

# NICE

National Institute  
for Health and  
Care Excellence



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Care Excellence

## Annual Report and Accounts 2022/23



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

**Annual report and accounts  
2022/23**

**For the period 1 April 2022 to  
31 March 2023**

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National Institute for Health and Care Excellence  
Level 1A, City Tower  
Piccadilly Plaza  
Manchester M1 4BT  
Telephone: +44 (0)300 323 0140  
Email: [nice@nice.org.uk](mailto:nice@nice.org.uk)  
Website: [www.nice.org.uk](https://www.nice.org.uk)

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# Contents

<b>Performance report</b>	<b>7</b>
<b>Overview</b>	<b>8</b>
Who we are and what we do	15
Focusing on what matters most	18
Creating useful and usable advice	28
Continually learning from data and implementation	34
Guidance highlights	42
<b>Performance analysis</b>	<b>46</b>
Financial review	47
Sustainability report	51
<b>Accountability report</b>	<b>55</b>
<b>Corporate governance report</b>	<b>56</b>
Directors' report	57
Governance structure	57
Statement of the accounting officer's responsibilities	64
Annual governance statement	65
The risk and control framework	68
<b>Remuneration and staff report</b>	<b>72</b>
Senior staff remuneration	72
Performance appraisal	72
<b>Parliamentary accountability and audit report</b>	<b>91</b>
The Certificate and Report of the Comptroller and Auditor General to the Houses Of Parliament	93
<b>Financial statements</b>	<b>100</b>
Statement of comprehensive net expenditure for the year ended 31 March 2023	101
Statement of financial position as at 31 March 2023	102
Statement of cash flows for the year ended 31 March 2023	103
Statement of changes in taxpayers' equity for the year ended 31 March 2023	104
<b>Notes to accounts</b>	<b>105</b>





# Performance report

# Overview

This section describes the role of NICE, explains what we do, and lists our achievements in 2022/23.

**Sharmila Nebhrajani OBE**  
Chairman



## Chairman's foreword

NICE's overall purpose is to help practitioners and commissioners get the best care to people fast, while ensuring value for the taxpayer. We do this by providing evidence-based, rigorously evaluated guidance on care pathways and health technology evaluations for new drugs, devices and digital applications.

Even in normal times, we are mindful that our guidance and recommendations for new interventions must be devised and launched in a manner amenable to the challenges faced by staff working in the NHS. However, we are acutely conscious in this current year of the pressures that the healthcare system faces. As the NHS continues to try to recover from the effects of the pandemic, amidst unprecedented financial, workforce and capacity stresses, our priorities must extend beyond the important task of supporting new innovations. They must encompass more active ways to help ensure health system sustainability. For example, through signposting for commissioners the activities that are best value for money as well as the opportunities for disinvestment to ensure that health resources can be best targeted to areas of highest clinical need.

### Sharpening our focus to address current challenges

The fundamental priorities of the 5-year strategy we launched in 2021 remain unaltered, but given the pressures within the NHS I have described, we have sharpened the focus of our work to the current challenges in the system. For example, we collated and represented existing guidance on health inequalities and productivity areas in an easily accessible manner for commissioners in integrated care boards. These web resources provide advice on interventions or treatments that are too costly, or less clinically effective, to help them make better commissioning decisions. And we are trialling new ways of publishing our clinical guidelines so that they can be more easily used by busy front-line practitioners.

We have fast tracked the assessment of promising digital therapeutic applications in mental health, especially those focused on child and adolescent mental health. This is in recognition of the acute shortage of resources in these clinical areas and the possibility for technology to support patients who would otherwise remain on long waiting lists.



In 2022, a new chief executive and refreshed executive team began to enact the steps set out in our strategy. I am glad to say that the year has been one of progress on that front with our senior team taking on their leadership role with a renewed sense of purpose and energy. We will need to maintain that energy and accelerate progress in the coming year.

The world that we have to analyse, prioritise and ultimately make judgements about grows more complex. New therapeutic developments come in a greater variety of forms, and what we examine is always unique in some ways and profoundly novel in many instances. Speed of assessment and decision-making is ever more important. We must seek ways to accelerate our processes, so we keep up with these developments, and so promising therapies do not become stuck in a growing backlog of issues waiting for our attention. I am glad that we have managed to increase the pace of this work during the past year. This report offers some examples of that process in action. We will have to do even better in the years ahead if we are not to become a brake on progress and a focus, sometimes unfairly, for frustration. I am confident we can do so.

## Remembering Professor Sir Mike Rawlins – the founding father of NICE

The emphasis of the board is to look forward, but we do so mindful of what has gone before us. Progress is easier to achieve if it is built on a solid foundation. In the course of the year NICE's first chair, Professor Sir Mike Rawlins, died. He held for a long time the position I now occupy, building the foundations of the NICE we have today over his long tenure, and making a hugely significant contribution both to the organisation and more widely in healthcare. Numerous colleagues who knew him mourned his loss personally; those of us who knew him only by his achievements will be keen to see his legacy enhanced as we build on the extraordinary success of NICE in its first 2 decades.



# Chief executive's foreword

Dr Sam Roberts  
Chief executive



I am delighted to be presenting NICE's annual report and accounts for 2022/23. The report covers my first full year in post as chief executive. It's a year where NICE has taken important strides to transform as an organisation, while maintaining its core purpose: to help practitioners and commissioners get the best care to patients fast, while ensuring value for the taxpayer.

Looking at the past year's highlights has given me the rare chance to stop and reflect; to take stock of our recent achievements, and to note how much healthcare has evolved and continues to change.

I have fond memories of my early years as a junior doctor clutching my trusty copy of the Oxford Handbook of Clinical Medicine as I carried out my ward rounds. It was a constant companion and it served me well in my fledgling steps.

But healthcare has transformed since then. Practitioners and commissioners must now deal with vast amounts of data that is constantly changing, and which no single, portable handbook could ever fully capture. Innovative treatments and diagnostic products are arriving at unprecedented pace. And the pandemic's impact lingers on the exceptional workforce and capacity pressures the system continues to face.

NICE can, and should, play a role in helping our healthcare colleagues navigate these pressures. We can make lives easier – by getting our guidance and advice to key users in a timely and useful manner.

So, this year, we've taken important measures to adapt. Our core principles - of independence, rigour and transparency - will never be compromised. But we've spoken with our partners and stakeholders, and they've told us we will evolve to better meet the needs of our users by:

- focusing on what matters most
- creating advice that's useful and usable
- continually learning from data and implementation.

Looking over our highlights, I can see we're making good progress towards meeting these ambitions. And we know we will have succeeded when our guidance is more relevant, timely, usable and has greater demonstrable impact.

## Focusing on what matters most

In February 2023, we published final draft guidance that recommended 3 treatments for over 1 million people at highest risk of severe COVID-19. The guidance ensures that everyone at highest risk of progressing to severe disease will have access to clinically and cost-effective treatments.

In the same month we recommended 4 digital health technologies to help over 1 million children and young people with anxiety and low-mood. These low-risk options offer games, videos and quizzes, based on cognitive behavioural therapy principles to children and young people who need to begin treatment as soon as possible.

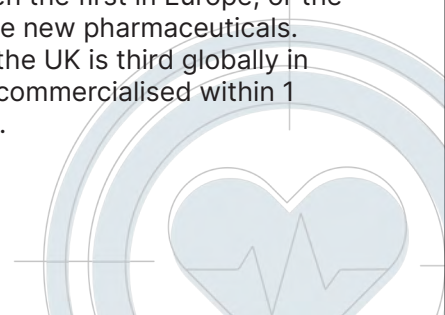
A new subscription-style model we're developing is leading to the first new antimicrobials in a decade. We've worked with NHS England to test the new payment model for 2 antimicrobial products. Under this payment model, the payments made to companies are based on the value to the NHS and not linked to the volumes sold.


In October 2022, we launched a new web resource to help with reducing health inequalities. The resource aligns our guidance and advice on this topic in one place, and received nearly 10,000 visitors within the first month of being launched.

The health and care system is under exceptional pressure and NICE is listening to what matters most to systems delivering against their many priorities. In March, we launched our first practical resource to support productivity improvement - matching relevant NICE guidance and recommendations to areas of productivity and recovery opportunities.

## Creating useful and usable advice

I'm very pleased that this year, we have reduced the average time it takes to produce final technology appraisals or highly specialised technologies evaluations guidance by 17%. I'm also pleased that NHS patients are now often the first in Europe, or the world, to access innovative new pharmaceuticals. Industry data shows that the UK is third globally in the number of medicines commercialised within 1 year of their first approval.





But there is always more that we can do. So, this year we've embarked on a series of pilots that is helping make sure our guidance is timely, easy to find and in an accessible format.

We've applied light-touch, faster evaluations to simpler, low-risk treatments. We expect this proportionate approach will enable faster access to additional treatment options by around 45%. We've enabled around 175,000 people to benefit from the 5 drugs recommended through this process so far.

We're also trialling an innovative approach to the way we assess digital products, devices and diagnostics. Through our Early Value Assessment Programme for medtech, we're providing a rapid assessment of digital products, devices and diagnostics for clinical effectiveness and value for money, so the NHS and patients can benefit from these promising technologies sooner.

We're also making changes to how we manage and maintain our portfolio of guidelines. We're updating priority guideline recommendations more frequently and quickly. Our ultimate aim is to update recommendations on key topics within 3 to 6 months of new, practice-changing evidence emerging.

## Continually learning from data and implementation

This year, we published our real-world evidence framework, which supports the use of real-world data to resolve gaps in knowledge and drive forward access to innovations for patients. The framework has been viewed over 20,000 times. And it was used to develop guidance on mobocertinib - a targeted treatment for a rare form of aggressive lung cancer. The treatment gained NICE approval after the manufacturer used our real-world evidence framework to guide their evidence submission to the NICE committee.

Our evidence standards framework is supporting commissioners to identify and purchase digital technologies that improve outcomes. It has been viewed over 25,000 times by users worldwide in countries including the UK, USA, Australia and Germany.



We partnered with 5 international health technology assessment bodies to collaborate on shared opportunities and challenges. We will learn from our collective experience through sharing best practice, collaborating to better anticipate technological and methodological challenges, and explore collective efficiency gains and partnerships with international regulators. As well as further increasing our global influence, this partnership will improve our ways of working and enables us to efficiently address important strategic issues.

We're continuing to support cancer patients to get access to promising new treatments more quickly via the Cancer Drugs Fund (CDF). In the summer of 2022, a new breast cancer treatment we recommended became the 100th treatment to be funded through the CDF. And nearly 18,000 patients were registered to receive a CDF treatment in 2022 alone. The launch of the Innovative Medicines Fund also promises to help us ensure patients can benefit from early access to potentially life-saving new non-cancer medicines.

## Building on our priorities

Over the next year, we will build on the important foundational work that we've carried out in these priority areas. In doing so, I'm confident that we'll be an organisation that is evolving to meet the changing needs and pressures of the healthcare system.

## Thank you

I would like to conclude by passing on my sincere thanks to our staff, chairman and board for their work in developing our priorities while continuing our core role of producing guidance. It is only through their combined diligence, enthusiasm and commitment that we have been able to achieve so much this year. I would also like to offer my thanks to our dedicated independent committees and partners across the system, on whose vital support we depend.

# A new model of working for NICE

We are developing new ways of working - through speeding up access to new and effective treatments, integrating real-world data into our evaluation processes, and providing information in dynamic and usable formats.

Under this new model of working, we will:

- focus on what matters most
- develop guidance that's useful and usable
- continually learn from data and implementation.

Our recent work in helping to tackle COVID-19 highlights how we can put these aims into practice.

**Focusing on what matters most:** In February 2023, we announced that we are developing a new review process to update recommendations on the cost-effectiveness of COVID-19 treatments. This is so that they can be made available more quickly to patients, if they show promise against new variants and are found to be cost-effective.

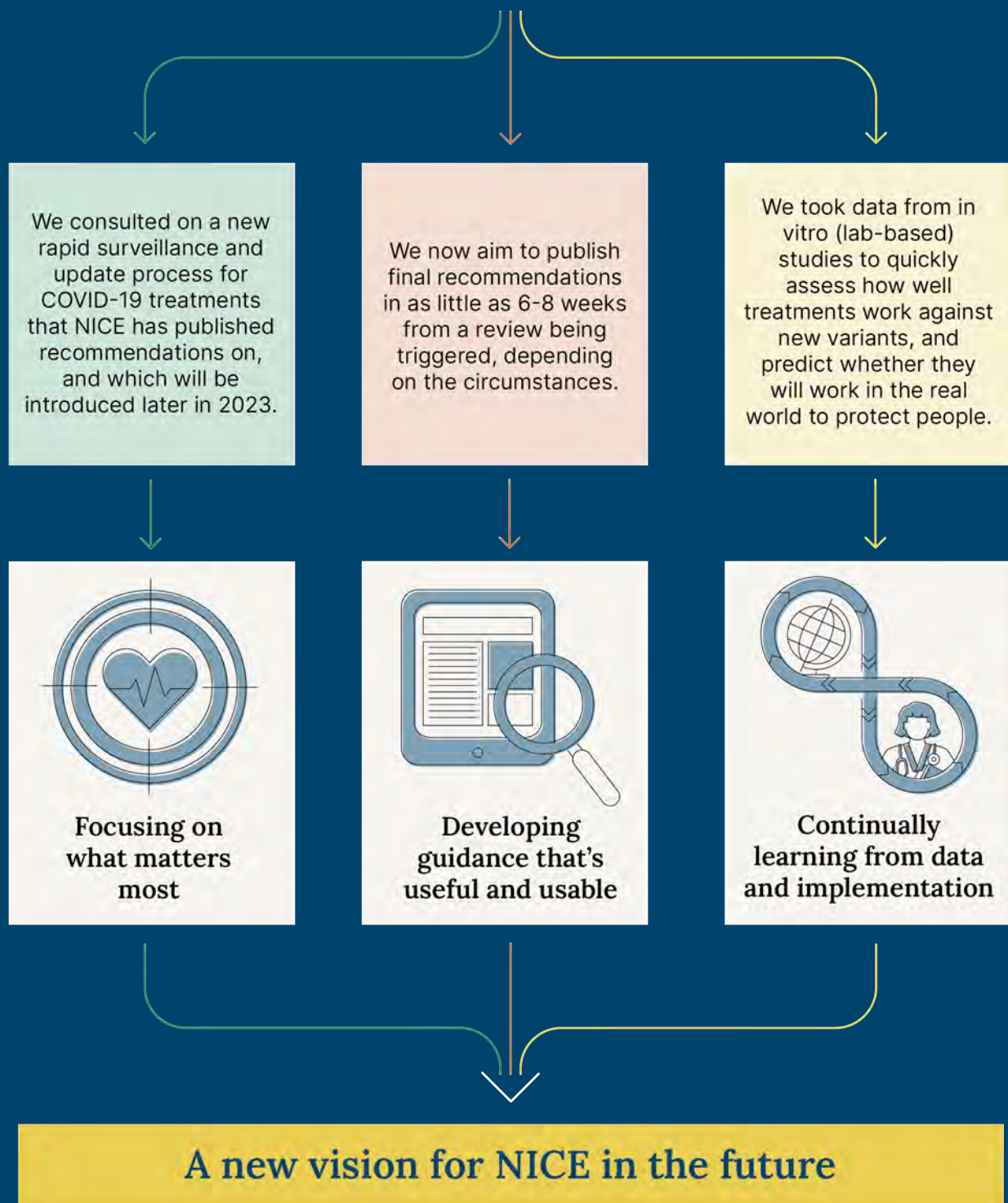
**Developing guidance that's useful and usable:** We consequently aim to publish final recommendations between 6 to 8 weeks from a review being triggered, depending on the circumstances.

**Continually learning from data and implementation:** We also developed new guidance on treatments for COVID-19 that for the first time, considered evidence from in vitro studies. These lab-based studies can be used to quickly assess how well treatments work against new variants, and therefore predict whether they will work in the real world to protect people.



# A new NICE way of working

We needed to find a new, agile way of establishing the clinical and cost-effectiveness of existing medicines against variants of COVID-19.







# Who we are and what we do

NICE helps healthcare practitioners and commissioners get the best care to people fast, while ensuring value for the taxpayer.

## We do this by:

- Providing independent assessment of a wide range of complex evidence to help commissioners, frontline practitioners, patients, carers, and the public to make better informed decisions. These decisions may be about the care people receive, the safety of new procedures or the use of finite health and care resources.
- Working with those at the forefront of scientific advances and using our analytical skills, knowledge and expertise to identify, assess and develop timely recommendations on innovations that have a real impact on patients' lives and on the delivery of health and care services, while representing good value for the system.
- Working with partners across the health and social care system to drive the uptake of clinically and cost-effective new treatments and interventions to benefit the population as a whole, and to improve and ensure equity of access to all members of society.



# Focusing on what matters most



We pioneered a world-leading evaluation and payment model for **antimicrobials**.

This led to approval of the **first new antibiotics** in a decade.



Nearly **10,000**

people engaged with our new, interactive, health inequalities web resource within the first month of publication.

We continued our



of recommending breast cancer medicines since March 2018.



# Creating useful and usable advice

We reduced the average time it takes to produce final technology appraisals or highly specialised technologies evaluations guidance

by **17%**



We piloted

**9 topics**

through our new Early Value Assessment (EVA) Programme for medtech. Our first piece of EVA guidance recommends **4 digital technologies** that can help children and young people with mild to moderate symptoms of anxiety.



We piloted 5 new treatments through our streamlined approach to technology appraisals, which we expect to be

**45% faster** than our full standard process.



**76.8%** of 168 **NICE-approved medicines**

were prescribed more between January 2022 and December 2022\*. 13 medicine groupings used to treat major conditions, and 11 medicine groupings were used more.

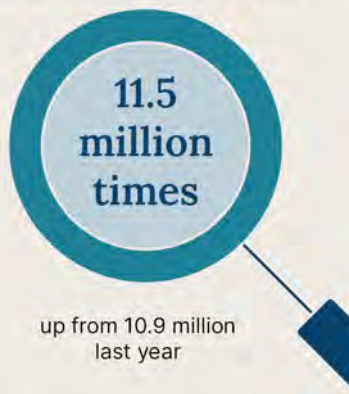


\*NICE Technology Appraisals in the NHS in England (Innovation Scorecard), to December 2022

Our guidance has been viewed

**11.5 million times**

up from 10.9 million last year



We made positive recommendations in

**94%**

of our completed technology appraisal guidance

**100%**

of our highly specialised technologies guidance

reaching an eligible population of more than 5.3 million



# Continually learning from data and implementation



A new breast cancer treatment we recommended through the Cancer Drugs Fund (CDF) became the

**100th treatment**  
to be funded through the CDF

allowing real-world data to be gathered on promising medicines, while giving patients access to them.



We partnered with

**5** international health technology assessment

bodies to boost collaboration on shared opportunities and challenges.



Wellcome awarded NICE and the Medicines and Healthcare products Regulatory Agency

**£1.8m**

over 3 years to explore the regulation of digital mental health tools.



# Making an impact on people and patients

Around

**425,000**

people could benefit from our positive recommendation on **icosapent ethyl** for **reducing the risk of heart attacks and strokes** in adults who have raised levels of triglycerides.



We recommended **faricimab** as a treatment option for adults with **wet age-related macular degeneration or diabetic macular oedema** benefitting more than

**300,000**

patients in total.



Around

**2,200**

children treated for growth disturbance **could be spared the pain and discomfort caused by daily injections following positive recommendations** for a weekly treatment called somatrogen.



Over

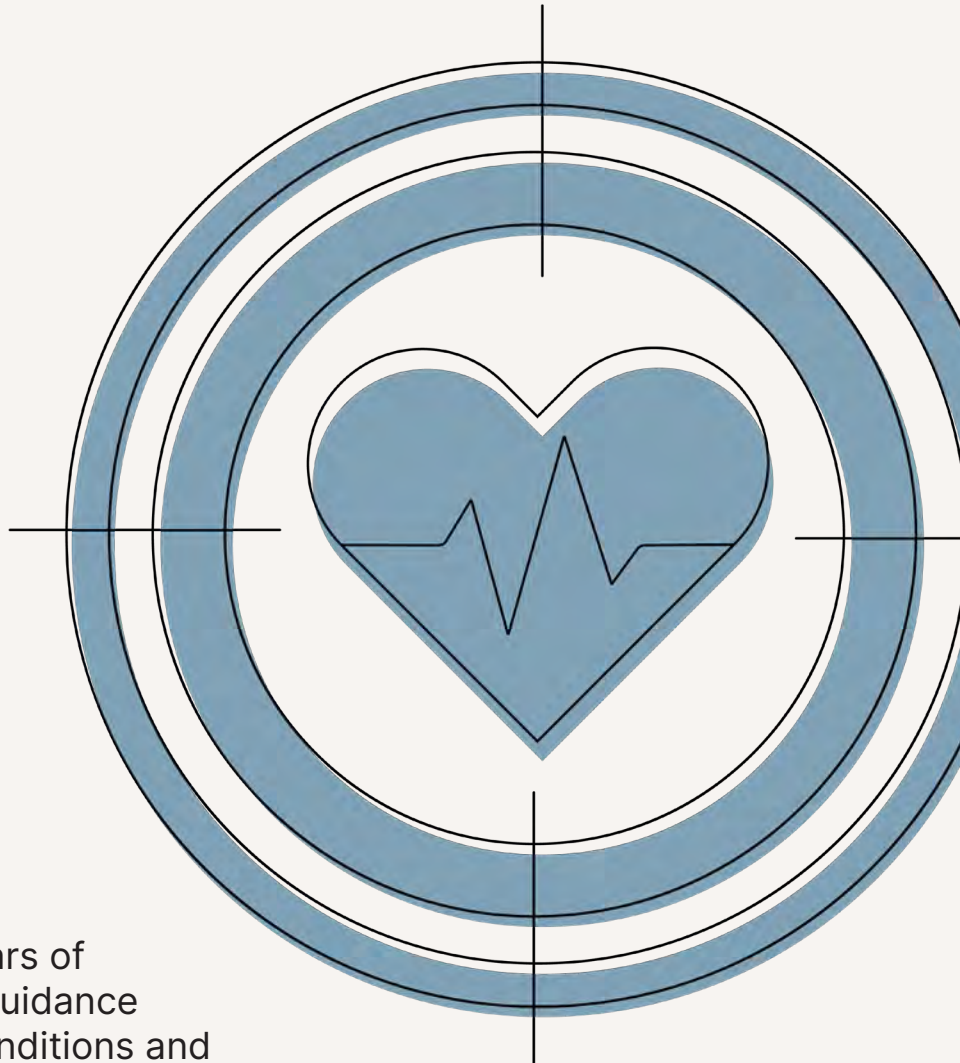
**450 people**

are eligible to receive a ground-breaking CAR-T therapy, which is **the first personalised immunotherapy for lymphoma recommended for routine use in the NHS.**





# Focusing on what matters most



As a health technology assessment body, with 24 years of experience, we've produced guidance and advice on a number of conditions and diseases ranging across diverse health and care settings. But it is important that our advice continues to be relevant to the evolving pressures of the healthcare system.

So this year, we have taken on a range of activity to **focus on what matters most**. We've carried out activity that tackles the most pressing issues in health and care – from producing a new resource to help tackle health inequalities, to developing a new subscription model for the evaluation and purchase of antimicrobials.



