National Institute for Health and Care Excellence

People and Resources report

This report gives details of the year-end financial position as at 31 March 2021, an update on Human Resources & Organisational Development and an update on the NICE Connect transformation programme.

Financial position

Table 1 summarises year-end financial position as at 31 March 2021. There is a full breakdown in Appendix A.

Table 1: Financial position as at 31 March 2021

| Spend Category | Annual Budget £m | Outturn £m | Outturn Variance £m |
| --- | --- | --- | --- |
| Pay | 46.2 | 42.9 | (3.3) |
| Non-pay | 28.6 | 25.9 | (2.7) |
| Income | (22.1) | (19.3) | 2.8 |
| **Operational cost sub-total**  | **52.7** | **49.5** | **(3.2)** |
| Non-cash adjustments (Depreciation / provisions) | 1.0 | 0.2 | (0.8) |
| **Total** | **53.7** | **49.7** | **(4.0)** |

Overall, the financial position for 2020-21 was an underspend of £4.0m (7%) as shown in Table 1 above. This satisfies our statutory duty to breakeven or better. However, the year-end financial position remains subject to external audit which will take place in May 2021.

Pay

There was a £3.3m underspend on pay in 2020/21 due to vacancies and staff turnover. Much of the vacancy underspend accumulated at the start of the year due to the need to recruit to expansion posts, particularly in the Centre for Health Technology Evaluation (CHTE) and the Transformation Unit. Overall, the headcount increased from 650wte in March 2020 to 700wte in March 2021 (an increase of 7.7%).

As we move into 2021-22 vacancies remain across the organisation, with the main areas being CHTE, Finance, Strategy & Transformation (FST) and Digital, Information and Technology (DIT). We have made a budget assumption of 5% savings from vacancies, representing our minimum recurrent vacancy factor, with the budget released used to support our transformation programme. There are ongoing initiatives looking at how we can reduce the numbers of vacancies.

Non-pay

There was a £2.7m underspend on non-pay relating to non-recurrent savings due to the move to virtual working, lower than expected spend on contracts due to paused activity and a movement on year-end provisions for potential liabilities.

The impact of COVID-19 meant that NICE had to move to remote working from March 2020. As a result of this, the following non-recurrent savings can be attributed to the move to remote working and virtual committees:

* An underspend of £1.7m on travel and committee costs due to the COVID-19 travel restrictions in place throughout 2020-21
* An underspend of £0.2m on conferences due to the NICE conference being cancelled and our attendance at other events either being postponed or moved to virtual delivery.
* An underspend of £0.2m on external meeting room hire and catering costs due to the move to virtual committee meetings.

We expect further savings to accumulate in 2021-22 due to remote working and virtual committees, particularly in quarter 1. Our planning assumption for budgeting purposes is that travel costs will only be at 25% of pre-pandemic levels, but this will be monitored as restrictions are eased later in the year.

The other underspends on non-pay include:

* An underspend of £0.6m on the MedTech External Assessment Centre contracts, where the flexible budget was not utilised due to activity being paused at the beginning of the financial year.
* Spend against the project budget within NICE Connect was £0.4m lower than expected, which was set aside for contractor / consultancy spend on the content development strategy and operational productivity (including Microsoft Office 365 and SharePoint Online implementation).

Income

There was a £2.8m under recovery of income, mainly due to the expected reduction in income from the technology appraisal and highly specialised technologies (TA/HST) programme arising from the impact of the COVID-19 pandemic and the impact it has had on capacity within the team. The under recovery of income has been partially offset by the £0.4m surplus generated by NICE Scientific Advice (NSA).

The income generated by the TA/HST programme was in line with its reasonable worse-case scenario income target of £7m as set out in the revised 2020-21 business plan. However, the full cost of the programme in 2020-21 was £10.7m, leading to a deficit of £3.7m which was offset covered by Grant-in-Aid funding.

NSA generated a surplus of £0.4m due to increased interest in scientific advice services leading to higher than anticipated project bookings in 2020-21. Of the range of services offered by NSA, demand for Express projects which incur higher fees have been popular, accounting for 34% of all income generated.

Income from other sources including NHS England (£2m), Health Education England (£3.7m) and the Devolved Administrations (£2m), was in line with plan.

Capital

The capital budget during 2020-21 was £3.1 million. Of this, £350,000 was spent on new AV and IT equipment as well as a small refurbishment to the Manchester office to support increased cycle commuting.

The capital underspend arose as the budget included amounts relating to the fit out of our new office at Redman Place in Stratford. However, the costs associated with the fit out were borne by Department Health and Social Care. The budget for 2020-21 also included funding for a major refurbishment of the Manchester office, but this work was postponed to allow us to review the ways we will use our office in the future.

