





Contents

Chairman's foreword	4
Chief Executive Officer's introduction.....	6
About NHS Property Services.....	8
• Who we are	9
• Our customers	11
How we are supporting the NHS Long Term Plan	12
• Adapting our structure to support the NHS Long Term Plan	14
Strategic Report	15
• Our estates	18
• Our services.....	24
• Our customers	29
• Our communities	34
• Our people.....	40

• How we responded to COVID-19	47
• Our 2020/21 priorities.....	49
Chief Financial Officer's Report.....	50
• Our qualitative results.....	51
• Our results in figures.....	53
Accountability Report	56
Governance and Risk Report	73
Directors' Report	84
Remuneration Report	89
Annual Accounts	96
Appendices	137

Chairman's foreword



NHS Property Services (NHSPS) sees its primary purpose as enabling our customers to deliver excellent patient care and it is critical that our NHS estate supports their needs both now and in the future.

Over the past year, we have worked together with the wider healthcare system to align our strategy with the NHS Long Term Plan. The NHS estate plays a key role in supporting the delivery of the Long Term Plan, from providing healthcare facilities that meet the needs of the local community, to changing the way space is used to facilitate digital consultations and provide areas for non-clinical usage.

As a key part of our strategy, we're looking at how our buildings can be designed and adapted to help our customers to provide community-based care and promote wellbeing. We have delivered purpose-built health centres that we have worked with local communities and healthcare professionals to design, including the new state-of-the-art Chapelford Medical Centre and the Orpington Health and Wellbeing Centre.

We've also refurbished a number of properties as communities and their needs have changed.

For example, last year we completed extensive renovations of Castleberg Hospital to provide modern facilities for patient rehabilitation and end-of-life care.

With over 3,000 properties in our portfolio, we are continuously looking at how we can better utilise space across our sites. We recognise that as the NHS moves to a more holistic, community-based model of care, the need for treatment rooms and areas for community groups to meet on an ad hoc basis will continue to grow. In April 2019 we launched NHS Open Space, a flexible booking system for clinical and non-clinical space, across 20 sites in England. In its first year the programme had over 37,000 bookings from 1,000 customers.

In addition to improving frontline facilities, we have worked closely with our partner organisations including NHS England and Improvement (NHSE&I) and the Department of Health and Social Care (DHSC) to evaluate their existing office strategies and develop forward-thinking plans to meet the needs of an evolving workforce. This includes managing the implementation of a new office programme for the DHSC which is expected to save £50 million.

We are also working to bring surplus sites back into productive use whilst releasing capital for reinvestment in the health estate. In 2019, we led the development scheme review and advised on the deal structure for Barts Health NHS Trust. This included providing high level planning analysis to NHS Improvement on the potential development opportunity for the Queen Mary University of London site, and advisory on the approach to valuation and appraisal.

Last year, the National Audit Office (NAO) and the Public Accounts Committee published their independent reports on NHSPS, reviewing our ways of working and progress in key areas. We were pleased that both of these reports acknowledged the work that we do and our critical role within the system, and we welcomed their feedback and recommendations in areas where there is still work to be done. These recommendations helped to drive our continued

work with our partners at the DHSC and NHSE&I to implement an action plan which will significantly improve how we manage debt, occupancy and disposals.

The past year has also seen a wave of change sweep across the executive management team at NHSPS. After five years leading the organisation, Elaine Hewitt left to take on a new challenge as Chief Executive Officer at UPP Group. Elaine was the driving force behind much of the transformation we've seen of NHSPS in the past few years and I wish her all the best in her new role.

Following Elaine's departure, I'm delighted that Martin Steele has stepped into the Chief Executive Officer position. Martin joined us in 2017 as Chief Operating Officer and has consistently demonstrated his dedication and commitment to serving the NHS. He has always understood the value and importance of working with and listening to our frontline staff and our customers, and it is this hands-on approach that will ensure NHSPS continues to operate with our people and customers at the heart of all we do.

I was also very pleased to welcome Mark Smith as Chief Financial Officer in May 2019 and Hilary Stables as Chief People Officer in January 2020. Both Mark and Hilary have already had a tremendous impact on the company. I would also like to thank Mike Strong who retired as a Non-Executive Director in March 2020 and the whole Board for all their contributions over the past year. I look forward to continuing our work together.

The end of the financial year coincided with the biggest test of our NHS in a generation as the coronavirus pandemic spread across the globe. COVID-19 forced the entire world to adopt a new way of life in a very short space of time and the NHS has showed its strength and resilience throughout, continuously adapting to provide the best care possible to the nation.

Our own frontline colleagues worked round the clock to provide cleaning, urgent repairs,

catering for patients, oxygen supplies and many other vital services to keep the NHS running during the COVID-19 outbreak, whilst our property teams repurposed space for hundreds of patient and critical care beds.

The impact of COVID-19 will undoubtedly be felt for years to come, but the staff of the NHS will be forever remembered for their incredible bravery in a time of crisis.

Having been a part of NHSPS for over four years now, it has been an immensely rewarding experience to see how the organisation has evolved and the positive impact it has had across the healthcare system.

I am incredibly proud of the work that our people have done to support our customers and the wider NHS, and I would like to say thank you to each of them for their efforts during one of the most extraordinary times in NHS history.

A handwritten signature in dark ink, reading 'Ian Ellis'. The signature is fluid and cursive, with the first name 'Ian' being more prominent than the last name 'Ellis'.

Ian Ellis
Chairman
NHS Property Services

26 November 2020

Chief Executive Officer's introduction



The NHS estate has changed enormously since the health service was founded in 1948, adapting to support new ways of delivering patient care as medical research and technology have evolved. From hospitals to health centres, NHS buildings are seen as emblems of our health service and millions of people pass through their doors every week.

Many patients will attest that the environment in which we are treated and cared for has a significant impact on our overall experience with the NHS and, ultimately, on our health. As owners of 10% of the NHS estate, our focus is on providing safe, clean and modern facilities for our colleagues across the health system to deliver outstanding patient care.

This year, we have invested £90 million in upgrading, maintaining and developing new NHS facilities including new health centres, community hospitals and GP surgeries. Our construction teams undertook 461 projects to improve our properties inside and out, including 63 total refurbishments.

We've also been working hard to reduce the environmental impact of our buildings and lead

the charge in supporting the 'For a greener NHS' programme. Construction and development are significant contributors to climate change so we make it a priority of ours that any works we undertake to refurbish or expand our portfolio are done in a sustainable way and help minimise the impact to the local environment. Earlier this year we were delighted to win the Eco-Active Roofing Award for our work on the new Hattersley Clinic roof, which was built with a sustainable material that neutralises nitrous oxide pollution.

One of our biggest achievements this year, and one I'm particularly proud of, was moving to 100% renewable electricity for all our properties. This will offset over 37,000 tonnes of carbon dioxide each year and help us to improve the wellbeing of our people and patients, whilst also reducing NHS operating and maintenance costs. Furthermore, we are committing £1.5 million to a new LED upgrade programme to provide greater electricity efficiencies in our buildings.

The NHS Long Term plan highlights that as new models of care emerge, the demands on our buildings will continue to increase. However, it's important that as our healthcare system evolves, we think beyond the bricks and mortar to consider how the surroundings can have a more positive impact on patient care and employee wellbeing.

During 2019, we started introducing social prescribing hubs in Suffolk and the North East, transforming a number of outdoor spaces for the use of community groups, including creating wellbeing gardens and outdoor gyms. Throughout 2020, we're working to open a further 21 social prescribing sites across England. Research has shown that having access to green spaces can reduce health inequalities and improve mental health, and I think that social prescribing being one of the key elements of the Long Term Plan will have a major impact on the evolution of the NHS estate.

As we continue to deliver significant improvements across the NHS estate, our customers remain our priority and we have

worked hard to build stronger relationships to understand how we can better support them. Since July 2019, we have proactively contacted 85% of our customers to discuss the charges outlined in their Annual Charging Schedules and gain valuable feedback about our billing processes. With a new initiative to overhaul our end-to-end billing already underway, this feedback has already helped shape some of the changes we're making to provide greater clarity and cost transparency.

Prior to becoming CEO, my primary responsibility was managing operations and driving improvement in the delivery and quality of our facilities management, construction and procurement services. Over the past year, we've reviewed 16 legacy facilities management contracts, deciding to self-deliver many of our services. We've also transferred selected services to trusted partners and will continue to review more contracts in 2020/21 to ensure we deliver the best value for our customers. This allows us to have greater control over the standard and flexibility of our services as well as driving significant cost savings that can be reinvested back into the NHS.

Enabling our customers to report property related issues easily is important if we are to ensure they are resolved as soon as possible. Last year we launched CORE, a new technology platform for logging, managing, and monitoring facilities management jobs that enables us to provide customers with a more reliable and efficient facilities management service. We also rolled out handheld devices to most of our frontline workforce enabling colleagues to proactively log building faults and resolve issues more rapidly.

Our frontline colleagues do an incredible job of keeping buildings running so that healthcare professionals can focus on what matters – delivering excellent care to patients. In my view, a successful organisation starts with empowered employees that are equipped with the tools and support that they need to do their jobs.

We are committed to creating a positive working environment for our people and we were delighted to see that our Employee Engagement score rose to 72% this year. To further support the ongoing learning and development of our teams, we launched a new e-learning platform and management skills courses designed to support career progression.

In April 2019 we implemented the NHSPS Recognition Scheme to formally recognise the hard work of our colleagues who go above and beyond for the NHS. To date, 175 have received awards for demonstrating our key values and going the extra mile.

I am immensely proud to see that our fantastic colleagues continue to go to truly extraordinary lengths to deliver uninterrupted service during the coronavirus pandemic, helping support our customers and ensure patient safety. Despite extremely challenging circumstances, our hidden heroes on the frontline made sure that our NHS buildings continued to be cleaned and maintained, patients and staff were fed, and that space was repurposed where needed for extra bed capacity and treatment facilities.

Echoing the words of our Chairman, Ian Ellis, I would like to thank each and every one of our colleagues for their incredible efforts over what has been a year like no other for the NHS.

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

Martin Steele
Chief Executive Officer
NHS Property Services

26 November 2020



About NHS Property Services

Who we are

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

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

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

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

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

Our structure and service offering

We employ 5,000 people who are dedicated to enabling excellent patient care through better estate and facilities management.

Our role is to:

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

Key stats



Formed in
2013



3,000
properties



5,000
colleagues



7,000
occupiers




6,000,000
patients daily



24/7
support

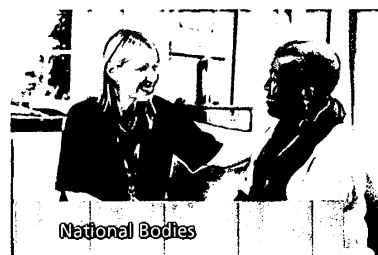
Our services include:

 Advisory services <ul style="list-style-type: none"> Professional property advice FM support Technical guidance Procurement advice HSE consulting Best practice Data management Technology enablement Energy and environment People management Technical compliance and CAFM expertise 	 Portfolio optimisation <ul style="list-style-type: none"> Stakeholder engagement Asset management Estate optimisation Vacation planning 	 Soft facilities management <ul style="list-style-type: none"> Cleaning Reception Security Waste management Portering Grounds maintenance
 Options development and analysis <ul style="list-style-type: none"> Options analysis and business case development Project evaluation Financial analysis and reporting 	 Space management <ul style="list-style-type: none"> Space utilisation studies Sessional space management Vacant space management 	 Hard facilities management <ul style="list-style-type: none"> Building maintenance Technical compliance M&E systems
 Disposal management <ul style="list-style-type: none"> Marketing strategy Property due diligence Sales process Bid analysis/selection Transaction negotiations Contractual completion Housing delivery support 	 Town planning <ul style="list-style-type: none"> Local plan representations nationally Brownfield and greenbelt reviews Planning appraisals Pre-application, master planning and planning applications Section 106/CIL advice 	 Legal <ul style="list-style-type: none"> Title due diligence Planning law Contract negotiations Litigation support
 Property management <ul style="list-style-type: none"> Lease negotiations/lease event management Rent reviews Rates management and rating appeals 	 PFI <ul style="list-style-type: none"> PFI advisory Cost consultancy Contract management 	 Property development <ul style="list-style-type: none"> Delivery of new health infrastructure and value release Feasibility and options analysis Legal and technical due diligence Design and planning Development management
	 Helpdesk <ul style="list-style-type: none"> Customer call handling FM task management/helpdesk 	 Construction project management <ul style="list-style-type: none"> Refurbishment Extensions New builds

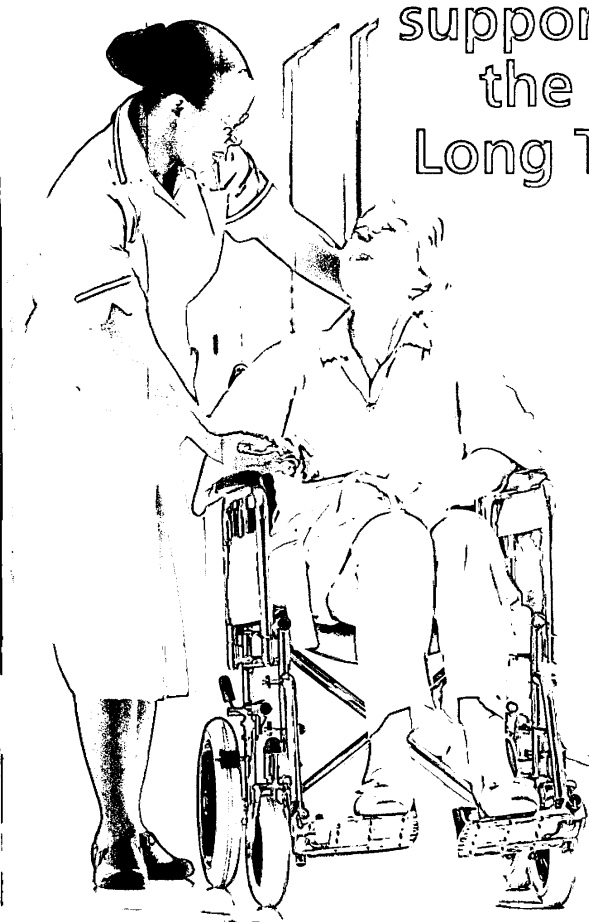
Our customers

Our customers are at the heart of everything we do, and our primary goal is to make sure that the NHS estate meets their needs and supports them to deliver excellent patient care.

Our customers include:



How we are supporting the NHS Long Term Plan



As a key partner in the healthcare system, we have ensured that our strategy is aligned with the NHS Long Term Plan, with a particular focus on:



Primary and community services

We have a large portfolio of properties that support primary care and out of hospital services, owning and managing 10% of the NHS estate. Our teams advise on schemes which facilitate a joined-up approach to primary care. We are working to repurpose the estate to deliver new healthcare site solutions.

We currently have 67 care homes in the portfolio. We work closely with NHS England and Improvement on spending and development in this area, advising on how to develop sites for care home use.

We are actively supporting social prescribing across our estate portfolio. We have worked with Hartismere Hospital in Suffolk on an innovative and new social prescribing hub. Our newly launched NHS Open Space programme offers the opportunity for customers to use space in new ways that can aid social prescribing initiatives.

Our portfolio optimisation and property development teams advise on land development opportunities for Urgent Treatment Centres. We currently own three independent sector treatment centres (ISTCs) and it is this expertise in owning and managing such centres that helps develop effective new solutions.



Integrated care and population health

Our Corporate Social Responsibility (CSR) strategy, with its focus on supporting carers and the elderly, is designed to address a number of elements of the NHS preventative healthcare strategy, especially tackling loneliness in the elderly which is linked to higher rates of morbidity and mortality.



Workforce

The NHS Long Term Plan focuses on better career and professional development for NHS staff, better working environments and enhanced support for staff experiencing difficulties. Office strategies for NHS England and the Department of Health and Social Care (DHSC), developed by us, are looking at better ways to produce a more innovative, stable and productive working environment for NHS staff, helping to create more effective clinical working environment overall.



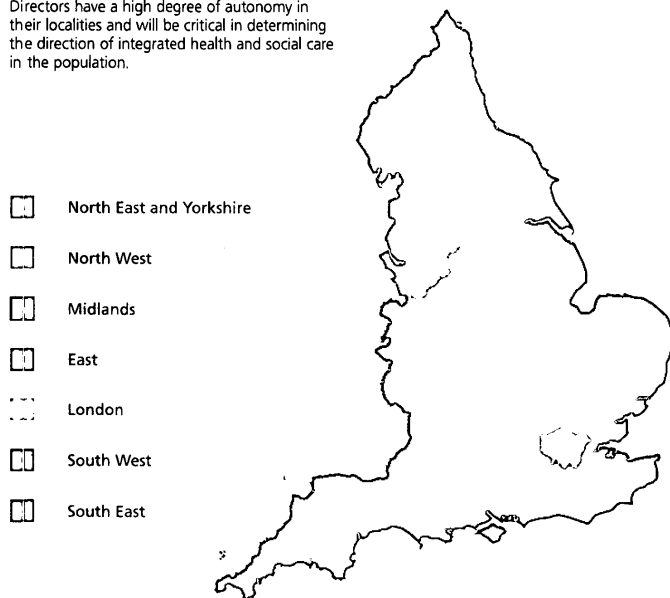
Digital

With our technology platforms and digital expertise, we act as an enabler and advisor to NHSPS and NHS colleagues. Data is central to everything that we do and as an organisation we have invested in initiatives to establish robust, scalable solutions that directly support customer outcomes. With a culture of transparency and accountability we collaborate to ensure we realise the value of an optimised and secure digital platform.

