National Institute for Health and Care Excellence

Resources report

This report gives details of the financial position as at 31 December 2020, an update on Human Resources & Organisational Development and an update on the NICE Connect transformation programme.

Year to Date Financial Position as at 31 December 2020

Table 1 summarises the financial position as at 31 December 2020. There is a full breakdown in Appendix A.

Table 1: Financial position as at 31 December 2020

| Spend Category | Year to Date Budget £m | Year to Date Actual £m | Year to Date Variance £m | Year to Date Variance % |
| --- | --- | --- | --- | --- |
| Pay | 34.4 | 31.4 | (3.0) | (9%) |
| Non pay | 22.3 | 19.9 | (2.4) | (11%) |
| Income | (16.6) | (14.7) | 2.0 | 12% |
| **Total** | **40.1** | **36.6** | **(3.4)** | **(9%)** |

Overall, the year to date position to 31 December 2020 was an underspend of £3.4m (9%) as shown in Table 1 above.

Pay expenditure

Pay expenditure to 31 December 2020 was £31.4m against a budget of £34.4m, resulting in an underspend of £3.0m (9%).

Between October and December NICE has recorded 27 new starters and 17 leavers. This has reduced the number of vacancies from 101 whole time equivalents (WTE) to 91 WTE as at 31 December 2020. These vacancies are a mixture of vacancies relating to general staff turnover and new posts to support transformation and new activity for which recruitment had been planned to begin in the latter half of 2020-21.

Non-pay expenditure

Non-pay expenditure to 31 December 2020 was £19.9m against a budget of £22.3m, resulting in an underspend of £2.4m (11%). The year to date underspend is mainly due to the following:

* £0.5m underspend against the flexible element of the MedTech External Assessment Centre contracts. A small amount of the variable budget will be used this year where centres have carried out more work than expected.
* £1.3m underspend on travel and subsistence and committee costs across NICE. This will likely continue for the rest of the financial year.
* £0.4m underspend against the project budget within NICE Connect set aside for contractor / consultancy spend on the content development strategy and operational productivity (including Microsoft Office 365 and SharePoint Online implementation).

Income

Income generated to 31 December 2020 was £14.7m against a budget of £16.6m, resulting in an under recovery of £2.0m (12%). This is due to a £3.0m under recovery of income from the Technology Appraisals and Highly Specialised Technologies (TA/HST) programme related to the impact of the COVID-19 pandemic.

The under recovery of income is partially offset by NICE Scientific Advice (NSA) which has generated a surplus of £0.5m due to higher than expected income generation.

Forecast Outturn

The estimated outturn financial position is an underspend of £3.4m as shown in table 2 below.

Table 2: Estimated outturn to 31 March 2021

| Spend Category | Annual Budget £m | Estimated Outturn £m | Estimated Outturn Variance £m | Estimated Outturn Variance % |
| --- | --- | --- | --- | --- |
| Pay | 46.1 | 43.0 | (3.1) | (7%) |
| Non pay | 29.2 | 26.2 | (3.0) | (10%) |
| Income | (22.1) | (19.4) | 2.7 | 12% |
| **Total** | **53.3** | **49.9** | **(3.4)** | **(6%)** |

The November Resources Board paper stated a forecast underspend of £1.3m. This was based on the financial position and uncertainties as at the end of September. Following a forecast review we now expect the forecast outturn to be an underspend of £3.4m in 2020/21.

The £2.1m change in forecast variance is due to the following:

* £0.8m improved TA and HST income forecast due to higher than expected income between October and December.
* £0.3m reduction in expected spend due to planned investment in the Digital Workplace project being deferred into 2021-22.
* £0.1m reduction in the depreciation forecast due to the disposal of equipment at the London and Manchester offices.
* £0.2m of potential costs in London due to overlapping rent and rates costs have been avoided due to slippage in the lease start date.
* £0.2m improved income forecast for Scientific Advice with continued strong performance.
* A further £0.2m slippage in pay costs. This has been partially offset by an increased accrual for annual leave that has not been taken in the first 9 months of the year.

The following known pressures have been included in the forecast:

* £100,000 for Organisation Development (OD) Design and Strategic engagement work.
* £100,000 prudently set aside for unexpected pressures that may arise before financial year-end.
* £95,000 potential redundancy costs.
* £70,000 additional laptop purchases for the roll out across the organisation and new starters.
* £45,000 for the Manchester office refurbishment.