# Addressing health inequalities

Health inequalities are differences in health outcomes across the population, and between different groups in society, that are systematic, unfair and avoidable. They are caused by the conditions in which we are born, live, work and grow. These conditions influence our opportunities for good mental and physical health.

COVID-19 exposed the impact that health inequalities have on our society. And it is clear that the pandemic had a disproportionate impact on people who already experience disadvantage and discrimination.

The NHS issued guidance in response to the pandemic to urgently tackle health inequalities. It also developed several approaches to support the reduction of inequalities in healthcare.

At NICE, reducing health inequalities is a core part of our DNA – in fact it's one of [our core principles](#). Our guidance supports strategies that improve population health as a whole, while offering particular benefit to the most disadvantaged. We know that the healthcare system looks to NICE for evidence-based approaches to address health inequalities.

So we have developed a programme of work on health inequalities, which is now entering its third year. The programme aims to embed the consideration of health inequalities in the production of our guidance and ensure NICE focuses its efforts on supporting the health and care system to reduce health inequalities, where it will have the highest impact.

## Health inequalities web resource launched

In October 2022, we published a new health inequalities web resource. The resource is the first time we have brought together all our guidance and advice on health inequalities in one place.

We have aligned our guidance to system needs and recognised health inequalities frameworks including the Core20PLUS5, the adapted Labonte model and the Marmot principles. The resource was engaged with by nearly 10,000 visitors within the first month of being launched.

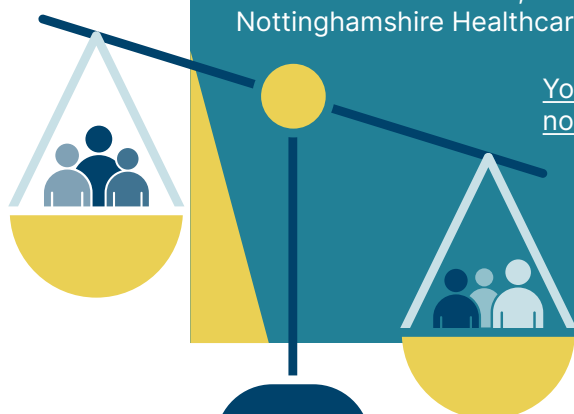
We launched the resource through a webinar that attracted 1,020 registrations from across the health and care system. Speakers included Professor Bola Owolabi, director of healthcare inequalities, NHS England; Dr Lesley Owen, technical adviser, NICE and Jane Bethea, consultant in public health, Nottinghamshire Healthcare NHS Foundation Trust.

[You can visit the resource now on the NICE website.](#)



**I just can't stop exploring this amazing resource! It's what we've been waiting for! I like the way the relevant guidelines are mapped to each area - it's very broad and through the links you can delve into so much.**

Twitter post from Dr Aoife Molloy, senior clinical adviser healthcare inequalities improvement at NHS England.



## Addressing health inequalities in our guidance production

This year, we revised the equality impact assessment (EIA) to incorporate health inequalities in addition to protected characteristics. The new approach comprises an equality and health inequalities assessment form, topic specific health inequalities briefings and a guideline support document to aid completion of the form and proactive consideration of health inequalities.

The approach includes tools such as health inequalities briefings to support the active consideration of health inequalities in guidance production. We piloted this approach through our Digital Living Guideline Programme and the weight management, eczema and type 2 diabetes guidelines.



**The breast cancer health inequalities briefing was robust and comprehensive and would give more weight and confidence to considering health inequalities in committee meetings.**

—  
Dr Adam Firth, guideline committee chair

## Health inequalities calculator

We also successfully piloted a health inequalities calculator while developing guidelines on weight management and metastatic spinal cord compression guidelines.

Initial evaluation showed that 92% of committee members felt the tool would facilitate discussion on health inequalities and would help when developing recommendations. Further evaluation is planned.



## Further support for the NHS

We've supported the NHS directly through helping them embed our guidance on health inequalities in the system.

- We mapped NICE quality standard statements aligned with the 7 principles in [NHS England's Health Inequalities Improvement Planning Matrix](#). The matrix is being used by national NHS programme and workstreams leads, and service leads at a regional, system and provider level. It helps ensure that programmes do not widen healthcare inequalities and covers areas including equitable access and co-production.
- We continue to provide support to the Core20PLUS5 programme. Key NICE guidance, quality standards and associated resources have been shared with NHS England's health inequalities improvement team and are being used by NICE field team to support their engagement with local systems.
- We are also collaborating with NHS England and Healthcare Quality Improvement Partnership on a 'closing the loop seminar' aiming to raise awareness of the role of clinical audit in reducing health inequalities through contributing to guidance development and quality improvement work.

# Helping a system under exceptional pressure

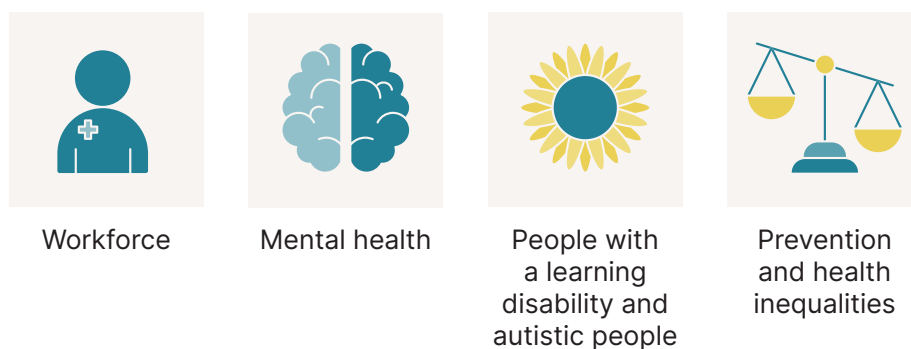
## New productivity resource to support health and care professionals

We recognise that the health and care system is under exceptional pressure.

So, to help with this, this year we launched a new web resource that matches relevant NICE guidance and recommendations to areas of improving productivity and recovering core services. We've aligned these to each of the 2023/24 NHS productivity objectives:



They also align to the priority areas of the NHS Long Term Plan:



Each piece of guidance or recommendation is highlighted with the related productivity opportunity. For example, it might help reduce the length of a hospital stay, reduce A&E attendance, improve the speed of rehabilitation, or speed up discharges.

The resource is primarily aimed at commissioners and integrated care boards and will be continually updated with latest relevant guidance supporting NHS priorities, such as the use of 'virtual wards'.

[You can access our productivity resource now on the NICE website.](#)



# New guidance on cardiovascular disease

The NHS Long Term Plan identifies cardiovascular disease (CVD) as a clinical priority. It also identifies CVD as the single biggest condition where lives can be saved by the NHS over the next 10 years.

This year, we published new guidance on this condition that could benefit hundreds of thousands of patients.



## Hundreds of thousands of people to benefit from guidance recommending new treatment to prevent heart attacks and strokes

In July 2022, we published [guidance which recommends icosapent ethyl](#) for reducing the risk of cardiovascular events such as heart attacks and strokes in adults who have raised levels of a type of blood fat called triglycerides.

The guidance means that around 425,000 people could now benefit from the first licensed treatment shown to reduce the risk of heart attacks and strokes in people with controlled low-density lipoprotein cholesterol (LDL-C – sometimes called ‘bad’ cholesterol) who are taking a statin and who have raised levels of triglycerides.

Triglycerides are our main source of energy and essential for good health. However, too much in your blood can indicate a higher risk of cardiovascular events such as heart attacks or strokes. It can also cause damage to arteries in organs such as the brain, heart, kidneys and eyes.

Clinical trial evidence suggests that for people with raised triglycerides who have LDL-C levels controlled by statins, and who have CVD, icosapent ethyl (also called Vazkepa and made by Amarin) reduces their risk of cardiovascular events by over a quarter compared with placebo.

Helen Knight, interim director of medicines evaluation at NICE, said: “Icosapent ethyl is the first licensed treatment of its kind for people who are at risk of heart attacks and strokes despite well controlled LDL cholesterol because they have raised blood fats. And although lifestyle changes, including diet and exercise, can help to reduce their risk, these may not work for everyone.

“We have worked closely with the company to identify the population most likely to gain the greatest benefit from icosapent ethyl, striking a balance between effectiveness and the best use of public funding, delivering maximum value to the taxpayer.”

NHS England estimates that between 25% and 35% of people having statin therapy have elevated triglycerides. Until now, there have been no medicines for people at risk of cardiovascular events who have raised levels of triglycerides despite having statins with or without ezetimibe (another type of anti-cholesterol medicine).

Our guidance on icosapent ethyl was subsequently included in [NHS England’s clinical pathway on CVD](#). The clinical pathway is endorsed by NICE and has been developed to improve outcomes for patients with CVD, as part of the NHS Long Term Plan.



## More people could be offered statins following draft updated guidance on CVD

In January 2023, we published draft updated guidance on CVD that meant statins could be a choice for more people to reduce their risk of heart attacks and strokes.

While the risk threshold at which statins should be offered to prevent cardiovascular events such as heart disease and strokes remains unchanged, they can also now be considered for people at a lower threshold.

Existing NICE guidance says people with a 10% or higher risk over 10 years of a cardiovascular event should be offered a statin.

The updated draft NICE guideline on CVD risk assessment and reduction considered new evidence on the side effects and safety of statins, meaning more people could be given them.

Although statins can sometimes cause side effects such as muscle pains, the best evidence shows that most people don't get muscle pains with statins, and many more people will get muscle pains whether they take statins or not than have muscle pain caused by statins.

The draft guideline recommends statins can be considered as part of shared decision-making for people who haven't had a CVD event, with a 10-year CVD risk score of less than 10%. The committee agreed that if more people took statins there would be a greater reduction in the incidence of heart disease and strokes.

The draft guideline recommends that doctors consider atorvastatin 20 mg for the primary prevention of CVD for people with a 10-year risk of less than 10% where the person is happy to take a statin or there is concern that the person's risk of a cardiovascular event may be underestimated.



NICE estimates that under this new recommendation, on average, for every 1,000 people with a risk of 5% over the next 10 years who take a statin, about 20 people will not get heart disease or have a stroke because they take a statin. This figure doubles to 40 for people with a risk of 10%, and for people with a risk of 20% NICE estimates that, on average, around 70 people would not get heart disease or have a stroke in the next 10 years.

Dr Paul Chrisp, director of the Centre for Guidelines at NICE, said: "What we're saying is that, for people with a less than 10% risk over 10 years of a first heart attack or stroke, the decision to take a statin should be left to individual patients after an informed discussion of benefits and risks.

"The evidence is clear, in our view, that for people with a risk of 10% or less over 10 years, statins are an appropriate choice to reduce that risk.

"We are not advocating that statins are used alone. The draft guideline continues to say that it is only if lifestyle changes on their own are not sufficient, and that other risk factors such as hypertension are also managed, that people who are still at risk can be offered the opportunity to use a statin, if they want to. They do not have to, and their decision should be informed by an understanding of the risks and tailored to their values and priorities."

We published [final guidance](#) on this topic in May 2023.



# Models for the evaluation and purchase of antimicrobials

Antimicrobial resistance (AMR) is an urgent global challenge, causing around [700,000 deaths each year globally](#). If no action is taken, that figure is predicted to rise to [10 million](#).

In 2019, the UK government committed to a [5-year action plan](#) for AMR. This reflects the World Health Organization's priorities for tackling AMR, and the United Nations' Framework for Action.

## Why we've needed a change in approach

We're heading towards a world where antimicrobials no longer work. The drugs we already have are often used inappropriately, and there have been few new antimicrobials discovered since the 1980s.

Investing in new antimicrobials is commercially unattractive, and research and development costs are high. Restrictions put in place to reduce resistance mean it's difficult for companies to see a return on their investment.

## What we've been doing

Consequently, we've worked with NHS England to test a new health technology evaluation process and a new payment model for 2 antimicrobial products (cefiderocol and ceftazidime-avibactam).

By using subscription contracts instead of paying for each dose used, this new NHS payment model aims to incentivise antimicrobial companies to develop new products, while also upholding the important principles of antimicrobial stewardship - an approach that seeks to limit the growth of resistant infections caused by an overuse of antimicrobials.

Under this payment model, the payments made to companies are based on the value to the NHS and not linked to the volumes sold. The project tested the new model while ensuring access to the antimicrobials.

## How we carried it out

We held an antimicrobials evaluation committee in January and February 2022 to consider evidence and make a judgement on the value of the drugs to the NHS. Its conclusions informed commercial discussions between NHS England and the companies to agree payment levels in subscription-style contracts. NHS England and the respective companies have signed the contracts which took effect from 1 July 2022.

The outcome of the committee meetings has been published as final NICE guidance for ceftazidime with avibactam and cefiderocol, alongside all documents considered by the committee.

We're now working with partners and stakeholders to review the approach taken in this project and develop routine arrangements for the evaluation and purchase of antimicrobials for the NHS.

We held workshops with stakeholders in July and August 2022 to capture lessons learnt from the project and summarised the feedback from these workshops in our lessons learnt report. We publicly consulted on our proposals early in 2023, and will implement them later in the year.

# Case study: Digital CBT games for children with anxiety or low mood



An estimated 1 in 6 children and young people had a probable mental health condition in 2021. Social interaction has become more challenging because of the pandemic, and this can cause anxiety. Patient experts have told our committees that mental health services are in high demand and that access varies across the country. This creates an unmet need when it comes to receiving treatment while on waiting lists to see specialists.

It's essential that children can access mental health services when they need them and we've seen evidence that guided self-help cognitive behavioural therapy (CBT) may improve symptoms of anxiety.

So, through our Early Value Assessment Programme (EVA), we have rapidly assessed and recommended 4 new digital technologies to help children and young people with mild to moderate anxiety or low mood symptoms.

The new products offer a mix of games, videos, and quizzes to teach young people how to understand and manage their symptoms. Based on CBT principles, the technologies are a low-risk option that could help to begin treatment as soon as possible and prevent the development of more severe symptoms. They could also reduce the demand for other treatment options such as face-to-face CBT.

By offering digital as well as clinical support, we can begin to improve care for patients whose needs are not met due to NHS pressures. As a result, more than a million children and young people are now eligible to receive this early intervention.

Digital CBT is delivered via mobile phones, tablets, or computers. It can be accessed remotely and offers flexible access, greater privacy, increased

convenience, and increased capacity. It may be particularly appealing to children and young people who are typically regular users of digital technologies such as smartphones and tablets.



**These 4 technologies, using games, videos and quizzes, represent a promising step forward for new treatment options for children and young people, with early evidence showing they could help improve symptoms of anxiety or low mood.**

**It is incredibly important children and young people can access mental health services when they need it, and these new guided self-help tools will allow those between 5 and 18 to learn techniques for support when they are available in future.**

Steve Barclay, health and social care secretary

We need more real-world evidence before we can recommend routine use of these products in the NHS. Our pilots will gather this evidence to show if the expected benefits of the technologies are realised. They will also inform our final evaluation and decision on their use.

## [Read the guidance](#)

Our next EVA pilots have also conditionally recommended digital enabled therapies to treat depression and anxiety in adults. These therapies also use CBT techniques to address conditions including post-traumatic stress disorder and body dysmorphism.



# NICE HTA Lab – a ‘safe space’ for developing solutions to complex HTA problems

Innovative medicines, devices, diagnostics and digital health technologies are arriving at an unprecedented rate. Alongside this, the regulatory science and healthcare landscape is evolving at a rapid pace.

As a health technology assessment (HTA) body, we recognise that we must adapt so that our methods and processes continue to meet the needs of patients, the public and our partners in the healthcare system.

So, this year, we established a new Health Technology Assessment Innovation Laboratory (HTA Lab) at NICE. The HTA Lab has 2 functions:

- To develop solutions that enable the evaluation of innovative and potentially highly beneficial health technologies, where current processes would not meet the needs of patients, the public and healthcare system.
- To ensure that our guidance in technically complex and disruptive technology or policy areas continues to be useful and usable.

## A ‘safe space’ for generating new ideas

The HTA Lab functions by providing a safe space for experimenting and developing creative solutions to complex problems. We often carry these out in close collaboration with health system partners and stakeholders.

It achieves this through innovative approaches such as the ‘policy sandbox’. The sandbox concept was first pioneered in the financial sector as a way of providing a safe space for businesses to push the boundaries and innovate on new products and ways of working.

Through this work, HTA Lab supports innovation and the co-creation of solutions to complex HTA problems. This will help with the continued delivery of guidance in complex areas. It will also develop and pilot a new approaches, leading directly to NICE guidance.

## Progress this year and future projects

The HTA Lab has been involved with a number of projects across NICE over the past year, including developing a framework for the routine evaluation and purchase of antimicrobials. It has also developed briefings on disruptive medical technologies such as:

- Multi-cancer early detection technologies (based on sequencing circulating tumour DNA).
- Single cell functional drug screening (to guide cancer therapy).
- Polygenic risk scores (genomics-based disease risk prediction).

The HTA Lab has developed a portfolio of topics that it will contribute to in the coming year. These include virtual wards, dementia treatments and polygenic risk scores.

For more information on HTA Lab and its work, or to get involved, please visit [our website](#).









# Creating useful and usable advice

We understand that the health and care system is under exceptional pressure. Given this, it's important that our guidance is timely, easy to find and in an accessible format.

So we are making sure we **provide useful and usable advice**. We've applied light touch, faster evaluations to low-risk treatments. We've piloted early value assessments to promising treatments twice as fast as normal. And we've updated priority guideline recommendations in topics including obstetrics and diabetes. Through these measures, we're making sure we get the right information, to the right people, at the right time.

# Digital living guidelines and a new approach to guideline development

Our aim is to help practitioners and commissioners get the best care to people, fast, while ensuring value to the taxpayer.

We know that for our guideline users, it is essential that they have access to recommendations which address the biggest issues facing the health and care system. It is also essential that our guidelines reflect the very latest and best clinical evidence.

Our established methods of guideline production are rigorous, robust and world-leading. Over the years, we've published over 300 guidelines containing more than 20,000 recommendations across a wide range of topics. But clinicians tell us that now, more than ever, we need to focus on the topics that have the biggest impact on improving health and care outcomes. We also need the flexibility to act quickly when there are significant changes in the evidence.

So, this year, we've initiated new approaches to develop digital living guidelines that have the potential to benefit thousands of guideline users and the people they care for.

## Building the foundations

We have carried out a programme of foundational work for developing digital living guidelines. This will help us deliver living guideline recommendations which will:

- be monitored continually
- be updated dynamically
- contain all of our advice on a topic in one streamlined product.

Our ultimate aim is to update recommendations on key topics within 3 to 6 months of new, practice-changing evidence emerging.

We've already started to show increased frequency in the development and updating of our guideline recommendations. For example, our target for publishing new and updated guidelines this year was 16. We have instead completed 31. This is due to completing more rapid modular updates to address key system needs, as opposed to undertaking single, larger updates of entire guidelines.

Additionally, we're mapping our portfolio of existing guidelines into 'topic suites'. These are collections

of guidelines within a particular broad topic, for example cancer or mental health. This allows us to identify related recommendations, and high priority areas for updating. Using this approach, we're prioritising individual or groups of recommendations within these suites for active monitoring and updating. We've started with the following:

- diabetes
- mental health and wellbeing
- women and reproductive health.

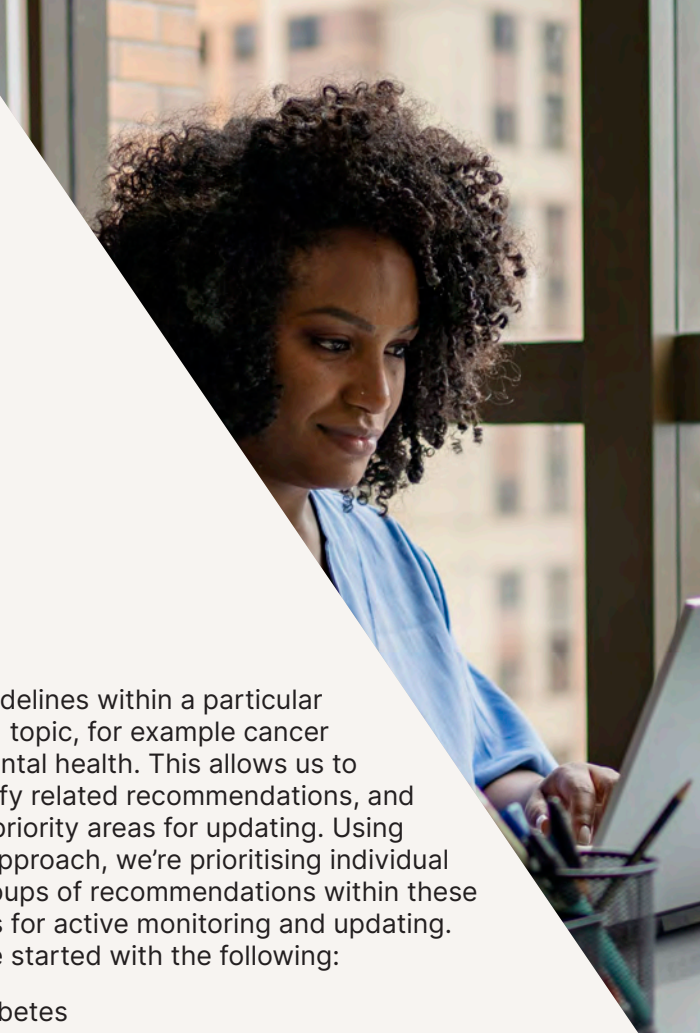
We'll expand this new approach into other areas in the future.

This year, we have also tested new ways of presenting our recommendations online which better meet our users' needs. And throughout the year, we have trialled new ways of supporting the implementation of guidelines resulting in new proposed frameworks for implementation and measurement.

## The future of guidelines

By transitioning to a living way of creating and updating guidelines, NICE will be able to produce up-to-date recommendations in the most important areas much more quickly. This means our guidance users can be confident that guideline recommendations in the most relevant areas of care reflect the latest evidence and their patients will benefit from the latest evidence-based care much sooner.

Building on this year's work, in 2023/24 we will make improvements to our digital presence, and implement more widely the process simplifications in guideline development and updates we have identified.





# Taking a proportionate approach to our technology appraisals

New medicines and treatments are arriving at an unprecedented pace. As a health technology assessment body, this means that the number, range and complexity of technologies we review has never been greater.

But not all technologies need the full intensity of our existing appraisals process. Some can be evaluated in a simpler, faster way. So, this year, we have developed a new, proportionate approach to the way we carry out our technology appraisals.

Through this process we have simplified, removed, or reconfigured parts of the appraisals process. This means we have applied light-touch, faster evaluations to simpler, low-risk treatments allowing us to produce rapid guidance for these topics.

As a result, we have increased our capacity for developing guidance, and continued to help practitioners and commissioners get the best care to people fast, while ensuring value for the taxpayer.

## Testing and learning from a series of pilots

We've developed this approach by carrying out a series of pilots that involved different ways of working. Through these pilots, we were able to assess how the new approaches can benefit our appraisals, and how we can adapt them to make best use of our resources.

For example, through one pilot, we applied a streamlined approach to medicines that are similar to ones that we have already assessed. Through another pilot, we are combining several appraisals within a single disease pathway, aiming to reduce time spent and increase our capacity.

We evaluated various pilot approaches in March 2023, and published a new interim methods and processes manual to describe how we will implement new proportionate approaches in April 2023. During 2023/24 we will embed the approaches we have successfully piloted. We also intend to pilot further proportionate approaches.