Adapting our structure to support the NHS Long Term Plan

In January 2019, NHS England released the NHS Long Term Plan, setting out its vision for the NHS in the coming years. Key elements of the plan include the creation of Integrated Care Systems (ICSs) and Primary Care Networks (PCNs) that aim to remove the divide between primary and community care and pool resources between GP practices, respectively.

The aim of more locally based decision making was further supported by the appointment of seven new Regional Directors aligned with the seven newly structured NHSE&I regions (announced in Q3 of 2018/19). These Regional Directors have a high degree of autonomy in their localities and will be critical in determining the direction of integrated health and social care in the population.



In April 2020, we re-aligned our eight geographic zones into seven regions that match those implemented by NHSE&I, enabling us to coordinate our strategic activity with the wider healthcare system that we support.

We have also appointed a Regional Partnership Director for each region who leads on engagement for estates optimisation activity in their area, delivering estates transformation to help the NHS realise the ambitions within the NHS Long Term Plan.





In the last twelve months, we've continued to optimise our portfolio and services to support the healthcare system and our colleagues across the NHS. Our focus has been on driving progress in five key areas:

- Our estates
- Our services
- Our customers
- Our people
- Our communities

Whilst we have made significant progress across the business over the past year, we recognise that we are still on a journey. Following the publication of the independent reports on NHSPS by the National Audit Office (NAO) and the Public Accounts Committee last year, we have welcomed their feedback and begun taking steps to address their recommendations on how we can improve further. We are continuing to work with our partners at the Department of Health and Social Care and NHS England and Improvement to implement an action plan which will help us to improve how we manage across areas including occupancy regularisation, debt and billing.

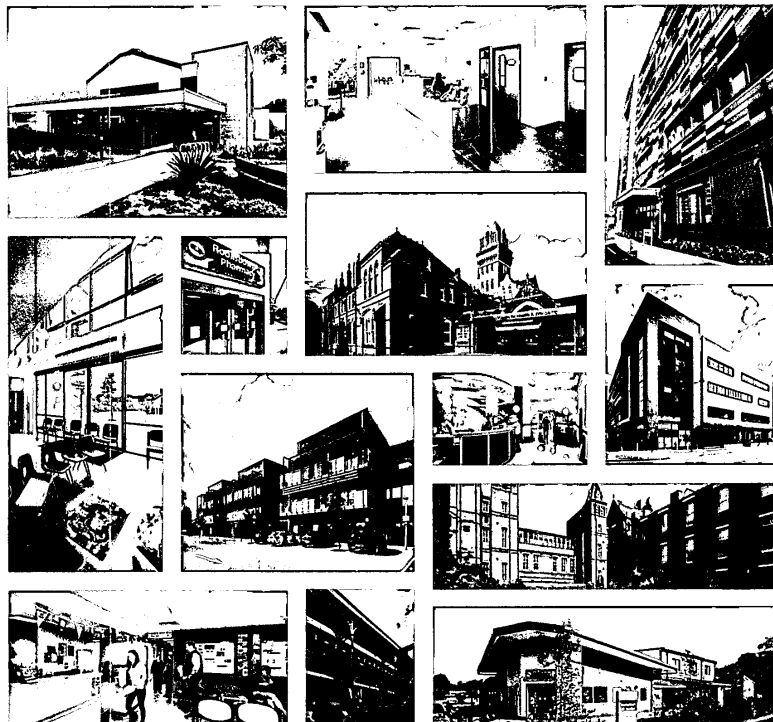
In 2019/20, we were also faced with the unprecedented situation of a global pandemic, during which we significantly changed how we delivered our services and utilised the estate so that we could best support the healthcare system during this time.

Our strategy remains to help the wider NHS transform and to support the implementation of the NHS Long Term Plan, particularly in the primary care space. In 2019/20, our objectives were centred around the delivery of our four strategic pillars and key projects to help us ensure that the NHS estate meets the needs of our customers and the patients for which they care.

Key achievements

In 2019/20, we made significant progress against our targets:

Partnering with customers	Improve what we do	Develop and grow	Realise the value
<p>Objective: Maintain customer satisfaction score of 7.5/10</p> <p>Result: Increased customer satisfaction score to 8.07/10</p> <p>Objective: Develop and deliver a new relationship management model to interface with Integrated Care Systems (ICSS), Primary Care Networks (PCNs) and other key stakeholders</p> <p>Result: New model delivered on schedule with 80% of planned engagements achieved</p> <p>Objective: Respond to 90% of queries received by Customer Support Centre within 10 working days.</p> <p>Result: Target achieved - responded to 90% of customer queries within 10 working days</p>	<p>Objective: Achieve agreement of basic level of occupancy and rent across 90% of eligible portfolio</p> <p>Result: Basic occupancy and rent agreed across 91.3% of our eligible portfolio</p> <p>Objective: Improve cash collection from 2018/19 baseline of £640 million, with target of £665 million</p> <p>Result: Improved cash collection, surpassing stretch target to collect £710 million in 2019/20</p> <p>Objective: Develop business case for hard facilities management (FM) delivery model, and implement insourced model in-year if approved by Board, targeting £3 million savings</p> <p>Result: Business case for hard FM delivery model approved by Board and hard FM services insourced, delivering £3.7 million savings</p> <p>Objective: Deliver new platform to log, manage and monitor FM jobs</p> <p>Result: Developed and delivered CORE, our new facilities management platform on schedule</p>	<p>Objective: Deliver capital investment programme, targeting £85.3 million (~10%/+4%)</p> <p>Result: Delivered £90 million in capital investment</p> <p>Objective: Secure Board approval for revised service offer and scope, underpinned by service level agreements (SLAs) and appropriate KPIs, with 40% of SLAs rolled out</p> <p>Result: Board approval secured on schedule, with 60% of SLAs rolled out for facilities management services</p> <p>Objective: Design and implement new Health and Safety Management System and deliver 95% of in-year target improvements against KPIs</p> <p>Result: Began implementation of new Health and Safety Management System but target improvements not delivered by year-end</p>	<p>Objective: Deliver £40 million in capital receipts</p> <p>Result: Delivered capital receipts of £46.7 million</p> <p>Objective: Achieve £126.9 million non-ringfenced RDEL</p> <p>Result: Achieved £126.9 million non-ringfenced RDEL</p> <p>Objective: Deliver £637 million maximum operating costs (excluding agreed adjustments)</p> <p>Result: Delivered £633 million maximum operating costs</p> <p>Objective: Deliver £43 million cost transformation</p> <p>Result: Delivered £46.9 million cost transformation</p> <p>Objective: Undertake internal audit of billing and debtor management processes to demonstrate full implementation of agreed action plan and lessons learned</p> <p>Result: Implemented full action plan for billing and debtor management processes by year end</p>



Our estates

The demands on health facilities are constantly changing so it is vital that our buildings can adapt and flex within this environment. Since NHS Property Services (NHSPS) was established in 2013, our focus has been on working with our colleagues and partners across the healthcare system to ensure that the NHS estate is fit for purpose, both now and in the future.

Over the past twelve months, our estates strategy has been centred around optimising the way that space is used across our portfolio, ensuring that our sites are used in the most effective way possible to deliver a positive patient experience and value for the NHS.

Launching Open Space

The way that space is being used across the NHS estate is evolving, and demand for more flexible space is growing. We recognised that there was an opportunity to ensure that space was used more effectively across our portfolio – matching rooms that were underused with a need in the community for bookable spaces for health and wellbeing activities, ranging from community groups to mental health support providers.

In April 2019 we launched NHS Open Space across 20 sites in England, following a successful two-year pilot programme. NHS Open Space enables the booking of NHS space (both clinical and non-clinical), by the session, hour or day, on a pay-as-you-go basis. This provides services flexibility and choice over the space they use, while making better use of the NHS estate, minimising vacant or underused space and opening up NHS buildings to offer a wider range of services to local communities.

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

Key achievements

This year, we have:



Secured more than **37,000 bookings** in the first year, with **210,900 hours** of services provided to patients



Rooms booked by over **1,000 customers** across England



Developing and refurbishing properties across our portfolio

As owners of 10% of the NHS estate, we are focused on how our properties can help create healthier communities. Development and refurbishment works are essential not only to ensure that buildings remain fit for purpose and compliant with regulation, but also to improve patient experience when visiting a hospital, health centre or GP practice. By building brand new facilities, updating current facilities and reconfiguring space to enable additional clinical services, our construction works can have a huge impact on local communities. It's therefore critical that we work with healthcare professionals, patients and the public to understand their needs and how we can create a space that is right for them.

This year, we've been delighted to open new health centres in Warrington and Orpington, as well as complete refurbishment works at GP practices and community hospitals across England that will make a huge difference to patients and staff.

Key achievements

This year, we have:



Undertaken **461 construction projects** across our portfolio to improve the space both inside and out



Completed refurbishment, reconfiguration, development and fit-out works on **63 spaces** in our buildings, modernising facilities for patients and staff

Case study: Slaithwaite Health Centre

Slaithwaite Health Centre had suffered from a lack of investment over the years and was beginning to show wear and tear. This was affecting the service provided so works were undertaken to refurbish the interior and exterior of the building.

Our designers met with the GP to discuss how to tailor the layout to best support patient and community needs. As over 30% of the space was vacant, we were able to develop the space and create further consulting rooms, enabling the GP to continue to treat patients from this space so that the works could be phased, minimising disruption.

Slaithwaite Health Centre now benefits from ten clinical consulting and treatment rooms (including three additional purpose-built rooms in previously vacant space), with ancillary support spaces, a small minor treatment room, and an inviting reception and waiting area which supports the health and wellbeing agenda. In addition, healthcare staff benefit from their own dedicated space including an admin wing with office accommodation, a meeting room and staff common areas.

By removing walls, we also enlarged some of the rooms as well as installing double-glazed windows, replacing the roof and putting in new insulation. The result is a modern healthcare facility with increased capacity to deliver clinical services and a refreshed, more inviting space for patients.

Case study: Orpington Health and Wellbeing Centre

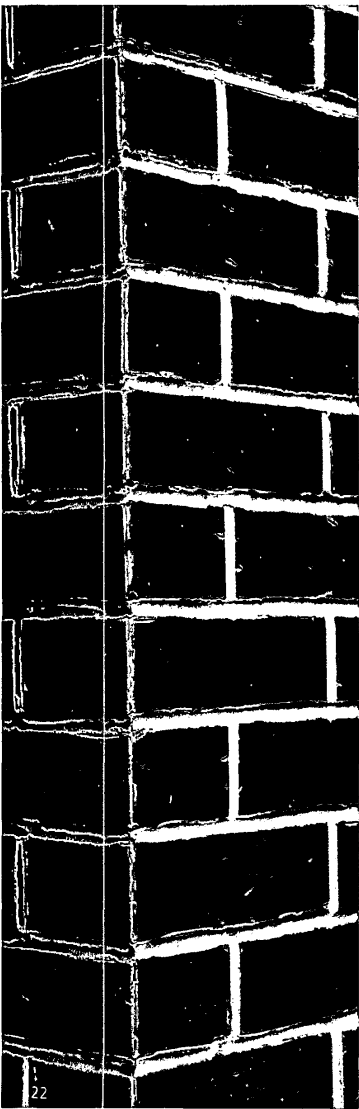
Demand on primary health care services in Orpington, Greater London was rising and the current premises was substandard, cramped, insufficient and poorly located. Bromley CCG worked with Berkeley Homes who were redeveloping the former Orpington Police Station into a residential-led mixed use scheme, to incorporate a new Health and Wellbeing Centre in the ground and first floors of the development.

We were asked to lead on project management and procurement for the new centre, and undertook the role of Head Leaseholder with a 125 year lease at a peppercorn rent with Berkeley Homes for the ground and first floor of this mixed-use building.

The building accommodates primary care and community services for the local population of Orpington in a new, modern and compliant health facility, and located in the easily-accessible town centre. The building includes a GP practice relocating from previous accommodation within the Orpington area, rooms for the GP Alliance, clinical space for therapy services, bookable clinical space, provision for health and wellbeing services, supporting accommodation and a shell space for the development of an MRI suite. Throughout the project we have been fully engaged with the CCG on all decisions, providing excellent customer service and collaboration.

Customer feedback: "We are so excited to move into the new Orpington Health and Wellbeing Centre. Our staff and patients are set to benefit from having modern and fit for purpose premises that will enable us to develop our services further".

Dr Ruchira Paranjape
GP Partner, Knoll Medical Practice



Managing surplus properties

In 2019/20, we made a number of significant sales of surplus properties, helping to drive reinvestment in the primary healthcare estate for the benefit of patients, clinicians and taxpayers. Our strategy is focused on optimising the estate and selling on land that the NHS no longer needs so that we can help increase efficiency, reduce the operational costs of the estate, and focus investment to develop and improve our healthcare estate in areas of high demand.

We were pleased to have surpassed our stretch target for capital receipts by £1.7 million. All capital receipts are reinvested into the NHS estate and land and building release has enabled the development of an estimated 6,607 new homes to date, supporting new housing targets.

Key achievements

This year, we have:



Achieved **91%** of our surplus property sales target, totalling **£40.9 million**



Delivered **£46.7 million** in capital receipts

Reducing vacant space

One of our key priorities is to reduce vacant space in our portfolio. As part of our strategy, we established the Vacant Space Handback Scheme in 2017 to allow customers to release space (either parts of or whole buildings) that is no longer needed, if eligible. Through this scheme we remove the burden of costs such as rent, business rates and service charges from customers, allowing them to use funds to provide the frontline care our communities need.

Since the scheme was launched, 88 properties have been handed back to us and over £10 million has been generated to be reinvested in the NHS estate. Once space is handed back, we continue to work with our customers and colleagues to optimise the way space is used in our portfolio, re-allocating vacant space through re-letting, disposal or development.

Establishing occupancy levels

To ensure that we are supporting the system in a cost-effective way as landlord and adding value as service provider, we have established a simplified occupancy model for our customers. The initial stage of this process focused on establishing a basic level of occupancy across our eligible portfolio, and over the coming years, we will continue to work with customers to formalise their occupancy where there is not already a lease or an occupancy agreement in place.

This forms part of the work we are undertaking in partnership with the DHSC and NHSE&I to implement an action plan to address the feedback provided by the National Audit Office (NAO) and Public Affairs Committee on establishing occupancy agreements with our occupiers. It will also help us to drive accurate billing and optimise the way that space is used across the NHS estate.

Key achievements

This year, we have:



Reduced vacant space to **6.45%** across our portfolio from a 1st April 2019 baseline of **8.5%**



Delivered portfolio vacation pipeline of **32,500m²** and **£26.4 million**

Key achievements

This year, we have:



Worked with the DHSC and NHSE&I to develop **2 standard occupancy agreements** for customers



Established a basic level of occupancy across **91.3%** of our eligible portfolio

Our services

Improving our frontline service provision is key to ensuring that we continue to deliver value to the NHS and support the needs of the estate as it evolves. Over the past year, we have made tremendous progress by rebalancing our delivery model, creating a robust and efficient frontline workforce and implementing our new facilities management (FM) platform, CORE.

Data is critical to helping us improve our services further and we've already begun using analysis of key trends to drive further improvement in our service delivery and resource allocation. This will be an important part of our strategy going forward as we gain more insight into request volumes and job types, helping us to drive greater efficiency and resilience.

Optimising our facilities management delivery

As part of our rolling programme to optimise the delivery of our facilities management (FM) services, we are continuing to re-balance our delivery model. We recognise that as the healthcare system evolves, the way we deliver our services must evolve too, so that we can provide improved value for the NHS and our customers.

In 2019/20, we reviewed 16 legacy contracts, deciding to self-deliver core FM services and transfer selected services to trusted, specialist suppliers. The biggest decision was to insource hard FM services which are those that relate to the physical maintenance of our buildings such as plumbing, electrical, mechanical and lighting. This will not only give us greater control over the standard and flexibility of service we provide to our customers, but also enable us to achieve significant cost efficiencies that will be reinvested back into the NHS.

In addition, we have also introduced FM service level agreements (FMSLAs) for our customers to ensure that we consistently provide them with a high-quality service. The FMSLA will provide customers with a description of the service standards being delivered in the areas they occupy exclusively. It will also include detail of how we will measure and report on each service as data in each area becomes available. This will help us to drive improvement where it is required to ensure greater consistency in service delivery.