Technology Appraisals and Highly Specialised Technologies (TA/HST) charging performance

TA/HST income to 31 December 2020 was £5.1m against a full cost recovery target of £8m, an under recovery of £3.0m (37%).

The estimated outturn position was £7.0m against a full cost recovery target of £10.7m, an estimated under recovery of £3.7m (35%).

Table 3: TA/HST cost recovery income, year-to-date and estimated outturn

| Spend Category | Year to Date Budget £m | Year to Date Income £m | Year to Date Variance £m | Year to Date Variance % | Annual Budget £m | Estimated Outturn Spend £m | Estimated Outturn Variance £m  | Estimated Outturn Variance % |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| TA/HST Income | (8.0) | (5.1) | 3.0 | 37% | (10.7) | (7.0) | 3.7 | 35% |

The estimated income for the year has gradually increased over recent months as we continue to generate higher than expected levels of income. In the November Resources Board report we estimated an outturn of £6.2m, this assumption has now increased to £7m.

We will continue to monitor the expected income over the remaining months of the year especially considering the new national lockdown from 5 January 2021 which has been put in place across the UK. The impact this will have on staff capacity and productivity due to the closure of schools is not yet clear.

Chart 1 below shows the income generated each month between April 2019, when charging began, and December 2020.

Chart 1: TA/HST income recognition, April 2019 to December 2020

As chart 1 shows, we have seen a gradual upwards trend in monthly income recognition since charging began in April 2019. Notably, income recognition suffered during the early months of 2020-21 due to NICE’s response to the COVID-19 pandemic and the decision to pause non-therapeutically critical topics. However, there has been a strong recovery from August 2020 onwards with November 2020 being the best performing month (£0.9m) since the move to full cost recovery.

Human Resources & Organisational Development Update: November and December 2020

This section is to provide an update on people issues and activities in November and December 2020.

Values and behaviours

We have devised a comprehensive programme of activity to bring the new values and behaviours (collaborative, kind, respectful, dynamic, inclusive, excellent, empowered) to life. This includes a programme of workshops, work to incorporate our values and behaviours into core people activity, such as induction, recruitment, appraisals and learning and development (L&D) activity, as well as the design and launch of a recognition scheme.

We have held the first of our all-staff values and behaviours workshops which provided an opportunity for staff to explore what our values mean to them, share stories of where we are already living the values, and to consider what we can do to bring the values and behaviours to life.

To further embed the values and behaviours, we launched a NICE values champions initiative - a group of around 15 staff from all levels and directorates who will support HR with embedding the values and behaviours in our working lives. Meeting regularly, they will act as role models within their directorates, playing a key role in team and directorate meetings, and providing input as we progress the work to integrate values and behaviours into our key people activity.

Working closely with the Communications team, a suite of memorable visual graphics and digital assets are being designed with an external provider.

Diversity and inclusion

Following the approval of our organisational equalities objectives at the November board meeting, we have developed a draft action plan to start delivering the objectives, which is being shared with the Executive Team in January. This includes a short-term goal of increasing the diversity of our interview panels.

We will be holding more listening events in quarter 4 as part of our ongoing dialogue about equalities issues, and also asking staff for their help in shaping and delivering our equalities action plans.

Workforce planning

The recruitment and workforce planning working group has conducted a root cause analysis to review the barriers experienced in recruitment and to discuss and implement innovative ideas for resourcing. The group will also consider an organisation wide approach to workforce planning.

Our digital marketplace, which was established to match skills, capacity, and demand more effectively, was also successfully used to support the recruitment to the NICE Connect programme. We are now reviewing how this system can be used more broadly to support talent management and development.

Employee Relations

The HR operations team are continuing to support a number of ongoing employee relations cases and we have returned to our usual operating levels pre-pandemic. The team are successfully managing employee relations issues remotely, albeit with appropriately adapted processes to ensure that everyone affected has the support that they need.

There has been a marked reduction in staff sickness absence overall when compared to the same period last year, with small pockets of higher rates in certain teams, however, absence levels remain low across the organisation. We are continuing to monitor the time it takes for absences to be recorded, and the effect this has on absence figures across the organisation.