We have recommended 5 treatments through our proportionate approach so far, benefitting around

**175,000**

patients, collectively speeding up our technology appraisals process by up to 45% and increasing our capacity.

## Treatments recommended through the proportionate approach

- The first medicine to go through our proportionate approach was somatagron for treating growth disturbance. We sped up the process by around 7 weeks for this.
- Next was nintedanib for treating idiopathic pulmonary fibrosis, which was completed 8 weeks faster than the standard process.
- Following this, we recommended vutrisiran for treating amyloidosis. We recommended this 20 weeks faster than normal.
- In early March 2023, we recommended eptinezumab for treating migraine. We were able to produce final draft guidance 8 weeks faster than would have been the case under our standard process.
- In March 2023, we also recommended nivolumab for resectable non-small-cell lung cancer. We recommended this 9 weeks faster than the usual process.

Visit our website for more information on the proportionate approach or to share your views.

# Early value assessments – getting innovative digital health technologies to patients fast

A large number of innovative digital health technologies and other medical technologies are coming onto the market. But they arrive with no clear signal for the NHS about which will make a real difference to patients.

This influx in products can leave NHS commissioners wondering how they can determine what works, and what provides maximum benefit for the system and for patients.

## An innovative new approach

We're trialling a new approach to the way we assess digital products, devices and diagnostics. Our early value assessment (EVA) pilots offer a rapid assessment based on clinical effectiveness and value for money. So, services and patients will be able to benefit from these products sooner.

## What are the benefits?

The [key benefit of EVA](#) is to support earlier patient access to technologies that have the potential to meet system needs.

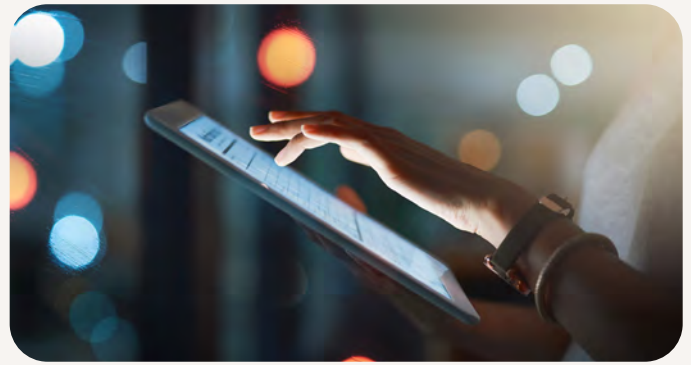
Our EVA pilots are being designed to draw in the most promising and impactful medical technologies, where the evidence base is still developing. The programme aims to alleviate system pressures in several ways, including:

- empowering patients to better manage their own health and seek clinical advice
- reducing admissions and waiting lists
- supporting clinicians and other front-line staff to provide better quality care.

Through EVA, we are able to assess promising technologies earlier when the evidence currently may not be comprehensive, and where they address an unmet need. EVA provides an opportunity to generate further evidence for such technologies through a conditional recommendation from NICE.

By reaching a recommendation decision ahead of detailed evidence collection, EVA can bring forward guidance publication by several months.

This new approach means promising medical technologies have the potential to be recommended for use in the NHS, while further evidence is being generated.



## How is EVA being carried out?

EVA benefits from the opportunities provided by real-world data. So, for low-risk technologies, with the potential to meet system needs, we're able to give a conditional recommendation alongside an evidence generation plan. Companies can then refer to this plan as the technology is used in the real world. This means digital medical technologies, devices and diagnostics gain NICE support much earlier, speeding up access to treatments.

Some of the initial topics selected for consideration for our EVA pilots include:

- mental health: priority clinical areas
- cardiovascular: predicting risk of heart failure
- early cancer detection
- medical technologies that boost healthcare capacity.

We published our first EVA guidance in February 2023, recommending the use of [4 guided self-help digital cognitive behavioural therapy \(CBT\) products](#). This was quickly followed by the publication of a research-only recommendation for CariHeart cardiac risk detection.

Through EVA, we've also conditionally recommended further digital therapies, including treatments for anxiety, body dysmorphic disorder and post-traumatic stress disorder. It's estimated that these could help provide timely treatment to around 40,000 patients to help them combat anxiety and depression.

The EVA pilot ran up to the end of March 2023. We will now use the evidence gathered to inform the final design for our future approach to evaluating digital products, devices and diagnostics.

# EVA case study: Digital therapies – a patient’s perspective



These technologies will allow us to be in charge of our treatment, gaining a sense of autonomy as we navigate our own journey towards positive mental health.

---

Elizabeth Mullenger, NICE lay committee member

According to NHS Digital, 1 in 6 people report experiencing a common mental health problem such as anxiety and depression in any given week in England. And there is high demand for NHS talking therapies, with some people waiting up to 6 weeks to access help.

To help address this issue, NICE is consulting on the conditional recommendation of 8 digital enabled therapies addressing depression and anxiety disorders, including post-traumatic stress disorder and body dysmorphia. Each of the digital technologies includes the support and involvement of an NHS talking therapies clinician and use cognitive behavioural therapy (CBT) techniques.

Our medical technology advisory committee heard from both clinical and patient experts as part of their consideration of evidence.

Elizabeth Mullenger, a NICE lay committee member, said digital therapies could “transform the experience of people living with mental illnesses”.

“It can be incredibly isolating to be on a long waiting list for in-person treatment,” she said.

“You might know that help is coming, you just do not know when. Having access to a digital therapy could help prevent this lonely feeling.

“Sometimes people need support most in the middle of the night, or after a busy day at work, and it’s hard to know where to turn. Having access to digital therapy can give people the help they need, when they need it.”

Early evidence suggests that digital CBT technologies may improve symptoms of anxiety for children and young people with mild to moderate symptoms of anxiety or low mood.

We believe that earlier treatment could reduce the demand on other treatment options such as face-to-face CBT, and potentially prevent progression to more severe symptoms which could be more costly to treat.





# Continually learning from data and implementation

To ensure our guidance continues to be useful and relevant, it is important that we **continually learn from real-world data and implementation**. We have made important progress towards our goal to use real-world data to improve our guidance through our new real-world evidence framework, establishing international partnerships, and by continuing to support cancer patients to get access to promising new treatments more quickly via the Cancer Drugs Fund.

# Ensuring patients get access to the most promising digital health technologies

As a national evaluator, we are aware there is a rapidly expanding and innovative digital health marketplace. And we see that regulation often struggles to match the speed of change across the health and care system. There is also a huge growth in the availability of real-world data which we will need to access.

So we've built a trusted and respected set of standards which work across the health and care system. The framework describes standards for the evidence that should be available or developed for new digital health technologies to demonstrate their value in the UK health and social care system.

Through our evidence standards framework (ESF) we help ensure new digital health technologies (DHTs) are clinically effective and offer value to the health and care system.

The ESF is a set of evidence standards for a wide range of DHTs. Evaluators and decision-makers in the health and care system can use them to identify technologies which will offer benefits to users within this system.



**Having an ESF that's regularly refreshed will help to ensure that the evidence we generate today will meet the system requirements of tomorrow.**

—  
Emma Hughes, senior manager for medtech and digital at the Accelerated Access Collaborative and evaluation lead for the AI in Health and Care Award

## We use a language of evidence

The ESF is designed to inform innovators about what we are looking for. If we tell our partners early enough, they are able to build those evidence

generation plans into digital tools as they're being developed.

And that allows NICE, the NHS and industry partners to commission, deploy, scale, and give access to the best clinically and cost-effective digital tools that meet the demands that we're experiencing.

This set of evidence informs how the NHS makes decisions every day. It's the language of building a business case from the innovator and manufacturer's perspective, in a way that the commissioning system understands.



**Decision-making in this rapidly growing area is something everyone is grappling with. Up until now, we've had little support in this area. Health Technology Wales truly welcomes this update to the ESF from NICE.**

—  
Dr David Jarrom, senior health services researcher at Health Technology Wales

## Guide updated this year to include artificial intelligence and data-driven technologies

Evaluators and decision-makers in the health and care system can now use the ESF to make informed and consistent decisions when buying digital health technologies.

Following an open consultation, in August 2022 we updated the framework and the user guide to include artificial intelligence and data-driven technologies with adaptive algorithms. We aligned it with regulatory requirements and made it easier to use. We also outlined a subset of early deployment standards that can be used within evidence generation programmes.

Since publication of the latest ESF in August 2022, users from 85 countries have visited the ESF section of our website. The website pages have been viewed over 25,000 times and the standards and associated documentation has been downloaded more than 4,000 times.

# Using real-world evidence to inform our guidance

New and emerging technologies are arriving in the healthcare landscape at an unprecedented rate. As a health technology assessment body, it's our duty to be at the forefront of this revolution through anticipating and rapidly evaluating these new technologies.

To help with this, in 2022 we launched a new real-world evidence framework. The framework illustrates how real-world data to resolve gaps in knowledge, and importantly, drive forward access to innovations for patients. Real-world data is important, as it can improve our understanding of health and social care delivery, patient health and experiences, and the effects of interventions on patient and system outcomes in routine settings.

The framework describes best practices for planning, conducting and reporting of real-world evidence studies. And it aims to improve the quality of real-world evidence that informs our guidance.

We have targeted the framework at anyone who is developing evidence to inform NICE guidance. It is also relevant to patients, those collecting data, and reviewers of evidence.

## Building a framework based on best practice and real-world experience

We developed the framework by collecting research and existing best-practice guidance. We obtained this from research, professional organisations and other regulatory or health technology assessment bodies.

We also collected feedback on the framework through a series of workshops and a public consultation. We used this feedback to build a framework that:

- clearly describes best-practices for the planning, conduct, and reporting of real-world evidence studies
- improves the transparency and quality of real-world evidence used to inform NICE guidance
- improves committee trust in real-world evidence studies
- ensures real-world evidence is used where it helps to reduce uncertainties, improve recommendations and speed up access of patients to new effective interventions.

## Real-world evidence in practice – first treatment for an aggressive form of lung cancer approved

Mobocertinib, a targeted treatment for a rare form of aggressive lung cancer, obtained NICE approval after the company used the real-world evidence framework to submit evidence to the NICE committee.

We recommended mobocertinib, as an option for treating locally advanced or metastatic non-small-cell lung cancer (NSCLC) after platinum-based chemotherapy in adults whose tumours have epidermal growth factor receptor (EGFR) exon 20 insertion mutations. This rare and aggressive form of lung cancer is more common in women, people from East Asian family backgrounds and non-smokers, compared with NSCLC with other EGFR mutations.

It is the only precision drug available to patients with a mutation-driven, advanced form of lung cancer, who have already received chemotherapy and will benefit more than 100 people in the UK.

Mobocertinib, taken as 4 capsules per day at home, works by specifically targeting the mutation to slow the growth of cancer cells, with clinical trials indicating it is well tolerated by patients.

Indirect comparisons using real-world evidence on immunotherapies and docetaxel with or without nintedanib, suggested that mobocertinib increases how long people live. The independent committee heard that mobocertinib was highly likely to lead to a gain in overall survival of more than 3 months.

Mobocertinib is the 19th lung cancer drug recommended by NICE in the last 3 years, with a total of around 18,000 people eligible to receive these treatments.







## NICE and international collaboration

NICE is rightly respected as a world-leader in supporting evidence-based health and care decision-making.

We recognise that we can contribute to the improvement of health and care outcomes in other countries. We also appreciate that there is much we can learn from international partners to shape and improve our own work.

To achieve this, NICE has different strands of international activity:

- NICE International works with organisations, ministries and government agencies internationally providing global support to help other countries improve their nation's health and wellbeing.
- The science policy and research team maintains a portfolio of grant-funded international collaboration projects.
- NICE collaborates with international professional organisations and participates in their annual conferences and related activities.

### Launch of new 3-year international plan

This year, NICE launched a new [3-year international plan](#), which describes how we will support our strategic ambitions at a global level.

The strategy sets out how we will achieve these ambitions through 2 overarching strands by:

- improving healthcare outcomes across the world
- establishing collaborative relationships with other countries.

It also reflects our intention to meet the challenges of a rapidly changing health and social care landscape.

### Improving healthcare outcomes across the world

The plan sets out our ambition to contribute to improvements in health and care outcomes across the world by sharing the learning and expertise of NICE internationally, enhancing NICE's reputation as a world leading institution.

In the last year, NICE International has initiated 39 engagement projects, of which 36 are complete and 3 are still in progress.

These include 13 consultancy projects/work packages, 19 knowledge transfer engagements and 7 speaking engagements, working with more than 25 different countries around the world.

Projects we carried out include:

- Sharing knowledge about challenging aspects of health technology assessment in [Latin America](#).
- Contextualising and adapting NICE guidelines for use in [Cyprus](#).
- Support the establishment of health technology assessment processes in [Egypt](#).
- Supporting guideline development in eye health in [India](#).
- Standardising the development of clinical guidelines and quality standards in the [Philippines](#).

## Current international collaborative projects

Teams across NICE are currently involved several in international projects covering different areas.

### International projects involving innovative health technology assessment (HTA) methods and processes

- A [project with the US and Canada](#) to agree a consistent approach to handling unpublished clinical data.
- An international project to [develop guidance on using surrogate outcomes](#) when analysing the cost-effectiveness of medicines.
- A [collaboration with five international HTA bodies](#) to allow the partners to work together on shared priorities to identify solutions to some of the common challenges they face.
- The Next Generation Health Technology Assessment ([HTx](#)) [project](#) working on methods to assess complex and innovative technologies.

### International projects involving real-world evidence

- A [partnership with Flatiron Health](#) to explore the availability and suitability of US cancer data for selected treatments at the time of NICE appraisals.
- A [collaboration](#) with leading academics, Roche, and Cytel to investigate the application of a unique bias assessment method in health technology assessment.
- The [European Health Data and Evidence Network](#) and [HARMONY Alliance](#) projects that seek to [support access to and the use of standardised real-world data](#) from across Europe.

### International projects developing innovative methods and processes to inform guideline development

- The [International network for social intervention assessment](#) – a network of agencies that aim to promote methods for and the use of systematic reviews in social interventions.
- An [ISPOR taskforce](#) that aims to support good practice in the reporting and evaluation of data quality in electronic health records.
- Led by Cochrane Australia, the [Australian living evidence consortium](#) brings together organisations, health care professionals and researchers to share updated evidence on COVID-19 and management of type 2 diabetes.
- A review of approaches that international guideline-producing centres are taking to address ethnic and other health inequalities biases in the evidence base.

### International collaborative projects that aim to combat antimicrobial resistance

- [IMI ValueDx](#) project assessing the value of point-of-care diagnostics to guide antimicrobial prescribing.
- [IMI European Regiment Accelerator for Tuberculosis \(ERA4TB\)](#) project which supports the development of new treatments for tuberculosis to combat resistance.

# Learning from patients and the public

At NICE, we want to be part of a system that constantly learns from data and implementation. To help achieve this, we have several ways of involving the public and key stakeholders in our decision-making. Alongside our channels for routinely engaging with people and communities in the development of our guidance, we also have strategic engagement at a policy level.

## NICE Listens, a channel for public engagement

Meaningful public engagement is one of the principles at the heart of NICE. Our guidance relies on the real-life experiences of people who use health and social care services, carers and the public to make sure it's relevant to the people that matter.

## Why we need NICE Listens

We have multiple ways of engaging with our audience, including public consultations, polls, interviews and focus groups. These forms of engagement work well for guidance development, methods changes and service improvement. NICE Listens is a valuable addition that gives us a way to debate and discuss moral, ethical and social value issues with the public.

## How it works

For each NICE Listens topic, a select sample of members of the public are recruited by independent researchers. They are given time to learn and become familiar with the topic area, before discussing it in detail and making recommendations.

The feedback received will then be used by our executive team and board to inform various aspects of our work. Their involvement means our recommendations policies, on complex and controversial issues, reflect the values of members of the public.

## Our next NICE Listens topic

The first topic explored through NICE Listens was on health inequalities.

The latest NICE Listens topic will be environmental sustainability, and the results will be made available in Spring 2023. The next NICE Listens project is currently under consideration and will be announced on our website once confirmed.





## Involving organisations in our decision-making

This year, we launched a new forum for the voluntary and community sector (VCS) to share their views with us.

The forum brings together a range of organisations including health and care sector charities and not-for-profit-groups, who want to inform and shape our work. It is a way for them to share their organisation's views, perspectives and priorities with NICE's senior decision-makers.

Organisations from the VCS are invaluable in ensuring that the breadth of perspectives from across society are reflected in the guidance we produce.

Their expertise also has the potential to help us shape NICE's strategic approaches, and in particular, our approach to how we work with, involve and engage different groups of people and communities.

We welcome constructive challenge and a broad range of views when we make difficult and complex decisions based on evidence, striking a balance between effectiveness and the best use of public funding – helping to protect the NHS and delivering maximum value to the taxpayer. These key partnerships with VCS organisations also enable guidance to be tailored into products for a lay audience.

### The first forum meetings

The forum meetings are co-chaired between a member of NICE's executive team and someone from the VCS to ensure that we are supporting the two-way nature of the relationship.

We held the first of the forum's quarterly virtual meetings in October 2022, with over 70 organisations attending and offering their exceptional insights and enthusiasm. We heard from NICE's chief executive, Dr Sam Roberts, about NICE's vision for the future and discussed how the VCS can be an integral part of this vision. We also heard about our plans to take a proportionate approach to our assessment of new technologies.

At the forum's second meeting in January 2023, the forum discussed NICE's core behaviours with Dr Sam Roberts, and what implications these might have for the forum's member organisations. Taking 'user centred' as the broad theme, the forum heard about an innovative project to 'reuse' data provided to NICE by patient groups, and how our new digital living guidelines will better support



shared decision-making. A key workstream emerged from the discussions about how NICE might better support small organisations and those with limited capacity to engage in our processes.



**The new NICE VCS forum is a great concept and I have high hopes for the future as my understanding is that it's all about putting the patient voice at the heart of everything NICE does. And the presence of Dr Sam Roberts at each of the quarterly forums, taking questions from the attending charities and explaining NICE's position on a multitude of matters is heartening.**

**The challenge now is to deliver some actions. It's always the same challenge but it is clear that NICE has set itself some tough deliverables, and it's incumbent on charities to weigh in behind where they can to help get their patients' voices better heard.**

Jane Lyons, chief executive, Cancer 52

### Moving forward

We want the forum to help us influence and transform how NICE works, which in turn will benefit the health and care sector and improve the treatment it provides.

The forum meets quarterly and is open to all organisations who are eligible to be stakeholders in NICE's work. We particularly welcome involvement from those working around public health and health promotion, as well as social care services, and those who work with historically underserved populations.

# Environmental sustainability

NICE has an important role to play in supporting environmental sustainability through our products, processes, and messaging to support national environmental legislation and net zero emissions targets.

The [NHS is committed to achieving net zero by 2040](#) for direct emissions and 2045 for indirect emissions.

The [government is committed](#) to achieving net zero across all sectors of the economy by 2050.

## The environmental impact of our guidance

Our guidance affects the way that health and care is delivered. And the way that healthcare services are delivered has an impact on the environment.

Environmental impacts from the production of healthcare materials and from healthcare provision itself include:

- greenhouse gas emissions (NHS emissions are currently equivalent to 4% of England's total carbon footprint)
- air pollution
- water pollution (including with chemicals and pharmaceuticals)
- waste production.

We've pledged to lead globally and explore ways to incorporate environmental impact data in our guidance.



**To deliver our ambition, we will lead globally on the potential to include environmental impact data in our guidance to reduce the carbon footprint of health and care.**

[The NICE strategy 2021 to 2026](#)



Commissioned work by an academic partner, York Health Economics Consortium, highlighted many of the challenges to quantifying, quality assuring and valuing environmental outcomes. We are currently engaging internally on how NICE can incorporate sustainability systematically throughout our products, work programmes and engagements with stakeholders.

We conducted our second NICE Listens public dialogue in late 2022, exploring public opinion on how NICE should account for environmental sustainability in its decision-making and guidance. The findings showed the public, and therefore patients, believe that NICE has a responsibility to support the reduction of environmental impacts of healthcare in the UK, including using its influence on the supply chain.

## The environmental impact of our operations

We adhere to the ['Greening Government Commitments'](#) and annually report our progress to the NICE board in the following areas:

- carbon emission reduction
- waste minimisation
- water usage reduction
- sustainable procurement choices
- biodiversity and nature recovery
- climate change adaptation
- reduction of the environmental impacts of digital working.

## Eco-NICE network

In January 2023, NICE launched an internal staff network called Eco-NICE. This network will examine and act on how NICE's own operations contribute to environmental sustainability. Planning for the Eco-NICE programme of work for 2023/24 is currently underway.

**Please see our sustainability report on page 51.**

# Guidance highlights

## Obesity and weight loss



For some people, losing weight is a real challenge which is why a medicine like semaglutide is a welcome option.

Helen Knight, director of medicines evaluation at NICE

Obesity can increase the risk of many other health conditions, such as type 2 diabetes, coronary heart disease, some types of cancer and stroke.

To tackle this, in September 2022, [we published updated guidelines on obesity](#) that recommend people keep their waist measurement to less than half their height to reduce the risk of potential health problems.

Using the waist-to-height ratio, in conjunction with BMI, can help to provide a practical estimate of central adiposity, which is the accumulation of fat around the abdomen, to help to assess and predict health risks, such as type 2 diabetes, hypertension or cardiovascular disease.

The guidelines also recommend, in line with international guidance, using lower BMI thresholds for overweight and obesity for people from South Asian, Chinese, other Asian, Middle Eastern, Black African, or African-Caribbean family background compared to the general population.

We followed this with [guidance in March 2023 that recommends](#) the weight-loss drug semaglutide to be made available in specialist NHS services.

The drug can help people using it to reduce their weight by over 10 per cent when used with the support of a multidisciplinary team. These professionals are experts on coaching people on lifestyle interventions and will also monitor the drug's potential side-effects.

Helen Knight, director of medicines evaluation at NICE, said: "For some people, losing weight is a real challenge which is why a medicine like semaglutide is a welcome option.

"It will not be available to everyone. Our committee has made specific recommendations to ensure it remains value for money for the taxpayer, and it can only be used for a maximum of 2 years.

"We are pleased to publish our final guidance on semaglutide which will mean some people will be able to access this much talked about drug on the NHS."



## NICE recommends 18th treatment for breast cancer since 2018

This year, we made positive recommendations for several treatments for people with breast cancer.

In December 2022, [we published final draft guidance](#) which recommends pembrolizumab as an option for people with a type of breast cancer called triple-negative breast cancer.

We followed this by [recommending trastuzumab deruxtecan](#) for more people with advanced breast cancer. Clinical trial evidence shows that trastuzumab deruxtecan increases how long people have before their cancer gets worse compared with standard care with trastuzumab emtansine.

Trastuzumab deruxtecan is recommended for use within a managed access arrangement. This means people can have the treatment while more evidence about its effectiveness is generated. NICE will then use this data to recommend whether the medicine should be made routinely available on the NHS.

The decision means NICE has recommended all 18 treatments for breast cancer it has looked at since 2018.

NHS England Cancer Drugs Fund clinical lead Professor Peter Clark said: "This cutting-edge drug will give hundreds of patients with secondary incurable breast cancer hope, increasing the amount of time people have before their cancer gets worse, and allowing them to live normal, healthy lives for longer.

"The NHS is committed to providing the very best treatments for its patients and trastuzumab deruxtecan is just the latest of more than 100 cancer treatments that have been fast-tracked for use on the NHS through the Cancer Drugs Fund, benefitting more than 80,000 patients."