Key achievements

This year, we have:



Rebalanced our service delivery model which will save the NHS £6.5 million a year



Welcomed 201 new frontline colleagues into the organisation via insourcing



Rolled out FMSLAs to 60% of our customers



Launching our new facilities management platform

One of our top priorities for 2019/20 was to provide our customers with a more efficient and reliable facilities management service.

To facilitate this, in May 2019 we implemented CORE, a new platform that allows us to log, manage and monitor all the reactive and planned FM activities our customers receive through one internal system. CORE enables real-time reporting and more accurate monitoring so that repairs can be better managed and prioritised, and our buildings can be used to their full potential.

It also enables us to gather valuable data and provide insight on key metrics like our attend and fix rates within our standard Service Level Agreement (SLA), helping us to drive improvements. These figures are currently much lower than we'd like, with our attend rate within SLA sitting at 56% and fix rate within SLA at 61%, however this will be a key focus for us going into the next financial year.

Key achievements

This year, we have:



Collected, validated and revalidated data on over 1 million assets across our portfolio to feed into CORE, allowing us to plan more accurately for our backlog maintenance investment, and giving us better understanding of when to replace, rather than just fix, an asset.



Reduced outstanding backlog remedials work by 60% from the beginning of 2019/20.

Continuing our transformation of the Facilities Management (FM) Helpdesk

The FM Helpdesk plays a critical role in ensuring that our customers across the healthcare system can continue to deliver excellent care to patients by enabling them to report urgent FM issues to us 24/7/365. Since 2017, the Helpdesk has undergone significant change to ensure that we not only provide our customers with outstanding service, but also to make sure that we are continuously adapting and responding to customer feedback.

Following the work in 2018 to consolidate the four FM Helpdesks into one centralised desk in Stockport and standardising our processes, simultaneously, this year we've introduced a single freephone telephone number for all our customers. This replaces the four regional FM Helpdesk numbers and will provide us with better business continuity and stronger telephony resilience to ensure customers receive a reliable and consistent high-quality service.

We're also focused on helping our engineers reduce the backlog of remedial works and how we can better utilise the data we gather based on reported jobs and from CORE.

The FM Helpdesk worked to assess and prioritise outstanding remedial works and develop action plans to enable our engineers to address the issues in the most efficient way possible. In addition, we implemented automated business intelligence dashboards to help us identify peak demand periods and enable better resourcing, as well as alerts to ensure that we continue to respond to customers within our agreed Service Level Agreement (SLA). This will continue to be a key focus for us going forward so we can continue to deliver the best possible service to our customers.

Key achievements

This year, we have:



Handled over 196,000 inbound requests and logged over 163,869 reactive jobs



Improved reporting capabilities to enable trend analysis which is used to drive business decision-making, for example the implementation of our LED upgrade programme

Case study: Deneside Medical Practice

Deneside Medical Practice is a very busy, independently owned practice that was struggling to keep up with the level of demand for hard facilities management (FM) services. On top of that, the GPs did not have the expert knowledge required to ensure the site was fully compliant. The current set up was of multiple contractors working at the site which created confusion and a high work load for the practice manager, meaning she was unable to focus on the requirements of her practice manager role.

The practice manager got in touch with NHSPS and after discussing their needs, we were able to provide all of their hard FM services including mechanical and engineering, grounds and garden, and building fabric, at a very competitive rate.

Deneside Medical Practice are very happy with the service delivery from NHSPS. We have released time back into the practice manager's diary to allow her to focus more on her practice manager role rather than worrying and spending time on maintenance of the premises.



Customer feedback: Adele Scott, Assistant Practice Manager commented that the biggest strength has been the "easy reporting system and feedback from calls and requests" and added that "it's lovely to have a lead person to be able to contact should we have any issues. All the providers who have been to the practice to carry out tasks have all been very friendly, approachable and professional."



Improving our car parking management

Car parking was one of the areas where we received the most customer complaints and we recognised that ongoing challenges around signage and clarity of charges were having a negative impact on the experience that patients, visitors and staff had when visiting healthcare services in some of our buildings. To address these issues, we took the decision to appoint a national car parking management operator to drive improvement, appointing Saba in September 2019.

Saba are working together with our Facilities Managers to identify suitable solutions based on a site by site analysis. This includes providing new and updated equipment, technology and clear signage to ensure all user groups understand the new car parking controls.

As a result of the new contract, many NHSPS site users won't have to pay for parking, and the sites that do have the new machines will give customers the options to pay with cash, credit/debit cards, contactless, pay by phone, app or website.

Key achievements

This year, we have:



Completed phase one of car parking improvements, working with Saba to upgrade 4 sites



Reduced the volume of car parking complaints by 56.8% compared to 2018/19



Our customers

As we continue to deliver significant improvements across the NHS estate, patients and our NHS colleagues remain first and foremost our top priority.

The way we operate as an organisation has a direct impact on the patients they care for, so it is imperative that work together with our customers to support their needs and to deliver an NHS estate that is fit for purpose.

Over the past few years, we have focused on developing a best-in-class customer service

function and utilising customer feedback and insight to shape our services. Our customers are at the heart of everything we do, and we are constantly working to meet and anticipate customer needs, so we are seen as a trusted partner.

A key element of our strategy over the next year is to build even stronger relationships with our customers and work together with them to ensure that we are supporting them in the best way possible.

Re-aligning our regions

In April 2020, we re-aligned our eight zones into the seven regions to match NHS England and Improvement (NHSE&I). These changes are being made to ensure that we're better aligned with the NHS, adapting to support its structure and transform our regional reporting.

Aligned reporting will allow direct comparisons and analysis with our partners in other NHS organisations, enabling us to identify areas where we can further improve and better support our customers.

In addition to the regional re-alignment, we have introduced a Regional Partnership Director in each region. These Directors manage our relationship strategy with the new NHSE&I Regional Directors and Integrated Care Systems (ICSs), helping us to better understand their needs, challenges and opportunities. With this perspective they will take a key role in the optimisation of the estate in their region, and co-ordinate wider NHSPS teams to support on estate strategies for our customers and project delivery.

Key achievements

This year, we have:



Created **7 new Regional Partnership Director** roles to enable closer relationships with NHS England and Improvement



Aligned our **13 core business systems** to the new regions

Improve our billing

Going into this year, billing was one of the biggest areas where we needed to improve. We had to change our approach to the billing cycle and understand what was needed to ensure that it aligned with our customers' planning and budgeting processes.

In July 2019, we launched a new annual initiative to proactively engage with our customers regarding their Annual Charging Schedules (ACS). We engaged with our customers to discuss the charges outlined in their ACS for the financial year and to gain useful insight on how to improve our billing processes. The process has helped us to drive more accurate billing and build stronger relationships with our customers.

Feedback received from our customers during this process showed that they wanted their ACSs and year-end reconciliation/true-up earlier in the financial year to better align with their budgeting and planning. As a result, we adapted our production timescales to deliver ACSs to customers before the beginning of the financial year and 2018/19 true-up/year-end reconciliation in Q3 2019.

We're aiming to improve this even further with a goal of delivering true-up/year-end reconciliation for 2019/20 in Q2 2020.

While we believe we have made steps in the right direction, we acknowledge we are still on a journey and there is a way to go. We need to work with customers to continue to build their trust and continue the improvements to our billing services by working together with them.

Key achievements

This year, we have:



Contacted **85%** of our customers to discuss the charges outlined in their ACS for the financial year



Reset the billing cycle to meet customer needs and driven improvements in accuracy



Delivered ACSs to **92%** of our customers before the beginning of the new financial year



Building a better customer experience

Following the successful implementation of our Customer Support Centre (CSC) in 2017, we gained a significantly deeper understanding of our customers. Over the past year we've continued to focus on improving our customer service and making it easier for our customers to get in touch with us.

Customer feedback is critical to helping us deliver a positive customer experience and helps us to continuously improve how we operate. We conduct surveys at nine customer touchpoints and in 2019/20, we received 4,367 survey responses.

Customer feedback:

"I was contacted personally by one of the management as well as being updated by the system by email in regard to the progress. My query was resolved in no time and the staff were exceedingly polite."

"Fast, professional and courteous. Didn't get a resolution but fully understand where and what next. Got an email with a case number by email so all good."

Key achievements

This year, we have:



Responded to **90%** of customer queries within **10 days**



Reached a customer satisfaction score of **8.07 out of 10** our highest so far



Been shortlisted for **4 awards** and received a **Gold Award** at the **UK Complaint Handling Awards** for our **FM Helpdesk transformation**

Case study: Consolidating four FM helpdesks into one

After consolidating 161 different helpdesks into four after NHSPS was formed in 2013, in 2018 we looked to improve our facilities management services further.

We had four regional facilities management helpdesks - in London, Manchester, Wolverhampton, and Tyne & Wear - which was the root cause of significant inconsistencies in management and operational processes, and consequently a poor customer experience.

When developing our strategy, we reviewed industry best practice as well as considering the problems we were facing with our regional helpdesks. It was clear to us that a single, centrally managed helpdesk was the obvious solution to get complete oversight in order to fix the numerous control issues and ultimately improve customer experience.

The overall aim of the new FM Helpdesk was to make our customers' lives easier - they're already exceptionally busy people - and a need to be able to care for patients in fit-for-purpose environments.

In having one central FM Helpdesk in Stockport, our customers are receiving a high standard

of customer service that is now monitored for quality and consistency, with all customer contact following one central set of consistent processes to ensure jobs are logged and executed swiftly. A central location has enabled improved handover between out of hours and in hours helpdesk shifts, which in turn has meant priority issues have been well managed on behalf of the customer.

In 2019, we consolidated the four regional numbers into one central number which is free for customers to call 24/7/365. Asking all customers to use one number will ensure they receive a more reliable, consistent service as we have stronger telephony network resilience and better business continuity.

Customer feedback:

"Every time I call for support, I am always greeted by a friendly member of your team who always seem happy to help with any issues."

"Very helpful person on the Helpdesk and someone came to carry out the work the same day. Then I had a call back to check if it has been done. Very satisfied with the service."



Our communities

In June 2018, we launched our first Corporate Social Responsibility (CSR) strategy, focused on striking the right balance between the economic, environmental and social aspects of our activities and delivering sustainable value for our stakeholders.

Our CSR strategy directly supports our business goals: to enable our customers to deliver excellent patient care across our NHS sites. As one of the main property and facilities providers to the NHS, we have a key role to play in supporting the NHS's Long Term Plan and improving the health and wellbeing of healthcare professionals, patients and the public in all of the communities we operate in.

Over the last two years, the strategy has grown to cover a range of issues facing the wider NHS, including isolation and loneliness in the community, population health, and climate change.

We are delighted to have delivered a number of successful initiatives this financial year, positively impacting the lives of people across the country.



Creating spaces to support social prescribing

Social prescribing is a way that GPs, nurses and other primary care professionals can refer patients to local, non-clinical services to address the root cause of health concerns and improve a patient's overall wellbeing. The growth of social prescribing is an important factor in reducing demands on primary care networks, but is often restricted by a lack of suitable indoor and outdoor space for community groups and charities to deliver their services.

Our social prescribing programme aims to increase the availability of space for these community and voluntary groups, and has made good progress this year. Looking forward, we are setting ourselves ambitious goals to transform sites across the country. We will be working with our customers to open more dedicated social prescribing spaces, supporting as many voluntary groups and local communities as possible.

Key achievements

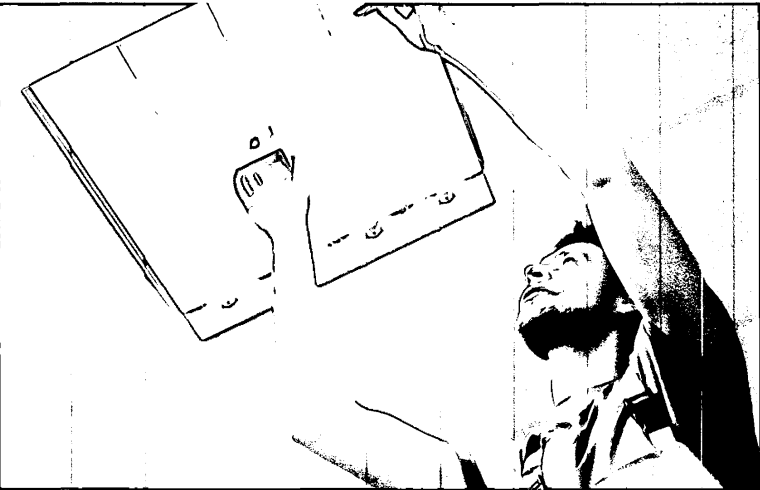
This year, we have:



Transformed **5 green spaces** at community hospitals, GP practices and health centres into vibrant community spaces with allotment plots and growing gardens for local groups, primary colleges and schools.



Created a new space for social prescribing at **Southmead Hospital** in Bristol. The centre provides both indoor and outdoor space for **more than 12** local groups and delivers health and wellbeing services to the community.



Tackling isolation and loneliness

Unpaid carers provide a significant service for the NHS, looking after friends and family members who may otherwise require NHS services for their care. Older carers in particular can find this a lonely experience, often struggling to manage their caring duties and staying connected to family and friends.

Our partnership with Carers Trust provides funding for grants and social events for older carers across the UK to help them with their caring duties while not losing their own sense of identity. We also focus our employee volunteering programme on opportunities for colleagues to support charities and good causes that help to reduce social isolation. As our programme grows, we continue to look at ways we can have the greatest impact on addressing these key social issues.

Key achievements

This year, we have:



Raised more than £20,000 for Carers Trust, funding grants and social events for elderly carers



Volunteered 1,375 hours of working time to support community groups across the country, including renovating meeting space at a recovery college and creating a peaceful garden for elderly people to socialise

Key achievements

This year, we have:



Switched to 100% renewable electricity for all sites where we provide electricity, offsetting over **37,000 tonnes** of carbon dioxide a year



Set up a nationwide LED lighting update project, saving over **£549,000** annually for the NHS and **830 tonnes** of carbon dioxide

Reducing carbon emissions

Reducing our energy consumption and associated carbon emissions is an important area of focus for us; rising energy prices and increasing compliance costs makes this a commercial imperative as well as a business responsibility. We also have a responsibility to support the NHS's commitment to being net carbon zero by 2050.

Over the last year, we have centred our approach to reducing our carbon emissions into two key areas: procuring renewable electricity and natural gas and creating efficiencies within our properties. We are also listening to customer feedback and looking into how to adapt our buildings so that users can transition to electric vehicles.



Improving accessibility

Many users of our sites face a range of accessibility issues, including mobility and sensory impairment, learning disability, and dementia. In order to ensure that all our site users feel confident and prepared to visit our properties, we partnered with disability organisation AccessAble. We are proud of the 324 accessibility guides we've produced for our properties, which have been viewed by almost 20,000 people.

After extending our partnership with AccessAble in May 2020, we are shifting our focus to deliver more significant physical improvements to our sites that help patients access our sites. This includes integrating AccessAble recommendations into our standard working processes to ensure that access for all is front and centre within our properties.



Key achievements

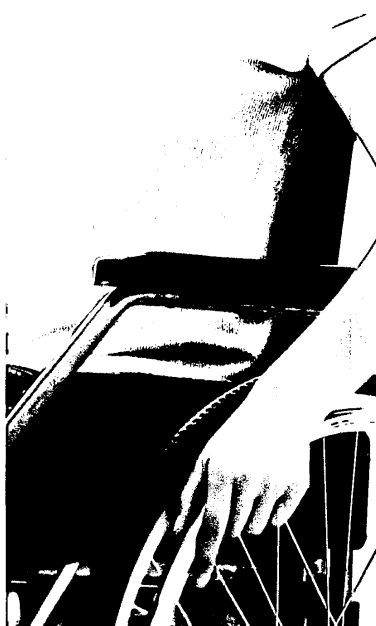
This year, we have:



Created over 60 free to access public accessibility guides - a total of 324 over the course of our three-year partnership with AccessAble. We have integrated all of these into our corporate website to ensure patients accessing our sites have the information they need.



Adopted recommendations from the guides to that have led to minor and major works at sites across the country to **improve accessibility**, including improved disabled access at a medical practice in Manchester and new accessible toilets in properties across the East coast.



Reducing waste and resource use

As facilities and services provider to around 3,500 NHS buildings, we generate a considerable amount of waste and we are committed to ensure this is managed responsibly. Earlier this year we showed our support to the 'For a greener NHS' campaign, pledging to drive action on five key areas, including reducing waste, reducing our single use plastic consumption and improving our water efficiency.

We have redeveloped our waste management system, including standardising procedures and processes, to ensure as little waste goes to landfill as possible. As part of our efforts to improve water efficiency, we are currently undertaking a review of our suppliers and water costs, and we will introduce measures to reduce consumption in the coming year.