Other costs (Non-cash adjustments)

Our depreciation budget in 2020-21 was £1.0m, but actual charges were £0.5m. This is mainly due to the limited capital expenditure as noted above.

The net movement in provisions for potential liabilities in 2020-21 was a credit of £0.3m. This is because we have released provisions made in previous years, including those for judicial reviews, a potential delay to the office move to Redman Place and a dilapidation provision set aside for the vacated Spring Gardens office.

Human Resources & Organisational Development Update

This section is to provide an update on people issues and activities in March and April 2021.

Values and behaviours

We continue to progress our programme of activity to bring the new values and behaviours to life. In March and April, we delivered a series of 7 workshops open to all staff, each providing a ‘deep dive’ into one of the values. We launched revised ‘My Contribution’ appraisal paperwork, which includes a discussion of our values and behaviours. The Values Champions continue to be key in our embedding activity, contributing blogs, and promoting the values work within their directorates and teams.

An official launch of our values and behaviours took place on May 4th. This will include the launch of a new NICE Values Award staff recognition scheme, and e-recognition cards. To further progress our embedding work, a series of ‘Bringing our Values to life in your team’ workshops will be delivered for people managers.

Diversity and inclusion

We have been progressing our priorities for the first six months of the workforce equality, diversity, and inclusion action plan.

In March and April, we conducted an audit of our recruitment process, with a particular focus on equality, diversity, and inclusion. Following this, work has been ongoing with the aim to improve the opportunities of those from underrepresented groups by building in greater manager accountability and corporate oversight to the recruitment process. We have implemented a refreshed hiring manager ‘checklist’ and scoped our needs for the commission of a new recruitment training programme for hiring managers with planned delivery for the end of Q1. We have subscribed to Vercida, a specialist website which supports organisations to implement a robust EDI approach to recruitment (through advice, strategic advertising, and data analytics).

New Equality Impact Assessment (EIA) paperwork and supporting guidance has been developed. In April we delivered workforce EIA training to 30 staff, with plans to offer on-going support for embedding good practice regarding EIA.

In April, the Executive Team agreed a new ‘Shadowing Meetings’ development offer for black, Asian and minority ethnic staff, initially for band 7 and above. The scheme will provide opportunities to shadow senior meetings, including the Executive Team, Guidance Executive and Publication Executive, as well as NICE Connect Strategy Group meetings and Gold Group. Applications opened on May 13th.

We have introduced a mandatory workforce equality objective into ‘My Contribution’ annual appraisal for all staff. Appraisal workshops are being delivered from April to July to support managers and all staff with the new additions to the appraisal conversation.

Talent Management and Succession Planning

We have recently introduced a new framework for managing talent and succession planning, for our senior leadership cohort (the Executive Team and their direct reports). The 9-box grid tool, which has been tailored to NICE’s culture and values and will enable open, constructive, and meaningful conversations within the annual appraisal cycle.

The application of the grid will provide a snapshot of and transparency about our senior leadership talent pool and will help us to think about how we can further support and develop our senior leaders, help them on their respective career paths and put in place succession plans for the organisation.

Employee Relations

The HR operations team continue to support and manage employee relations issues remotely. We have noted a small increase in employee relations cases in recent weeks. This is within normal variation and no particular trends are apparent, but we are monitoring closely.

Sickness absence peaked in January 2021 but has continued on a downward trajectory, showing a figure of 1.7% overall sickness in March.

Health and Wellbeing

We continue to prioritise staff wellbeing, highlighting the resources and virtual sessions available to staff. Starting in March, a 6-week “March into SPRING” wellbeing plan introduced different themes and resources relating to socialising under restrictions, self-care including relaxation, being creative and physical activity.

Since March, our Mental Health First Aiders (MHFAs) have been offering weekly wellbeing check in’s. They act as a point of contact and support for anyone who may be experiencing a mental health issue, emotional distress, or just need someone to listen. This can be a simple conversation, support and signposting to appropriate help where needed.

Our staff suggestion scheme, which was originally launched as an additional, temporary support measure, is now continuing as part of business as usual. We are regularly promoting this to staff and encouraging the submission of ideas to further improve motivation and morale.

Work is ongoing for the launch of the annual staff survey in May, the survey will enable NICE to gauge the levels of engagement amongst employees across the organisation.

Transformation update: April 2021

An overarching transformation delivery plan is in development, reflecting new deliverables to be monitored and reviewed in line with the 5-year strategy and 2021-22 business plan objectives. This is underpinned by a supporting programme governance, accountability, and reporting structure.

All 2020-21 revised deliverables are either complete or on track, details of which are included as Appendix B. Each Expert Group has continued to maintain optimum focus and momentum on these outputs. The overall transformation programme is green (on target) against these priorities.