## New advice and potential treatments for adults with depression

This year, we published updated guidelines and a quality standard on depression in adults.

The updated guideline had new recommendations on the safe prescribing of medicines for depression, with advice on the management of withdrawal symptoms.

Our [draft quality standard](#) on the topic set out priority areas for quality improvement. It says reducing the dose of an antidepressant in stages over time, known as 'tapering', helps to reduce withdrawal effects and long-term dependence on the medication.

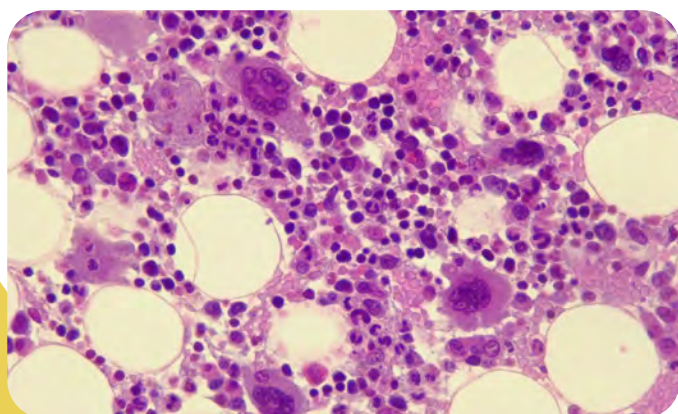
Any withdrawal symptoms need to have been resolved, or to be tolerable, before making the next dose reduction.

Dr Paul Chrisp, director of the Centre for Guidelines at NICE, said: "There are millions of people taking antidepressants. If an individual decides they want to stop taking this medication, they should be helped by their GP or mental health team to do that in the safest and most appropriate way.

"In many cases people experience withdrawal symptoms, and the length in time it takes them to safely come off these drugs can vary, which is why our committee's useful and usable statement for a staged-withdrawal over time from these drugs is to be welcomed."

In March 2023, we also [opened a consultation](#) on the decision to conditionally recommend digitally enabled therapies which address depression and anxiety disorders, including post-traumatic stress disorder and body dysmorphic disorder. Each of the digital technologies includes the support and involvement of an NHS Talking Therapies clinician and use cognitive behavioural therapy techniques.

The therapies are conditionally recommended while further evidence is generated. They are the 6th and 7th early value assessments to have been undertaken using a new NICE rapid assessment process that seeks to identify promising medical technology for rapid deployment into the NHS.



# Non-invasive treatments for osteoarthritis

In [updated guidance on osteoarthritis](#), NICE said healthcare professionals should support people with osteoarthritis and who are overweight by helping them choose a weight loss goal to help manage symptoms.

Losing weight can have a significant impact on health outcomes for a range of conditions, but it can also help to reduce joint pain for people with osteoarthritis.

The guideline says that healthcare professionals consider exercise alongside providing evidence-based information to people with the condition to help support them in a structured way.

Dr Paul Chrisp, director for the Centre for Guidelines at NICE said: "Osteoarthritis can cause people discomfort and prevent them from undertaking some of their normal daily activities.

"However, there is evidence which shows muscle strengthening and aerobic exercise can have an impact on not just managing the condition, but also providing people with an improved quality of life.

"Beginning that journey can be uncomfortable for some people at first, and they should be supported and provided with enough information to help them to manage their condition over a long period of time."

We also published [draft guidance that recommends](#) adapted shoes for people with severe osteoarthritis.

Apos, a foot worn device which looks like a trainer and developed by AposHealth, aims to improve the biomechanics of the person wearing them by redistributing pressure away from affected areas, reducing knee pain.

We launched a consultation on draft medical technologies guidance on the use of shoes that are fitted with rubber 'pods' on the soles which help to re-educate muscles and correct abnormal walking patterns.

Analysis seen by the independent NICE medical technology advisory committee shows the shoes could potentially save the NHS £1,958 per person when compared with standard care over 5 years. The cost for the footwear and associated treatment from trained professionals is estimated at £875 per person.



**Beginning that journey can be uncomfortable for some people at first, and they should be supported and provided with enough information to help them to manage their condition over a long period of time.**

—  
Dr Paul Chrisp, director for the Centre for Guidelines at NICE









# Performance analysis

This section considers in more depth NICE's delivery against the key priorities in the 2022/23 business plan.

## How we measure our performance

The board review an integrated performance report at each public board meeting. This provides an update on progress with the priorities and performance indicators in the business plan, along with the financial position. The report outlines the progress for the year to date, explanation of any variance to plan, and the forecast year-end position.

### Our outputs

In 2022/23 NICE produced the guidance and advice shown in the following table:

Core advice and guidance	2022/23 planned outputs	2022/23 actual
Guidelines (new or updated)	16	17
Technology appraisals and highly specialised technologies guidance	98	101
Interventional procedures guidance	33	33
Diagnostics guidance	7	5
Medical technologies guidance	8	6
Medtech innovation briefings	Up to 46	28
Quality standard updates	11	9
Quality standard alignments	45	34
Indicator menu to inform quality and outcomes framework negotiations and be also considered for other measurement frameworks	1	2

# Financial review

## Accounts preparation and overview

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

NICE is a non-departmental public body with the majority of funding coming through grant-in-aid from the Department of Health and Social Care (71% of total 2022/23 operating expenditure). The remaining funding comes from other non-departmental public bodies (NHS England and Health Education England) and our income generating activities (technology appraisals & highly specialised technologies charging, NICE Scientific Advice, the Office for Market Access and research grants). This funding and how it was used is explained in more detail below.

The Department of Health and Social Care has approved NICE's business plan for 2023/24 (available to view at [www.nice.org.uk/about/who-we-are/corporate-publications](http://www.nice.org.uk/about/who-we-are/corporate-publications)) and has provided details of indicative funding levels for the next financial year. It is therefore considered appropriate to prepare the 2022/23 financial statements on a going concern basis.

## How is NICE funded?

NICE's total revenue funding from the Department of Health and Social Care for 2022/23 was £56 million. This comprised:

- £44.2 million administration grant-in-aid funding.
- £10.0 million programme grant-in-aid funding. This is primarily funding to purchase and distribute the BNF on behalf of the NHS (both in print and digital versions), and to support the Medical Technologies Evaluation Programme, in particular the cost of the external assessment centres.
- £1.5 million ring fenced right of use asset depreciation.
- £0.3 million ring-fenced depreciation limit. This is non-cash funding for the annual depreciation and amortisation costs of our assets.

In addition to the revenue resource limit, NICE's capital resource limit was £0.5 million for 2022/23.

The total amount of cash available to be drawn down from the Department of Health and Social Care during 2022/23 was £56.3 million (made up of administration funding (£44.2 million), programme funding (£10.0 million), capital funding (£0.5million) and lease payments (£1.6million)).

The actual amount of cash drawn down in 2022/23 was £55.5 million. This was £0.8 million lower than the amount available because of underspends on vacancies across the organisation, and lower capital spend than forecast.

## Other income

NICE also received £23.4 million operating income from other sources, as follows:

- NHS England provided £2.1 million funding to continue supporting a number of programmes:
  - » activities supporting the Cancer Drugs Fund and managed access
  - » developing medtech innovation briefings
  - » supporting the Rapid Evidence Summaries Programme
  - » host the national medical technology horizon scanning database (HealthTech Connect).
- £3.6 million was received from Health Education England to fund national core content (such as journals and databases) on the NICE Evidence Search website for use by NHS employees.
- £10.2 million was received in fees for technology appraisals and highly specialised technologies.
- £2.0 million was received from the devolved administrations and other government departments to contribute to the cost of producing NICE guidance and publication of the BNF.
- Trading activities from NICE Scientific Advice, the Office for Market Access and intellectual property royalties generated £3.7 million gross income and receipts.
- £0.6 million was received from charges to sub tenants of the Manchester and London offices.
- £1.2million was received from other sources, including grants for supporting academic research and recharges for staff seconded to external organisations.

### How the funding was used

Total net expenditure in 2022/23 was £57.8 million (£54.2 million in 2021/22), which resulted in an overspend of £1.8 million against a total revenue resource limit of £56.0 million (see table below).

### Summary of financial outturn

<b>2022/23 Financial outturn</b>	<b>Resource limit (£m)</b>	<b>Net expenditure (£m)</b>	<b>Variance (£m)</b>
Grant-in-aid	55.6	57.6	2.0
Depreciation and amortisation	0.4	0.2	(0.2)
<b>Total comprehensive expenditure for the year ended 31 March 2023</b>	<b>56.0</b>	<b>57.8</b>	<b>1.8</b>

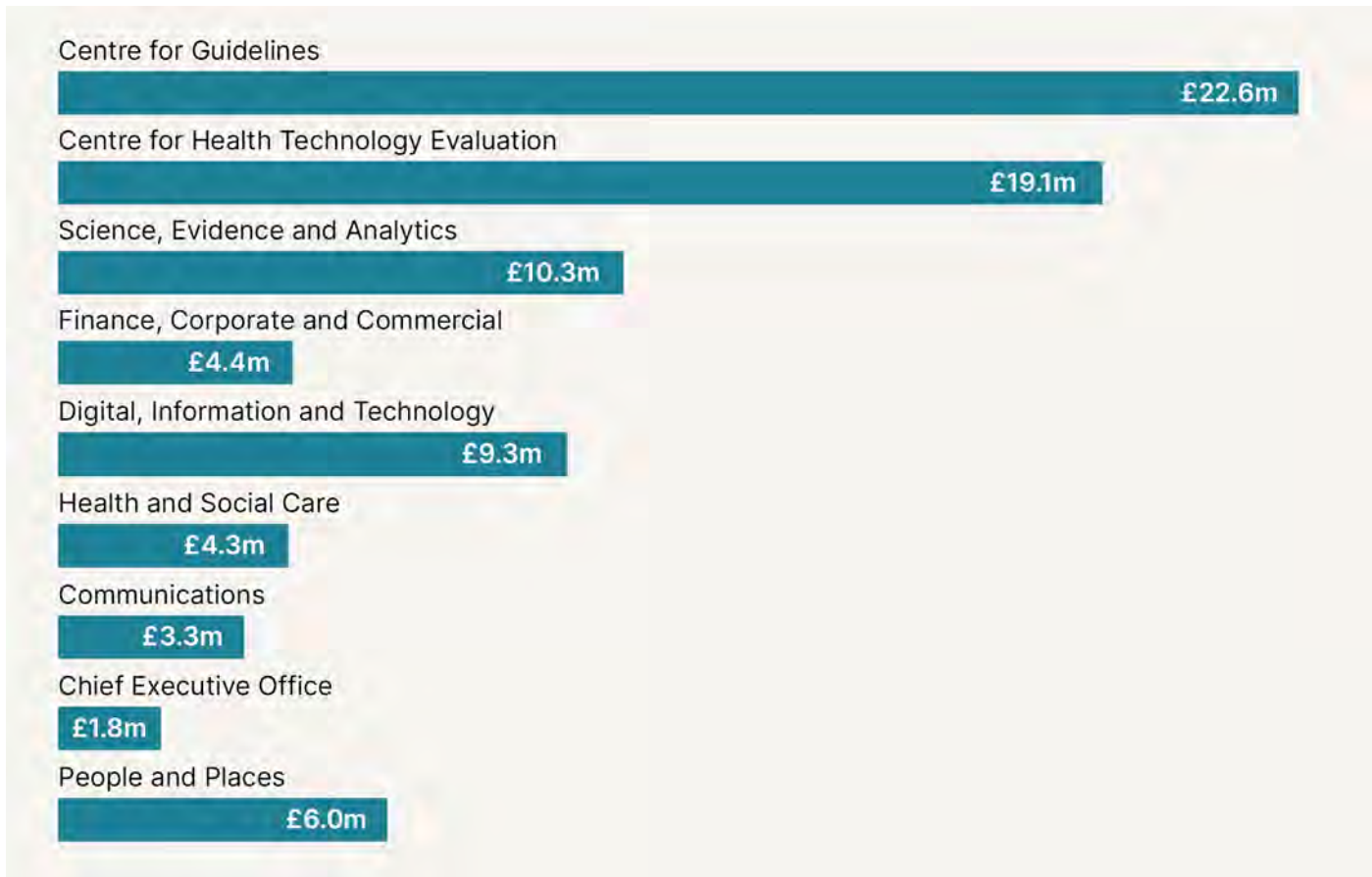
<b>2021/22 Financial outturn</b>	<b>Resource limit (£m)</b>	<b>Net expenditure (£m)</b>	<b>Variance (£m)</b>
Grant-in-aid	54.8	53.9	(0.9)
Depreciation and amortisation	0.5	0.3	(0.2)
<b>Total comprehensive expenditure for the year ended 31 March 2022</b>	<b>55.3</b>	<b>54.2</b>	<b>(1.1)</b>

The £1.8 million (3%) overspend in 2022/23 was due to the impact of the 2022/23 non-consolidated pay award proposed in March 2023 (£2.1m), offset by vacant posts from staff turnover during the year, and lower depreciation charges.



The organisation is structured into 4 guidance and advice-producing directorates and 5 corporate support functions. The following chart shows how the gross expenditure is spread across NICE.

**Gross expenditure by centre and directorate: £81.1 million**



Figures exclude non-cash items such as depreciation and provision adjustments.

**Capital expenditure**

The capital budget during 2022/23 was £480k (2021/22: £1.5 million). The actual spend for 2022/23 was £226k (2021/22: £425k). The underspend in 2022/23 related to furniture and fittings not purchased within the year.

Of this, £205k was spent on audio visual equipment in the Manchester office for the external meeting rooms, £21k was spent on server blades for both the Manchester and London office.

**Better payment practice code**

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

**Payment statistics**

Payment statistics	Number	£000
Total non-NHS bills paid 2022/23	1,983	24,473
Total non-NHS bills paid within target	1,872	23,660
<b>Percentage of non-NHS bills paid within target</b>	<b>94.4%*</b>	<b>96.6%</b>

\* We experienced multiple scan errors and delays in supplier set ups with NHS Shared Business Services. This resulted in invoices taking longer to progress through the system.

Payment statistics	Number	£000
Total NHS bills paid 2022/23	371	6,526
Total NHS bills paid within target	350	6,347
<b>Percentage of NHS bills paid within target</b>	<b>94.3 %</b>	<b>97.3 %</b>

The amount owed to trade creditors at 31 March 2023, in relation to the total billed in the year expressed as creditor days, is 16 days (25 days in 2021/22).

### Future developments

Our planning for 2023 and beyond reflects our core purpose, with a particular focus on using health and care resources wisely. Our business plan objectives for 23/24 are:

- Increase the relevance of our guidance by developing a NICE-wide horizon scanning & topic selection function enabled by coordinated stakeholder engagement.
- Increase the real-world impact of our pre-evaluation support by simplifying and improving NICE's early engagement with industry.
- Make our advice easier to access by improving our digital presence.
- Increase the useability of our guidance by incorporating technology appraisals into guidelines, and evolve our supporting resource impact assessment.
- Improve NHS decision-making in new ways by developing a programme to provide advice on the value of classes of medtech products already in use.
- Improve the timeliness of our guidance by implementing improvements to our methods and processes identified last year.
- Support implementation of our guidance by improving our measurement approach, and develop an automated uptake and monitoring system for a priority topic.
- Build a brilliant organisation by implementing suggestions from crowdsourcing and staff survey including: develop a continuous improvement process and capabilities and adopt NICE-wide talent management approach.

Information on our objectives and strategic plans can be found in the business plan, available on [our website](#).

### Human rights

NICE prides itself on being a good employer, and in our last employee survey our average engagement score was 70% which is defined as 'good' by our survey provider. We maintain and implement practices and policies to protect the human rights of our staff, including policies on bullying, harassment and victimisation, grievance, and whistleblowing. We have put in place a range of diversity initiatives which are designed to prevent discrimination and we recognise a trade union that staff are welcome to join.

Signed:

Dr Sam Roberts  
Chief executive and accounting officer  
19 January 2024

# Sustainability report

## Social, community and environmental issues

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

We have created a staff network, ECO-NICE which is active in promoting sustainability issues in and out of the workplace.

We consider environmental and sustainability issues when procuring goods and services. Staff are encouraged to travel on NICE business in the most sustainable and cost-effective way. Staff are also encouraged to commute using public transport by offering a rail season ticket scheme including the Metrolink scheme in Manchester. NICE is also a member of the Cycle to Work scheme, which provides tax efficient incentives for employees to use bicycles to travel to work. We have also enhanced our cycling facilities at both offices ensuring we provide excellent storage and changing amenities.

## Sustainability - Mitigating climate change: working towards Net Zero by 2050

We continue to support and promote climate change issues across the London and Manchester offices and are working toward the Greening Government Commitments 2021 to 2025 targets and are already meeting some of these, such as:

- Reducing domestic flights. Staff members take domestic flights only in exceptional circumstances and although domestic business flights have shown an increase since the 2021/22 data, we have reduced our domestic business flights by over 30% from the 2017 to 2018 baseline.
- We have eliminated all waste that goes to landfill and have increase the proportion of waste which is recycled to nearly 70% of the overall waste.
- We continue our commitment to eliminate consumer single use plastics from our offices. We have implemented several measures to stop the use of disposable plastic items, reduce waste and encourage the use of reusable or recyclable materials. Such as the return to glass milk bottles as opposed to individual plastic milk pots. We are working with our cleaning team to find a replacement to their plastic bin bags.
- We have introduced reuse schemes to dispose of obsolete audio-visual equipment and other items.
- We have reduced our office copier paper costs by over 50% of our 2017/18 baseline from £12k spent on 3,134 reams to £940 for 210 reams.



NICE's performance is summarised in tables below but note:

- Estate information is for the Manchester office only. This includes the tenants the Cabinet Office, Regulatory of Social Housing, Care Quality Commission (CQC). For the London office, the Department of Health and Social Care report on all 7 arms-length bodies on the floor at 2 Redman Place which include NICE, CQC, Human Fertilisation & Embryology Authority, Human Tissue Authority, Health Research Authority, Healthwatch and The National Guardian.
- Financial information was not separately available for office estate waste because the cost is included in the building service charge.
- Weight of waste is now estimated pro rata on floor area of total building waste produced as all waste for the building is collected and measured together.
- Financial information was not separately available for office estate water use because the cost is included in the overall service charge. There are no other uses of finite resources where the use is material.
- NICE currently has no scope 1 carbon emissions, which are from sources owned by the organisation such as fleet vehicles.
- Printing weight and expenditure includes Manchester office printing and the printing of the BNF and the BNFC in England.

#### Sustainable development – summary of performance

Activity	Unit	2020/21	2021/22	2022/23
Business travel including international air travel (kilometres)	Kilometres	7,578	279,200	1,325,220
Business travel including international air travel (kilometres)	Expenditure (£)	2,592	90,323	£450,996
Office estates energy (Manchester only)	Consumption (kWh)	496,751	535,176	633,531
Office estates energy (Manchester only)	Expenditure (£)	76,297	126,425	£228,600
Office estates waste (Manchester only)	Production (tonnes)	2.3	9.6	22.37
Printing	Paper (tonnes)	226	207	160.24
Printing	Expenditure (£)	718,088	620,776	£637,776

## Estimated carbon emissions

Activity	Outturn 2020/21	Carbon tonnes 2020/21	Outturn 2021/22	Carbon tonnes 2021/22	Outturn 2022/23	Carbon tonnes 2022/23
<b>Mains Green Tariff Electricity (kWh)</b> Manchester only	496,751	115	535,176	124	633,531	133.72
<b>Scope 2 total emissions</b> Relating to emissions from energy consumed that is supplied by another party	-	115	535,176	124	633,531	133.72
<b>Rail travel (km)</b>	7,454	0.26	260,265	9.24	961,597	34.13
<b>Air travel – domestic (km)</b>	0	0	7,665	1.00	32,369	4.21
<b>Air travel – international (km)</b>	0	0	5,184.8	0.41	287,568	24.24
<b>Car travel (km)</b>	124	0.02	6,085	1.04	43,686	7.22
<b>Printing (tonnes)</b>	226	360	207	325	160.24	150.95
<b>Scope 3 total emissions</b> Relating to emissions from official business paid for by the NICE	-	<b>360</b>	-	<b>337</b>	-	<b>220.75</b>
<b>Total</b>	-	<b>475</b>	-	<b>461</b>	-	<b>354.47</b>

## Waste

Waste	2020/21	2021/22	2022/23
Total recycled (tonnes)	1.1	2.0	13.78
Total incinerated with energy recovery (tonnes)	1.2	7.7	8.59
<b>Total waste (tonnes)</b>	<b>2.3</b>	<b>9.7</b>	<b>22.37</b>
Total waste to landfill	0%	0%	0%

At NICE we are committed to align with the 'Greening Government: ICT and Digital Services Strategy' by 2025. We are leading this work from our Digital, Information and Technology team with the primary objectives of increasing both digital working and cloud-based computing in place to meet these commitments.

Advances in technology have empowered NICE and employees to work more flexibly in terms of location, reducing office travel requirements. NICE is also working on a Digital Workplace programme which is continually exploring digital technologies to empower employees to work digitally. Meetings are now largely conducted online via Zoom/Teams, thus reducing the need to physically attend meetings, which has resulted in a reduction in travel to office locations for majority of staff at both office locations.

In addition, we are investigating options to move on-premises infrastructure to cloud based technology where appropriate to reduce office-based emissions, with the target of having at least 50% of such infrastructure moved to the cloud-based solutions by the end of 2023.