Key achievements

This year, we have:



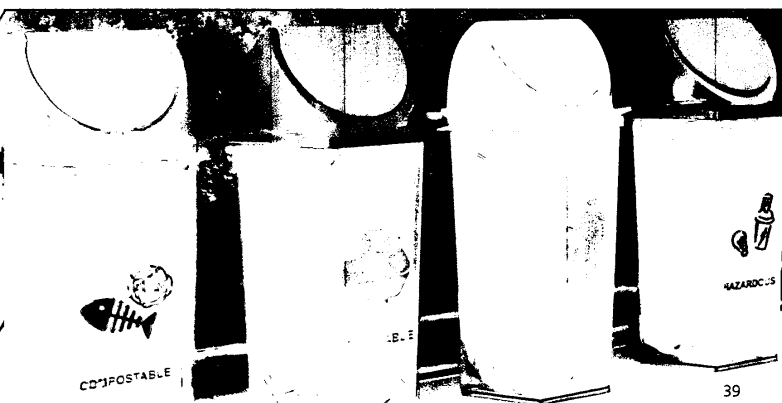
Diverted 99.4% of our general waste from landfill, including recycling - almost a quarter of our total waste



Joined the City Of London's 'Plastic Free City' campaign, removing plastic straws, single-use plastic cutlery and single-use plastic cups from our London office

For a greener NHS

Climate change poses a major threat to our health as well as our planet. The environment is changing, that change is accelerating, and this has direct and immediate consequences for our patients, the public and the NHS. This is why the NHS has launched the 'For a greener NHS' programme, allowing NHS staff, hospitals and partners to share ideas on how to reduce the impact on public health and the environment, save money and – eventually – go net carbon zero. NHSPS has pledged its commitment to this cause.





Our people

We recognise that our people are fundamental to the successful delivery of our vision: to be the best property and facilities provider to the NHS and enable our customers to deliver excellent patient care.

In 2019/20, we maintained our focus on upskilling our workforce to ensure they have the tools they need to excel within our organisation and recruiting the right people for the right roles as NHSPS continues to grow.

We have sought to provide a greater range of professional development opportunities to our people and one of our key priorities has been to engage with and recognise colleagues for the

contribution they make to our organisation and the wider NHS.

We have continued to review our organisational design to ensure we are more responsive to the needs of the NHS and align with the goals of the NHS Long Term Plan and collaborate with our partners to deliver the best outcomes for the NHS and the patients we serve.

Our values

In 2017, we developed a shared set of values that have been embedded across the organisation. These values were created working together with the wider workforce to ensure they reflect the way that we work and the principles that we strive to uphold every day.



WE ARE CUSTOMER ORIENTATED



WE ARE TRUSTED TO DELIVER RESULTS



WE ARE SOLUTIONS FOCUSED



WE ARE AN ENABLING ORGANISATION



WE ARE OPEN, HONEST AND TRANSPARENT



WE ARE ONE TEAM

Our people in numbers



4,565

Frontline services and operations management



429

Corporate Services



200

Asset Management



10

Board



5,204
in total

Driving engagement and recognition

We are committed to creating a working environment for all our colleagues that encourages high levels of engagement and recognises the contribution that individuals make to enabling excellent patient care. We work closely with the communications team to ensure our employees have opportunities to hear from the senior management team and receive regular updates about key company initiatives, as well as working with each directorate through dedicated HR business partners who provide support and guidance.

We measure the success of our engagement and recognition initiatives each year by conducting an independent, confidential survey that all colleagues are invited to complete. The survey gives colleagues the opportunity to share feedback across a broad range of categories including leadership, team working learning and career development as well as the resources they need to fulfil their roles.

The survey ran in September 2019 and 55% of colleagues across the business responded, our highest return rate so far. Scores remained the same or improved across all categories and we saw improvements in our two key measures.

We use the outcomes of the survey to drive our approach to continuous improvement and to enable us to be a better employer. Following feedback from our employees in a previous survey about providing greater opportunities for recognition for a job well done, we launched the NHSPS Recognition Scheme in April 2019.

The Recognition Scheme enables instant recognition for our employees for their hard work, quarterly values-based recognition awards and annual awards for members of the management community who have role-modelled our values.

Key achievements

This year, we have:



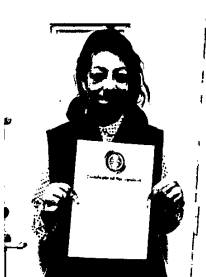
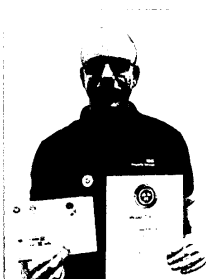
Issued 175 awards across the company to colleagues who have gone above and beyond to support the NHS and exemplify our values



Increased our Trust Index score by 9 percentage points to 71%



Increased our Engagement Index score by 7 percentage points to 72%

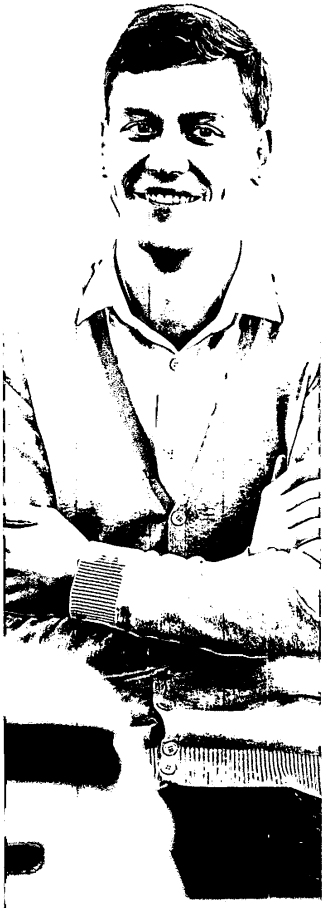


Supporting learning and development

We recognise the role that learning and development plays in supporting a high-performing and customer-responsive business. Managers discuss the learning requirements of their teams at bi-annual performance reviews along with career aspirations. Many learning needs can be met on-the-job and managers are encouraged to set challenging and developmental objectives for their teams and to coach and support their teams to achieve these objectives.

In 2019/20 we implemented a learning management system that provides hundreds of online courses that are available at the point-of-need to all colleagues and this platform is also used to provide mandatory training. We have also launched a suite of management skills courses as well as offering virtual learning sessions via webinar. We have invested in professional development for all directorates and colleagues are encouraged to join professional bodies to keep abreast of developments within their professions.

Each year we recruit and train graduates to develop them towards chartered surveyor status. This has been an effective way of attracting early career talent to NHSPS and we are now seeing some of our graduate recruits starting to fill more senior roles within our Asset Management team. Last year we recruited four graduates as part of this rolling programme that started in 2015.



Promoting inclusion and diversity

It is important to us that our workforce reflects the diverse communities we serve. We believe that our teams are better when they are inclusive of all talent and we strive to ensure that our people policies and practices underpin this belief and that opportunities are available on an equal basis to all colleagues.

Over the past year, we've worked to reduce the gender pay gap where we can. Although large numbers of female colleagues in frontline roles have pre-set pay grades and we have limited opportunities to influence this, we have been pleased to see the percentage of women in senior management roles (grades 4 and 5) increase over the last year.

Whilst we have made significant strides in promoting diversity and inclusion (D&I) within NHSPS, we recognise that there is much more we can do to truly embed D&I practices across all levels of our organisation.

We have recently refreshed our D&I strategy to better align it with our wider corporate strategy, including introducing an NHSPS Diversity and Inclusion Forum, providing more training to colleagues and undertaking a review of our recruitment and selection processes to attract more people from under-represented backgrounds.

We're also continuing to drive improvements within our people practices and processes to ensure they enable inclusion and exploring ways to gather better diversity data to help us understand where we can make further improvements.

Key achievements

This year, we have:



Reduced the gender pay gap at senior management level by **6.32%**



Utilised national campaigns to **promote diversity and inclusion** across the organisation, including International Women's Day and Pride Month

Board



Executive Committee



Overall



Key achievements

This year, we have:



Launched our new **Learning Zone** to provide online training to all colleagues



Recruited and supported **4 graduates** through our RICS-certified graduate programme to become chartered surveyors

Improving workforce connectivity

We believe that connecting our workforce starts with our people and over the past twelve months we've been upgrading our IT infrastructure to better connect our people and business.

This will enable more of our frontline colleagues to be digitally connected with their teams and business through mobile devices and connect more teams at non-hub sites with Wi-Fi, supporting our people to do their roles and improving how we deliver our services to our customers.

Key achievements

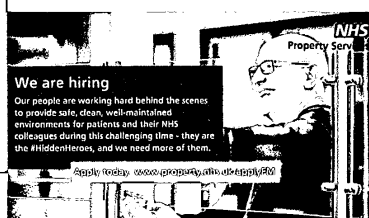
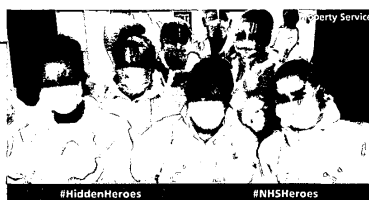
This year, we have:



Provided over **3,000** colleagues with access to our network through new smartphones and handheld devices



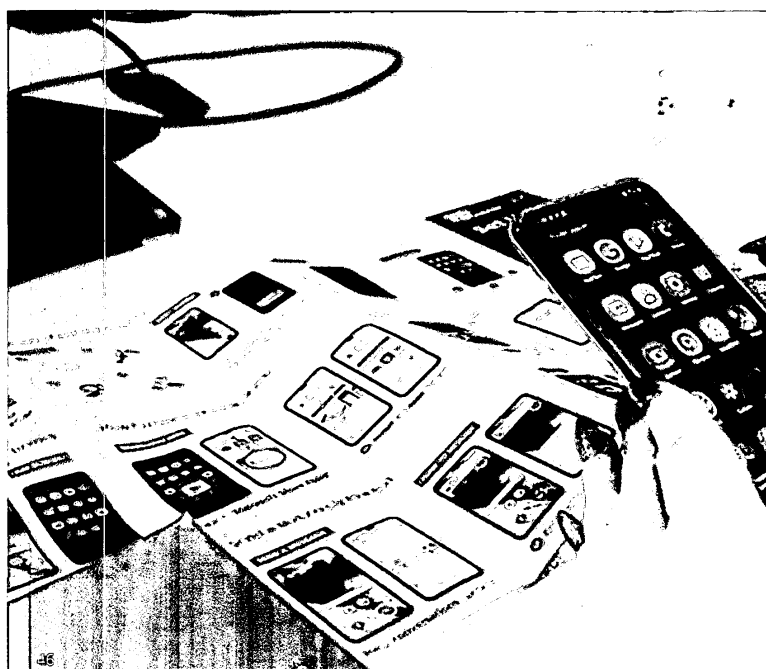
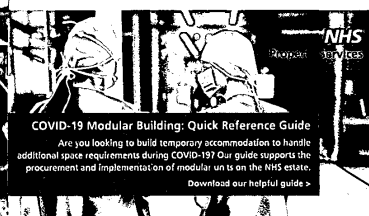
Established Wi-Fi at
84 sites across England




















How we responded to COVID-19

During the COVID-19 outbreak, we actively supported the delivery of NHS clinical services and provided critical services including cleaning, urgent maintenance and catering. We responded at pace to provide accommodation for additional patient beds and isolation units and we built resilience into our frontline workforce through additional recruitment, deployed resource from organisations in our supply chain to our frontline and by deploying our own resources to areas of greatest need.

During this difficult time, we also focused on the mental health and wellbeing of our teams as well as following government guidelines regarding physical health. We provided a three-month programme of wellbeing webinars, online material and booklets to provide advice and guidance to our colleagues to help them adjust to remote working, develop resilience and create healthy habits. We also provide an employee assistance line to provide impartial advice and counselling across a range of topics.



Key activities and actions

Maintaining safe environments	Demonstrating value
 COVID-19 cleaning requests <ul style="list-style-type: none"> 2,202 COVID-19 cleaning requests completed for existing customers, in addition to normal cleaning Additional services to non-customers Accelerated training to deliver more deep cleans 	 Communications <ul style="list-style-type: none"> Over 400 comms to people, external and customers National radio, TV and press coverage of our #HiddenHeroes campaign, supported by high profile social media influencers
 Resourcing and recruitment <ul style="list-style-type: none"> Established Operational Resourcing Centres Over 367 new staff recruited across a variety of roles (301 cleaners) and 377 recruitment requests New application system, national press coverage, social media campaign 	 Business Intelligence <ul style="list-style-type: none"> Reporting dashboards delivered at pace, enabling operational oversight across cleaning, absence, recruitment, customer requests and more
 FM jobs <ul style="list-style-type: none"> 16,002 FM jobs completed in 12 week period during COVID-19 pandemic 	 Helping Hands <ul style="list-style-type: none"> Over 90 volunteers across company to help with reception, PPE delivery and cleaning roles
Supporting our people	Repurposing space
 New ways of working <ul style="list-style-type: none"> Developed safe systems of work including enhanced PPE Supporting people to work at home and with social distancing requirements 	 Repurposing sites to create more bed space locally <ul style="list-style-type: none"> 41 locations and 1,423 beds identified 29 sites delivered, creating 1,036 beds 649 beds being used by local NHS and social care providers
 Wellbeing <ul style="list-style-type: none"> Dedicated wellbeing sessions, advice, helpline access and learning week 	 Strategic asset management <ul style="list-style-type: none"> 471 customers requests – 350 live cases and 274 delivered, including 24 testing centres Guiding customers on transition to 'hot/cold' sites Published Town Planning guidance on latest government changes Published Modular building guide for temporary accommodation
 Pay and benefits <ul style="list-style-type: none"> Developed pay and benefits package to reward frontline Flexible annual leave policy 	
 Fast track training <ul style="list-style-type: none"> Initiated fast track training to increase cleaning capacity and train new people 	
Agile, empowered decision making	Staying connected
 Governance <ul style="list-style-type: none"> Incident management team call each day Agile, empowered decision making regionally and nationally 	 Smarter working <ul style="list-style-type: none"> Supporting people to work at home through smart working Providing resilience of network and systems, ensuring they were operational and responsive through increased usage and remote working
 Collaboration <ul style="list-style-type: none"> Cross directorate working and increased collaboration between teams Speed of working increased, delivering at pace 	 Connecting more people <ul style="list-style-type: none"> Roll-out of new mobile devices to frontline More people connected than ever
 Business Continuity <ul style="list-style-type: none"> Fully operational under BCP plans including FM helpdesk and CSC Initiated Pandemic Preparedness Procedure 	

All figures correct as at June 2020

Our 2020/21 priorities

Following an incredible year of progress across the organisation, we took the opportunity to re-evaluate our strategy and set new goals for ourselves.

Continuing to align with the NHS Long Term Plan, we developed a new roadmap for the coming year that will enable us to build on the progress we've made, and drive meaningful, positive change across the NHS estate and the patients it serves.

Our purpose: Enable excellent patient care

Our vision: Be the best property and facilities provider to the NHS

Our strategy: Support delivery of the long term plan and help the NHS transform



Our culture: Engaged, enabled, high-performing team



Chief Financial Officer's Report

This year has been a year of continued progression for NHS Property Services (NHSPS). We have launched a range of projects which have involved the combined effort of all of the teams in Finance. Success in these key projects has been fundamental in shaping our financial results for the year, as well as ensuring continued engagement with our key stakeholders.

Our qualitative results

Delivering cost transformation

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

For the full year 2019/20, we had an overall savings target of £43m. As at the year end, we have achieved savings totalling £48m spanning over 300 initiatives across the business. An example of one of these projects is our focus on disposal of surplus property and exits from leaseholds no longer required. This has resulted in £4.7m of savings from the disposal of 34 freehold properties and exit of 44 leasehold properties.

Continued governance and control

We continue to strengthen our internal control processes across our financial teams through ongoing annual reviews. We have reshaped our processes in a number of areas to achieve a more efficient and effective approach. One area of notable change is the bank reconciliation, the process for which has been streamlined through increased automation, training and increased reporting and has resulted in consistent timely completion.

We have also reviewed policies in some areas including our 'No PO No Pay' Policy which was introduced in September 2018, under which invoices aren't paid unless it is accompanied by a valid, authorised purchase order, as a result of which we have continued to revise and update our online informational material and have introduced a new training programme over the year. We have also increased our focus on receipting of invoices (confirming when goods or services have been received) through our accounting system. We have also increased our reporting of invoices which have not yet been receipted by the business to weekly from July this year. This ensures visibility and drives good behaviour in receipting goods that we have received an invoice for. This has resulted in a high level of compliance thereby increasing efficiency when paying our suppliers, helping to reduce trade payables days.

Improvements in management reporting

We have focused on driving accountability and ownership of the financial information and data across the teams within Finance through setting clear roles and building more rigid timetables for monthly reporting. We have also improved consistency through increased analysis and making income a focus of month end reporting resulting in improved internal reporting to the Executive Committee and Board. Risks and opportunities reporting has also been introduced to aid decision making and track financial performance.