Mental health and stress-related absences have been showing a small upward trajectory when compared to the same periods last year. We will continue to monitor this on a month-by-month basis. Stress-related illnesses are supported informally by HR and we continue to see resolution on an individual level.

Health and wellbeing

We continue to prioritise staff wellbeing and have recently focussed on winter wellbeing. We have produced a suite of toolkits to help staff and managers have effective wellbeing conversations, and post weekly tips in the weekly staff newsletter Your Week@NICE.

Following the success of our virtual Healthy Work Week in September, we will run another in January. Activities and resources will be focused on the [five ways to mental wellbeing](https://www.nhs.uk/conditions/stress-anxiety-depression/improve-mental-wellbeing/). Activities include sessions on menopause, mindfulness, yoga, resilience during Covid-19, volunteering, crafts and running.

We will pilot an online wellbeing platform which aims to increase engagement with health and wellbeing activity and encourage involvement for remote teams, through a series of challenges focused on reducing stress, getting teams talking, physical activity, improving sleep, and nutrition.

Following the interest and engagement of staff with World Menopause Day, we have established a menopause support network which will provide an opportunity for staff to share common experiences, alleviate feelings of isolation and share useful resources. The first network meeting will share the NICE guidance on menopause in terms of the symptoms, diagnosis, and management of menopause. A range of resources and toolkits have been designed and made available on NICE space for both staff and managers.

Transformation update: November and December 2020

Appendix B reflects the key 2020-21 final quarter deliverables and their respective status. Each Expert Group is reviewing these in detail to ensure optimum focus and momentum on these outputs.

Key risks for the directorate

We risk staff becoming demotivated due to capacity issues within teams caused by the number of vacancies and the impact of another lockdown including school closures. Steps to mitigate this problem has been taken by the HR team, including seconding in extra staff to support recruitment to address the high level of vacancies, promoting the Employee Assistance Programme and launching bite sized support sessions on topics including working in a virtual environment, stress management and improving health and wellbeing.

The relocation of the London office presented the risk of possible business disruption. There have been delays caused by unplanned work relating to the office work and the IT server room, but interim solutions have been found. The office was ready to open from 18 January 2021, although office use from this date is expected to be very limited until Covid-19 restrictions are gradually eased.

The risk to our statutory duty to break even due to the impact of Covid-19, including reduced TA/HST fees and redeploying staff to the pandemic response was set out in our business plan. The risk this year has receded due to the vacancies and other underspends and it is not expected that we overspend even if there is a significant impact on TA/HST fees in the final quarter due to the lockdown and other winter pressures.

The overall Transformation programme remains amber due to gaps in resource capacity, as backfill is not yet fully in place for all the staff assigned to work on Connect. This position is being mitigated through project prioritisation.

Appendix A: NICE financial position

The table below is a summary of the financial position per centre and directorate as at 31 December 2020 and gives an estimated outturn to March 2021.

NICE financial position per centre/directorate as at 31 December 2020

| Centre / Directorate | Year to Date Budget £m | Year to Date Actual £m | Year to Date Variance £m | Annual Budget £m | Estimated Outturn £m | Estimated Outturn Variance £m |
| --- | --- | --- | --- | --- | --- | --- |
| Income from TA and HST cost recovery | (8.0) | (5.1) | 3.0 | (10.7) | (7.0) | 3.7 |
| Other funding from other ALBs, Devolved Administrations | (5.6) | (5.8) | (0.3) | (7.4) | (7.5) | (0.1) |
| Centre for Guidelines | 15.4 | 15.0 | (0.4) | 20.3 | 19.9 | (0.5) |
| Centre for Health Technology Evaluation | 10.1 | 8.4 | (1.6) | 13.7 | 11.5 | (2.2) |
| Health & Social Care | 5.2 | 4.7 | (0.5) | 7.0 | 6.2 | (0.7) |
| Digital, Information and Technology | 4.9 | 4.6 | (0.3) | 6.5 | 6.2 | (0.3) |
| Science, Evidence and Analytics | 5.6 | 5.4 | (0.2) | 7.6 | 7.4 | (0.2) |
| Finance, Strategy and Transformation | 6.6 | 6.0 | (0.5) | 9.1 | 8.3 | (0.8) |
| Communications | 1.8 | 1.7 | (0.1) | 2.5 | 2.3 | (0.2) |
| NHS Pension (6.3% increase) and other staff costs | 1.3 | 1.3 | 0.0 | 1.8 | 2.0 | 0.3 |
| Depreciation (non-cash) | 0.5 | 0.4 | (0.1) | 0.7 | 0.5 | (0.2) |
| Part-year effect Pay budget adjustment | 2.2 | 0.0 | (2.2) | 2.3 | 0.0 | (2.3) |
| **Grand total** | **40.1** | **36.6** | **(3.4)** | **53.3** | **49.9** | **(3.4)** |