# Accountability report

# Corporate governance report

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

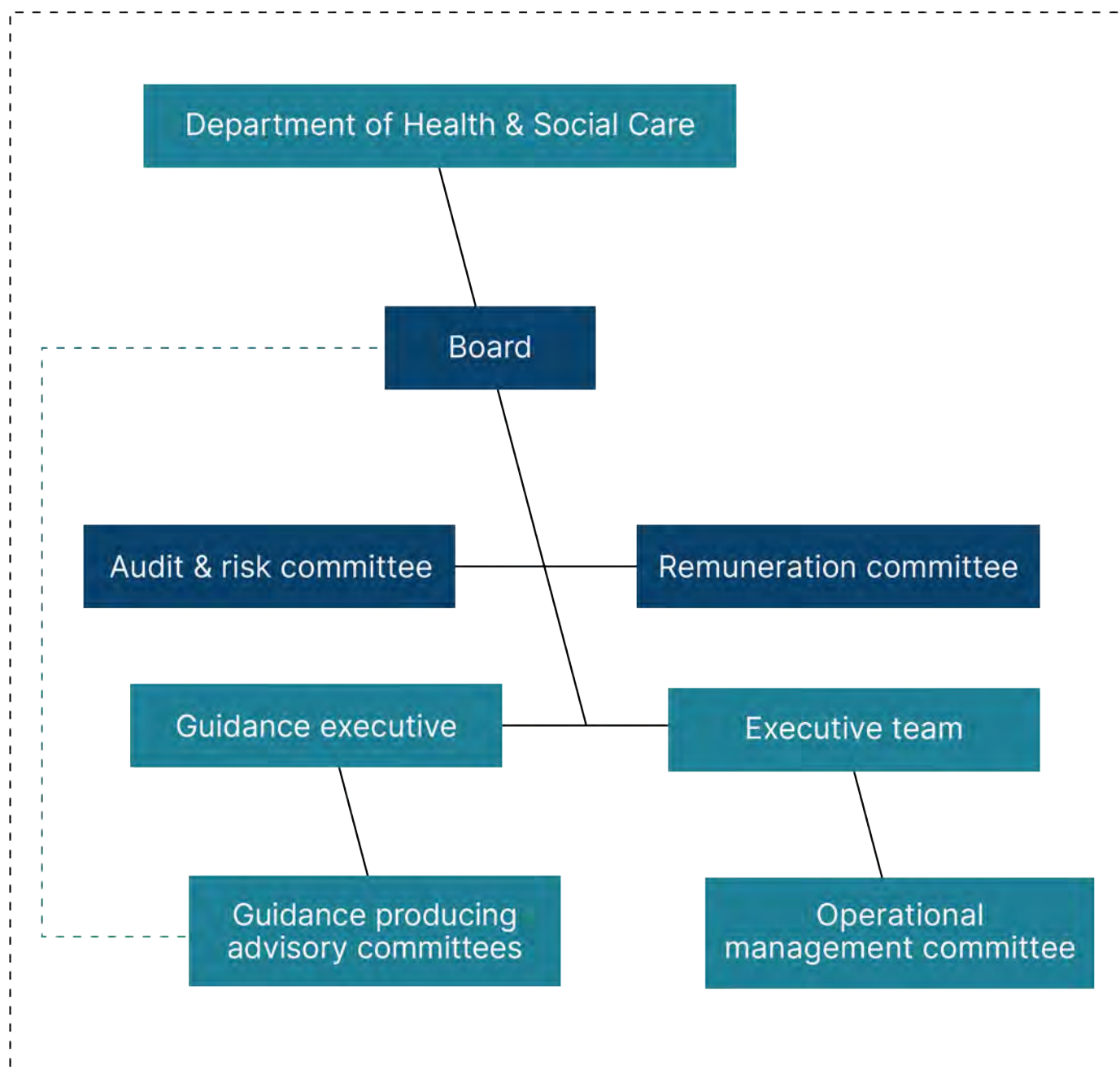
It comprises 3 sections:

- Directors' report (p57)
- Statement of the accounting officer's responsibilities (p64)
- The governance statement (p65).

# Directors' report

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

## Governance structure





# NICE's board and executive team

Non-executive directors who served on the board in 2022/23 were:



Sharmila Nebhrajani OBE, chairman



Dr Mark Chakravarty, vice chair



Alina Lourie, senior independent director



Dr Michael Borowitz (from September 2022)



Dame Elaine Inglesby-Burke DBE (until March 2023)



Professor Gary Ford CBE



Jackie Fielding



Dr Justin Whatling



Professor Bee Wee CBE

Executive directors who served on the board in 2022/23:



Dr Sam Roberts, chief executive



Alexia Tonnel, director, digital, information and technology



Dr Paul Chrisp, head of publishing and products and former director, centre for guidelines (until March 2023)



Jennifer Howells, director, finance, strategy and transformation (until November 2022)

Directors in 2022/23 were:



Professor Jonathan Benger CBE, chief medical officer (from January 2023) and interim director, centre for guidelines (from March 2023)



Helen Brown, chief people officer (from January 2023)



Mark Chapman, interim director, medical technology and digital evaluation (from May 2022)



Nicole Gee, interim chief people officer (until September 2022)



Jane Gizbert, director, communications



Dr Felix Greaves, director, science, evidence and analytics



Helen Knight, director, medicines evaluation



Jeanette Kusel, interim acting director, medtech (until May 2022)



Dr Clare Morgan, director, implementation and partnerships (from December 2022)



Dr Judith Richardson, acting director, health and social care (until December 2022)



Boryana Stambolova, interim director, finance (from November 2022)

## NICE board

The board:

- develops NICE's strategic priorities and approves the annual business plan
- provides oversight of the management of NICE's resources
- identifies and manages risks and ensures a sound system of internal controls is in place.

## Board attendance table

Name	Role	Attendance
Sharmila Nebhrajani OBE	Chairman	6/6
Dr Mark Chakravarty	Vice chair	6/6
Alina Lourie	Senior independent director	6/6
Dr Michael Borowitz	Non-executive director	3/3
Dame Elaine Inglesby-Burke DBE	Non-executive director	5/6
Professor Gary Ford CBE	Non-executive director	6/6
Jackie Fielding	Non-executive director	6/6
Professor Bee Wee CBE	Non-executive director	5/6
Dr Justin Whatling	Non-executive director	6/6
Dr Sam Roberts	Chief executive and accounting officer	6/6
Dr Paul Chrisp	Executive director	6/6
Jennifer Howells	Executive director	3/4
Alexia Tonnel	Executive director	5/6
Professor Jonathan Benger CBE	Director	1/1
Helen Brown	Director	1/1
Mark Chapman	Director	4/4
Nicole Gee	Director	3/3
Jane Gizbert	Director	5/6
Dr Felix Greaves	Director	6/6
Helen Knight	Director	6/6
Jeanette Kusel	Director	1/1
Dr Clare Morgan	Director	2/2
Dr Judith Richardson	Director	3/4
Boryana Stambolova	Director	2/2



## Audit and risk committee

The committee:

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

Name	Role	Attendance
Alina Lourie	Non-executive director and committee chair	5/5
Dr Michael Borowitz	Non-executive director	1/1
Dr Mark Chakravarty	Non-executive director	5/5
Dame Elaine Inglesby-Burke DBE	Non-executive director	3/5
Dr Justin Whatling	Non-executive director	2/5
Amanda Gibbon	Independent committee member	5/5

## Remuneration committee

The committee:

- agrees the remuneration and terms of service for the chief executive, members of the executive team, and any other staff on the executive and senior manager pay framework
- ensures there is a system of performance review, talent management and succession planning in place for the chief executive and executive team
- reviews the succession planning talent pipeline for the chief executive and executive team roles.

Name	Role	Attendance
Sharmila Nebhrajani OBE	Chairman and committee chair	2/2
Jackie Fielding	Non-executive director	2/2
Professor Gary Ford CBE	Non-executive director	1/2
Dame Elaine Inglesby-Burke DBE	Non-executive director	2/2
Professor Bee Wee CBE	Non-executive director	2/2

## Executive team

The executive team is responsible for providing leadership to the organisation within the authority delegated by the board. It:

- develops strategic options for the board's consideration and approval
- prepares NICE's annual business plan for approval by the board and Department of Health and Social Care
- oversees delivery of the objectives set out in the business plan
- ensures arrangements are in place to secure the proper and effective control of NICE's resources
- approves proposals for material changes to NICE's outputs, including proposals for discontinuing products or establishing new areas of work
- approves expenditure and changes to policies and staff terms and conditions where these exceed the delegations to individual directors or the operational management committee
- ensures effective relationships with partner organisations and maintain good communications with the public, the NHS, social care and local government and with the life sciences industries
- identifies and mitigates the strategic risks facing NICE
- reviews the financial position and planning for future years.

## Guidance executive

The guidance executive approves, on behalf of the board, NICE guidance and products developed by the independent advisory committees. These products include NICE guidelines; quality standards; technology appraisals; highly specialised technology guidance; medical technologies; interventional procedures; diagnostics guidance and associated digital content.

The guidance executive is responsible for consulting on, and making decisions about, variations to the funding requirement for technologies assessed by the technology appraisal and highly specialised technologies programmes. It also formally receives and takes action on appeal decisions regarding the technology appraisal and highly specialised technologies programmes, as well as agreeing any changes to NICE's methods and processes for guidance development prior to approval by the board (subject to the need for board approval and public consultation). It reviews topic pipelines across all NICE programmes and ensures implementation and patient safety considerations inform guidance production.

## Operational management committee

The committee acts under delegated authority of the executive team to consider operational issues with a cross-organisation impact. Its role is to:

- consider new corporate policies and substantive amendments to existing policies
- consider proposed expenditure below £250k which is outside of the approved business plan and budget
- oversee NICE's health and safety, emergency planning and business continuity arrangements, notifying the executive team of any significant issues
- review all management of change proposals affecting more than 3 staff to consider the implications for the wider organisation prior to final approval by the relevant director
- review the operational risk register and escalate any emerging threats to the executive team
- approve the management response to internal audit recommendations where these have cross-organisational impact/implications.

## Independent advisory committees

The advisory committees develop and update our guidance that helps practitioners and commissioners get the best care to patients fast and ensure value for the taxpayer.

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

During 2022/23 the standing committees were:

- technology appraisal committees, chaired by Dr Jane Adam (until October 2022), Dr Radha Todd (from November 2022), Professor Stephen O'Brien, Dr Charles Crawley and Dr Megan John
- highly specialised technologies evaluation committee, chaired by Dr Peter Jackson
- interventional procedures advisory committee, chaired by Professor Thomas Clutton-Brock
- diagnostics advisory committee, chaired by Dr Mark Kroese (until June 2022) and Dr Brian Shine (from June 2022)

- medical technologies advisory committee, chaired by Professor Shaheen Hamdy (until November 2022) and Dr Jacob Brown (from November 2022)
- former public health advisory committees, chaired by Paul Lincoln OBE (until August 2022), Professor David Croisdale-Appleby OBE (until June 2022), Dr Ann Hoskins (until June 2022) and Dr Tessa Lewis
- indicator advisory committee, chaired by Dr Ronny Cheung
- quality standards advisory committees co-chaired by Dr Gita Bhutani and Dr Jim Stephenson (until December 2022), and chaired by Dr Michael Rudolf (until December 2022), Dr Rebecca Payne (from December 2022) and Dr Sunil Gupta (from December 2022)

## Independent academic centres and information-providing organisations

NICE works with independent academic centres funded by the National Institute for Health Research to review the published and submitted evidence when developing technology appraisal, highly specialised technologies guidance and the diagnostics assessment programme. We currently work with:

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

We commission independent academic centres to support advance evidence synthesis and economic analysis in the development of guidelines. The Centre for Guidelines in 2022/23 worked with the following organisations:

- Technical Support Unit, University of Bristol
- Anna Freud National Centre for Children and Families
- University College London.

## External assessment centres

We commission external assessment centres to work with the Centre for Health Technology Evaluation on projects related to the work programmes on medical devices, diagnostics and interventional procedures and provide methodological support to the evaluation of all technology types. The centres are:

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

# Statement of the accounting officer's responsibilities

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

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

- observe the Accounts Direction issued by the Secretary of State for Health and Social Care, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

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

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



# Annual governance statement

## Accountability summary

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

### NICE's role

NICE was established as the National Institute for Clinical Excellence on 26 February 1999 as a special health authority and became operational on 1 April 1999. The Health and Social Care Act 2012 re-established NICE as an England-only national advisory body with the status of non-departmental public body (NDPB). It became known as the National Institute for Health and Care Excellence.

Our role is to balance the best care with value for money across the NHS and social care, to deliver for both individuals and society as a whole.

We do this by:

- providing rigorous, independent assessment of complex evidence to produce guidance and advice for health and social care practitioners
- developing recommendations that drive innovation into the hands of health and care professionals
- encouraging the uptake of best practice to improve outcomes for everyone.

## Governance arrangements

NICE is led by a board comprising:

- a non-executive chairman appointed by the Secretary of State for Health and Social Care;
- a minimum of 5 other non-executive members appointed by the Secretary of State, one of which is appointed by the board as the vice chair;
- a chief executive appointed by the non-executive members with the approval of the Secretary of State; and
- between 2 and 4 other executive members appointed by the non-executive members.

The board members collectively have a range of skills and experience appropriate to the board's responsibilities to provide leadership and strategic direction for the organisation.

At the end of each meeting, the board reflects on the information it receives to ensure it is of sufficient quality, and at the start of each year the integrated performance report is substantially reviewed as necessary.

### Role of the chairman

The chairman is responsible for:

- Leading the board in an open and positive way, representing NICE to the health and social care communities, life sciences industry, and people using health and care services and the wider public, building on NICE's international status.
- Setting the tone for excellent working relationships between NICE and key stakeholders responsible for the successful operation of the health and social care system, and supporting innovation and the UK life sciences.

### Board membership

Non-executive membership of the NICE board has remained stable throughout 2022/23. We were joined in September 2022 by Dr Michael Borowitz, and at the year end, we said farewell to Dame Elaine Inglesby-Burke DBE who has been a board member since April 2016. We are grateful to Elaine for her wisdom and invaluable support during the last seven years, bringing a perspective from the health service front line.

### Public board

The board meets formally five times a year in public, with an additional meeting held in private to approve the annual report and accounts. In addition, in line with Public Bodies (Admissions to Meetings) Act 1960 the Board occasionally meets in private to discuss confidential matters such as those relating to individuals or commercially sensitive matters. The public meetings are open for the public to observe via a webinar, with the ability to submit questions in real time that are answered during the meeting.

The public board meetings receive a regular update report from the executive team on the key priorities and progress against the strategic objectives, and an integrated performance report, which provides data on the status of the key performance indicators and business plan deliverables. The board also receives topic specific reports on new developments and major projects and is provided with updates from the audit and risk committee. The board papers and minutes of each meeting are published on the NICE website.

## Strategy board

In addition to the formal public meetings, the board holds an informal strategy away-day in October each year.

## Board effectiveness and development

The board is committed to the highest standards of corporate governance and regularly reflects on its effectiveness. During 2022/23, a leadership development consultant supported the board with a development programme. Following previous annual self-assessments, in April 2023 Campbell Tickell were appointed to undertake an externally facilitated board effectiveness review. The review, undertaken in line with the scope set out in Cabinet Office guidance, concluded that there is a culture of good governance at NICE and an effective and highly competent performing board in place. Identified strengths included renewals of the NED and Executive teams that have brought fresh energy and dynamics into the boardroom; a commitment to effectiveness through ongoing learning and development; changes to the style and content of board reporting; a leaned in culture from NEDs (e.g. participating in programme boards); solid work to improve the approach to risk management; and a well organised governance structure and cycle.

An action plan is in place to take forward the areas identified to further strengthen the board's effectiveness in terms of ensuring that board time is appropriately balanced to take account of both internal and external change; continuing to strengthen the sense of shared endeavour and inclusion in the boardroom; and continuing to develop the approach to risk and assurance.

## Board committees

To help the board fulfil its duties, it is supported by 2 committees – the audit and risk committee and the remuneration committee.

### Audit and risk committee

The audit and risk committee meets quarterly and has formally agreed terms of reference which are reviewed annually. It reports independently to the board on: the adequacy of NICE's governance arrangements; assurance and the risk management framework and the associated control environment; oversight of the financial reporting process; the operation of the declarations of interest policy; and all types of fraud, and whistle-blowing arrangements. The audit and risk committee also agrees the annual internal audit plan.

During the 2022/23 financial year, internal audit services were provided by the Government Internal Audit Agency (GIAA). The GIAA team operates to Public Sector Internal Audit Standards and the internal audit plan included the following reviews during the year, the outcomes and key findings of which are being addressed by senior management and their teams:

Business area	Assurance rating	Recommendations made		
		High	Med	Low
-	-	High	Med	Low
Functional Standards	Moderate	-	2	4
Collaborating Centres integration	Moderate	-	3	2
Contract management	Limited	5	4	1
Cyber security	Moderate	-	2	3
Business planning and performance	Moderate	-	3	1
Equality, diversity and inclusion	Moderate	1	5	3
<b>Total recommendations = 39</b>		<b>6</b>	<b>19</b>	<b>14</b>
(2021/22 = 33)		3	18	12

The GIAA undertook an audit of NICE's Data Security and Protection Toolkit submission. This provided an overall risk assessment of moderate with a high confidence in the veracity of NICE's self-assessment.

The internal auditor gave an overall opinion of moderate assurance for the year.

Areas of particular focus for the audit and risk committee in 2022/23 were:

- A review of the strategic risk register at every meeting and to hear from the chief executive about the current risks facing NICE and any emerging risks. This provided the opportunity for debate about the mitigations and any action being taken to address the highest rated risks.
- An independent report into a control breach which involved a pre-payment being authorised to an external contractor for work that had not been completed. The investigation sought to review the end-to-end process of procuring the service, managing the contract and paying for the services. The outputs of the investigation supported a lessons-learned exercise and key recommendations for substantial improvements to the "Procure-to-Pay" processes aimed at strengthening the commercial and financial control framework.

- The committee continued to undertake ‘deep dive’ reviews of high rated risks to scrutinise risk management arrangements, test assurances, challenge actions where appropriate, and offer advice and support on a continuous improvement basis. Topics covered in the year were:
  - » A review of NICE’s cyber security arrangements including how incidents had been responded to, mandatory training and regular phishing campaigns to raise staff awareness.
  - » Contract management arrangements including plans to strengthen the commercial and financial control environment and recommendations for the implementation of automation and new technologies to support efficiencies in commercial and finance operations.
  - » A detailed review of the information governance and records management framework.
- The annual review and update of NICE’s standing orders and standing financial instructions.
- Monitoring the financial accounting performance, including the financial controls and reporting processes in place.
- The annual review of committee’s effectiveness and its terms of reference.

Additionally, the committee received reports from internal and external audit and reviewed annual assurance reports on information governance, cyber security and resilience, management of complaints and counter fraud.

### Remuneration committee

The remuneration committee met twice in 2022/23. It approved the salaries for senior roles within its remit; it agreed which members of the executive team should receive a non-consolidated performance related pay award for 2021/22, and the allocation of the 2022/23 consolidated pay awards within the framework set by the Department of Health and Social Care; and reviewed its terms of reference.

### Accountability to the Department of Health and Social Care

Annual accountability meetings are held between NICE’s chief executive and chairman and the sponsoring minister at the Department of Health and Social Care (DHSC). In addition, quarterly accountability meetings take place between our sponsor team at the DHSC, members of NICE’s executive team and NICE’s chairman.

### Register of interests

A register of interests is maintained to record declarations of interests of the board members, the executive team and all other staff. The register includes details of all directorships and other relevant and material interests which relate to NICE’s work, as required by our standing orders and policy on declaring and managing interests.

Board members and employees are required to reconfirm their declared interests annually, in addition to declaring any changes in-year as they arise. At the start of each board meeting, the board and executive team members confirm the register is up to date and they do not have any conflicts relating to the items on the agenda.

NICE also has a separate policy on declaring and managing interests for its advisory committee members. Both policies and the register of interests of board members and the executive team can be found on the [NICE website](#).

Information on transactions with organisations with which our directors are connected are detailed in the Related Parties note in the annual report and accounts.

In May 2023, the audit and risk committee was advised of a potential breach of the declarations of interest policy which had been identified during 2022/23. It related to NICE’s technology appraisal guidance (TA875) which recommended semaglutide for managing overweight and obesity in adults. A press article had questioned whether the interests of one of the experts who gave evidence to the technology appraisal committee and those of organisations who submitted information to the committee had been appropriately declared.

An internal investigation concluded that the nominated expert had not breached the policy but that not all organisations making written submissions to the committee had fully declared their interests in semaglutide as required by the policy. The risk to the guidance outcome was low as the breaches did not involve the individuals who developed the guidance. The investigation made recommendations to strengthen the process for ensuring NICE was aware of the interests of organisations and individuals making written and oral submissions to the committees.

# The risk and control framework

## System of internal control

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of NICE's aims and objectives. The system of internal control has been in place at NICE for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts and accords with HM Treasury guidance.

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

## Risk management framework

The board determines the risk appetite and sets the culture of risk management within NICE. The board has ultimate responsibility for risk management within NICE including major decisions affecting NICE's risk profile or exposure. The consideration of risk includes delivery of the strategic priorities to support the health and care system, operational, financial and people issues, and the external operating environment including government policy and stakeholder relationships.

The audit and risk committee provides an independent and objective view of the arrangements for the management of risk. It advises the board on the co-ordination and prioritisation of risk management across NICE and advises the board on the effectiveness of the internal control system.

NICE's risk management policy defines risk, outlines roles and responsibilities for managing risks and explains how risks are categorised, assessed, escalated and de-escalated. It uses a 5x5 risk scoring matrix in line with best practice. The policy outlines NICE's risk appetite – the extent to which we will tolerate known risks, in return for the benefits expected from a particular action or set of actions.

The audit and risk committee reviews the strategic risk register at each of its quarterly meetings where it challenges and scrutinises the operation of the risk management process and reports to the board on its effectiveness. The executive team reviews the strategic risks at each of its monthly formal meetings, where there is also a 'deep dive' discussion of one of the risks.

In March 2023, the board held a risk management session facilitated by an external risk expert from another government body. The purpose of the session was to review NICE's approach to how risks are assessed and scored, and understanding the controls in place and whether or not they are effective. The session identified opportunities to further develop risk identification and analysis. This has led to the introduction of the 'bow tie' tool to better understand the causes and consequences of risks, and therefore the required mitigating actions, to inform deep-dives on the highest risks. A follow-up session is planned for 2024.

Directors, in conjunction with their senior teams, are responsible for ensuring risks in their centre/directorate are identified, assessed and entered into an operational risk register which is monitored by the operational management committee (OMC). The OMC reviews the operational risks bi-monthly and



escalates risks that are increasing in threat level to the executive team for considering their inclusion in the strategic risk register.

Additionally, four transformation programme boards each have a risk register to track risks to delivery of the transformation priorities.

## Strengthening internal controls

The external audit of the 2022/23 annual report and accounts identified that the secondment of a senior member of NICE staff to an NHS organisation required approval from the Department of Health and Social Care (DHSC) and HM Treasury (HMT) due to the terms of the agreement, which was subsequently granted. This was in addition to an earlier unrelated case in which retrospective approval was also sought, and granted, for a payment to a departing employee.

A second secondment arrangement broadly similar to this first one was transacted in April 2023 before the issues were identified in the 2022/23 audit. A business case for retrospective approval for this secondment will be submitted to DHSC and HMT and the outcome will be shared with the auditors.

Multi-team lessons learnt reviews were undertaken to review the circumstances around these cases, and also other areas where it was noted there was scope to strengthen internal controls, including contract management (as noted earlier in this statement). Steps have been taken to strengthen controls, drawing on the '3 lines of defence' model. These include improved understanding of the delegations to NICE and embedding these in our governance documents; improved sharing of information between teams to facilitate internal challenge; and clarification of roles and responsibilities. The 2023/24 internal audit plan has also been amended to include an audit on the controls framework.

## Principal risks facing NICE

At the time of approval of the 2022/23 annual report and accounts, the highest rated risks are:

- **Internal controls:** Ensuring that the internal transformation and move to new ways of working does not undermine the internal control framework.

As noted above, the key mitigations include: clarifying the circumstances when external approvals are required and embedding this in our key governance documents; improved sharing of information between teams to facilitate internal challenge; and clarification of roles and responsibilities.

- **Technology resilience:** A cyber security incident and/or unplanned major technology system outage leads to data loss, reduction in operational productivity, and inability to recover services, data or systems.

Key mitigations include: Multi-factor authentication, proactive monitoring and penetration testing; mandatory cyber security awareness training for staff; annual completion of the Data Security and Protection Toolkit (DSPT); and development of business cases for back-up options/investment to support business continuity arrangements and migration from current on-premise infrastructure to cloud services to increase resilience.

- **Relevance:** ensuring NICE's guidance and advice helps the health and care system deliver its priorities.

Key mitigations include: establishing an integrated process for all topic selection across NICE, overseen by a single team; establishing a single horizon scanning function across NICE; and ensuring that a new prioritisation board engages key stakeholders on their priorities.

