, Montagu Evans LLP, in order to determine the fair value of its land and building portfolio. The effective date of the revaluation is 31 March 2021.

All valuations are undertaken in accordance with the following Standards:

- International Financial Reporting Standards published by the International Accounting Standards Board;
- Valuation - Professional Standards (January 2014) of the Royal Institution of Chartered Surveyors;
- International Valuation Standards published by the International Valuation Standards Committee.

## Note 9: Property, Plant and Equipment (continued)

Specialist buildings, for which there is no external market, are valued at depreciated replacement cost. Land and non-specialist buildings are valued at fair value, interpreted as market value for existing use.

Had the cost model been used the carrying amount of the land and building assets as at 31 March 2021 would have been £819m for Land (2020: £829m) and £1,658m for Buildings (2020: £1,740m).

### Fair value hierarchy

The different valuation method levels are defined below. These levels are specified in accordance with IFRS 13 'Fair Value Measurement':

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between fair value hierarchy levels during the year.

Where land and buildings are considered to be non-specialised, level 2 inputs are used to calculate Existing Use Value. The determination of fair value is primarily based on market values for comparable properties, if they were to be sold between two parties, without compulsion, but with a view that they would remain in their current (existing) use; or, when this is not appropriate for buildings, the income approach is used.

Where buildings are considered to be specialised by their nature, level 3 inputs are used as there is little or no market data available for valuation inputs. The determination of fair value is based on the current cost of replacing

the asset with its modern equivalent asset (depreciated replacement cost), less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

98% of the buildings revalued were derived from the BCIS Indices (level 3 inputs) adjusted for location and condition. The remaining 2% were revalued at level 2.

### Unobservable inputs

- BCIS Indices which provide the "mean UK new build figures per sq. ft." The Indices are broken down across various building types and provide an accurate average figure across the UK.
- BCIS location weighting the construction costs. This weighting reflects regional differences in build costs.

### Assumptions

- The construction of the replacement buildings are assumed to be undertaken on a cleared site, ready for development, and an 'instant build' basis. As such, there is no allowance for site clearance and preparation, or for finance on the build costs.
- The replacement buildings would be constructed at the date of valuation without phasing or lead in periods.
- The replacement buildings will be constructed in compliance with current building standards and requirements which are likely to differ in appearance and construction type from those buildings that presently exist on site(s).
- The replacement buildings being of the same floor area as those existing and offering the same service potential.
- There is a minimum ten-year residual useful life for all assets subject to revaluation.

## Note 10: Right of use assets

	Property £000
<b>Cost as at 1 April 2020 (restated)</b>	<b>1,599,555</b>
Additions	19,935
Disposals	(50,053)
Revaluation	(1,167)
Remeasurement	8,726
Impairment	(3,526)
Reclassification	181
<b>As at 31 March 2021</b>	<b>1,573,651</b>
<b>Depreciation as at 1 April 2020</b>	<b>156,175</b>
Charged during the year	96,485
Revaluation	(7,612)
Impairment	(2,608)
<b>As at 31 March 2021</b>	<b>242,440</b>
<b>Net book value as at 31 March 2021</b>	<b>1,331,211</b>

	Restated Property £000
<b>Cost as at 1 April 2019</b>	-
Effect of adoption of IFRS 16	1,602,699
Additions	33,812
Disposals	(1,202)
Revaluation	33,510
Remeasurement	2,978
Impairment	(72,242)
<b>As at March 2020</b>	<b>1,599,555</b>
<b>Depreciation as at 1 April 2019</b>	-
Effect of adoption of IFRS 16	92,957
Charged during the year	96,375
Revaluation	(29,059)
Remeasurement	5,512
Impairment	(9,610)
<b>As at 31 March 2020</b>	<b>156,175</b>
<b>Net book value as at 31 March 2020</b>	<b>1,443,380</b>

Refer to note 27 for further information on restatement.