Future reporting of transformation progress will reflect the new delivery plan and outputs. A revised reporting format will be reviewed by the Executive Team in May and delivery plan subsequently presented to Board in June.

Appendix A: NICE financial position

The tables below show our spending per category of funding (operational budgets funded by grant-in-aid, ring fenced budget for deprecation and provisions, capital spend).

Grant-in-aid funding (Operational expenditure)

| Centre / Directorate | Annual Budget £m | Outturn £m | Outturn Variance £m | Outturn Variance (%) |
| --- | --- | --- | --- | --- |
| Income from TA and HST cost recovery | (10.7) | (7.0) | 3.7 | 34% |
| Other funding from other ALBS, Devolved Administrations | (7.4) | (7.6) | (0.2) | (2%) |
| Centre for Guidelines | 20.3 | 19.9 | (0.4) | (2%) |
| Centre for Health Tech Evaluation | 13.7 | 11.7 | (2.0) | (15%) |
| Health & Social Care | 7.0 | 6.3 | (0.7) | (9%) |
| Digital, Information and Technology | 6.5 | 6.6 | 0.1 | 2% |
| Science, Evidence and Analytics | 7.6 | 7.3 | (0.3) | (4%) |
| Finance, Strategy and Transformation | 9.1 | 8.1 | (1.0) | (11%) |
| Communications | 2.5 | 2.3 | (0.2) | (6%) |
| Direct NHS Pension costs payable to NHS BSA | 1.7 | 1.9 | 0.2 | 10% |
| Part-year effect pay budget adjustment | 2.4 | 0.0 | (2.4) | n/a |
| **Total operational spend** | **52.7** | **49.5** | **(3.2)** | **(6%)** |

Ring fenced budgets (Non-cash expenditure and adjustments)

| Category | Annual Budget £m | Outturn £m | Outturn Variance £m |
| --- | --- | --- | --- |
| Depreciation (non-cash) | 1.0 | 0.5 | (0.5) |
| Provision’s movement | - | (0.3) | (0.3) |
| **Total non-cash** | **1.0** | **0.2** | **(0.8)** |

Capital budget

| Category | Annual Budget £m | Outturn £m | Outturn Variance £m |
| --- | --- | --- | --- |
| Capital additions | 3.1 | 0.4 | (2.7) |

Appendix B: Transformation update

Content key deliverables status 2020-21

| Output | Update | Status |
| --- | --- | --- |
| **Content Strategy** | Content strategy approved by ET on 30 March. A content strategy plan is in development to support 21/22 activity. | **Complete** |
| **Integrated Guidance** | Phase 1 work completed, with all primary and secondary objectives outlined within the PID achieved. Phase 2 planning is underway. | **On target** |
| **Structured Authoring Tool** | The Board approved the use of MAGICapp on 23 March. Next steps are to produce a plan of activity for the current year including a full audit of the app. | **On target** |
| **Life Sciences Hub** – “light-touch” discovery | The initial ‘light-touch’ discovery has progressed well. A discovery workshop took place during February. Feedback from the workshop will be incorporated into a roadmap for 21/22 website development.  | **Complete** |
| **Citable publications -** feasibility study | The project team completed their feasibility study and presented options to Steering Group on 18 March to make NICE ‘review’ content findable / citeable. Option to develop the relationship with NCBI Bookshelf approved. | **Complete** |

Data Management key deliverables status 2020-21

| Output | Update | Status |
| --- | --- | --- |
| **SharePoint investment decision (Now Digital Workplace)** | Digital Workplace full business case finalised for Board approval in May “Case for Change” presented to Board in April. | **On target** |
| **Continue roll out of next phase of comment collection tool** | This is a tool to make it easier for external stakeholders to provide feedback on our consultations - public beta is underway. After pausing work for UK PharmaScan Brexit changes, work has resumed on organisational commenting feature. | **On target** |

Process, Methods & Analytics key deliverables status 2020-21

| Output | Update | Status |
| --- | --- | --- |
| **Integrated Surveillance** | Options appraisal presented to PMA on 22 March with option 5 (Redesign Surveillance) approved as the long-term option. | **Complete** |
| **CHTE updated methods & processes** | Process consultation started on 4 February and closed on 15 April. Outcome to be shared with ET and Board in July.  | **On target** |
| **NICE-wide consultation activities (for guidance products)** | Phase 2 mapping activities concluded, identifying similarities, differences, and waste. Key findings from the project shared with the PMA Expert Group on 19 April, with approval received to proceed to phase 3. Phase 3 planning underway. | **On target** |
| **Data & Analytics methods & standards framework** | NICE Board approved the delivery plan for the data and analytics Methods and Standards Programme on 27 Jan. Programme team being established with first programme board meeting having taken place on 28 April. | **On target** |

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May 2021