## Information governance

We adopt a risk-based approach to information governance (IG), aligned to official guidance from relevant bodies, notably the Information Commissioner's Office and NHS England. Board-level responsibility for the management of information risk rests with the Director of Finance who is the Senior Information Risk Owner (SIRO). NICE has nominated the head of information governance and records management as its Data Protection Officer (DPO), with the responsibilities outlined in the UK General Data Protection Regulation (GDPR).

Information risks are considered as part of the risk assessment process, and any such risks reported to the executive team and audit and risk committee accordingly. Policies and procedures for managing the security of personal and corporate data are reviewed by an internal information governance steering group in light of best practice guidance and relevant standards. The group is chaired by the SIRO and includes the Information Asset Owners in each centre and directorate. NICE also has an appointed Caldicott Guardian, who is responsible for ensuring any patient data is used legally and managed confidentially. It is supported by a working group comprising the Deputy Information Asset Owners who are responsible for the operational delivery and implementation of standards and guidance implemented by the Steering Group.

All employees are required to complete annual Information Governance and Records Management (IG&RM) training using a bespoke online training package.. The Information Governance Steering Group receives performance data on training compliance. Members of NICE's board are also required to complete IG&RM training as part of their induction and complete refresher training in line with the requirements of the Data Security and Protection Toolkit.

The audit and risk committee reviews the IG arrangements at least annually, when it receives a comprehensive annual review which provides assurance around NICE's compliance with the mandatory sections of the Data Security and Protection Toolkit, and other aspects of information governance and records management legislation.

There were no significant lapses in IG arrangements or serious incidents relating to personal data breaches in 2022/23.

## **Counter fraud, bribery and corruption**

NICE makes quarterly submissions to the DHSC Anti Fraud Unit in compliance with the government counter fraud functional standard GovS 013: counter fraud.

There were no losses due to fraud identified in 2022/23. All losses due to error were, or are being, recovered in full. A formal peer review assessment (led by the Anti Fraud Unit) of our compliance with the counter fraud functional standard identified 11 of the 12 elements as being fully met. One element, relating to outcome based metrics, was partially met, and this is an identified area for improvement in our 2023/24 fraud action plan.

For the first time in 2022/23, NICE took part of the Government's National Fraud Initiative to improve our counter fraud investigatory activity. We were notified of 248 data matches which our teams have investigated. No concerns of fraud were found.

We remain active members of the DHSC's Anti Fraud Unit/ALB counter fraud network, which has arranged briefings for the health ALB counter fraud leads and will provide specialist expertise, if needed, to investigate suspected fraud at NICE.

## **Government functional standards**

We have self-assessed NICE as meeting the majority of mandatory elements in 11 of the standards that are applicable to NICE. The 2 standards which have not been assessed are grants and debt as NICE does not award grants and does not carry significant debt. The HR standard relates to civil service staff but we have decided to undertake a self assessment to identify any areas for improvement.

We agreed as part of our annual internal audit plan for 2022/23 that the Government Internal Audit Agency would undertake an internal audit review of our self-assessments which it completed in September 2022, with a moderate assurance rating. We will continue in 2023/24 to work towards meeting the advisory standards which are applicable to NICE, as part of the Government's continuous improvement framework.

## Whistleblowing

All staff are made aware of NICE's whistleblowing policy as part of their induction programme. The policy was reviewed in October 2022 in line with the scheduled three year review. The chair of the audit and risk committee oversees the whistleblowing policy and can be contacted if staff feel the initial reporting routes are not appropriate or have failed to resolve their concerns.

There were no whistleblowing cases in 2022/23.

To support the whistleblowing policy, NICE has 3 nominated Freedom To Speak Up (FTSU) Guardians, to whom staff can speak in confidence about any issue that concerns them at work. The FTSU Guardians hold drop-in sessions which are published on the NICE intranet. They also provide an annual report for the executive team which summarises the number of cases and types of concerns that have been raised with them.

## Significant internal control weaknesses

As noted earlier in this statement, the secondment of senior staff without the required prospective approval from DHSC and HMT represented a weakness in the internal control framework. As noted above, steps have been taken to address this, and improving the control framework more generally is an area of focus for senior management and the board, through the audit and risk committee.

I can confirm that there were no other significant weaknesses in NICE's system of internal controls in 2022/23 which have not been identified in this statement.

Signed:



**Dr Sam Roberts**

Chief executive and accounting officer  
19 January 2024

# Remuneration and staff report

The remuneration and staff report provides details of the remuneration (including any non-cash remuneration) and pension interests of board members and the directors who regularly attend board meetings. The content of the tables are subject to audit.

## Senior staff remuneration

The remuneration of the chairman and non-executive directors is set by the Secretary of State for Health and Social Care. The salaries of the staff employed on NHS conditions and terms of service are subject to direction from the Secretary of State for Health and Social Care.

The remuneration of the chief executive and all executive senior managers (ESMs) is first subject to independent job evaluation and then approved by NICE's remuneration committee with additional governance oversight from the DHSC remuneration committee. Any salary in excess of £150,000 requires both Secretary of State and DHSC remuneration committee approval. The remuneration of the executives and senior managers is detailed in the table on p74-76.

Membership of the remuneration committee and its work can be found on page 65.

## Performance appraisal

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



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

### Terms and conditions: chairman and non-executives

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

### Statutory basis for appointment

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

### Employment law

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

### Reappointments

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

### Termination of appointment

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

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

### Remuneration

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

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

### Conflict of interest

The Code of Conduct for Board Members of Public Bodies published by the Cabinet Office applies to NDPB boards. The code requires chairs and board members to declare, on appointment, any business interests, positions of authority in a charity or voluntary body in health and social care, and any connection with bodies contracting for NHS services. These must be entered into a register that is available to the public. Any changes should be declared as they arise.

### Indemnity

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

## Terms and conditions: NICE executive team

### Basis for appointment

Executive directors and other directors who are members of the executive team, are normally appointed on a permanent basis under a contract of service at an agreed annual salary with eligibility to claim allowances for travel and subsistence costs, at rates set by NICE, for expenses incurred on its behalf. Appointments may be made on an interim or acting basis to cover vacancies or for other operational reasons, with agreed arrangements for travel and subsistence costs. During 2022/23, there were five directors who were appointed on an interim or acting basis.

### Termination of appointment

The current notice period for directors who are members of the executive team ranges from 12 weeks to 6 months. There is no need for provision for compensation included in NICE's annual accounts for the early termination of any executive director's contract of service in 2022/23.

During the year, a director of NICE entered an agreement with NICE to end their employment. The terms agreed were outside of the employee's normal contractual employment terms. Following the signing of the agreement, the employee continued to be employed by NICE however performed work for an NHS organisation and the costs were not recharged during the period of this secondment. At the end of the agreement period, the Director will no longer be employed by NICE. See disclosure note 8 on page 74 for remuneration received during this period. NICE has obtained retrospective approval from HMT for this specific agreement to confirm the regularity of the agreement.

Single total figure of remuneration – board members' and directors' remuneration (subject to audit)

2022/23

Name	Title	Salary and allowances (£5,000) £000	All taxable benefits total to nearest £100 £	Performance pay and bonuses (bands of £5,000) £000	Accrued pension benefits to nearest £1,000 £000	TOTAL (bands of £5,000) £000
Sharmila Nebhrajani OBE	Chairman	70 to 75	200	Nil	Nil	70 to 75
Dame Elaine Inglesby-Burke DBE <sup>1</sup>	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Mark Chakravarty	Non-executive director	5 to 10	100	Nil	Nil	5 to 10
Jackie Fielding	Non-executive director	5 to 10	500	Nil	Nil	5 to 10
Professor Gary Ford	Non-executive director	5 to 10	100	Nil	Nil	5 to 10
Alina Lourie <sup>14</sup>	Non-executive director, ARC chair	10 to 15	100	Nil	Nil	10 to 15
Dr Justin Whatling	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Michael Borowitz <sup>2</sup>	Non-executive director	0 to 5	Nil	Nil	Nil	0 to 5
Professor Bee Wee <sup>3</sup>	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Sam Roberts <sup>4</sup>	Chief executive	195 to 200	Nil	Nil	38	235 to 240
Mark Chapman <sup>5</sup>	Interim director, medical technology and digital evaluation	85 to 90	Nil	Nil	20	105 to 110
Helen Brown <sup>6</sup>	Chief people officer	25 to 30	Nil	Nil	7	30 to 35
Helen Knight	Director, medicines evaluation	110 to 115	Nil	5 to 10	54	170 to 175
Jeanette Kusel <sup>7</sup>	Interim acting director, medtech	15 to 20	Nil	Nil	5	20 to 25
Jennifer Howells <sup>8</sup>	Director, finance, strategy & transformation	75 to 80	Nil	Nil	12	90 to 95
Alexia Tonnel	Director, digital, information and technology	125 to 130	Nil	Nil	34	160 to 165
Dr Paul Chrisp	Director, centre for guidelines	125 to 130	Nil	Nil	34	160 to 165
Jane Gizbert	Director, communications	115 to 120	Nil	Nil	11	125 to 130
Dr Felix Greaves	Director, science, evidence and analytics	125 to 130	Nil	Nil	26	150 to 155
Boryana Stambolova <sup>9</sup>	Interim director, finance	50 to 55	Nil	Nil	12	60 to 65
Dr Clare Morgan <sup>10</sup>	Director, implementation and partnerships	40 to 45	Nil	Nil	45	85 to 90
Dr Judith Richardson <sup>11</sup>	Acting director, health and social care	90 to 95	Nil	Nil	Nil	90 to 95
Nicole Gee <sup>12</sup>	Interim chief people officer	80 to 85	Nil	Nil	Nil	80 to 85
Professor Jonathan Benger CBE <sup>13</sup>	Chief medical officer and interim director, centre for guidelines	20 to 25	Nil	Nil	Nil	20 to 25

Single total figure of remuneration – board members' and directors' remuneration (subject to audit)

2021/22

Name	Title	Salary and allowances (bands of £5,000) £000	Non-cash benefits total to nearest £100 £	Performance pay and bonuses (bands of £5,000) £000	Accrued pension benefits to nearest £1,000 £000	TOTAL (bands of £5,000) £000
Sharmila Nebhrajani OBE	Chairman	70 to 75	Nil	Nil	Nil	70 to 75
Dame Elaine Inglesby-Burke DBE <sup>1</sup>	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Mark Chakravarty	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Jackie Fielding	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Professor Gary Ford	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Alina Lourie <sup>14</sup>	Non-executive director, ARC chair	5 to 10	Nil	Nil	Nil	5 to 10
Dr Justin Whatling	Non-executive director	5 to 10	Nil	Nil	Nil	5 to 10
Dr Michael Borowitz <sup>2</sup>	Non-executive director	Nil	Nil	Nil	Nil	Nil
Professor Bee Wee <sup>3</sup>	Non-executive director	0 to 5	Nil	Nil	Nil	0 to 5
Dr Sam Roberts <sup>4</sup>	Chief executive	30 to 35	Nil	Nil	9	40 to 45
Mark Chapman <sup>5</sup>	Interim director, medical technology and digital evaluation	Nil	Nil	Nil	Nil	Nil
Helen Brown <sup>6</sup>	Chief people officer	Nil	Nil	Nil	Nil	Nil
Helen Knight	Director, medicines evaluation	5 to 10	Nil	Nil	4	10 to 15
Jeanette Kusel <sup>7</sup>	Interim acting director, medtech	5 to 10	Nil	Nil	2	10 to 15
Jennifer Howells <sup>8</sup>	Director, finance, strategy & transformation	130 to 135	Nil	0 to 5	42	170 to 175
Alexia Tonnel	Director, digital, information and technology	125 to 130	Nil	0 to 5	32	155 to 160
Dr Paul Chrisp	Director, centre for guidelines	125 to 130	Nil	5 to 10	31	160 to 165
Jane Gizbert	Director, communications	115 to 120	Nil	0 to 5	21	135 to 140
Dr Felix Greaves	Director, science, evidence and analytics	120 to 125	Nil	Nil	19	140 to 145
Boryana Stambolova <sup>9</sup>	Interim director, finance	Nil	Nil	Nil	Nil	Nil
Dr Clare Morgan <sup>10</sup>	Director, implementation and partnerships	Nil	Nil	Nil	Nil	Nil
Dr Judith Richardson <sup>11</sup>	Acting director, health and social care	145 to 150	Nil	Nil	44	190 to 195
Nicole Gee <sup>12</sup>	Interim chief people officer	90 to 95	Nil	Nil	Nil	90 to 95
Professor Jonathan Benger CBE <sup>13</sup>	Chief medical officer and interim director, centre for guidelines	Nil	Nil	Nil	Nil	Nil

- 1 Remuneration is paid to Northern Care Alliance NHS Foundation Trust
- 2 Michael Borowitz joined the board on 19/09/2022. Full year equivalent salary is £5K - 10K
- 3 Remuneration is paid to Oxford University Hospitals NHS Foundation Trust
- 4 Sam Roberts joined NICE on 1 February 2022. Part year equivalent figures are shown for the prior year (2021/22)
- 5 Mark Chapman joined NICE on 30/05/2022. The full year equivalent salary range is £130K - 135K. Currently employed as 0.8 of a FTE
- 6 Helen Brown joined NICE on 02/01/2023. The full year equivalent salary range is £110K - 115K
- 7 Acting until 30/05/2022. Part year figures reflected. The full year equivalent salary range is £105K to 110K
- 8 Moved onto external secondment from 01/11/2022 and reduced hours to 0.8 WTE. The full year equivalent salary is in the range £135K - 140K
- 9 Acting up from 1 November 2022. Salary and pension benefits reported for 5 months. Full year equivalent salary whilst acting up (per agreement) was £120K to 125K
- 10 Clare Morgan joined NICE on 05/12/2022. The full year equivalent salary range is £130K to 135K
- 11 Acting until 04/12/2022 Part year figures reflected. Full year equivalent salary range is £120K to 125K. Not a member of the NHS Pension Scheme
- 12 Nicole Gee Joined NICE as a contractor. Her cost represents the gross basic pay she has received in her post exclusive VAT. Her full year equivalent salary was £190K to 195K. Left 16/09/2022
- 13 Jonathan Benger joined NICE on 1 January 2023 on a 0.8 WTE. The salary was paid to University Hospitals Bristol and Weston NHS Foundation Trust. Full year equivalent salary was £115k to £120k
- 14 Additional pay for Chair of Audit Committee role

In line with framework set by the Department of Health and Social Care, NICE's remuneration committee agreed consolidated pay uplifts to eligible directors paid under the executive and senior manager pay framework, backdated to 1 April 2022. A non-consolidated performance related pay award was allocated to 1 director in 2022/23 (total £6k). In 2021/22, 5 directors received non-consolidated performance related pay awards (total £16k).



Pension Benefits – Senior Management (Subject to audit)

Name	Title	Real increase / (decrease) in pension age (bands of £2,500) £000	Real increase / (decrease) in pension at lump sum at pension age (bands of £2,500) £000	Total accrued pension at 31 March 2023 (bands of £5,000) £000	Lump sum at pension age related to accrual pension at 31 March 2023 (bands of £5,000) £000	Cash Equivalent Transfer Value at 1 April 2022 £000	Real increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value at 31 March 2023 £000
Dr Sam Roberts	Chief executive	2.5 to 5.0	Nil	15 to 20	Nil	139	20	190
Boryana Stambolova <sup>1</sup>	Interim director, finance	0.0 to 2.5	Nil	0 to 5	Nil	29	9	68
Dr Felix Greaves <sup>10</sup>	Director, science, evidence and analytics	0.0 to 2.5	Nil	40 to 45	Nil	424	13	468
Jane Gizbert <sup>9</sup>	Director, communications	0.0 to 2.5	Nil	25 to 30	Nil	13	24	53
Dr Judith Richardson <sup>2</sup>	Acting director, health and social care	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Alexia Tonnel <sup>11</sup>	Director, digital, information and technology	2.5 to 5.0	Nil	25 to 30	Nil	303	22	353
Dr Claire Morgan <sup>3</sup>	Director, implementation and partnerships	2.5 to 5.0	Nil	5 to 10	Nil	55	25	87
Jennifer Howells <sup>4</sup>	Director, finance, strategy & transformation	0.0 to 2.5	(0.0 to 2.5)	45 to 50	30 to 35	631	10	698
Dr Paul Chrisp	Director, centre for guidelines	2.5 to 5.0	Nil	30 to 35	Nil	436	32	500
Mark Chapman <sup>5</sup>	Interim director, medical technology and digital evaluation	0.0 to 2.5	Nil	5 to 10	10 to 15	88	6	113
Jeanette Kusel <sup>12</sup>	Interim acting director, medtech	0.0 to 2.5	Nil	5 to 10	Nil	54	1	75
Helen Knight	Director, medicines evaluation	2.5 to 5.0	2.5 to 5.0	25 to 30	30 to 35	290	35	350
Helen Brown <sup>6</sup>	Chief people officer	0.0 to 2.5	Nil	0 to 5	Nil	Nil	2	6
Professor Jonathan Benger <sup>7</sup>	Chief medical officer and interim director, centre for guidelines	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Nicole Gee <sup>8</sup>	Interim chief people officer	n/a	n/a	n/a	n/a	n/a	n/a	n/a

- 1 Acting up from 01 November 2022
  - 2 Not a member of the NHS Pension Scheme
  - 3 In post 05 December 2022
  - 4 Seconded out from 01 November 2022
  - 5 In post from 30 May 2022
  - 6 In post from 02 January 2023
  - 7 Seconded into NICE - Salary not paid by NICE
  - 8 Not a member of the NHS Pension Scheme
  - 9 No Lump sum for senior manager who only have membership in the 2008 section of the NHS Pension Scheme
  - 10 Member transferred benefits into the scheme
  - 11 No Lump sum for senior manager who only have membership in the 2008 section of the NHS Pension Scheme
  - 12 Acting up until 30 May 2022
- CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

## Salary

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

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by NICE and treated by HM Revenue and Customs as taxable.

## Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. CETVs are calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 2008.

## Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension because of inflation and contributions paid by the employee (including the value of any benefits transferred from another scheme or arrangement), and uses common market valuation factors for the start and end of the period.

## Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the total remuneration of the highest-paid director / member in their organisation against the 25th percentile, median and the 75th percentile of remuneration of the organisation's workforce. Total remuneration of the employee at the 25th percentile, median and 75th percentile is further broken down to disclose the salary component.

The banded remuneration of the highest paid director in NICE in the financial year 2022/23 was £195k-£200k (2021/22: £190k-£195k) this was a 2.6% change year on year. The mean salary percentage change for employees of NICE (excluding the highest paid director) was 5.81% in 22/23.

Total remuneration includes salary, non-consolidated performance-related pay, and benefits in kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions. The relationship to the remuneration of the organisation's workforce is disclosed in the below table:

2022/23	Lower Quartile (25th percentile)	Median Pay	Higher Quartile (75th Percentile) Pay
Total remuneration (£)	43,528	50,099	58,737
Salary component of total remuneration (£)	43,528	50,099	58,737
Pay ratio information	4.54	3.94	3.36

2021/22	Lower Quartile (25th percentile)	Median Pay	Higher Quartile (75th Percentile) Pay
Total remuneration (£)	40,057	47,126	54,764
Salary component of total remuneration (£)	40,057	47,126	54,764
Pay ratio information	4.81	4.08	3.52

In 2022/23 no employees (2021/22: nil) received remuneration in excess of the highest-paid director. Remuneration ranged from £14k to £198k (2021/22: £18k to £192k).

Other information about pay includes:

- As can be seen from the table above, the lower quartile and median pay for employees has increased compared to the higher quartile. Therefore, the reduction in the median pay ratio from 4.08 in 21/22 to 3.94 in 2022/23 is attribute to a change in the pay and benefits of the entity's employees taken as a whole.
- All eligible executive senior managers received a 3% inflationary pay award.
- 1 bonus was paid in 2022/23 (detail to be found on p74-75). Total remuneration includes bonus paid.
- Incremental pay progression was applied, under NHS Terms and Conditions of service.
- Average staff number have increased from 723 in 2021/22 to 818 in 2022/23; the cost and composition of permanent and other staff can be seen in the tables below.

### Staff Turnover

Our staff turnover rate for 2022/23 was 8.5% (11.9% in 2021/22). On 1 April 2022, c.80 staff transferred from Royal College of Physicians and the Royal College of Obstetricians and Gynaecologists into NICE under TUPE regulations.

## Staff numbers and related costs (subject to audit)

Costs	2022/23 Permanently employed £000	2022/23 Other £000	2022/23 Total £000	2021/22 Permanently employed £000	2021/22 Other £000	2021/22 Total £000
Salaries and wages	43,490	802	44,292	35,490	850	36,340
Social security costs	4,885	0	4,885	4,011	0	4,011
Employer contributions to NHSPA	8,019	0	8,019	6,945	0	6,945
Apprentice Levy	193	0	193	164	0	164
Termination Benefits	105	0	105	30	0	30
<b>Total</b>	<b>56,692</b>	<b>802</b>	<b>57,494</b>	<b>46,640</b>	<b>850</b>	<b>47,490</b>
Less recoveries in respect of outward secondments	(328)	0	(328)	(215)	0	(215)
<b>Total net costs</b>	<b>56,364</b>	<b>802</b>	<b>57,166</b>	<b>46,425</b>	<b>850</b>	<b>47,275</b>

## Average number of persons employed (subject to audit)

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

Employment	Permanently employed staff	Other	2022/23 Total	2021/22 Total
Directly employed	807	11	818	723

## Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](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 FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years".



An outline of these follows:

**a. Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

**b. Full actuarial (funding) valuation**

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

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

Details can be found on the pension scheme website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).

Feature or benefit	Practitioners NHS Medical and Ophthalmic Practitioners	All NHS workers and Approved Employer Staff
Scheme	2008	2015
Member contributions	Tiered contribution rates	Tiered contribution rates
Type of scheme	Earnings accrual. The final value of pensionable earnings after adding all years' earnings and applying revaluation factors	Career average re-valued earnings based on a proportion of pensionable earnings in each year of membership
Pension	A pension based on 1.87% of total updated earnings	A pension worth 1/54th of each year's pensionable earnings, revalued at the beginning of each following scheme year in line with a rate set by Treasury plus 1.5 % while in active membership
Retirement lump sum	Option to exchange pension for a lump sum, up to 25% of capital value. Certain members may have a compulsory amount of lump sum	Option to exchange part of pension for a lump sum up to 25% of capital value
Normal pension age (NPA)	65	Equal to an individual's state pension age or age 65 if that is later.
Maximum age	75	75
Maximum membership	45 years	No limit
Minimum pension age	Age 55	Age 55
Actuarially reduced early retirement	Yes	Yes
Late retirement	Late retirement factors applied to pension earned before Age 65	Late retirement factors applied to all pension earned until retirement
Pensionable reemployment following payment of pension	Yes if eligible	Yes if eligible
Partial retirement	Yes	Yes
Ill health tier 1	Built up benefits paid without reduction	Built up pension paid without reduction
Ill health tier 2	Tier 1 plus an enhancement of 2/3rds of prospective membership to NPA	Tier 1 plus an enhancement of 1/2 of prospective pension to NPA
Increasing your pension	Purchase of additional pension in units of £250	Purchase of additional pension in units of £250

Details can be found on the pension scheme website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).

### **Pensions indexation**

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

### **Options to increase pension benefits**

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

### **Transfer of pension benefits**

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

### **Preserved benefits**

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

### **Retirements due to ill health**

This note discloses the number and additional pension costs for individuals who retired on ill-health grounds during the year.