## Note 11: Lease Liabilities

	Note	2021 £000	Restated 2020 £000
<b>Current</b>			
Lease Liabilities	15	98,757	101,045
<b>Non-Current</b>			
Lease Liabilities	15	1,005,062	1,088,285
<b>Total lease liabilities</b>		<b>1,103,819</b>	<b>1,189,330</b>
<b>Undiscounted lease payments to be received</b>			
Less than one year		122,336	123,941
One to five years		461,500	487,981
More than five years		840,974	943,666
Discount		(320,991)	(366,258)
		<b>1,103,819</b>	<b>1,189,330</b>

The company has leases for land and buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right of use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

The nature of the company's activities, both as a freeholder and as a lessee, is that of managing properties to let to tenants within the healthcare sector, including NHS providers and the GP sector.

In accordance with IFRS16, where relevant, potential cash outflows in respect of restoring underlying assets are included in the initial measurement of the right of use asset and systematically depreciated over the term of the lease. Being classed as dilapidations provisions, these are not reflected in the measurement of lease liabilities.

There are no extension options which are adjudged likely to be taken by the company as lessee. There are 20 leases at 31/03/2021 with a lease liability value of £4.8m where the company judges it is likely to exercise the break; and savings of £8.7m net of any penalties in the event of all being exercised. As a lessee the company has recorded that it does not have the

ability to extend. The company as a lessee does not enter into giving residual value guarantees.

The company seeks to minimise its retained risk of entering into agreements for right of use assets by either transferring substantially all of the risk and rewards through sub leasing to tenants or through similar arrangements. The company does not enter into arrangements as a lessor speculatively.

The company manages the liquidity risk inherent in the maturity analysis through entering into agreements which either transfer substantially all of the risk and rewards through formal sub leasing to tenants or through similar arrangements. The company also seeks to match terms for the assets and liabilities, when entering into arrangements which creates finance lease receivables, with those of the headlease. Finally, the company operates rigorous credit management procedures.

For new leases, in accordance with paragraph 24(d) of IFRS16, where relevant, potential cash outflows in respect of restoring underlying assets are included in the initial measurement of the right of use asset and systematically depreciated over the term of the lease. Being classed as dilapidations provisions, these are not reflected in the measurement of lease liabilities.



## Note 11: Lease Liabilities (continued)

### Lease payments not recognised as a liability

The company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2021 £000	2020 £000
Short-term leases	26,101	42,571
Leases of low value assets	921	759
<b>Total</b>	<b>27,022</b>	<b>43,330</b>

Total cash outflow for leases for the year ended 31 March 2021 was £144,374k (2020: £132,244k).

Refer to note 7 for interest income from sub leasing right of use assets.

Refer to note 7 for interest expense on lease liabilities.

Refer to note 27 for further information on restatement.

## Note 12: Trade and Other Receivables

	Note	Current		Non-Current	
		2021 £000	Restated 2020 £000	2021 £000	Restated 2020 £000
Trade receivables		531,396	641,766	-	-
Less: expected credit loss allowance		(201,883)	(219,324)	-	-
Capital receivables		3,040	4,776	-	-
Other receivables		8,195	4,139	3,200	623
Accrued income		23,687	74,930	-	-
Prepayments		34,175	37,829	-	-
VAT receivables		2,460	-	-	-
Tax		2,486	3,405	-	-
Lease receivables	20	12,750	11,611	91,974	66,733
		<b>416,306</b>	<b>559,132</b>	<b>95,174</b>	<b>67,356</b>

The carrying value of trade and other receivables approximates their fair value.

Restatement to lease receivables. Refer to note 27 for further information on restatement.

## Note 12: Trade and Other Receivables (continued)

The below table shows the split of trade receivables between contract receivables and rent receivables.

	Current		Non-Current	
	2021 £000	2020 £000	2021 £000	2020 £000
Contract receivables	295,567	346,155	-	-
Rent receivables	235,829	295,611	-	-
	<b>531,396</b>	<b>641,766</b>	-	-

The aging profile of trade receivables at year end is detailed below.

	Not past due		Past due	
	2021 £000	2020 £000	2021 £000	2020 £000
<b>As at 31 March 2021</b>				
Trade receivables	36,088	28,357	495,308	613,409
Expected credit loss allowance	(4,067)	(1,026)	(197,816)	(218,298)
	<b>32,021</b>	<b>27,331</b>	<b>297,492</b>	<b>395,111</b>

All trade receivables greater than 30 days in age are considered to be past due.