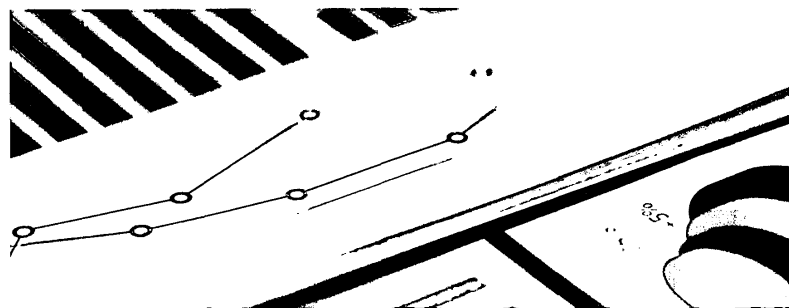
Improving our billing processes

Going into this year, billing was one of the biggest areas where we needed to improve. We had to change our approach to the billing cycle and understand what was needed to ensure that it aligned with our customers' planning and budgeting processes. Some of our key achievements on billing this year include issuing 92% of 2020/21 Annual Charging Schedules (ACSs) before the new financial year and resetting the billing cycle to meet customer need and drive improvements in accuracy.

While we believe we have made steps in the right direction, we acknowledge we are still on a journey and there is a way to go as we continue towards RICS compliant timescales on our ACS, billing and true-up processes. We need to work with customers to continue to build their trust and continue the improvements to our billing services by working together with them.

Managing debt and cash collection

Both the National Audit Office and the Public Accounts Committee reports published last year highlighted that we needed to make significant improvements on how we manage debt and cash collections. We welcomed their feedback and we have been pleased that their recommendations have had a direct impact on helping us to drive forward our strategic debt management programme and support stronger cash collections this year. Our achievements included improved cash collection, surpassing stretch target to collect £710 million in 2019/20. We recognise there is more to do in improving our debt management and cash collection processes and we are continuing to work closely with DHSC and NHSE&I to enhance our overall debt management strategy.



Our results in figures

First year adoption of IFRS16

We have applied the new IFRS16 leases accounting standard for the first time in 2019. This standard has a material impact on the financial statements as it leads to most leases being recognised on the Statement of Financial Position as a right of use asset and a lease liability. The lease cost will change from an in-period operating lease expense to recognition of depreciation of the right of use asset and interest expense on the lease liability. We have adopted the modified retrospective transition approach and therefore comparative periods are not restated.

As the modified retrospective approach does not require restatement of comparative periods, the impact of IFRS16 on our opening Statement of Financial Position is accounted for as an adjustment to equity at the start of the current accounting period being 1 April 2019. This resulted in an initial £36m increase in retained earnings as of this date which can be seen in the SOCIE and more detail can be found in note 27.

The impact of IFRS16 in the year was to increase depreciation by £57m, decrease rental income by £16m, increase finance income (interest on leases) by £4m and an increase in

finance costs (interest on obligations under PFI contracts and leases) of £1m. These changes in conjunction with the adjustments to rental expense recognised under IFRS16 have resulted in a reduction of the loss after tax of £2m in the period.

On the Statement of Financial Position, we now hold a lease right-of use asset of £1,339m within non-current assets. We also hold total lease and PFI liabilities of £1,209m split between current and non-current liabilities.

Income

In 2019/20 NHSPS's incoming resources excluding finance income were £781m, a 2% decrease compared to the prior year of £798m. This is mainly due to a £16m decrease in income as a result of IFRS16 being adopted in 2019/20. If IFRS16 is excluded, the remaining income of £797m is consistent with the previous year (£798m).

Before IFRS16 adjustments, year-on-year income has decreased by £1m. This is as a result of an £18m increase in rent, £21m decrease in facilities management and service charge income (including rates), a £5m increase in capital funding income and a £3m decrease in sundry income.

Expenditure

Total operating expenditure for the year was £897m (2018/19: £872m). As a result of IFRS16 being adopted in 2019/20, there has been an increase in depreciation of £57m, offset by a reduction in other direct and operating expenses of £71m mainly related to rental expenses. If IFRS16 is excluded, the remaining total operating expenditure of £911m, and this would have resulted in a 4% increase on the previous year (£872m). This movement is mainly due to a £66m increase in the doubtful debt expense account, offset by a £24m decrease in impairment as a result of the annual revaluation review.

Through our ongoing cost transformation projects, we have achieved enough cost savings and efficiencies to offset inflation in the current year.

Property revaluations

We revalue properties on an annual basis, these movements are included within the net unrealised gain disclosed in the financial statements of £34,870 (2019: £79,301).

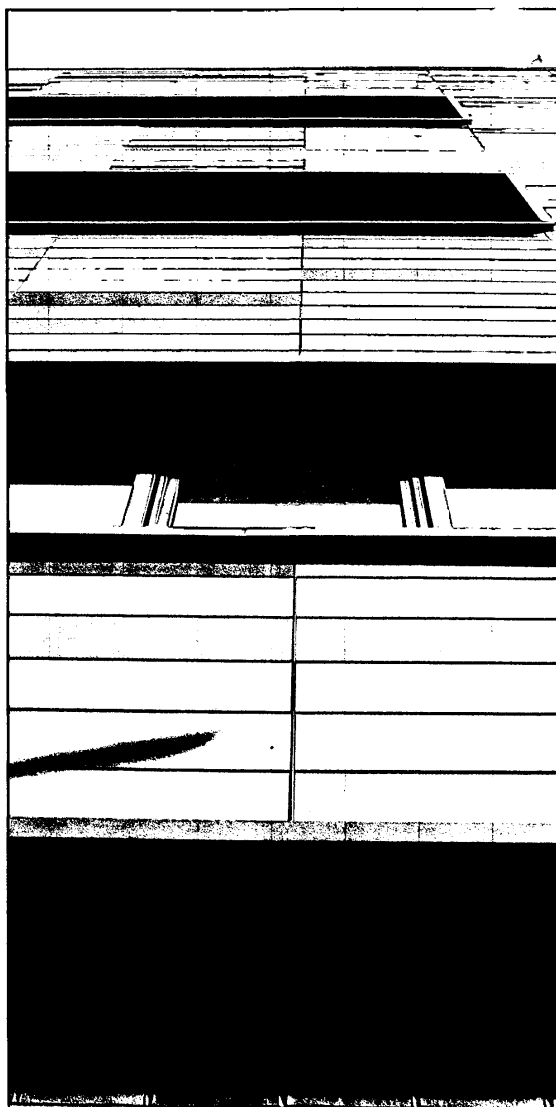
The annual revaluation exercise generated a net unrealised gain in the revaluation reserve of £75m (2018/19: £101m) and £29m (2018/19: £8m) in profit and loss.

This year NHSPS implemented a new property revaluation cycle. Working alongside our professional advisors, our enhanced process and cycle gives us additional insight into our portfolio and allows us to incorporate an even more detailed understanding of our properties. In this first year of the new cycle we have revalued all sites where revaluation is required.

For 2019/20, 1,177 sites were revalued, this represents 83% by net book value of the NHSPS portfolio (£3,102m of the £3,721m portfolio prior to revaluation).

The £104m increase to Fixed Assets represents an overall 2.9% increase to NBV of the entire portfolio and an overall 3.3% increase to NBV of the 2019/20 sample. At 31 March 2020 there was an overall credit for impairments per the statutory accounts of £17m – there were additional charges during the year in relation to assets transferring to held for sale, and lease exits offsetting the gain above.

The 2020 revaluation exercise means the closing value of the company's property portfolio prior to IFRS16 adjustments was £3,825m (2019: £3,903m).



Capital receipts and investment in our estate

During the year, NHSPS completed sales of surplus properties which realised gross capital receipts of £45m (2019: £38m) generating an accounting profit of £9m (2019: £14m).

NHSPS continued to invest in the estate during the year, increasing the amount invested by £88m to £90m.

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

Debt positioning and funding

The Public Accounts Committee report published last year highlighted that an absence of some rental agreements had led to a number of our bills being disputed with a significant increase in the debt over time to March 2019. At year-end, the total debt we were due was £642m (of which £613m is past due), which is an increase of £74m compared to the prior year (£568m). This is a significant improvement as the debt increase last year was £129m which shows the beneficial effect of the change in our debt strategy, which we intend to continue going forwards.

NHSPS renewed its flexible loan facility with the Secretary of State for Health and Social Care to and have currently utilised £160m (2019: £110m), an in-year increase of £50m.

Mark Smith
Chief Financial Officer

26 November 2020

Accountability Report



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

It comprises the following key sections:

- The Corporate Governance Report sets out how we have governed the organisation during 2019/20 including directors, membership and organisation of our governance structures and how they support achievement of our objectives.
- The Risk Management Report details the organisation's approach to risk as well as our approach to Information Governance and Modern Slavery.
- The Remuneration Report sets out our remuneration policies for Non-Executive Directors and Executive Directors and how these policies have been implemented for the reporting period, including salary information and pension liabilities.



Corporate Governance Report

The Board

The Board is composed of four executive and six non-executive members (including the Chairman and Shareholder director). Other senior executives and the Company Secretary attend the Board as required.

The Board supports the Chief Executive, who is the Accounting Officer and is therefore accountable to the Secretary of State for Health and Social Care and for the management of the company.

The roles of the Chairman and the Chief Executive Officer are distinct and have been

agreed by the Board. The Chairman chairs the Board and general meetings of the company, sets the agenda of such meetings and promotes the highest standards of integrity, probity and corporate governance throughout the company.

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

Roles and responsibilities

The Board is the senior decision-making body and has a responsibility to support the strategic direction of NHSPS and works to improve the success of the company. It delegates day-to-day responsibility to Executive Management, although a number of matters are reserved for the Shareholder Director and the Board. The Board has sufficient engagement with the business to allow it to lead the company with an in-depth understanding of its strengths and capabilities, and the challenges it faces.

The Board reviews, with the Shareholder Director, the financial delegated responsibilities within the governance structure to ensure that there is sufficient oversight of all key aspects of the business, with well-established reporting lines and accountability.

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

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

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

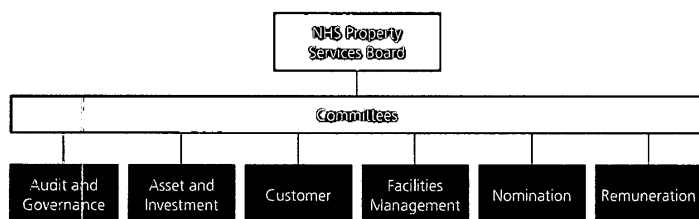
Board appointment and diversity

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

The diversity and experience of the Board and Executive Team are essential to the effective leadership and success of the company. Control measures are in place to ensure that the obligations under equality, diversity and human rights legislation are complied with. Appointments are made first and foremost based on merit, using objective criteria and taking into account the recognised benefits of all types of diversity. The Board will continue to ensure this is considered when making any new appointments.

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

Board and committees



NHS Property Services governance framework and committees effective between 1 April 2019 and 31 March 2020

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

The NHS Property Services (NHSPS) Committee structure has been developed from Board down, to ensure each committee has a clear

purpose, scope and authority. Furthermore, the Committee terms of reference are reviewed and approved annually (last reviewed in November 2019 by the Board) and the delegated financial limits, which provide the framework for ensuring appropriate authorisation of expenditure commitments, were approved and further updated by the Board effective from May 2019.

The work of the Committees continues to be reviewed to ensure that they focus on strategy, policy and governance and add value and expert knowledge and oversight to these areas. NHSPS Board and Committees conduct annual effectiveness reviews on the delivery of their terms of reference and running of the Committees. The findings are reviewed by the Committee and an action plan is developed to drive improvements and inform changes to the membership, terms of reference and workplans of the Committees.

Board



Chairman: Ian Ellis



Main Responsibilities:

The Board develops strategy and leads NHSPS to achieve long-term success.

The Board has a formal schedule of matters reserved for the Shareholder Director which are outlined within the Articles of Association. The Board retains responsibility for strategic, major financial and key operational issues. Defined terms of reference for Board Committees, formal documentation of powers delegated to Executive Directors and clear reporting lines ensure that the Board receives all relevant information about the business, and that decisions are made by people at the right level with the authority to do so.



Membership and Attendees:

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

The following table details membership and the number of meetings attended by each member:

Member	Meetings attended
Ian Ellis	6/6
David Godden	5/6
Jane Kennedy	6/6
Michael Strong	6/6
Martin West	6/6
Ben Masterson	6/6
Elaine Hewitt	6/6
Mark Smith	6/6
Martin Steele	5/6
John Westwood	6/6



Key Highlights:

- Supporting the changing needs of a growing and changing population
- Refining our strategic approach to better align our operating model with the evolving NHS



Audit and Governance Committee



Chair: Martin West



Role of the Committee:

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

The Committee has an annual cycle of business to ensure that all aspects of the duties are covered. The Committee also reviews the Annual Report and other published information for regulatory compliance. It assesses the performance of the external auditors annually. It also monitors the external auditors' independence.



Membership and Attendees:

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

Additional attendees are invited to attend meetings to assist with committee business. For 2019/2020, these have included our key internal stakeholders, Deloitte LLP (internal auditors) and National Audit Office (NAO). The Shareholder Director Deputy for the Committee is Jen Nicholls.

The following table details membership and the number of meetings attended by each member:

Member	Meetings attended
Martin West	7/7
Jane Kennedy	6/7
Ben Masterson (or Shareholder Director Deputy)	7/7



Main Responsibilities:

- Integrated governance, internal controls, and risk management.
- Systems of financial control.
- Compliance, raising concerns (whistleblowing) policy and counter-fraud.
- Internal audit and external audit.
- Other assurance functions.
- Financial reporting and accounts.
- Compliance with the Articles of Association and Governance Framework.



Key Highlights:

- Improvements on historic debts and billing
- Agreeing the internal audit plan for 2019/20 and reviewing progress
- Monitoring the effectiveness of controls through the receipt of written and verbal reports from the directorates, Internal Auditors and External Auditors
- Regular review of the Internal Audit reports with key findings from completed reviews
- Regular update on the status of audit recommendations, including the Internal Audit Opinion (Annual Report)

Assets and Investment Committee



Chair: Michael Strong



Role of the Committee:

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



Membership and Attendees:

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

Additional attendees are invited to attend meetings to assist with committee business. For 2019/2020, these have included our key internal stakeholders and the Shareholder Director or their Deputy. The Shareholder Director Deputy for the Committee is Claire Hewitt.

The following table details membership and the number of meetings attended by each member:

Member	Meetings attended
Michael Strong	4/4
David Godden	4/4
Elaine Hewitt	3/4
Kieran Kinsella	3/4
Adrian Powell	3/4
John Westwood	4/4




Key Highlights:

- Oversight of the Development Pipeline and Investment portfolio
- Oversight of the Open Space Strategy
- Oversight of the Occupation Regularisation programme

Facilities Management Committee

 Chair: David Godden

 Role of the Committee:

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

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

 Membership and Attendees:


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


Additional attendees are invited to attend meetings to assist with committee business. For 2019/2020, these have included our key internal stakeholders. The Shareholder Director Deputy for the Committee is Matthew Cooper.

The following table details membership and the number of meetings attended by each member:

Member	Meetings attended
David Godden	3/3
Jane Kennedy	3/3
Elaine Hewitt	3/3
Martin Steele	2/3
Ben Masterson (or Shareholder Director Deputy)	3/3

Customer Committee

 Chair: Jane Kennedy

 Role of the Committee:

The Customer Committee oversees the customer agenda within the business to ensure continuous improvements to our customer offering and ensures the voice of the customer is represented at Board level.

The Committee also sets the strategic direction for customer engagement and oversees the organisation's approach.

 Membership and Attendees:

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

Additional attendees are invited to attend meetings to assist with committee business. For 2019/2020, these have included our key internal stakeholders, Head of Property at Barts Health NHS Trust and the Shareholder Director or their Deputy. The Shareholder Director Deputy for the Committee is Sonia McRobb.

The following table details membership and the number of meetings attended by each member:

Member	Meetings attended
Jane Kennedy	3/3
David Godden	2/3
Elaine Hewitt	2/3
Martin Steele	2/3
John Westwood	3/3
Deborah Prince	3/3

Remuneration Committee



Chairman: Ian Ellis



Role of the Committee:

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



Membership and Attendees:

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

Additional attendees are invited to attend meetings to assist with committee business. For 2019/2020, this has included the Chief Financial Officer and Director of Human Resources.

The following table details membership and the number of meetings attended by each member:

Member	Meetings attended
Ian Ellis	5/5
Michael Strong	5/5
Martin West	3/5
Ben Masterson	5/5
Elaine Hewitt	5/5

Nomination Committee



Chairman: Ian Ellis



Role of the Committee:

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

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



Membership and Attendees:

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

The following table details membership and the number of meetings attended by each member:

Member	Meetings attended
Ian Ellis	4/4
David Godden	3/4
Jane Kennedy	4/4
Michael Strong	2/4
Martin West	4/4
Ben Masterson	4/4
Elaine Hewitt	4/4

The Directors

A diverse and experienced Board is an essential component to the success of the company. Our Board is responsible for setting our strategy, managing strategic risks, and providing managerial leadership and accountability. Furthermore, they collectively bring together a wide range of expertise in the property, finance, facility management, health and wider business areas, from both public and private sectors, in the UK and overseas.