There were no retirements during 2022/23 (2021/22: no retirements). Ill health retirement costs are met by the NHS Pensions Scheme.

### **Redundancies and terminations**

During 2022/23 there were 3 redundancies/terminations, totalling £83k (2021/22: 5 cases at £240k).



## Exit packages (subject to audit)

Exit package cost band (including any special payment element)	Number of compulsory redundancies	Cost of compulsory redundancies £000s	Number of other departures agreed	Cost of other departures agreed £000s	Total number of exit packages	Total cost of exit packages £000s	Number of departures where special payments have been made	Cost of special payment element included in exit packages £000
Less than £10,000	0 (1)	0 (3)	0 (1)	0 (6)	0 (2)	0 (9)	0	0
£10,000 – £25,000	2 (2)	34 (30)	0 (0)	0 (0)	2 (2)	34 (30)	0	0
£25,001 – £50,000	1 (1)	49 (47)	0	0	1 (1)	48 (47)	0	0
£50,001 – £100,000	1 (0)	96 (0)	1 (0)	65 (0)	2 (0)	161 (0)	0	0
£100,001 – £150,000	0 (0)	0	0	0	0 (0)	0 (0)	0	0
£150,001 – £200,000	0 (1)	0 (160)	0	0	0 (1)	0 (160)	0	0
More than £200,000	0 (0)	0	0	0	0	0	0	0
<b>Totals</b>	<b>4 (5)</b>	<b>179 (240)</b>	<b>1 (1)</b>	<b>65 (6)</b>	<b>5 (6)</b>	<b>243 (246)</b>	<b>0</b>	<b>0</b>

Figures in brackets are prior year 2021/22 figures.

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

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pensions Scheme. Exit costs in this note are accounted for in full in the year of departure. Where NICE has agreed early retirements, the additional costs are met by NICE and not by the NHS Pension Scheme. This disclosure reports the number and value of exit packages agreed within the year. Note: the expenses associated with these departures may have been recognised in part or in full in a previous period.

## Analysis of other departures

Other departures	Number of agreements	Total value of agreements £000s
Voluntary redundancies including early retirement contractual costs	0	0
Mutually agreed resignations (MARS) contractual costs	0	0
Early retirement in the efficiency of service contractual costs	0	0
Contractual payments in lieu of notice <sup>1</sup>	0	0
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval <sup>2</sup>	1	65
<b>Total</b>	<b>1</b>	<b>65</b>

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

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

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

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

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

## Health and safety

We are committed to adhering to the Health and Safety at Work Act 1974 and other related regulations to ensure that staff and visitors enjoy the benefits of a safe environment. There were 2 accidents reported during the year. These were reviewed and appropriate action was taken. There were no days lost because of injury at work during 2022/23.

## Employee consultation

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

### Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
17	16.4

### Percentage of time spent on facility time

Percentage of time	Number of employees
0%	0
1-50%	17
51% - 99%	0
100%	0

### Percentage of pay bill spent on facility time

Facility time/pay bill	Cost / Percentage
Total cost of facility time	£49,678
Total pay bill	£56,692,409
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	0.09%

### Paid trade union activities

Paid trade union activities	Percentage
Time spent on paid trade union activities as a percentage total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period / total paid facility time hours) X100	0.00%

## Equality and diversity

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

NICE complies with legislation and statutory codes of practice that relate to equality and diversity. In accordance with the Equality Act 2010, all workers are treated fairly and equally regardless of age, disability, race, religion or belief, gender, marriage or civil partnership, pregnancy and maternity, sexual orientation, or gender reassignment.

NICE has published equality objectives for the period 2020-24, which were agreed by the organisations Board in November 2020. The equality data of the NICE workforce, and performance against our equality objectives, is reported on an annual basis in the Annual Equality Report. This report also incorporates WRES (NHS Workforce Race Equality Standard) and WDES (NHS Workforce Disability Equality Standard) data, as well as our gender pay gap reporting. A key priority for 2023/24 is to develop a workforce EDI 5 Year Road Map setting out our aspirations and approach for the next 5 years.

Each year we develop an Annual workforce EDI action plan, which also includes areas of improvement identified in the WRES and WDES data. The areas of focus for 2023/4 include: recruitment; further developing our EDI training and development offer; improving equality governance and data; supporting our staff networks.

We are committed to building staff voice into everything we do, and we have 3 staff led Staff Networks: the Race Equality Network; the Disability Advocacy and Wellbeing Network, and NICE and proud (for LGBTQ+ staff). In 2023, we are launching a Women's Network. The Staff Networks have all developed Action Plans for 2023/ 24, and these are incorporated into the corporate EDI action plan.

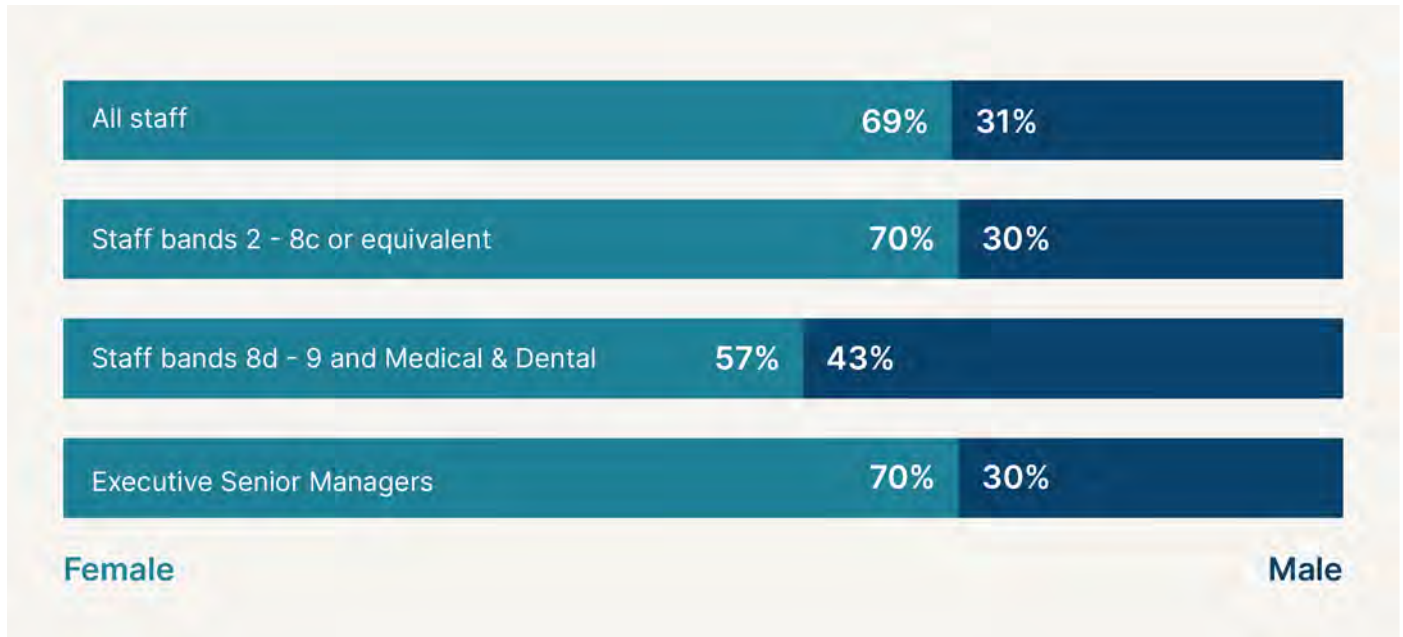
We will continue to solicit input from our staff networks and those with lived experience, wherever possible.

## Staff composition

NICE employs 80 staff at a grade equivalent to senior civil servants of which 70 are at band 8d, band 9 or engaged on Medical & Dental terms and conditions; and 10 are on the Executive Senior Manager (ESM) payscale.

NICE's workforce is 68.61% female and 31.39% male. Our staff composition by salary band is shown in the figure below.

### Staff composition by gender to nearest whole %



## Gender pay gap

NICE's gender pay gap for the reporting year 2022/3 (snapshot date 31st March 2023) is 7.82 in favour of male staff. This is significantly below the national average for this period which is 14.9. We have a positive approach to family friendly policies and practices (including flexible working). In May 2023 we are launching a new Women's Network, which will support our aspiration to apply more focus to our gender equality work.

## Sickness absence

During the period January to December 2022, the number of days lost as a result of sickness by full-time equivalent employees was 4.2 days, or 1.88% (2021: 1.98%). The Department of Health and Social Care considers the annual figures to be a reasonable proxy for financial year equivalents.

## Effectiveness of whistleblowing arrangements

The review of the Whistleblowing Policy was completed in 2022/23 as planned. There were no whistleblowing cases reported in 2022/23.



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

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

### Off-payroll engagement longer than 6 months

For all off-payroll engagements as of 31 March 2023, for more than £245 per day	Number
Number of existing engagements as of 31st March 2023	6
Of which have existed for less than 1 year at time of reporting	5
Of which have existed for between 1 and 2 years at time of reporting	1
Of which have existed for between 2 and 3 years at time of reporting	0
Of which have existed for between 3 and 4 years at time of reporting	0
Of which have existed for 4 or more years at time of reporting	0

### New Off-payroll engagements

For all new off-payroll engagements between 1 April 2022 and 31 March 2023, for more than £245 per day	Number
Number of temporary off-payroll workers engaged between 1 April 2022 and 31 March 2023	14
Of which number not subject to off-payroll legislation	11
Of which number subject to off-payroll legislation and determined as in-scope of IR35	3
Of which number subject to off-payroll legislation and determined as out of scope of IR35	0
Number of engagements reassessed for compliance or assurance purposes during the year	0
Number of engagements that saw a change to IR35 status following review	0

## Off-payroll board members / senior official engagements

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023

	Number
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure must include both on payroll and off-payroll engagements	3

## Expenditure on consultancy

During the year NICE spent £1.8m on consultancy, to facilitate the improvement of our digital workspace through the Digital Workplace programme, and to advise and promote workforce, organisational and cultural change (£1.8m in 2021/22).

# Parliamentary accountability and audit report

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

It is comprised of:

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

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

## Losses and special payments

NICE did not have any losses or special payments that meet the disclosure requirements (2021/22: none).

## Fees and charges

The following table provides an analysis of charging for technology appraisals and highly specialised technologies:

Charging activity	Income £000	Full cost £000	Deficit £000
2022/23	(10,200)	12,608	2,408
2021/22	(8,576)	11,475	2,899

Fees are made in accordance with UK Statutory Instrument 2018 No.1322 to cover the cost of producing technology appraisals and highly specialised technologies. The regulations and fees came into effect on 1 April 2019. Fees are set to recover the full cost incurred, other than a 75% discount for small companies which is subsidised by NICE through the grant-in-aid funding from DHSC. The full cost relating to chargeable activities includes predominantly staff costs but also other costs including committee meetings and overheads.

It was expected that the programme would generate income of £10.7m in 2022/23 (lower than the expected full cost recovery target). However, due to several topics being removed, rescheduled, or paused in the work programme following changes to regulatory timelines, evidence submission dates, ongoing commercial discussions and pauses for further analysis and evidence the income target was not met. The deficit is funded through grant-in-aid. In future years, the programme is expected to recover all of its cost through fees charges, apart from the discount for small companies which will continue to be funded through grant-in-aid. The increase in the charging costs have begun to have an impact as milestones are completed for new evaluations.

## Remote contingent liabilities

As at 31 March 2023, NICE had no remote contingent liabilities (2021/22: none).

## Gifts

NICE did not have any gifts or other significant payments that meet the disclosure requirements (2021/22: none).

Signed:



Dr Sam Roberts  
Chief executive and accounting officer  
19 January 2024



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

## Opinion on financial statements

I certify that I have audited the financial statements of the National Institute for Health and Care Excellence for the year ended 31 March 2023 under the Health and Social Care Act 2012.

The financial statements comprise: the National Institute for Health and Care Excellence's

- Statement of Financial Position as at 31 March 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the National Institute for Health and Care Excellence's affairs as at 31 March 2023 and its net comprehensive expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

## Opinion on regularity

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

## Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and had regard to Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

ISAs (UK) require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the National Institute for Health and Care Excellence 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 the National Institute for Health and Care Excellence's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 the National Institute for Health and Care Excellence's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Chief Executive as Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the National Institute for Health and Care Excellence is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

## Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is 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 certificate, I do not express any form of assurance conclusion thereon.

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

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

## Matters on which I report by exception

In the light of the knowledge and understanding of the National Institute for Health and Care Excellence and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

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

- Adequate accounting records have not been kept by the National Institute for Health and Care Excellence or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Responsibilities of the Board and Chief Executive for the financial statements

As explained more fully in the Statement of the board's and chief executive's Responsibilities, the board and Chief Executive are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Institute for Health and Care Excellence from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;

- ensuring that the financial statements give a true and fair view and are prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;
- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- assessing the National Institute for Health and Care Excellence'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 Accounting Officer anticipates that the services provided by the National Institute for Health and Care Excellence will not continue to be provided in the future.

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

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 certificate 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.

### **Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud**

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

### **Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud**

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Institute for Health and Care Excellence's accounting policies.
- inquired of management, the National Institute for Health and Care Excellence's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Institute for Health and Care Excellence's policies and procedures on:
  - » identifying, evaluating and complying with laws and regulations;
  - » detecting and responding to the risks of fraud; and
  - » the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Institute for Health and Care Excellence's controls relating to the National Institute for Health and Care Excellence's compliance with the Health and Social Care Act 2012 and Managing Public Money;



- inquired of management, the Health and Social Care Act 2012's head of internal audit and those charged with governance whether:
  - » they were aware of any instances of non-compliance with laws and regulations;
  - » they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Institute for Health and Care Excellence for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and complex transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of the National Institute for Health and Care Excellence's framework of authority and other legal and regulatory frameworks in which the National Institute for Health and Care Excellence operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Institute for Health and Care Excellence. The key laws and regulations I considered in this context included the Health and Social Care Act 2012 and Managing Public Money, employment law, tax and pensions legislation.

I considered whether the National Institute for Health and Care Excellence had obtained appropriate approval for sampled transactions under the Cabinet Office spend controls and Managing Public Money.

#### **Audit response to identified risk**

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I also communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists 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 certificate.

### **Other auditor's responsibilities**

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

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 I identify during my audit.

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**23 January 2024**  
**Comptroller and Auditor General**

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





# **Financial statements**

# Statement of comprehensive net expenditure for the year ended 31 March 2023

Statement of comprehensive net expenditure for the year ended 31 March 2023	2022/23 Total £000	2021/22 Total £000	Notes to accounts
Revenue from contracts with customers	(20,678)	(18,255)	6
Other operating income	(2,770)	(2,717)	6
<b>Total operating income</b>	<b>(23,448)</b>	<b>(20,972)</b>	-
Staff costs	57,494	47,490	5
Purchase of goods and services	21,926	27,095	3
Depreciation and impairment charges	1,829	270	3
Provision expense	(68)	294	3
<b>Total operating expenditure</b>	<b>81,181</b>	<b>75,149</b>	-
Finance expense	91	0	-
<b>Net comprehensive expenditure for the year ended 31 March 2023</b>	<b>57,824</b>	<b>54,177</b>	-

There was no other comprehensive expenditure for the period ended 31st March 2023.

The notes at pages 105 to 127 form part of these accounts.





# Statement of cash flows for the year ended 31 March 2023

	2022/23 Total £000	2021/22 Total £000	Notes to accounts
<b>Cash flows from operating activities</b>			
Net operating expenditure	(57,824)	(54,177)	-
Adjustments for non-cash transactions	1,760	564	3
Adjustment for net finance costs	91	0	3
(Increase)/Decrease in trade and other receivables	(1,815)	90	8
Increase/(Decrease) in trade and other payables	986	1,577	10
Trade Capital Creditor	0	(184)	-
Use of provisions	(71)	(209)	11
<b>Net cash outflow from operating activities</b>	<b>(56,873)</b>	<b>(52,339)</b>	<b>-</b>
	2022/23 Total £000	2021/22 Total £000	Notes to accounts
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	(226)	(241)	7
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(226)</b>	<b>(241)</b>	<b>-</b>
	2022/23 Total £000	2021/22 Total £000	
<b>Cash flows from financing activities</b>			
Net Grant in aid	55,500	54,500	
Capital element of lease payments	(1,620)	0	
<b>Net cash flow from financing activities</b>	<b>53,880</b>	<b>54,500</b>	
Net increase/(decrease) in cash and cash equivalents in the period	(3,219)	1,920	
	2022/23 Total £000	2021/22 Total £000	Notes to accounts
<b>Net increase/(decrease) in cash equivalents in the period</b>			
Net increase/(decrease) in cash equivalents in the period	(3,219)	1,920	-
Cash and cash equivalents at the beginning of the period	12,725	10,805	9
Cash and cash equivalents at the end of the period	9,506	12,725	9

The notes at pages 105 to 127 form part of these accounts.

# Statement of changes in taxpayers' equity for the year ended 31 March 2023

<b>Statement of changes in taxpayers' equity</b>	<b>General Fund<sup>1</sup> £000</b>
Balance at 1 April 2021	3,028
<b>Changes in taxpayers' equity for 2021/22</b>	<b>General Fund<sup>1</sup> £000</b>
Grant in aid funding from DHSC	54,500
Comprehensive net expenditure for the year	(54,177)
Balance at 1 April 2022	3,351
<b>Changes in taxpayers' equity for 2022/23</b>	<b>General Fund<sup>1</sup> £000</b>
Grant in aid funding from DHSC	55,500
Comprehensive net expenditure for the period	(57,824)
Balance at 31 March 2023	1,027

The notes at pages 105 to 127 form part of these accounts.

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

# Notes to accounts

## 1. Accounting policies

The Annual Report and Accounts have been prepared and issued by NICE, under directions given by the Secretary of State, with the approval of HM Treasury, in accordance with the Health and Social Care Act 2012. The financial statements have been prepared in accordance with the 2022/23 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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

### 1.1 Going concern

The going concern basis of accounting for NICE is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

The functions and purpose of NICE are delivered in accordance with the Health and Social Care Act 2012 and the Framework Agreement between the Department of Health and Social Care (DHSC) and NICE which sets out NICE's role to provide guidance and support to providers and commissioners to help them improve outcomes for people using the NHS, public health and social care services. NICE has no reason to assume that its current functions and purpose within the NHS, public health and social care services will not continue.

At the reporting date NICE had a net asset position and a strong cash position of £9.5m. NICE is mainly financed by grant-in-aid funding from DHSC. DHSC has confirmed that the funding of NICE will continue and next year's funding has been agreed. As an arms-length body sponsored by DHSC, NICE has no reason to assume that future funding will not be forthcoming. Our going concern assessment is made up to 30 June 2024. This includes the first quarter of the 2024/25 financial year. DHSC operating and financial guidance is not yet issued for that year, and so NICE has assumed that funding will continue beyond the

2023/24 financial year broadly in line with current levels and the NICE modelling of future cash flows demonstrates that the organisation will have sufficient available cash to meet needs for the period of our assessment. As an arms-length body of DHSC, interim financial support can be accessed from DHSC if it were required, but there is currently no such identified requirement.

NICE does not consider there to be any material estimation uncertainty over the valuation of assets and liabilities at the reporting date as disclosed within the financial statements. In conclusion, these factors, and the anticipated continuation of future provision of services in the public sector, support the NICE's adoption of the going concern basis for the preparation of the accounts.

## 1.2 Income

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

- NICE does not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less.
- Similarly, NICE does not disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires NICE to reflect the aggregate effect of all contracts modified before the date of initial application.

Revenue in respect of services provided is recognised when performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation.

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred. Payment terms are standard reflecting cross government principles.

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

NICE receives grants from other UK and overseas government departments, philanthropic organisations and development banks. On a monthly basis a work in progress calculation is completed according to contract dates with income being accrued or deferred in line with this calculation.

### Other funding

The main source of funding for NICE is grant-in-aid funding from the DHSC, from Request for Resources within an approved cash limit, and is credited to the General Fund. Grant-in-aid funding is recognised in the financial period in which the cash is received. The 2023/24 NICE business plan has been approved by DHSC and details of indicative funding for the next financial year have been provided.



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

### 1.3 Taxation

NICE is not liable to pay corporation tax and most activities are outside the scope of value added tax (VAT). Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.4 Employee benefits

#### Short-term employee benefits

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

### 1.5 Non-current assets

#### A. Capitalisation

All assets falling into the following categories are capitalised:

- i. Intangible assets where they are capable of being used for more than 1 year and have a cost, individually or as a group, equal to or greater than £5,000.
- ii. Purchased computer software licences are capitalised as intangible fixed assets where expenditure of at least £5,000 is incurred per license.
- iii. Property, plant and equipment assets which are capable of being used for more than 1 year, and which:
  - » Individually have a cost equal to or greater than £5,000
  - » collectively have a cost of at least £5,000, and an individual cost of more than £250, where the assets are functionally interdependent, and had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control
  - » form part of the initial setting-up cost of a new building, irrespective of their individual or collective cost.
- iv. Desktop and laptop computers are not capitalised.

#### B. Valuation

##### Intangible assets

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

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition, and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

## Property, plant and equipment

All property, plant and equipment (PPE) are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management. All assets are measured subsequently at depreciated historic cost as this is considered to be not materially different from fair value. The carrying values of PPE assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

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

### C. Depreciation and amortisation

Depreciation is charged on each individual fixed asset as follows:

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

## 1.6 Financial instruments

NICE's financial assets are simple debt instruments held in order to collect contractual cash flows. NICE's material financial liabilities are trade payables and accruals. Under IFRS 9 financial instruments are measured at amortised cost.

## 1.7 Foreign exchange

Transactions which are denominated in a foreign currency are translated into sterling at the spot exchange rate on the date of the transaction. Resulting exchange gains and losses are recognised in the period in which they arise.

## 1.8 Leases

IFRS 16 'Leases' replaced IAS 17 'Leases' with effect from 1 April 2022. We present the 2022/23 annual accounts on the new IFRS 16 basis but prior year comparatives on an IAS 17 basis. For this reason, certain disclosures may not be directly comparable. These changes have significantly increased both total assets and total liabilities and impacts the statement of cash flows.

### Initial recognition

The NICE has 10-year leases for the use of office space in Manchester and London which commenced in 2017 and 2020 respectively. These leases are now recognised as a right of use asset and a liability for the future lease payment commitments, which is recognised in the Statement of Financial Position.

The Manchester lease is due to expire by December 2027, and as at 31 March 2023 the value of asset and liability recognised is at £4.73 million.

The London lease is due to expire by November 2030, and as at 31 March 2023 the value of asset and liability recognised is at £3.29 million.

Cost is a proxy for the Right Of Use Asset. IFRS 16 also requires the total cash outflow for leases to be disclosed, this can be seen in note 13.

HM Treasury incremental borrowing rate (a nominal rate) of 0.95% is applied for leases commencing or transitioning in the 2022 calendar year under IFRS 16. NICE will continue to use the borrowing rate of 0.95% for the remainder of the lease period for these leases unless there are significant change to these leases

### **Scope and exclusions**

NICE applies the short-term lease recognition exemption to those leases that have a lease term of 12 months or less and the low value exemption of leases of assets below the materiality threshold of £5,000. These types of leases are recognised as an expense over the lease term on a straight-line basis.

NICE subleases a small portion of the Manchester office to other governing bodies, these are not part of the IFRS 16 sublease calculation as the agreement for these contracts is 12 months or less and therefore don't meet the criteria of IFRS 16 Leases.