The movements for expected credit loss allowances are as follows:

	2021 £000	2020 £000
<b>As at 1 April</b>	219,324	153,600
Increase in provision	46,542	108,266
Amounts written off during the year	(63,983)	(42,542)
<b>As at 31 March</b>	<b>201,883</b>	<b>219,324</b>

Sensitivity analysis shows if all customers were rated high risk the provision would be £242m (2020: £283m) and if all customers were rated low risk the provision would be £143m (2020: £150m).

## Note 13: Assets Held for Sale

	Land £000	Buildings £000	Total £000
<b>As at 1 April 2020</b>	2,570	1,521	4,091
Plus: assets classified as held for sale in the year	15,575	6,871	22,446
Less: assets sold in the year	(15,110)	(7,712)	(22,822)
Less: impairment of assets held for sale	-	(10)	(10)
<b>As at 31 March 2021</b>	<b>3,035</b>	<b>670</b>	<b>3,705</b>
<b>As at 1 April 2019</b>	4,545	818	5,363
Assets no longer held for sale	-	(10)	(10)
Plus: assets classified as held for sale in the year	24,898	5,308	30,206
Less: assets sold in the year	(26,873)	(4,595)	(31,468)
Less: impairment of assets held for sale	-	-	-
<b>As at 31 March 2020</b>	<b>2,570</b>	<b>1,521</b>	<b>4,091</b>

The company has nine properties (2020: 11 properties) held for sale. The decision as to whether one of the company's properties is surplus to NHS operational requirements resides with the commissioners, i.e. NHS England or a Clinical Commissioning Group. A property will only be released for disposal once commissioners have confirmed that it is no longer required for the delivery of NHS services. The disposals are planned to take place at various dates during the next financial year.

## Note 14: Trade and Other Payables

	Current		Non-current	
	2021 £000	2020 £000	2021 £000	2020 £000
Trade payables	22,643	30,228	-	-
Capital payables	3,586	2,517	-	-
Other payables	3,081	636	-	-
VAT payables	-	2,083	-	-
Accruals	87,795	113,220	-	-
Deferred income	1,305	1,323	9,418	8,395
Social security costs	-	2,341	-	-
	<b>118,410</b>	<b>152,348</b>	<b>9,418</b>	<b>8,395</b>

## Note 15: Borrowings

	Note	Current		Non-Current	
		2021 £000	Restated 2020 £000	2021 £000	Restated 2020 £000
Loans		98,000	160,000	-	-
PFI liabilities	11, 21	12,110	12,975	274,884	287,015
Lease liabilities	11	86,647	88,070	730,178	801,270
		<b>196,757</b>	<b>261,045</b>	<b>1,005,062</b>	<b>1,088,285</b>

The company renewed its flexible loan facility agreement with the Secretary State for Health and Social Care on 16 February 2021 for an amount up to £250m (2020: £250m). The final repayment date of the loan is 1 April 2023 having been extended by 18 months. Until that date no part of the loan is repayable until the company has an operational cash balance of over £120m, unless doing so would result in a subsequent drawdown within three months (2020: £120m).

The company has not had any default on its principal and interest payment during the period. The rate of interest applicable to this flexible loan facility is the interest rate determined by the reference to the National Loan Fund rate for loans up to one-year prevailing on the day of the first utilisation of this facility.

## Note 16: Provisions

	Onerous Leases	Dilapidations	Restructuring	Legal claims	Total
	£000	£000	£000	£000	£000
<b>As at 1 April 2020</b>	-	<b>88,393</b>	-	<b>641</b>	<b>89,034</b>
Arising during the year	-	1,175	684	262	2,121
Utilised during the year	-	(1,265)	(636)	(70)	(1,971)
Reversed unused	-	(5,015)	(48)	(298)	(5,361)
Unwinding of discounts on provision	-	590	-	-	590
<b>As at 31 March 2021</b>	-	<b>83,878</b>	-	<b>535</b>	<b>84,413</b>
Current	-	11,569	-	535	12,104
Non-current	-	72,309	-	-	72,309
<b>As at 31 March 2021</b>	-	<b>83,878</b>	-	<b>535</b>	<b>84,413</b>
		<b>Restated</b>			
<b>As at 1 April 2019</b>	<b>3,893</b>	<b>74,102</b>	-	<b>964</b>	<b>78,959</b>
IFRS 16 Adjustment	(3,893)	-	-	-	(3,893)
Arising during the year	-	4,745	-	277	5,022
Utilised during the year	-	(2,294)	-	(227)	(2,521)
Reversed unused	-	(6,447)	-	(373)	(6,820)
Unwinding of discounts on provision	-	18,287	-	-	18,287
<b>As at 31 March 2020</b>	-	<b>88,393</b>	-	<b>641</b>	<b>89,034</b>
Current	-	14,499	-	641	15,140
Non-current	-	73,894	-	-	73,894
<b>As at 31 March 2020</b>	-	<b>88,393</b>	-	<b>641</b>	<b>89,034</b>