Ian Ellis
Chairman

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

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

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

At NHS Property Services, Ian is the Chairman of the Board, Remuneration and Nomination Committees.



Ben Masterson
Shareholder Director

Ben Masterson took on the role of Shareholder Director on the board of NHS Property Services in 2017. He is currently Deputy Commercial Director and Head of Companies Management at the Department of Health and Social Care,

bringing vital insights and representing shareholder interests to the board.

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

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

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



Martin West
Non-Executive Director

Martin West has been a Non-Executive Director at NHS Property Services since the company was launched in April 2013.

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

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

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



Michael Strong
Non-Executive Director

Michael Strong was a Non-Executive Director of NHS Property Services from 1 February 2016 – 31 March 2020.

Michael is a highly respected figure in the property industry. He has worked in the real estate sector for more than 40 years and has held senior positions both in the UK and overseas.

Michael spent 15 years as Executive Chairman of CBRE's EMEA division, including seven years as Chief Executive. He was elected as a Fellow of the Royal Institution of Chartered Surveyors and previously held roles at the Estates Division of Prudential Assurance Company and Healey Baker, now Cushman & Wakefield.

Michael was Chair of the Asset and Investments Committee and a member of the Remuneration Committee.



Jane Kennedy
Non-Executive Director

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

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

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

Jane is Chair of the Customer Committee and a member of the Audit & Governance, Remuneration and Facilities Management Committees.



David Godden
Non-Executive Director

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

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

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



Elaine Hewitt
Chief Executive
Officer

Elaine Hewitt served the company as Chief Executive Officer from 3 February 2015 – 31 March 2020.

Elaine led the transformation of the business for the benefit of the healthcare system and the patient. She rebuilt the Executive Team over the last four years and established a customer service culture across the workforce.

Before joining NHS Property Services, Elaine was Group Property Director of BT Plc. Her role was to manage the largest corporate property portfolio in the UK, as well as real estate that spanned 70 countries.

As well as having considerable private sector experience, Elaine has held public sector roles, notably Crown Representative for Property and Facilities Management for the Cabinet Office. She is also a Senior Board Advisor to Dorrington Plc, a property investment and development company.

Elaine held the role of the lead Executive Director for the NHS Property Services Board and was also a member of the Asset and Investment, Facilities Management, Customer and Remuneration Committees. She is a Fellow of the Royal Institution of Chartered Surveyors.



Martin Steele
Chief Operating
Officer

Martin Steele joined the company on 4 July 2017 as Chief Operating Officer.

Martin has a strong track record of designing and implementing both hard and soft facilities management strategies.

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

At NHS Property Services Martin is the Lead Executive Director of the Facilities Management Committee and sits on the Asset and Investment Committee.



Mark Smith
Chief Financial
Officer

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

He has overall responsibility for guiding the financial strategy of NHS Property Services.

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

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

in finance, risk and compliance and operational governance. He is a member of the Chartered Institute of Management Accountants.

At NHS Property Services, Mark is the lead Executive Director on the Audit and Governance Committee and is a member of the Facilities Management Committee.



Julian Pearce
Chief Financial
Officer

Julian Pearce was Chief Financial Officer at the company from 3 September 2016 to 30 April 2019.

At NHS Property Services, Julian was the lead Executive Director of the Audit and Governance Committee and an attendee of the Facilities Management and Asset and Investment Committees.



John Westwood
Director of Asset
Management

John Westwood joined the company on 6 July 2015.

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

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

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

Board changes

During 2019/20 there were three resignations and one appointment to the Directorship of the Board.

- Julian Pearce resigned from his role as Chief Financial Officer on 30 April 2019
- Elaine Hewitt resigned from her role as Chief Executive Officer on 31 March 2020
- Michael Strong's appointment as Non-Executive Director ended on 31 March 2020
- Mark Smith was appointed to the Board on 1 May 2019

Directors' conflicts

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

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

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

Openness and transparency statement

The company's whistleblowing policy is embedded within the counter fraud policy and has been in place since inception and has been reviewed by counter fraud specialists. A 24-hour confidential reporting line is in place so that our people can raise concerns at any time.

Directors' and Officers' liability insurance

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

Directors' indemnities

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





Risk Governance

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

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

Risk Management Framework

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

NHSPS is committed to creating and enabling a risk management culture that seeks to enhance the value delivered to customers, position the company for growth and protect our reputation. Thinking about risk consciously and managing

it in a planned and effective way will support our objective of delivering a consistently good service.

We continue to review our risk framework in-year to enhance awareness and focus on our Directorate Risk Registers that feed into our Corporate Risk Register. This year we have performed and reported risk deep dives each quarter to the Executive Team to ensure more detailed discussion and attention is given to each risk during the year. The Board also recognises the importance of a framework for risk management and review the reported risk deep dives and Corporate Risk Register every six months.

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

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

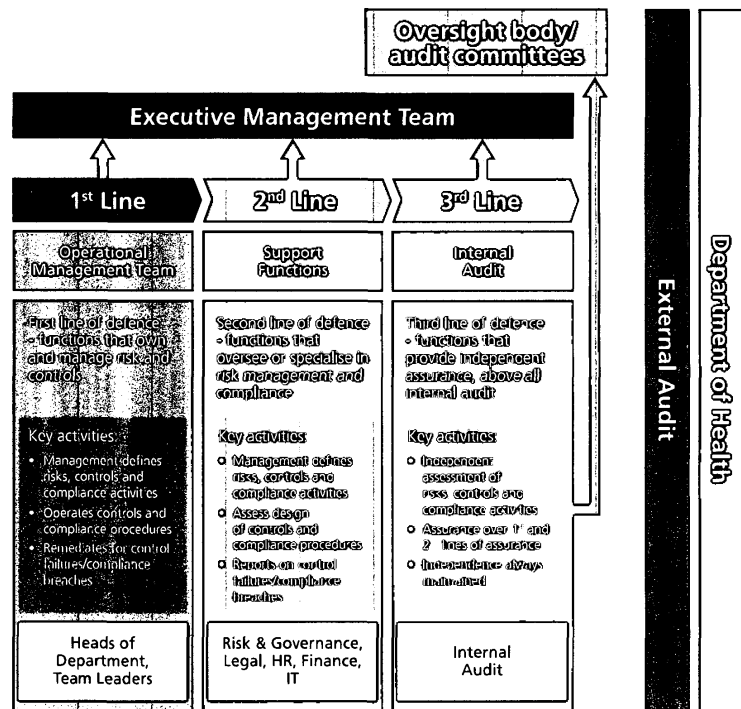
Two Risk Forums operate below the Corporate Risk level, one at Directorate level which reviews directorate risk registers and discusses cross-directorate risks, and the second forum which focuses on financial risks across the different teams in the Finance Directorate. This ensures that our approach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

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

Three Lines of Defence

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





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







Principal Risks

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

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

Principal Risks	Key mitigating actions	
<div>Market Deterioration</div> <div></div>	<p>There is a risk that the property market deteriorates, resulting in lower capital receipts from the NHSPS disposal pipeline, ultimately resulting in less funds for reinvestment.</p>	<ul style="list-style-type: none">• An Investment Management team proactively manages market risk on a property by property basis and at programme level• Disposal programme review to assess high value disposals which could be accelerated
<div>Financial</div> <div></div>	<p>Our core customer base has increasing funding pressures which increases the risk of non-payment for space and services provided. This may continue to negatively impact our cash flow and liquidity and continue to increase our bad debt.</p>	<ul style="list-style-type: none">• New joint action plan agreed with DHSC and NHSE&I• Continued engagement with DHSC, NHSE&I to improve income recovery• Cashflow forecasts provided monthly to DHSC• Escalation/arbitration process being improved• Regular reviews of debt portfolio• Maximising the effectiveness of billing and debt processes• Enhanced policies and procedures• Debt remediation programme to coordinate efforts to reduce customer debt
<div>People</div> <div></div>	<p>Retention and attraction of key talent remains a risk which may impact our capability to deliver the business plan including key change projects and the delivery of our strategic objectives.</p>	<ul style="list-style-type: none">• Talent management and succession planning is being developed throughout the company• Refreshed induction programme focusing on the vision and values of the company• Apprenticeship levy being utilised• In-house recruitment function established
<div>Customer</div> <div></div>	<p>There is a risk that customer needs are not met as healthcare strategies and models of care rapidly evolve to address challenges outlined in the NHS Long Term Plan.</p>	<p>Our focus is on helping the NHS transform. We continue to focus on a suite of programmes to improve our support to the NHS:</p> <ul style="list-style-type: none">• Recording, monitoring and reporting on customer concerns and queries via CRM system• Revised account management programme for key customers and stakeholders• Fully integrated CSAT process and reporting to allow monitoring of customer satisfaction across core touchpoints

Principal Risks	Key mitigating actions	
<div>Compliance</div> <div></div>	<p>We remain committed to operating a compliant estate. There is a risk we are not legally compliant in all of our occupied premises from a health and safety and technical perspective.</p>	<ul style="list-style-type: none">• Asset condition surveys are being obtained for sites for which the company has a repairing and insuring liability. These surveys have begun to highlight a need for remedial works which will have a direct impact on funding requirements• Technical lead and operational compliance manager recruited• Increased customer engagement, reporting and transparency to share levels of compliance and differentiate landlord and tenant compliance responsibilities
<div>Commercial</div> <div></div>	<p>There is a risk that the low number of formal occupation agreements in place across the entire portfolio continues to lead to disputes over billing and poor recovery of income.</p>	<ul style="list-style-type: none">• An Occupation Regularisation Programme is in progress to formalise all occupation arrangements• Working to put in place deemed agreements on rent and area across the estate to establish basic level of occupancy• Introduced an Annual Charging Schedule check-in process which has increased customer engagement and operational focus to agree charges or modify where appropriate
<div>Contract</div> <div></div>	<p>There is a risk that one of our key third party suppliers ceases to operate or is unable to provide services / perform in line with contract expectations.</p>	<ul style="list-style-type: none">• Engagement at senior level with key critical suppliers• Monitoring of supplier finances and business performance in market• Cost builds by service type to help determine value for money represented by contract• Centralised Procurement and Vendor Management approach• Insourcing some of the key services provided
<div>Exit from the EU</div> <div></div>	<p>Uncertainty over the shape of the eventual 'Brexit' agreement could have an adverse impact on our operations.</p>	<ul style="list-style-type: none">• NHS Property Services is working closely with the DHSC and NHS system leaders in relation to preparations for the exit from the EU to ensure our plans align with the wider, national plans• Our providers have advised that they have proactively sought to mitigate potential disruption to their service delivery and other contractors have been asked for their business continuity plans and readiness status so we can prepare for any issues that may arise• The Government's position on 'Settled Status' reinforces our view that there is unlikely to be a material change in current levels of EU citizens working for NHSPS

Internal Controls

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

We continue to work with our Internal and External Audit partners to strengthen our internal control framework. The 2019/20 internal audit plan has been focussed on key risk areas, covering the efficiency and effectiveness of the governance, risk management and internal control frameworks.

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

- Valuation of the property portfolio
- Risks to cashflow and debt management
- The consequences of inaccurate data on the delivery of timely billing to our customers and cashflow
- Customer service and satisfaction
- Accounting policies and the potential impact from proposed changes
- Implementation of new systems such as CORE
- Management's own assessment of the strengths and weaknesses of the overall control environment and the action plans to address any weaknesses

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

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

Internal Audit

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

The internal audit plan for the year ending 31 March 2020 focussed on known risk areas for the organisation as per the Corporate Risk Register and was approved by the Audit and Governance Committee at the start of the year.

Internal Audit provide update reports to each Audit and Governance Committee with key findings from completed audits. Further, they have provided an annual report, including the Head of Internal Audit Opinion, in relation to the organisation's framework of governance, risk management and internal control.

At 31 March 2020, all actions from the Corporate Governance and Risk Management audits, which remained outstanding at the start of FY2019/20, have been reported as closed by the NHSPS Governance Team. Responsibility for the monitoring of the implementation of audit actions was transferred from the internal audit team to the Governance team at the end of FY2018/19 and embedded throughout FY2019/20, demonstrating the development of the second line of defence for the organisation.

Team objectives and scorecards are linked to the completion of internal audit actions and the implementation status of audit actions is presented to the Executive team on a quarterly basis, further strengthening the culture of the organisation to address control weaknesses. In addition, the Company Secretary has completed a review of all Board Committee Terms of References and the Executive Team are reviewing the corporate risk register on a quarterly basis and performing deep dives on significant risks on a rotational basis. NHSPS has identified areas of improvement in defining the organisation's risk appetite and further embedding the 'bottom-up' risk process throughout the organisation.

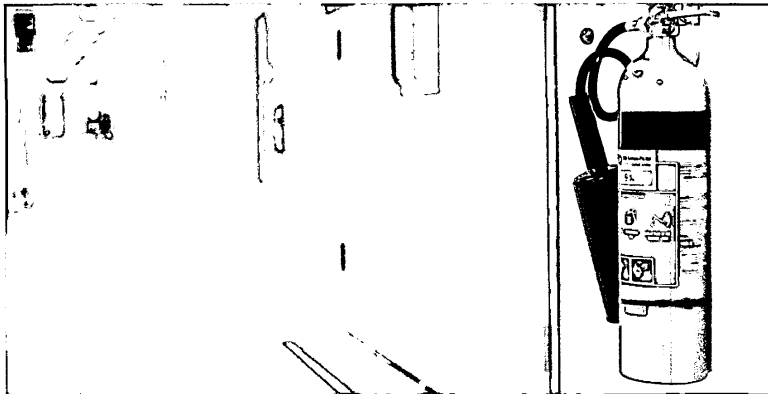
With respect to the internal control environment, good progress has been made in establishing a framework and controls across the organisation. The results of the FY2019/20 internal audit work identified that the control environment continues to evolve and, as systems have been embedded in the organisation, this has facilitated improvements in the control environment through the automation of controls and enhanced management reporting. For example, the Accounts Payable (AP) team has made significant progress over the last 12 months in implementing audit actions and defining and embedding policies, processes and procedure documents within the team. The Customer Services Centre (CSC) and Facilities Management (FM) Helpdesk audit found that the CSC Helpdesk has a mature control environment with established procedures. The FM Helpdesk has been subject to significant change since its inception in September 2018 and, through staff training and monitoring of quality, a stable control environment has been achieved.

There remain areas where work was ongoing to address known weaknesses in the control environment and to establish the overarching framework of control requirements, for example in relation to Third Party Risk Management where the control environment is still being defined and developed and also, over payroll processes where significant control weaknesses were found during the audit. For example, changes to key HR and payroll data impacting pay are not independently reviewed and approved.

The FY2019/20 Asset Management (AM) Data Governance audit found that there has been a series of improvements initiated in 2019 to improve AM data quality and processes, underpinned by the development of the Data Improvement Plan (DIP). The actions in the DIP, along with actions we have identified through audit work, to enhance and support the DIP, include some fundamental elements required for the organisation to achieve and maintain a desired level of maturity for an organisation of the size and scale of NHSPS.

There are robust frameworks in place for governance and risk management which need to be further embedded throughout the organisation in FY2020/21. With respect to the internal control environment, good progress has been made in establishing a framework and controls across the organisation. However, there is still a need to address significant weaknesses in the areas identified above, all of which NHSPS is aware of. There are action plans in place for the areas where internal audit has identified internal control weaknesses. The implementation of the agreed action plans should provide the basis for a robust internal control framework for FY2020/21.





Fire Safety

A Fire Operations Group has been established in NHSPS providing a tactical capability to implement strategic objectives. The group comprises of a fire safety lead from each operating region, led by the National Technical Fire Manager. This team is pivotal in communicating corporate fire related guidance and direction to the wider FM operational teams.

This framework is underpinned by the Tyne and Wear Fire Rescue Service, who continue to act as the statutory partner to NHSPS under the terms and agreement of the Primary Authority Scheme. The expertise provided by the partnership ensures that the business adheres to the legislative requirements of the Regulatory Reform (Fire Safety) Order 2005 and acts an independent organisation for advice and guidance.

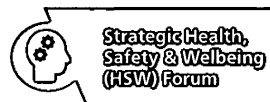
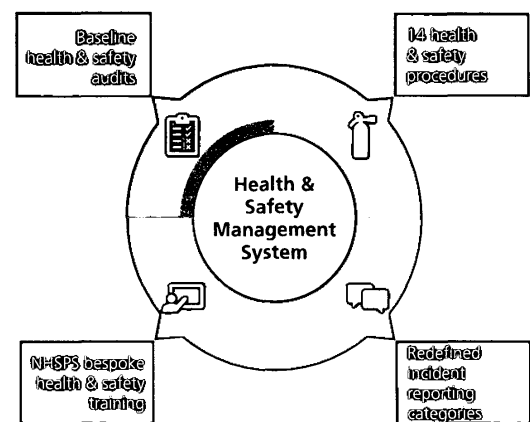
Health, Safety and Wellbeing

During 2019/20, NHSPS continued to invest in its commitment to Occupational Health, Safety and Wellbeing with the introduction of a new Health and Safety Management System, for application across all Directorates and Operational zones. This has been achieved by working closely with colleagues in Technical Services and Service Assurance to align procedures across all services. Our safety information is now on the company intranet site and is directly accessible by all colleagues, supported by our first Health & Safety Booklet for our frontline teams. Water safety has been a key area of focus with National and Regional Water Safety Groups being established along with defined ways of working. This year we also achieved the British Safety Council International Award with Merit.