### **Extension options and break clauses**

NICE has applied judgement to determine the lease term for those lease contracts that include a renewal or break option. The assessment of whether NICE is reasonably certain to exercise a renewal option or reasonably certain not to exercise a break option significantly impacts the value of lease liabilities and right-of-use assets recognised on the balance sheet.

NICE currently recognises the lease liability until the expiry period of the individual contracts, no further extensions have been exercised at this stage.

## **1.9 Provisions**

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

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

- » A nominal short-term rate of 3.27% (2021/22 rate was 0.47%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- » A nominal medium-term rate of 3.20% (2021/22 rate was 0.70%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.

## 1.10 Pensions

Past and present employees are covered by the provisions of the NHS Pensions Schemes. Details of the benefits payable under these provisions can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).

These schemes are unfunded defined benefit schemes that cover NHS employers, General Practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The schemes are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they were defined contribution schemes: the cost to NICE of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

The schemes are subject to a full actuarial valuation every four years and an accounting valuation every year.

## 1.11 Key areas of judgement and estimates

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

## 1.12 Cash and cash equivalents

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

## 1.13 Early adoption of standards, amendments and interpretations

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

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

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

### **IFRS 17 Insurance Contracts**

IFRS 17 has not been adopted by the HM Treasury FReM, and early adoption is not therefore permitted. The adoption of this standard is unlikely to have any impact on NICE.

## 2. Analysis of net expenditure by activities

### 2.1 Operating segments

NICE operates 3 reportable operating segments that meet specified criteria as defined within the scope of IFRS 8 (Segmental Reporting), where each reportable segment accounts for either 10% of the reported income, surplus/deficit or net assets of the entity.

The largest reportable segment is for the core activities of NICE, funded mainly through grant-in-aid from the Department of Health and Social Care. NICE also receives funding from other sources, notably from NHS England and Health Education England. Activity associated with this funding is not business activity as defined in IFRS 8, therefore it is not shown as a separate operating segment here. Note 6 provides a detailed breakdown of funding and income received to support NICE activities.

The NICE Scientific Advice programme provides fee-for-service consultation to pharmaceutical and biotech companies on product development plans. It operates on a full cost recovery basis and receives no exchequer funding. This has now become an established programme within NICE, with dedicated resources. In 2022/23 it accounted for 14.2% (11.5% in 2021/22) of operating income (excluding grant-in-aid) received and is therefore shown as a separate reporting segment below.

	NICE £000	Technology Appraisals & HST £000	NICE Scientific Advice £000	Total £000
<b>2022/23</b>				
Gross expenditure	65,736	12,608	2,928	81,272
Income	(9,913)	(10,200)	(3,335)	(23,448)
<b>Net expenditure</b>	<b>55,823</b>	<b>2,408</b>	<b>(407)</b>	<b>57,824</b>

	NICE £000	Technology Appraisals & HST £000	NICE Scientific Advice £000	Total £000
<b>2021/22</b>				
Gross expenditure	61,283	11,475	2,391	75,149
Income	(9,994)	(8,576)	(2,402)	(20,972)
<b>Net expenditure</b>	<b>51,289</b>	<b>2,899</b>	<b>(11)</b>	<b>54,177</b>



## 2.2 Reconciliation of net assets held within the general fund

With the agreement of the DHSC as sponsor the net assets (cash held in reserve arising from surplus income generation) of the NICE Scientific Advice operating segment are to be held separately within the General Fund.

The fees for technology appraisal and HST topics are charged before we begin each topic and we recognise the income as milestones are reached in the appraisal process. Therefore, the Statement of Financial Position does include cash (current asset) in the bank on the 31 March in each financial year (£7,004k in 22/23 £7,438k in 21/22) relating to partially completed appraisal topics, but these amounts are offset by an equal and opposite amount of contract liabilities (included in trade and other payables). Therefore, the Technology Appraisals and HST segment has nil net assets.

NICE net assets include the agenda for change pay award accrual total of £2.1m, this funding will be received by DHSC in 2023/24. NICE expects to make the pay award payment in June 2023 as per government guidelines.

	NICE £000	Technology Appraisals & HST £000	Scientific Advice £000	Total £000
<b>2022/23</b>				
Balance at 1 April 2022	1,764	-	1,587	3,351
Increase / (Decrease) in net assets	(2,731)	-	407	(2,324)
<b>Segment net assets (as at 31 March 2023)</b>	<b>(967)</b>	<b>-</b>	<b>1,994</b>	<b>1,027</b>

	NICE £000	Technology Appraisals & HST £000	Scientific Advice £000	Total £000
<b>2021/22</b>				
Balance at 1 April 2021	1,452	-	1,576	3,028
Increase / (Decrease) in net assets	312	-	11	323
<b>Segment net assets (as at 31 March 2022)</b>	<b>1,764</b>	<b>-</b>	<b>1,587</b>	<b>3,351</b>



## 4. Reconciliation

### 4.1 Reconciliation of net operating cost to net resource outturn

Item	31 March 23 £000	31 March 22 £000
Net operating cost	57,824	54,177
Net resource outturn	57,824	54,177
Revenue resource limit	56,000	55,300
(Over)/underspend against limit*	(1,824)	1,123

\* In agreement with DHSC our Net expenditure includes an accrual for the non-consolidated pay award for 2022/23 of £2.1m

### 4.2 Reconciliation of Gross Capital Expenditure to Capital Resource Limit

Item	31 March 23 £000	31 March 22 £000
Gross capital expenditure	226	425
Net capital resource outturn	226	425
Capital resource limit	480	1,500
(Over)/underspend against limit	254	1,075

## 5. Staff costs

Costs	2022/23 Permanently employed £000	2022/23 Other £000	2022/23 Total £000	2021/22 Permanently employed £000	2021/22 Other £000	2021/22 Total £000
Salaries and wages	43,490	802	44,292	35,490	850	36,340
Social security costs	4,885	0	4,885	4,011	0	4,011
Employer contributions to NHSPA	8,019	0	8,019	6,945	0	6,945
Apprentice Levy	193	0	193	164	0	164
Termination Benefits	105	0	105	30	0	30
<b>Total</b>	<b>56,692</b>	<b>802</b>	<b>57,494</b>	<b>46,640</b>	<b>850</b>	<b>47,490</b>
Less recoveries in respect of outward secondments	(328)	0	(328)	(215)	0	(215)
<b>Total net costs</b>	<b>56,364</b>	<b>802</b>	<b>57,166</b>	<b>46,425</b>	<b>850</b>	<b>47,275</b>

On 1 April 2022, c.80 staff transferred from Royal College of Physicians and the Royal College of Obstetricians and Gynaecologists into NICE under TUPE regulations.

Please also see the remuneration and staff report (p72).

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

## 6. Income

### 6.1 Revenue from contracts with customers

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

<b>Contract income from related NDPBs and Special Health Authorities</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>
NHS England	2,120	2,603
Health Education England	3,561	3,612
NHS Digital	0	128
<b>Contract income from other sources</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Technology Appraisals and Highly Specialised Technologies	10,200	8,576
NICE Scientific Advice	3,335	2,402
Research grant receipts	794	421
Office for Market Access	208	153
Copyright and licence fees	122	98
Income received for staff seconded out (including overheads)	292	215
Income from higher education	46	47
<b>Total revenue from contracts with customers</b>	<b>20,678</b>	<b>18,255</b>

Contract income from related NDPBs and Special Health Authorities shows the income from other NHS organisations whose parent is the Department of Health and Social Care. The funding from NHS England relates to several programmes that NICE delivers or contributes to. NHS Digital became part of NHS England in 2022/23. Health Education England (HEE) fund the cost of core content (e.g. journals and databases) that is available on the NICE website (available at [www.nice.org.uk/about/what-we-do/evidence-services](http://www.nice.org.uk/about/what-we-do/evidence-services)).

2022/23 was the fourth year of charging fees for technology appraisals and highly specialised technologies. The amount of income recognised has increased for the fourth successive year. It is expected to increase further in 2023/24 as new fees will apply from 1 April 23 which should move the programme close to full cost recovery.

The NICE Scientific Advice and Technology Appraisals and Highly Specialised Technologies (TAHST) programmes are operating segments under IFRS 8 (Segmental Reporting). See Note 2 for further details. Copyright and license fees income includes receipts relating to intellectual property and NICE content, charged in the UK and internationally.



The Office for Market Access provides expert advice for the life sciences industry in engaging with the NHS on a not for profit basis.

We receive funding from a number of research projects, much of which is funded by the European Union. The income from higher education relates to a payment by JISC Collections for access to the Cochrane library online resource hosted on the NICE website.

## 6.2 Other operating income

Other operating income	2022/23 £000	2021/22 £000
Income from devolved administrations	1,974	1,984
Other income sources	2022/23 £000	2021/22 £000
Office sublet income	604	526
Contribution to UK Pharmascan costs	10	10
Other income	68	47
Apprenticeship training grant (non cash)	114	150
<b>Total other operating income</b>	<b>2,770</b>	<b>2,717</b>

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

**Other income** includes receipts from subletting part of the Manchester Office, a contribution to the cost of running the UK Pharmascan database, income received to review and update guidelines for the Royal College of Radiologists, plus travel reimbursements and honorariums for speaking engagements at conferences and seminars.

## 7. Non Current assets

### 7.1 Property, plant and equipment

Cost or valuation 2022/23	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
At 1 April 2022	2,537	59	2,023	541	5,160
Additions – purchased	0	0	226	0	226
<b>At 31 March 2023</b>	<b>2,537</b>	<b>59</b>	<b>2,249</b>	<b>541</b>	<b>5,386</b>

Depreciation 2022/23	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
At 1 April 2022	2,137	58	1,472	408	4,075
Charged during the year	93	1	162	41	297
<b>At 31 March 2023</b>	<b>2,230</b>	<b>59</b>	<b>1,634</b>	<b>449</b>	<b>4,372</b>

<b>Net book value at 31 March 2023</b>	<b>307</b>	<b>0</b>	<b>615</b>	<b>92</b>	<b>1,014</b>
Net book value at 31 March 2022	400	1	551	133	1,085

All of NICE's assets are owned.

Cost or valuation 2021/22	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
At 1 April 2021	2,509	227	1,665	541	4,942
Additions – purchased	28	0	397	0	425
Disposals	0	(168)	(39)	0	(207)
<b>At 31 March 2022</b>	<b>2,537</b>	<b>59</b>	<b>2,023</b>	<b>541</b>	<b>5,160</b>

Depreciation 2021/22	Leasehold improvements £000	Plant and machinery £000	Information technology £000	Furniture and fittings £000	Total £000
At 1 April 2021	2,043	225	1,392	367	4,027
Charged during the year	94	1	119	41	255
Disposals	0	(168)	(39)	0	(207)
<b>At 31 March 2022</b>	<b>2,137</b>	<b>58</b>	<b>1,472</b>	<b>408</b>	<b>4,075</b>

<b>Net book value at 31 March 2022</b>	<b>400</b>	<b>1</b>	<b>551</b>	<b>133</b>	<b>1,085</b>
Net book value at 31 March 2021	466	2	273	174	915

## 7.2 Intangible assets

<b>Cost or valuation</b>	<b>Total software licenses £000</b>
At 1 April 2022	166
Additions – purchased	0
<b>At 31 March 2023</b>	<b>166</b>
<b>Amortisation</b>	<b>Total software licenses £000</b>
At 1 April 2022	162
Charged during the year	2
Disposals	0
<b>At 31 March 2023</b>	<b>164</b>
<b>Net book value at 31 March 2023</b>	<b>2</b>

All of NICE's assets are owned.

<b>Cost or valuation</b>	<b>Total software licenses £000</b>
At 1 April 2021	401
Additions – purchased	0
Disposals	(235)
<b>At 31 March 2022</b>	<b>166</b>
<b>Amortisation</b>	<b>Total software licenses £000</b>
At 1 April 2021	382
Charged during the year	15
Disposals	(235)
<b>At 31 March 2022</b>	<b>162</b>
<b>Net book value at 31 March 2022</b>	<b>4</b>

## 7.3 Right of use leased assets

Right of use leased asset	£000
Right of use leased asset as at 1 April 2022	7,965
<b>Depreciation</b>	-
At 1 April 2022	0
Charged during the year	1,530
Disposals	0
<b>Net book value at 31 March 2023</b>	<b>6,435</b>

All leases were treated as operating leases until 31 March 2022 and therefore there are no comparison figures. NICE has adopted the new IFRS16 Leases standard the first time in 2022/23 financial year and these leases have now been recognised on-balance sheet as right-of use assets and lease liabilities.

## 7.4 Quantitative disclosure around lease liabilities

	2022/23 £000
<b>Obligations under finance leases comprise:</b>	
Buildings not later than one year	1,286
Buildings later than one year and not later than five years	3,822
Buildings later than five years	1,327
<b>Total</b>	<b>6,435</b>
Less Interest element	269
<b>Present value of obligations</b>	<b>6,166</b>

Cost or valuation	Lease Liability £000
IAS17 operating lease commitments at 31 March 2022	9,918
Adjustment to remove VAT	(1,653)
Adjustment for discounting of future cash flows	(300)
<b>Lease Liability as at 1 April 2022</b>	<b>7,965</b>

The IAS 17 operating lease commitment at 31 March 2022 of £9,918k represents the total minimum lease payments. Within the 2021/22 accounts this was disclosed as £9,558k which represents the total discounted minimum lease payments using a discount rate of 0.95%.

## 7.5 Quantitative disclosures around elements in the Statement of Comprehensive Net Expenditure

Leases	2022/23 £000
Variable lease payments not included in lease liabilities	0
Discount in-year	91
Expense related to low-value assets leases (exc. short term)	7
<b>Total cash outflow for leases</b>	<b>1,620</b>

## 8. Trade receivables and other current assets

<b>Amounts falling due within 1 year</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Contract receivables invoiced	2,674	849
Contract receivables not yet invoiced	332	336
Other receivables	235	464
Prepayments	1,775	1,535
Accrued income	0	17
<b>Total</b>	<b>5,016</b>	<b>3,201</b>

NICE does not hold any contract assets.

The amount of contract receivable not yet invoiced relating to EU funding is £104,000 (£119,000 in 2021/22).

## 9. Cash and cash equivalents

<b>Cash and cash equivalents</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Balance at 1 April	12,725	10,805
Net change in cash and cash equivalent balances	(3,219)	1,920
<b>Balance at period end</b>	<b>9,506</b>	<b>12,725</b>

The following balances at March were held:

Government Banking Service	9,506	12,725
<b>Balance at period end</b>	<b>9,506</b>	<b>12,725</b>



## 10. Trade and other payables including Lease Liability

Amounts falling due within one year	2022/23 £000	2021/22 £000
Trade payables	(1,374)	(2,181)
Capital creditors	0	(184)
Tax and social security	0	(1)
VAT	0	(25)
Accruals	(4,701)	(2,549)
Contract liabilities	(7,693)	(7,842)
Lease Liability*	(1,286)	0
<b>Total</b>	<b>(15,054)</b>	<b>(12,782)</b>
Amounts falling due after more than one year	2022/23 £000	2021/22 £000
Lease Liability*	(5,149)	0

\* Prior year nil value, due to implementation of IFRS16 Leases

## 11. Provision for liabilities and charges

Provisions for liabilities and charges	Total £000
Balance at 1 April 2021	797
Arising during the year	332
Utilised during the year	(209)
Provision not required written back	(81)
Unwinding of Discount	43
<b>Balance at 1 April 2022</b>	<b>882</b>
Arising during the year	196
Utilised during the year	(71)
Provision not required written back	(208)
Unwinding of Discount	(56)
<b>At 31 March 2023</b>	<b>743</b>
<b>Analysis of expected timing of cash flows</b>	<b>Total £000</b>
Within 1 year to (period to Mar 2023)	249
1-5 years (period Apr 2023 - Mar 2027)	494
Over 5 years (period Mar 2027+)	0
<b>Total</b>	<b>743</b>

As at 31 March 2023 NICE had a provision of £249k in relation to staff redundancy (£332k in 21/22) and £494k in respect of expected dilapidation (£549k in 21/22).

The dilapidation relates to NICE's contractual liability at the end of the Manchester office lease to reinstate the premises to the same state as the start of the lease. The amount of liability provision represents the current best estimate. The provision utilised in 22/23 related to staff redundancy costs (£71k).

The provisions have been discounted at 3.27% for short term (up to 5 years).

## 12. Capital Commitments

NICE has no contracted capital commitments as at 31 March 2023 for which no provision has been made (31 March 2022 £nil).

## 13. Commitments under leases

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

	2022/23 £000	2021/22 £000
<b>Obligations under finance leases comprise:</b>		
Buildings not later than one year	1,286	1,605
Buildings later than one year and not later than five years	3,822	5,612
Buildings later than five years	1,327	2,341
<b>Total</b>	<b>6,435</b>	<b>9,558</b>
Other leases not later than one year	7	8
Other leases later than one year and not later than five years	0	0
Other leases later than five years	0	0
<b>Total</b>	<b>7</b>	<b>8</b>

NICE leases office space in London and Manchester.

The Manchester lease expires December 2027, with a break clause date of December 2024.

The London Lease is sublet from DHSC and expires November 2030 alongside the head lease. The rent is due to be reviewed in August 2024 and 5 yearly thereafter.

NICE adopted the new IFRS16 Leases standard for the first time in 2022/23 financial year, prior year figures are based on IAS17 accounting standard.

## 14. Other financial commitments

NICE has entered into non-cancellable contracts (which are not leases or PFI contracts), for services. The payments to which NICE is committed during 2022/23 analysed by to the period during which the commitment expires are as follows.

<b>Other financial commitments</b>	<b>2022/23 £000</b>	<b>2021/22 £000</b>
Not later than one year	492	707
Later than one year and not later than five years	445	398
Later than five years	0	0
Total	937	1,105

## 15. Related parties

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

In addition, NICE has had transactions with other government departments and central government bodies. These included Homes England, the Regulator of Social Housing, the Government Property Agency, and the British Council. During the year ended 31 March 2023, no board members, members of senior management, or other parties related to them have undertaken any material transactions with NICE except for those shown in the table below.

It is important to note that the financial transactions disclosed were between NICE itself and the named organisation. The individuals named in the table have not benefited from those transactions. Any compensation paid to management, expense allowances and similar items paid in the ordinary course of operations is included in the notes to accounts and in the remuneration and staff report (p72).

# Related parties 2022/23

Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Harvard School of Public Health	Felix Greaves	Non-Executive Director	Visiting Faculty, Harvard School of Public Health, Applied AI for health systems. (remunerated)	0.0	4.0	0.0	0.0
University College London	Justin Whating	-	Visiting Professor in health informatics	65.0	287.5	0.0	29.2
NHSE and NHSI	Prof Bee Wee CBE	Non-Executive Director	National Clinical Director for End of Life Care	1886.4	7	21.8	757.6
Oxford University Teaching Hospital Foundation Trust	Prof Bee Wee CBE	Non-Executive Director	Consultant and senior lecturer in palliative medicine	0.0	62.2	0.0	0.0
Faculty of Medical Leadership and Management Board	Prof Bee Wee CBE	Non-Executive Director	Co-opted Trustee	0.0	6.0	4.0	0.0
Liverpool University Hospitals NHS Foundation Trust	Dame Elaine Inglesby-Burke DBE	Non-Executive Director	Chief Nursing Officer	2.0	50.0	0.0	0.0
Northern Care Alliance NHS Group (Salford Royal NHS Foundation Trust and Pennine Acute NHS Trust)	Dame Elaine Inglesby-Burke DBE	Non-Executive Director	Non-Executive Director - NICE (remuneration paid via a charge from Northern Care Alliance)	0.0	7.9	0.0	0.0
Bristol Myers Squibb/Pfizer	Gary Ford CBE	Non-Executive Director	Non-Executive Director - NICE (remuneration paid via a charge from Northern Care Alliance)	1,421.7	0.0	0.0	348.8
CSL Behring Consultancy	Gary Ford CBE	Non-Executive Director	Advice for stroke trial design	142.8	0.0	0.0	0.0
Novartis	Mark Chakravarty	Non-Executive Director	Novartis shares/options which are either blocked or managed under a blind mandate	556.4	0.0	0.0	2.4
Blackpool Teaching Hospital NHS Foundation Trust	Mark Chapman	Interim Director of Medical Technology Evaluation	Spouse is Service Manager, Respiratory & Sleep Physiology, Blackpool Teaching Hospital NHS Foundation Trust (remunerated)	0.0	3.0	0.0	0.0
Greater Manchester ICB	Mark Chapman	Interim Director of Medical Technology Evaluation	Sister is Corporate Affairs and Governance Manager	0.0	72.3	28.7	0.0
University of Oxford	Sharmila Nebharjani	-	General Council Member	0.0	12.0	0.0	0.0
University of Oxford	Gary Ford	Non-Executive Director	Professor of Stroke Medicine	0.0	12.0	0.0	0.0
University of Oxford	Prof Bee Wee	Non-Executive Director	Official fellow	0.0	12.0	0.0	0.0
University Hospitals Bristol and Weston NHS Foundation Trust	Jonathan Benger	Chief Medical Officer & interim Director, Centre for Guidelines	Consultant in Emergency Medicine, University Hospitals Bristol and Weston NHS Foundation Trust (remunerated)	0.0	45.6	45.3	0.0
Medicines and Healthcare Products Regulatory Agency	DHSC Group	-	DHSC Group	37.4	144.6	0.0	1.2
NHS Confederation	DHSC Group	-	DHSC Group	0.0	17.5	0.0	0.0

# Related parties 2021/22

Related party appointment	NICE Board member or senior manager	NICE appointment	Interest	Value of goods and services provided to related party £000	Value of goods and services purchased from related party £000	Amounts owed to related party £000	Amounts due from related party £000
Guidelines International Network	Prof Gillian Leng CBE, MD	Chief executive	Trustee	0.0	2.2	0.0	0.0
King's College London	Prof Tim Irish	Interim Chair / Non-Executive Director	Professor and Consultant	0.0	87.0	7.0	0.0
NHSE and NHSI	Prof Bee Wee CBE	Non-Executive Director	National Clinical Director for End of Life Care	2,633.0	8.0	24.0	213.0
Oxford University Hospitals NHS Foundation Trust	Prof Bee Wee CBE	Non-Executive Director	Consultant and Senior Lecturer in Palliative Medicine	0.0	26.0	2.0	0.0
Liverpool University Hospitals NHS Foundation Trust	Dame Elaine Inglesby-Burke DBE	Non-Executive Director	Chief Nursing Officer	2.0	0.0	0.0	0.0
Northern Care Alliance NHS Foundation Trust	Dame Elaine Inglesby-Burke DBE	Non-Executive Director	Non-Executive Director - NICE <sup>1</sup>	0.0	10.0	1.0	0.0
Bristol Myers Squibb/Pfizer	Gary Ford CBE	Non-Executive Director	Chair Pfizer/Bristol Myers Squibb independent atrial fibrillation detection improvement grants	967.6	0.0	0.0	136.5
Oxford University Hospitals NHS Foundation Trust	Gary Ford CBE	Non-Executive Director	Consultant Physician, Oxford University Hospitals NHS Foundation Trust	0.0	26.0	2.0	0.0
Medicines and Healthcare Products Regulatory Agency	DHSC Group member(s)	-	DHSC Group	0.0	29.9	0.0	0.0



## 16. **Events after the reporting period**

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

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



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