## Note 16: Provisions (continued)

### Onerous leases

The provision for onerous leases represented the value of the future lease payments that the company was presently obligated to make under non-cancellable onerous operating lease contracts exceeding the economic benefits expected to be received from the contracts. Under IFRS 16 this is accounted for as part of right of use assets and the balance is therefore £nil at 31 March 2020 and 31 March 2021.

### Dilapidations

On the expiry of leases where title does not pass, the company is required to make good any damage caused to the premises and to remove any furniture and fittings installed by the company.

The company's provision is calculated based on an average rate per square metre of floor space. The rate is calculated based on historic settlements of dilapidations on expired occupations.

While holding all other assumptions constant if the average rate per square metre of floor space was 10% higher (lower), the company's dilapidation provision will increase (decrease) by £8.4m.

No adjustment is made to the existing provision under IFRS 16.

Restatement to dilapidations movements. Please refer to note 27 for further information.

### Restructuring

The provision represented the obligation to pay employee exit costs. The company reviewed its organisation structure in order to improve the efficiency of its business.

### Legal claims

The provision for legal claims represents the estimated cost of settling outstanding claims against the company. It has been created due to the uncertainty over these cases as the liability depends on the likelihood of the claims being

paid. Where the likelihood of the claims being paid is low, the company has disclosed it as a contingent liability (refer to note 25).

## Note 17: Employee Benefits

Employees who have TUPE transferred to the company and those who joined on or before the 31 March 2013 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](http://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 government Financial Reporting Manual (FRM) requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

### Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2021 is based on valuation data as 31 March 2019 updated to 31 March 2021 with summary global member and accounting

data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FRM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

### Full actuarial (funding) valuation

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

The scheme regulations allow for the level of contribution rates to be changed by the Secretary of State for Health and Social Care, with the consent of HM Treasury, and consideration of the advice of the scheme actuary and appropriate employee and employer representatives as deemed appropriate.

## Note 18: Share Capital

	2021 £000	2020 £000
<b>Issued during the year to 31 March</b>	-	-
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	256,200	256,200
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	256,200	256,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The company did not issue any £1 ordinary shares in the period (2020: £nil).

The company has one shareholder which is the Secretary of State for Health and Social Care.

The last actuarial valuation was carried out as at 31 March 2016. This set the employer contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health and Social Care after consultation with the relevant stakeholders.

### Future Contributions

Expected contributions to the pension plan for the financial year ending 31 March 2022 are £4.6m (2021: £4.9m). The prior year contribution has been aligned with the current year calculation of the employer contributions.

### Scottish Widows

All NHS Property Services employees who join the company on or after 1 April 2013 are automatically enrolled into the Scottish Widows group personal pension scheme. This is a defined contribution plan.

### Dividends

The company has not paid dividends this period and after the Statement of Financial Position date no dividends were proposed by the directors (2020: £nil).

## Note 19: Capital Contribution Reserve

The capital contribution reserve is not a distributable reserve and cannot be applied to fund expenditure. This is in line with section 830(2) of the Companies Act 2006.

	2021 £000	2020 £000
<b>Balance at 1 April</b>	<b>3,028,681</b>	<b>3,032,578</b>
Transfers and adjustments	(420)	(3,897)
<b>Balance at 31 March</b>	<b>3,028,261</b>	<b>3,028,681</b>

## Note 20: Lease Obligations

### Lease obligations as lessor

The company leases 151 (2020: 138) properties under lease arrangements.