Appendix B: Transformation update: November and December 2020

Content Expert Group 20-21 key deliverables status

| Output | Lead | Update | Next Steps | Risks & Issues | Due Date | RAG (c denotes complete) |
| --- | --- | --- | --- | --- | --- | --- |
| **Integrated Guidance** | JH | A core multidisciplinary team is in place. Work is underway with Content Design London to support the production of a prototype. Presentations have been given by two external content platform organisations and an options appraisal is being developed. | Prototype work undertaken in Q4 and options appraisal for content platform produced | Resourcing of staff and capacity with the right skills to do the work.Costs of working with an external content platform provider may be prohibitive. | **Q4** | **Amber** |
| **NICE & Office for National Statistics Recommendations Matching Algorithm (NORMA)– rollout within Centre for Guidelines** | FD | Rollout completed | Proposal for wider rollout across NICE | n/a | **Q4** | **Complete** |
| **Life Sciences Hub - discovery** | AL, JP, CD, JK,  | A brief has been produced and is awaiting approval | Approve brief and undertake discovery | May be impacted by higher priority deliverables given resource and time constraints | **Q4** | **Green** |
| **Citable publications feasibility study** | MS | Meeting held with NIHR to discuss the key issues and next steps | Progress considerations around volume of publications, format and transferability, quality review mechanisms, and hosting | Complexity and scale of work | **Q4** | **Green** |

Data Management Expert Group 20-21 key deliverables status

| Output | Lead | Update | Next Steps | Risks & Issues | Due Date | RAG (c denotes complete) |
| --- | --- | --- | --- | --- | --- | --- |
| **Record and Data Management Strategy** | AL | Detailed record and data management policies will be developed as part of the implementation of SharePoint | Being taken forward as part of Digital Workplace | Capacity of the records management and IG team | **Q1** | **Complete** |
| **SharePoint investment decision** | AL | Continue more detailed work on plans, benefits, and value. Engagement with NHSX and GDS on the next stages of approvals | Revise report and carry out quality review to enable a submission to Board in April | Achieving a revised submission that provides assurance and justifies approval | **Q1 21-22** | **Amber** |
| **Introduce one central place for stakeholders to register for all NICE involvement** | AL | Discussed with PIP team to identify where immediate value can be offered. Work now complete. | No further action required | n/a | **Q4** | **Complete** |
| **Continue roll out of next phase of comment collection tool** | AL | This is a tool to make it easier for external stakeholders to provide feedback on our consultations. | Complete rollout by end of Q4 20-21 | n/a | **Q4** | **Green** |
| **Integration of new identity management tool with comment collection tool** | AL | Deliverable completed – no further action required | n/a | n/a | **Q1** | **Complete** |

Process, Methods & Analytics Expert Group 20-21 key deliverables status

| Output | Lead | Update | Next Steps | Risks & Issues | Due Date | RAG (c denotes complete) |
| --- | --- | --- | --- | --- | --- | --- |
| **Evidence for Public Practice Information (EPPI) Reviewer Tool rollout** | FG & VD | Successfully rolled out to the Collaborating Centres.  | Review to enable greater and continuous improvement | n/a | **Q2** | **Complete** |
| **Integrated Surveillance** | KN & JP | 4 options are being drawn up including reviewing the anticipated scale and cost of organisational change for the possible future models | Options appraisal submitted for agreement | n/a | **Q4** | **Green** |
| **CHTE updated methods & processes** | JP & HK | Consultation on methods completed | CHTE updated methods & processes | n/a | **Oct 21** | **Green** |
| **NICE-wide consultation activities (for guidance products)** | JP | Key resources in place and work is underway | Complete phases 1&2 and present recommendations for change | Resource / Backfill delay | **Q4** | **Amber** |
| **Data & Analytics methods & standards framework** | AJ | Proposed programme approach written and reviewed | Review by Board in January | n/a | **Q4** | **Green** |

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