Our vision continues to be an organisation with a positive safety culture enabling all our colleagues to make safe choices and look out for each other every day. Our first three-year strategy to achieve this was launched which set out our targets for 2023.

This year we achieved:



Strategic Health, Safety & Wellbeing (HSW) Forum

- Executive Directors
- Directorate Leads
- Service Heads



National HSW Forum

- Directorate Safety Champions
- Principal Operations Managers Rep
- Regional Health & Safety Specialists
- Unions/SMEs



Regional HSW Forum

- Health & Safety Specialist
- Principal Ops/Property/Finance/Managers
- Service Stream representatives

Fraud Detection and Investigation

During 2019/20, the NHS Property Services counter fraud function was outsourced to BDO LLP, which undertook a range of proactive initiatives and reactive investigations to embed a strong anti-fraud culture and create a robust control framework to prevent fraud occurring. Over the last year BDO delivered a programme of work that included:

- Local proactive exercises
- Fraud and bribery awareness sessions
- Response to reactive requests

During 2019/20, a tender process was undertaken to renew the service contract for a counter fraud specialist. The counter fraud service contract with BDO LLP ended on 31 March 2020 and as from 1st April 2020, the successful candidate, Grant Thornton, has been contracted to provide counter fraud specialist services over the next three years.

Information Governance and Data Protection

Information Governance and Records Management are an important part of the business, ensuring NHSPS remains compliant in relation to data protection, records management and information security activities. The Secretary of State for Health and Social Care has mandated that all organisations that have access to NHS patient data and systems must complete the Data Security and Protection Toolkit, provided by NHS Digital, and this need is currently being progressed. The Information Governance Team are focussed on identifying and mitigating any potential data protection risk across the business. For 2019/20, NHSPS continues to evolve its systems & processes, to ensure best Data Protection practices and to embed Data Protection by Design and Default. NHSPS is registered as a Data Controller with the Information Commissioner's Office and confirms that there were no significant reportable data breaches during the year.

Slavery and Human Trafficking statement

NHSPS fully supports the Government's objectives to eradicate modern slavery and human trafficking.

This is our Slavery and Human Trafficking Statement for the financial year ending 31 March 2020.

Organisation structure and supply chains

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

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

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

Policies in relation to slavery and human trafficking

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

Due diligence processes

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

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

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

Key performance indicators to measure effectiveness of steps being taken

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

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

Training on modern slavery and trafficking

Through our whistleblowing policy, our staff and members are encouraged to identify and report any suspicions or potential breaches of our antislavery and human trafficking policy.

We are looking at ways to continuously increase awareness within our organisation, and to ensure a high level of understanding of the risks involved with modern slavery and human trafficking in our supply chains and in our business.

Responsibility

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

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

This statement was approved by the Board on 26 November 2020 and signed for, and on behalf of, the Board by:

Martin Steele
Chief Executive Officer

26 November 2020

Directors' Report

Principal activities

NHS Property Services ("NHSPS") commenced trading on 1 April 2013 and is a government-owned company which exists to help the NHS get the most from its estate and ensure that it is consistently fit for purpose, so that healthcare professionals can focus on delivering excellent patient care.

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

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

NHSPS acts as a key advisor to NHS organisations on all property matters to allow

them to focus on what they do best – provide the vital services our communities need.

We principally provide property management and facilities management services. Our 5,000 people are dedicated to enabling excellent patient care through better estate management.

Our core services are:

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

Board of Directors

A list of Directors who served during the year are included below. The Corporate Governance Report on page 58 details further how NHSPS is governed and provides additional details of its Board members and committee structure, the frequency of meetings of the Board and its committees, attendance records at these meetings and the highlights the work carried out by committees.

Directors of the Board	Appointment to the Board	Resignation from Board
Ian Ellis	14 Mar 2016	
David Godden	26 Jul 2018	
Jane Kennedy	26 Jul 2018	
Michael Strong	1 Feb 2016	31 Mar 2020
Martin West	26 Mar 2013	
Ben Masterson	31 Jan 2017	
Elaine Hewitt	3 Feb 2015	31 Mar 2020
Mark Smith	1 May 2019	
Julian Pearce	3 Sept 2016	30 Apr 2019
Martin Steele	4 Jul 2017	
John Westwood	6 Jul 2015	

Business review

The company reported an operating loss for the year ended 31 March 2020 of £147m (2019: £97m loss).

The total comprehensive loss for the year ended 31 March 2020 was £112m compared to £18m comprehensive loss reported in the year ended 31 March 2019.

A review of the business and future developments is included in the Chairman's Foreword on page 4.

The significant finance projects have been undertaken during the year have also been summarised in the Chief Financial Officer's report on page 50.

The principal risks and uncertainties of the business are detailed on page 76.

Results and dividends

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

Share capital

The issued share capital of the company is 256,200,001 £1 ordinary shares. The Secretary of State for Health and Social Care owns 100% of the issued share capital. The company did not issue any shares in the period.

Details of the company's share capital are set out in note 18 to the financial statements.

Equality and diversity

NHSPS is committed to promoting equal opportunities for all colleagues and we are very proud of our diverse organisation. We want to role model an inclusive environment and value everyone in the organisation as an individual, and we aim to attract a diverse mix of candidates and employees to all levels in our business. We are developing a new diversity and inclusion strategy which will be embedded in our culture and reflected in our ways of working, hiring, and career programmes.

We support the recruitment of staff with disabilities having full regard to their aptitude and abilities, and we also offer individual support to staff who become disabled during their employment and where appropriate, offer opportunities for retraining and redeployment.

More information regarding our inclusion and diversity strategy can be found in the Our People section of the Strategic Report on page 40.

Political and charitable contributions

No political or charitable contributions were made by the company during the period ended 31 March 2020.

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

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

The company has been focussed on the continuous improvement of customer service engagement, including realigning our regions, which allows direct alignment with our NHS colleagues. We have also improved our billing through a new proactive engagement plan to agree our Annual Charging Schedules. Full details of which can be found in the Our Customers section of the Strategic Report on page 29.

As a company we recognise that one of our greatest assets is our employees. To ensure we engage with these key stakeholders we complete an employee engagement survey on an annual basis. More details of which are available in the Our People section of the Strategic Report on page 40.

The company has also been improving how suppliers engage and work with us. We now have a single effective supplier helpdesk, and we have resolved backlogs and improved our payment cycles to ensure suppliers are paid when they should.

Details regarding the company's corporate governance arrangements are detailed in the Accountability Report on page 56.

Going concern

The company's business activities, together with the factors likely to affect its future development and performance, are set out in the Chief Financial Officer's Report on page 50. The financial position of the company, its cashflows, liquidity position and borrowing facilities are outlined in the financial statements.

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

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

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

Auditor

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

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



This report is approved by the Board on 26 November 2020 and signed for and on behalf of the Board by:

A handwritten signature in black ink, appearing to be 'M Smith'.

Mark Smith
Chief Financial Officer

26 November 2020

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

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company. They are also responsible for ensuring that the financial statements and the remuneration report comply with the Companies Act 2006.

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

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

Responsibility statements under the disclosure and transparency rules

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

- The financial statements, prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company.
- The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of the principal risks and uncertainties that it faces.

In addition, having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Directors are satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the

Shareholder Director to assess the company's performance, business model and strategy.

Disclosure of information to auditor

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

This report is approved by the Board on 26 November 2020 and signed for and on behalf of the Board by:



Martin Steele
Chief Executive Officer

26 November 2020



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

Remuneration policy

This Remuneration Report covers members of the NHSPS Board.

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

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

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

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

The Remuneration Committee oversees appropriate contractual arrangements for our people. The Committee met five times during the financial year and was chaired by the Chairman of the Board.

Remuneration approval for all Directors and people earning more than £167,000 base salary per year is reserved to the Secretary of State for Health and Social Care or any senior civil servant acting with the Secretary of State's authority.

Senior Management

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

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

A company-wide bonus or performance-related pay scheme was introduced during 2016/17. Executive bonuses were endorsed by the Remuneration Committee in June 2019 based on delivery of corporate and personal objectives.

Company structure

The company has undertaken a further series of function by function re-structures since last year in order to align more closely with the business needs.

The Chief Executive Officer takes the lead in shaping the future requirements of the business in line with Shareholder expectations. The Executive Team has reviewed the existing operating structure and implemented a series of changes to ensure the organisational design is fit for purpose for the company's future needs.

Service contracts

The individual contracts for Non-Executive Directors set out the fees and duration for their term of office. Fees are not pensionable. There is also no compensation provision for early termination. Notice periods are shown in the table below.

The details of Directors' service contracts, term and notice periods are shown in the following table. Executive Directors hold open-ended appointments. Non-Executive Directors are

appointed on a three-term basis which will then be renewed or extended.

out in the Articles of Association section 5.3.2(c) and the company's Delegated Authorities.

Early termination, other than for misconduct, would result in the individual receiving compensation, which is a reserved matter as set

Company Directors	Period as a Company Director	Current Term	Notice periods
Elaine Hewitt	3 February 2015	n/a	Terminable by either party giving 6 months' notice. Notice given by the Executive may be reduced to 3 months with written consent of the company. No less than 3 months if dismissed or incapacitated. Resigned on 31 March 2020.
John Westwood	6 July 2015	n/a	Terminable by either party giving 6 months' notice.
Julian Pearce	3 September 2016	n/a	Terminable by either party giving 6 months' notice. Resigned on 30 April 2019.
Mark Smith	1 May 2019	n/a	Terminable by either party giving 6 months' notice.
Martin Steele	4 July 2017	n/a	Terminable by either party giving 6 months' notice.
Chairman, Shareholder Director and Non-Executive Directors			Letter of appointment - notice periods
Ian Ellis	14 March 2016	2	Contract extended to 31 March 2021. Either party can give one month notice.
Ben Masterson	31 January 2017	n/a	The Shareholder Director is a senior civil servant at the Department of Health and Social Care and receives no remuneration from the company. There were also no recharges. Any potential conflict of interest is registered and managed in an appropriate way – see Directors' conflicts.
Martin West	26 March 2013	3	Contract extended to 01 September 2021. Either party can give 3 months' notice.
Michael Strong	1 February 2016	2	Resigned on 31 March 2020.
Jane Kennedy	26 July 2018	1	Initial period of 3 years. Either party can give 3 months' notice.
David Godden	26 July 2018	1	Initial period of 3 years. Either party can give 3 months' notice.

Term details for Executive and Non-Executive Directors as at 31 March 2020.

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

Remuneration of Board members

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

Name	2019/20					2018/19				
	Salary £'000 (Bands of £5,000)	Bonus £'000 (Bands of £5,000)	Benefits in kind £	Pension benefits £'000	Total remuneration £'000 (Bands of £5,000)	Salary £'000 (Bands of £5,000)	Bonus £'000 (Bands of £5,000)	Benefits in kind £	Pension benefits £'000	Total remuneration £'000 (Bands of £5,000)
Chairman and Non-Executive Directors										
Ian Ellis	65-70	Nil	Nil	Nil	65-70	60-65	Nil	Nil	Nil	60-65
Martin West	25-30	Nil	Nil	Nil	25-30	25-30	Nil	Nil	Nil	25-30
Michael Strong	25-30	Nil	Nil	Nil	25-30	25-30	Nil	Nil	Nil	25-30
Jane Kennedy	25-30	Nil	Nil	Nil	25-30	15-20	Nil	Nil	Nil	15-20
David Godden	25-30	Nil	Nil	Nil	25-30	15-20	Nil	Nil	Nil	15-20
Ben Masterson*	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Executive Directors										
Elaine Hewitt	230-235	65-70	8,000	Nil	310-315	220-225	65-70	17,900	Nil	315-320
Mark Smith	170-175	Nil	Nil	7	180-185	Nil	Nil	Nil	Nil	Nil
Julian Pearce	15-20	Nil	Nil	0	15-20	170-175	0-5	8,000	Nil	180-185
John Westwood	170-175	35-40	8,000	10	225-230	165-170	35-40	8,000	10	225-230
Martin Steele	180-185	35-40	9,600	11	240-245	175-180	35-40	8,000	11	235-240

* The Shareholder Director is a senior civil servant at the Department of Health and Social Care and receives no remuneration from NHS Property Services.

- Directors Remuneration FY2019/20 compared With FY2018/19.
- Total Board Directors remuneration for FY2019/20: £1,157,454.64
- Directors bonuses reported in FY2019/20 were calculated based on 2018/19 targets and paid in June 2019.
- Benefits are noted to the nearest £100.
- Pension benefits relate to employer contributions to the personal pension plan.
- Salary includes gross salary, overtime and any allowances to the extent that it is subject to UK taxation excluding voluntary settlements.
- The monetary value of benefits in kind covers any payments or other benefits provided by the company, which are treated by HM Revenue and Customs as taxable emolument.

Benefits for 2019/20 relate to car allowance only for all Board Directors with the exception of Martin Steele, who also received a responsibility allowance.

Ian Ellis

Ian Ellis
Chairman

26 November 2020

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

Opinion on financial statements

I have audited the financial statements of NHS Property Services Limited for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards as adopted by the European Union. I have also audited the information in the Remuneration Report that is described as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of the loss for the year then ended; and
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the Companies Act 2006.

Emphasis of matter – material uncertainty regarding property valuation

I draw attention to the disclosures made in Note 9 Property Plant and Equipment, which describes the effects of a material valuation uncertainty on the professional revaluations of land and building assets arising from the impacts of COVID-19 on land markets and building costs. My opinion is not modified in respect of this matter.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of NHS Property Services Limited in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- NHS Property Services Limited's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- NHS Property Services Limited have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about NHS Property Services Limited's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of

Directors' Responsibilities, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements,

whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NHS Property Services Limited's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- conclude on the appropriateness of NHS Property Services Limited's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on NHS Property Services Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the company to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

significant deficiencies in internal control that I identify during my audit.

Other information

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

Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 2006;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report, Chief Financial Officer's Report, or Directors' Report; and
- the information given in the Strategic Report, Chief Financial Officer's Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Auditor



Hilary Lower
Senior Statutory Auditor

26 November 2020

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

Annual Accounts

Statement of Comprehensive Income

For the year ended 31 March 2020

			Restated
	Notes	2020 £000	2019 £000
Operating revenue	2	780,872	797,743
Direct property expenses	3	(696,987)	(703,259)
Administrative expenses	4	(94,241)	(99,776)
Other operating expenses	5	(105,324)	(68,864)
Operating loss		(115,680)	(74,156)
Finance income	7	4,155	576
Finance costs	7	(45,038)	(40,250)
Gain on disposal of property, plant and equipment		9,010	13,601
Loss before tax from continuing operations		(147,553)	(100,229)
Taxation	8	624	3,279
Loss for the year		(146,929)	(96,950)
Other comprehensive income, net of income tax			
Items that will not be recycled to profit and loss:			
Revaluation of property, plant and equipment		34,870	79,301
Other comprehensive income, net of income tax		34,870	79,301
Total comprehensive (loss)/income for the year		(112,059)	(17,649)

The above relates wholly to continuing operations.

Notes 1 to 27 form part of these financial statements.

Statement of Financial Position

As at 31 March 2020

	Notes	2020 £000	2019 £000
Non-current assets			
Property, plant and equipment	9	2,930,019	3,903,355
Right-of-use assets	10	1,338,741	-
Intangible Assets		7,801	4,757
Trade and other receivables	12	112,297	10,482
		4,388,858	3,918,594
Current assets			
Trade and other receivables	12	563,784	585,583
Cash and cash equivalents		150,489	112,849
		714,273	698,432
Assets classified as held for sale	13	4,091	5,363
Total assets		5,107,222	4,622,389
Current liabilities			
Trade and other payables	14	152,348	140,239
Borrowings	15	303,788	134,552
Provisions	16	15,056	18,829
		471,192	293,620
Non-current liabilities			
Trade and other payables	14	8,395	9,376
Borrowings	15	1,064,782	605,016
Provisions	16	60,085	60,130
		1,133,262	674,522
Total liabilities		1,604,454	968,142
Net assets		3,502,768	3,654,247
Equity			
Share capital	18	256,200	256,200
Retained earnings		(1,135,600)	(971,423)
Revaluation reserve		1,353,487	1,336,892
Capital contribution reserve	19	3,028,681	3,032,578
Total equity		3,502,768	3,654,247

Notes 1 to 27 form part of these financial statements.