	Note	Minimum lease payments		Present value of minimum lease payments	
		2021 £000	Restated 2020 £000	2021 £000	Restated 2020 £000
<b>Amounts receivable under leases (Buildings)</b>					
Within one year		13,861	12,496	12,750	11,611
1-2 years		12,946	11,248	11,720	10,128
2-3 years		11,658	10,335	10,245	9,046
3-4 years		10,049	8,971	8,750	7,568
4-5 years		9,260	7,653	7,960	6,410
After five years		77,603	55,859	53,299	33,581
Less: future finance charges		(30,653)	(28,218)	-	-
		<b>104,724</b>	<b>78,344</b>	<b>104,724</b>	<b>78,344</b>

Included in	Note	2021 £000	Restated 2020 £000
Current lease receivables	12	12,750	11,611
Non-current lease receivables	12	91,974	66,733
		<b>104,724</b>	<b>78,344</b>

Refer to note 27 for further information on restatement.

## Note 21: Private Finance Initiatives

The company is party to 27 (2020: 27) Private Finance Initiative (PFI) arrangements, where the company controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. These arrangements are treated as service concession arrangements and are accounted for in accordance with IFRIC 12 service concession arrangements (IFRIC 12).

The company therefore recognises PFI assets as items of property, plant and equipment together with a liability to pay for them. The fair values of services received under the contract are recorded as operating expenses.

Contract name	Start dates	End dates
Willesden Centre for Health and Care	2006	2035
Queen Mary's Hospital	2005	2035
Mansfield Community Hospital	2006	2043
Johnson Hospital	2008	2039
Danetre Hospital	2006	2037
City Care Centre	2006	2043
Epping Forest Unit, St Margaret's Hospital	2006	2035
Brentwood Community Hospital	2007	2039
Bishop Stortford Hertfordshire	2003	2034
Whitegate Health Centre	2009	2040
Batley Health Centre	2005	2036
Cleckheaton Health Centre	2005	2036
Dewsbury Health Centre	2005	2036
Eddercliffe Health Centre	2005	2036
Ravensthorpe Health Centre	2005	2036
Sedgefield Community Hospital	2009	2032
Stanley Primary Care Centre	2009	2039
Cornerstone Centre	2013	2035
Friary Hospital	1999	2024
Redcar Primary Care Hospital	2009	2038
Gravesham Community Hospital	2005	2036
New Forest Lymington Hospital	2007	2037
Bicester Community Hospital	2014	2039
West Mendip Community Hospital	2005	2035
Liskeard Hospital	2003	2034
Farnham Hospital and Centre for Health	2003	2029
Tiverton Hospital	2004	2034

## Note 21: Private Finance Initiatives (continued)

	Note	2021 £000	2020 £000
Service element charged to in-year operating expenses		33,135	32,596
<b>Total obligations for PFI contracts due:</b>			
Within one year		28,866	29,676
Between one and five years		117,653	118,163
After five years		297,115	326,181
Less: future finance charges		(156,640)	(174,030)
		<b>286,994</b>	<b>299,990</b>
<b>Payments committed to in respect of the service element:</b>			
Within one year		31,635	31,515
Between one and five years		134,939	131,645
After five years		441,926	477,470
		<b>608,500</b>	<b>640,630</b>
<b>Included in:</b>			
Current borrowings	15	12,110	12,975
Non-current borrowings	15	274,884	287,015
		<b>286,994</b>	<b>299,990</b>

## Note 22: Financial Instruments

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

The company is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the entity in undertaking its activities.

Categories of financial assets and liabilities	2021 £000	Restated 2020 £000
<b>Loans and receivables</b>		
Trade and other receivables	472,359	585,254
Cash and cash equivalent	162,939	150,489
	<b>635,298</b>	<b>735,743</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	117,105	146,601
Loans	98,000	160,000
PFI and lease liabilities	1,103,819	1,189,330
	<b>1,318,924</b>	<b>1,495,931</b>

Restatement to PFI and Finance lease liabilities. Refer to note 27 for further information.

### a. Fair value of financial instruments

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

### b. Credit risk

Credit risk is the risk that a third party will default on its obligations to the company causing it to incur a loss.

In the normal course of business, exposure to credit risk arises from cash and investments with banks and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

The company's cash assets are held within the Government Banking Service only. As the company does not hold investments other than necessary cash, the company is not exposed to significant credit risk in this regard.

The company's trade receivables are with a large number of customers spread across various geographical areas. Government funded entities, NHS England and Clinical Commissioning Groups make up a significant portion of the company's receivables. The company has assessed these entities as low risk due to being government funded.

The company has recognised the expected credit losses of trade receivables for certain receivables balances. The company have implemented a credit vetting process for new tenants and guarantors.

## Note 22: Financial Instruments (continued)

No collateral or other credit enhancements are held for financial instruments that give rise to credit risk.

### c. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. The company mostly manages liquidity risk by continuously monitoring forecast cash flow requirements and management of the flexible loan facility with the Department of Health and Social Care. Refer to note 15 - borrowings for further information on the loan.

### Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount £000	Contractual cash flow £000	Within 1 year £000	1-5 years £000	After five years £000
<b>2021</b>					
Trade and other payables	117,105	117,105	117,105	-	-
Leases	816,825	981,176	93,469	343,847	543,860
PFI	286,994	443,634	28,867	117,653	297,114
Loans	98,000	98,000	98,000	-	-
	<b>1,318,924</b>	<b>1,639,915</b>	<b>337,441</b>	<b>461,500</b>	<b>840,974</b>
<b>2020 (restated)</b>					
Trade and other payables	146,601	146,601	146,601	-	-
Leases	889,340	1,081,568	94,265	369,818	617,485
PFI	299,990	474,020	29,676	118,163	326,181
Loans	160,000	160,000	160,000	-	-
	<b>1,495,931</b>	<b>1,862,189</b>	<b>430,542</b>	<b>487,981</b>	<b>943,666</b>

### d. Market Risk

Market risk arises when changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the company's income or the value of its holdings of financial instruments.

The company's transactions are all undertaken in sterling and so it is not exposed to foreign exchange risk. It holds no significant investments other than bank deposits. Other than cash balances and flexible loan facility agreement, the company's financial assets and liabilities are carried at fixed rates of interest and its operating cash flows are consequently independent of changes in market interest rates.

However, the company is exposed to movements in the property market as the company's assets consist predominantly of land and buildings and contingent rents are affected by any changes in market rents. Refer to the Governance and Risk Report on pages 93 to 105 as to how the company has managed this risk.

## Note 23: Related Party Transactions

The company is required to disclose transactions with related parties. Related parties are entities or individuals who have the potential to control, indirectly control or significantly influence the company or to be controlled, indirectly controlled or significantly influenced by the company.

NHS Property Services is a private limited company, wholly owned by the Secretary of State for Health and Social Care, making it the company's ultimate controlling party. The parent entity is the Department of Health and Social Care.

As at 31 March 2021, the company owed the Department of Health and Social Care £98m (2020: £160m) in respect of the flexible loan facility. Refer to note 15 for further information on the loan.

The company maintains an interests register for the directors, to record any interests they may have in any organisations which the company transacts with.

Details of related party transactions are as follows:

Director	Organisation	Purchases from related party £000	Sales to related party £000	Amounts owed to related party £000	Amounts due from related party £000
<b>2021</b>					
Ian Ellis	Telereal Trillium Ltd	409	-	4	-
Ben Masterson	NHS Shared Business Services	54	-	-	-
		<b>463</b>	<b>-</b>	<b>4</b>	<b>-</b>
<b>2020</b>					
Ian Ellis	Telereal Trillium Ltd	542	-	(5)	-
Ben Masterson	NHS Shared Business Services	631	-	34	-
		<b>1,173</b>	<b>-</b>	<b>29</b>	<b>-</b>

The company has a provision of doubtful debts of £nil (2020: £nil) of which the expense recognised in 2021 is £nil (2020: £nil). In 2021, the company has also written off £nil (2020: £nil) of the debt outstanding related to the previous year.

All transactions incurred are no more favourable than the company would have adopted if there were no relationship to key management personnel.

Details of the remuneration paid to Board members can be found in the Remuneration Report on page 106.

The Secretary of State for Health and Social Care, as the company's ultimate controlling party, is regarded as a related party. During the year, the company had a significant number of material transactions with entities for which the Secretary of State for Health and Social Care is regarded as the parent Department. Most of these transactions have been with Department for Health and Social Care, Community Health Partnerships Limited, Public Health England, Special Health Authorities, NHS England, NHS Trusts and NHS Foundation Trusts.

## Note 23: Related Party Transactions (continued)

Organisation	Purchases from related party	Sales to related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
<b>2021</b>				
Department of Health	719	93	98,011	4,779
Health Education England	-	6,545	-	252
Public Health England	-	903	-	602
Special Health Authorities	184	-	101	-
NHS England	1,501	204,343	769	111,561
NHS Trusts	2,634	82,623	2,091	46,643
NHS Foundation Trusts	20,842	221,622	5,732	96,159
Other Group Bodies	42	2,061	-	351
	<b>25,922</b>	<b>518,190</b>	<b>106,704</b>	<b>260,347</b>
<b>2020</b>				
Department of Health	2,047	-	160,282	517
Health Education England	65	5,353	-	1,115
Community Health Partnerships Limited	57	32	-	40
Public Health England	-	194	-	313
Special Health Authorities	-	-	59	-
NHS England	2,363	207,203	1,217	134,714
NHS Trusts	8,903	99,688	6,467	57,313
NHS Foundation Trusts	20,627	241,152	6,651	144,137
	<b>34,062</b>	<b>553,622</b>	<b>174,676</b>	<b>338,149</b>

In conducting its activities, the company is required to pay various taxes and levies to the HM Revenue and Customs. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers and therefore has not been disclosed above.

## Note 24: Commitments

### Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	2021	2020
	£000	£000
Property, plant and equipment	22,812	11,535
	<b>22,812</b>	<b>11,535</b>
No later than one year	22,382	10,787
Between one and five years	430	748
After five years	-	-
	<b>22,812</b>	<b>11,535</b>

## Note 24: Commitments (continued)

### Other commitments

The company has entered into several contracts for the management and maintenance of its properties which will give rise to the following commitment:

	2021	2020
	£000	£000
No later than one year	39,061	30,526
Between one and five years	31,531	44,069
After five years	77	130
	<b>70,699</b>	<b>74,725</b>

Lessee commitments have been disclosed in note 20.

## Note 25: Contingencies

### a. Quantifiable contingencies

	2021	2020
	£000	£000
<b>Contingent liabilities</b>		
Legal claims	23	35
	<b>23</b>	<b>35</b>
<b>Contingent assets</b>		
Legal claims	62	71
	<b>62</b>	<b>71</b>

### Contingent assets

The contingent asset relates to legal claims that the company has against third parties.

### b. Unquantifiable contingencies

#### Contingent liabilities

As at 31 March 2021, the company has unquantifiable contingent liabilities in relation to ongoing reviews of the rates, rent and service charges for the properties the company occupies and following from the lease regularisation exercise. Whilst in many cases it is anticipated that these will lead to overall savings, there may be additional costs backdated to the start of these reviews. Incentives are also implemented for professional negotiators in these discussions by having part of their remuneration based on a percentage of savings achieved.

The company has unquantifiable contingent liabilities due to ongoing litigation relating to service charge claims. This litigation is still in the preliminary stages and therefore the financial impact cannot be determined.

## Note 25: Contingencies (continued)

The company has unquantifiable contingent liabilities in relation to ongoing reviews of capital allowance claims made in corporation tax returns submitted in the years since its inception. No timeline for resolution has been agreed.

### Contingent assets

NHS Property Services secures contingent assets such as overage and clawback payments either by way of legal charges or restrictions on title.

An overage payment is a sum of money which the company may be entitled to receive after the completion of a sale, if a specified condition is triggered. This may include:

- The grant of a new planning permission; or
- The grant of planning permission for a larger or alternative planning use of the land; or
- The onward sale by the developer of a property acquired by the company at a value above an agreed base level of sales proceeds

A clawback payment is a sum of money which the company may be entitled to receive on the onward sale of whole or part of a sold property.

The company will recognise a contingent asset when one of the triggers specified above is met, the value of the contingent asset is based on agreed formulas stipulated in the contract. In the financial year ending 31 March 2021, the company realised £0.5m on the release or variation of seven overage and clawback deeds.

The company has a further unquantifiable contingent asset in relation to the disposal of St George's Hospital, Hornchurch. The amount of the contingent asset is dependent on the future planning consent obtained on the site and the sales values achieved on the purchaser's completion of the development.

## Note 26: Events After the Reporting Period

There are no known events impacting on the financial statements after the reporting period.

## Note 27: Prior period restatement

On review and application of adjustments in respect of IFRS 16 made in 2020/21 financial statements, management identified errors made in the IFRS 16 transition adjustments included in the 2019/20 financial statements.

On the review of the dilapidations provision, errors were noted in the application of the discount rate in the 2019/20 financial statements.

The impact of the restatement to the 2019/20 financial statements are as follows:

### Impact to the Statement of Comprehensive Income

	Notes	Per signed accounts £000	Adjustment £000	Restated £000
<b>Operating revenue</b>	2	<b>780,872</b>	<b>3,579</b>	<b>784,451</b>
Direct property expenses	3	(696,987)	(2,832)	(699,819)
Administrative expenses	4	(94,241)	-	(94,241)
Other operating expenses	5	(105,324)	-	(105,324)
<b>Operating loss</b>		<b>(115,680)</b>	<b>747</b>	<b>(114,933)</b>
Finance income	7	4,155	(927)	3,228
Finance costs	7	(45,038)	(13,893)	(58,931)
Gain on disposal of property, plant and equipment		9,010	-	9,010
<b>Loss before tax from continuing operations</b>		<b>(147,553)</b>	<b>(14,073)</b>	<b>(161,626)</b>
<b>Taxation expense</b>	8	<b>624</b>	-	<b>624</b>
<b>Loss for the year</b>		<b>(146,929)</b>	<b>(14,073)</b>	<b>(161,002)</b>
<b>Other comprehensive income, net of income tax</b>				
<i>Items that will not be recycled to profit and loss:</i>				
Revaluation of property, plant and equipment		34,870	-	34,870
<b>Other comprehensive income, net of income tax</b>		<b>34,870</b>	-	<b>34,870</b>
<b>Total comprehensive income for the year</b>		<b>(112,059)</b>	<b>(14,073)</b>	<b>(126,132)</b>



## Note 27: Prior period restatement (continued)

### Impact to the Statement of Financial Position

	Notes	2021	Adjustment	2020
		£000	£000	£000
<b>Non-current assets</b>				
Property, plant and equipment	9	2,930,019	-	2,930,019
Right of Use	10	1,338,741	104,639	1,443,380
Intangibles		7,801	1	7,802
Trade and other receivables	12	112,297	(44,941)	67,356
		<b>4,388,858</b>	<b>59,699</b>	<b>4,448,557</b>
<b>Current assets</b>				
Trade and other receivables	12	563,784	(4,652)	559,132
Cash and cash equivalents		150,489	-	150,489
		<b>714,273</b>	<b>(4,652)</b>	<b>709,621</b>
Assets classified as held for sale	13	4,091	-	4,091
<b>Total assets</b>		<b>5,107,222</b>	<b>55,047</b>	<b>5,162,269</b>
<b>Current liabilities</b>				
Trade and other payables	14	152,348	-	152,348
Borrowings	15	303,788	(42,743)	261,045
Provisions	16	15,056	84	15,140
		<b>471,192</b>	<b>(42,659)</b>	<b>428,533</b>
<b>Non-current liabilities</b>				
Trade and other payables	14	8,395	-	8,395
Borrowings	15	1,064,782	23,503	1,088,285
Provisions	16	60,085	13,809	73,894
		<b>1,133,262</b>	<b>37,312</b>	<b>1,170,574</b>
<b>Total liabilities</b>		<b>1,604,454</b>	<b>(5,347)</b>	<b>1,599,107</b>
<b>Net assets</b>		<b>3,502,768</b>	<b>60,394</b>	<b>3,563,162</b>
<b>Equity</b>				
Share capital	18	256,200		256,200
Retained earnings		(1,135,600)	60,394	(1,075,206)
Revaluation reserve		1,353,487		1,353,487
Capital contribution reserve	19	3,028,681		3,028,681
<b>Total equity</b>		<b>3,502,768</b>	<b>60,394</b>	<b>3,563,162</b>

## Appendix

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