These financial statements were approved by the Board of Directors on 26 November 2020 and signed on its behalf by:


Mark Smith
 Chief Financial Officer
 26 November 2020

Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Operating activities			
Loss for the year		(147,553)	(96,950)
Adjustments for non-cash transactions:			
(Gain)/loss on disposal of property, plant and equipment		(9,010)	(13,601)
Depreciation and amortisation	3,4	240,751	178,054
Provisions arising and reversed unused		(1,298)	2,176
Impairment of receivables arising and reversed unused		108,266	-
Impairments of non-current assets	5	(17,131)	6,725
IFRS 16 Adjustments		(68,104)	-
Working capital adjustments:			
Interest received (shown below)	7	-	(576)
Interest paid (shown below)	7	40,645	39,571
(Increase)/decrease in inventories		-	9
(Increase)/decrease in trade and other receivables		(62,084)	(99,763)
Increase/(decrease) in trade and other payables		18,988	10,027
Increase/(decrease) in tax payable	12,14	(6,638)	(6,001)
Provisions utilised		(45,062)	(3,755)
Net cash inflow from operating activities		51,770	15,916
Investing activities			
Interest received	7	-	576
(Payments) for property, plant and equipment		(86,540)	(87,996)
Proceeds from disposal of property, plant and equipment		80,740	38,476
Net cash (outflow) from investing activities		(5,800)	(48,944)
Financing activities			
Proceeds from the issue of share capital	18	-	-
Increase/(decrease) in loans	15	50,000	30,000
Capital element of payments in respect of leases and PFI		(17,685)	(23,700)
Interest paid	7	(40,645)	(39,571)
Net cash (outflow) from financing activities		(8,330)	(33,271)
Increase in cash and cash equivalents for the year		37,640	(66,299)
Cash and cash equivalents at start of year		112,849	179,148
Cash and cash equivalents at end of year		150,489	112,849

Notes 1 to 27 form part of these financial statements.

Statement of Changes in Equity

	Share capital	Retained earnings	Capital Contribution Reserve	Revaluation Reserve	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	256,200	(971,423)	3,032,578	1,336,892	3,654,247
Effect of adoption of IFRS 16	-	(35,523)	-	-	(35,523)
Revised Balance at 1 April 2019	256,200	(1,006,946)	3,032,578	1,336,892	3,618,724
Total comprehensive income for the period					
Retained profit/(loss) for the year	-	(146,929)	-	-	(146,929)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	34,870	34,870
Transfers between reserves	-	18,275	-	(18,275)	-
Transfers	-	-	(3,897)	-	(3,897)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(128,654)	(3,897)	16,595	(115,956)
Transactions with owners, recorded directly in equity					
Issue of shares	-	-	-	-	-
Total contributions by owners					
Balance at 31 March 2020	256,200	(1,135,600)	3,028,681	1,353,487	3,502,768
Balance at 1 April 2018	256,200	(891,245)	3,035,136	1,274,363	3,674,454
Total comprehensive income for the period					
Retained profit/(loss) for the year	-	(96,950)	-	-	(96,950)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	79,301	79,301
Transfers between reserves	-	16,772	-	(16,772)	-
Transfers and adjustments	-	-	(2,558)	-	(2,558)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-	(80,178)	(2,558)	62,529	(20,207)
Transactions with owners, recorded directly in equity					
Issue of shares	-	-	-	-	-
Total contributions by owners					
Balance at 31 March 2019	256,200	(971,423)	3,032,578	1,336,892	3,654,247

Notes 1 to 27 form part of these financial statements.

Notes to the Financial Statements

Note 1: Accounting Policies

Corporate information

NHS Property Services Limited ("the company") is incorporated and domiciled in the UK. The company's registered office is at Houghton Primary Care Centre, Brinkburn Crescent, Houghton Le Spring, United Kingdom, DH4 5GU.

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

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

The company's financial statements for the year ended 31 March 2020 were approved by the Board of Directors on 26 November 2020.

Basis of preparation

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

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

Statement of compliance

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

Going concern

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

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

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

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

Standards adopted during the year

The following new accounting standards have been adopted in the year:

IFRS 16 – Leases

The company transitioned to IFRS16 in accordance with the modified retrospective approach. Previously, each lease contract was recognised either as a finance lease or an operating lease, with the accounting treatment appropriate for each category. Under IFRS 16, lease contracts are recognised in right-of-use assets and in lease liabilities by a debt

Note 1: Accounting Policies (continued)

corresponding to the discounted value of future payments.

The transition method used consists of recognising the cumulative effect of the initial application as an adjustment to opening equity by considering that the right-of-use of the underlying asset is equal to the amount of the lease liability, adjusted by amounts of rent paid in advance, lease incentives received from the landlord and repair costs. The company has applied the practical expedient not to reassess whether a contract is or contains a lease at the date of initial application. As part of the initial application the company chose to apply the relief option, which allowed it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application. The company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

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

The following reconciliation to the opening balance for the lease liabilities as at 1 April 2019 is based on the operating lease obligations as at 31 March 2019:

Reconciliation	1 April 2019 €000
Operating Lease Obligations as at 31 March 2019	610,345
Minimum lease payments (notional amount) on finance lease liabilities as at 31 March 2019	546,993
Gross Lease Liabilities as at 1 April 2019	1,157,338
Discounting	(204,709)
Lease Liabilities as at 1 April 2019	952,629
Present Value of finance lease liabilities as at 31 March 2019	(316,853)
Additional lease liabilities as a result of the initial application of IFRS 16 as at 1 April 2019	635,776

The discount rates applied as of the transition date are based on the company's incremental borrowing rate. The weighted average discount rate for the year ended 31 March 2020 was 1.99%. Further details on the IFRS16 critical judgements used are detailed in Note 1q).

Disclosures regarding right-of-use assets and lease liabilities and other disclosures can be found under the relevant balance sheet items and note 10 and 20, respectively.

With the exception of the above, the lease accounting policies are consistent with those of the previous financial year.

For the IFRS 16 – Impact of the first-time application on the 2019 financial statements, please see note 27.

Significant accounting policies

a. Leases

Leases are recognised under the new leasing standard IFRS 16, applied on the 1 April 2019. Further information of the impact of this change is detailed in Note 1 q) Critical accounting judgements and key sources of estimation uncertainty.

Note 1: Accounting Policies (continued)

The company as a lessee

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

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

The company as lessor

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

Contingent rentals are recognised as revenue when earned.

b. Income

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

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

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

Note 1: Accounting Policies (continued)

The below table describes the revenue from contracts.

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

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

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

Note 1: Accounting Policies (continued)

c. Finance income and expenses

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

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

d. Other expenses

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

e. Financial assets

Financial assets are recognised when the company becomes party to the financial instrument contract or, in the case of trade receivables, when the goods or services have been delivered.

Financial assets are initially recognised at fair value.

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

Cash and cash equivalents

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

Trade and other receivables

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

f. Non-current assets held for sale

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

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

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

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

g. Property, plant and equipment

Recognition and measurement

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

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

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

Note 1: Accounting Policies (continued)

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

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

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

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

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

Revaluation

Land and buildings are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.

The company has adopted a periodic rolling programme of revaluations across its portfolio. The company has adopted the following bases of valuation:

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

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

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

Additions

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

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

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

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

Disposals

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

Impairment

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

Note 1: Accounting Policies (continued)

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

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

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

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

Depreciation

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

Buildings

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

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

h. Intangible Assets

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

i. Private Finance Initiatives (PFI) transactions

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

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

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

Note 1: Accounting Policies (continued)

Services received

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

Assets

Under IFRS16, assets are recognised as right of use assets, when they come in to use. Under IAS 17, in the prior year these assets were recognised as property, plant and equipment, when they come into use. This year these assets have transferred from property, plant and equipment to right of use assets. The assets are measured initially at the present value of the minimum lease payments.

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

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

Liabilities

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

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

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

Lifecycle replacement

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

j. Financial liabilities

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

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

Trade and other payables

Trade and other payables are recorded at their face value.

Borrowings

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

k. Employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments are recognised in the period in which the service is received from employees.

l. Superannuation schemes

Defined benefit scheme

Employees who have been TUPE transferred over to the company are covered by the provisions

Note 1: Accounting Policies (continued)

of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme. The cost to the company of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

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

Defined contribution plan

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

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

m. Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the

obligation at the end of the reporting period, taking into account the risks and uncertainties. Where the effect is material, when a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows using the general provision PES rates as the basis plus inflation.

Onerous contracts

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

Dilapidations

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

Restructuring

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

n. Equity and reserves

Share capital

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

Capital contribution

The capital contribution reserve is not a distributable reserve and cannot be applied

Note 1: Accounting Policies (continued)

to fund expenditure. This is in line with section 830(2) of the Companies Act 2006, as this reserve does not consist of realised profits. The reserve reflects the value of assets transferred to the company at nil cost by NHS entities. Where further information is subsequently identified about the value of the assets at the date of transfer the reserve is adjusted to reflect this.

o. Contingencies

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation, or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

p. Taxation

Corporation tax

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and

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

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

Value added tax (VAT)

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

q. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

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

Note 1: Accounting Policies (continued)

IFRS16

Significant judgements applied include the methodology underlying the incremental borrowing rate for the company. Having significant numbers of commercial entities as the lessor counterparty, as a lessee it is not readily possible to determine the interest rate implicit in a lease. The discount rates applied as of the transition date are predominantly based on the company's incremental borrowing rate. The weighted average discount rate was 1.99%. In determining an incremental borrowing rate the company considers that it secures borrowing exclusively from its parent: the Department for Health and Social Care. Any hypothetical borrowing which would be secured to finance purchase of leased assets rather than lease them would be secured at the weighted average discount rate of 1.99% for the financial year ending 31 March 2020. These rates are derived from the rates promulgated and set annually by HM Treasury in a PES paper.

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

Impairment of Receivables

The company has used the simplified approach available under IFRS 9, for short term trade receivables, using a provision matrix. The company has impaired trade receivables based on an assessment of their recoverability. Impairments are applied to receivables where events or circumstances indicate that the carrying amounts may not be recoverable, including but not limited to, number of days past due. Management have specifically assessed the recoverability of receivables for each customer as follows; each customer is given a risk rating and

then a recovery percentage based on the age of debt and risk rating is applied. In assessing the risk rating, management split the portfolio into (a) large debts and NHS customers where management's judgement based on previous experience is applied and (b) non-NHS customers where, in addition, external credit risk ratings are also used. Sensitivity analysis shows if all customers were rated high risk the provision would be £283m and if all customers were rated low risk the provision would be £150m.

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

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

Note 2: Operating Revenue

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

Revenue split by stream	2020 £000	2019 £000
Rental income	384,760	382,736
Facilities Management and service charge income	377,705	398,611
Capital Funding Income	11,527	6,270
Other fees and charges	6,880	10,126
	780,872	797,743

Revenue split by contract / non-contract	2020 £000	2019 £000
Revenue from Contracts with Customers	396,112	415,007
Other Revenue	384,760	382,736
	780,872	797,743

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

The balance as at 31 March 2020 of receivables from contracts with customers is £346m (2019: £295m).

Note 3: Direct Property Expenses

	Note	2020 £000	Restated 2019 £000
Depreciation of property, plant and equipment	9	144,300	178,054
Depreciation of right-of-use assets	10	93,543	-
Amortisation		1,495	-
Rental and short term lease expenses		42,571	100,648
Lease contingent rent expense		1,525	7,496
PFI contingent rent expense		14,725	14,108
Facilities management		176,530	214,510
Utilities		54,045	52,741
Rates		60,259	54,526
Repairs, maintenance and insurance		28,844	31,622
Staff Costs	6	77,771	49,554
Legal and Professional		1,379	-
		696,987	703,259

The business brought a substantial portion of the facilities management offering in house. This has resulted in a decrease in external facilities management costs and an increase in staff costs. In addition, this change in our underlying operations has led to a review of the portion of staff costs being disclosed within direct property expenses.

Note 4: Administrative Expenses

	Note	2020 £000	Restated 2019 £000
Staff costs	6	51,156	56,353
Legal and professional fees		18,691	20,169
Chairman and Non-Executive Directors' costs		200	189
External audit fees		354	402
Internal audit fees		372	377
Depreciation of property, plant and equipment	9	1,413	-
Software, systems and maintenance		7,450	7,467
Other administrative expenses		14,605	14,819
		94,241	99,776

The external audit fees relate solely to the statutory audit. The 2019 expense includes an under accrual of £48k relating to 2018.

Note 5: Other Operating Expenses

	Note	2020 £000	2019 £000
Impairment of property, plant and equipment		(17,131)	6,725
Impairment on assets held for sale	13	-	-
Dilapidations expense		(1,771)	806
Impairment of Receivables		122,604	57,006
Low value Leases Expense		759	-
Other		863	4,327
		105,324	68,864

Note 6: Staff Costs

	2020 £000	2019 £000
Wages and salaries	103,485	86,672
Agency staff costs	5,606	5,905
Social security costs	8,836	7,863
Contributions to defined contribution plans	11,000	5,467
	128,927	105,907

Directors remuneration is disclosed in the remuneration report on page 92.

Staff costs is included in both Direct Property Expenses (£77,771k) and Administrative Expenses (£51,156k).

The average number of staff employed by the company (including directors) during the year was:

Average Number	Headcount 2020	Headcount 2019
Permanent staff	5,146	3,865
Agency staff	30	39
	5,176	3,904

Note 7: Finance Income and Costs

	2020 £000	2019 £000
Finance income		
Interest on leases	4,155	576
Interest income	-	-
	4,155	576
Finance costs		
Interest on loans	1,208	133
Interest on obligations under PFI contracts and leases	39,437	39,438
Unwinding of discounts on provision	4,393	679
	45,038	40,250

Note 8: Corporation Tax

	2020 £000	2019 £000
Recognised in the statement of comprehensive income		
Current tax (credit)/expense		
In respect of the current year	-	214
In respect of prior years	(624)	(3,493)
	(624)	(3,279)

Deferred tax asset - (16,130)

The corporation tax expense for the year can be reconciled to the accounting profit as follows:

Reconciliation of effective tax rate		
Loss before tax from continuing operations	(147,553)	(100,229)
Corporation tax expense calculated at 19% (2018:19%)	(28,035)	(19,043)
Effect of income that is exempt from taxation	(1,712)	(2,463)
Effect of expenses that are not deductible in determining taxable profits	19,563	21,720
Unutilised losses for which no deferred tax asset has been provided	10,184	-
Tax credit in respect of prior years	-	-
	-	214

As at 31 March 2020, the company has a corporation tax debtor of £0.9m (2019: £3.9m). The company has no unrecognised deferred tax assets (2019: £16.1m).

Note 9: Property, Plant and Equipment

	Land	Buildings	Assets under construction	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000
Cost as at 1 April 2019	1,337,327	2,744,190	109,067	3,779	1,701	4,196,064
Effect of adoption of IFRS 16	(141,781)	(883,525)	-	-	-	(1,025,306)
Reclassifications	100	90,820	(91,429)	-	-	(509)
Additions	251	1,778	83,228	2,642	-	87,899
Revaluation increase	252,520	14,589	-	-	-	267,109
Disposals	(672)	(364)	-	-	-	(1,036)
In year transfer to / from other bodies and other transfers	(1,099)	(4,095)	-	-	-	(5,194)
Impairment	(267,361)	(202,738)	(768)	(4)	(77)	(470,948)
Reclassifications to / from assets held for sale	(24,836)	(5,321)	-	-	-	(30,157)
Cost as at 31 March 2020	1,154,449	1,755,334	100,098	6,417	1,624	3,017,922
Depreciation as at 1 April 2019	115	288,927	-	2,183	1,484	292,709
Effect of adoption of IFRS 16	(126)	(93,215)	-	-	-	(93,341)
Reclassifications	-	-	-	-	-	-
Charged during the year	-	145,025	-	616	72	145,713
Revaluation	-	(195,258)	-	-	-	(195,258)
Disposals	-	-	-	-	-	-
In year transfer to / from other bodies and other transfers	-	(1,297)	-	-	-	(1,297)
Impairment	-	(60,521)	-	(2)	(77)	(60,600)
Adjustments	-	-	-	-	-	-
Reclassifications to / from assets held for sale	-	(23)	-	-	-	(23)
Depreciation as at 31 March 2020	(11)	83,638	-	2,797	1,479	87,903
Net book value as at 31 March 2020	1,154,460	1,671,696	100,098	3,620	145	2,930,019

Depreciation of property plant and equipment is included in both direct property expenses (£144,300k) and Administrative Expenses (£1,413k).

Note 9: Property, Plant and Equipment (continued)

	Land	Buildings	Assets under construction	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000
Cost as at 1 April 2018	1,316,158	2,744,592	88,513	3,895	1,738	4,154,896
Reclassifications	446	60,873	(61,334)	15	-	-
Additions	8,824	23,154	83,601	-	-	115,579
Revaluation increase	67,340	68,409	-	-	-	135,749
Disposals	(484)	(9,145)	-	-	-	(9,629)
In year transfer to / from other bodies and other transfers	-	-	-	-	-	-
Impairment	(33,284)	(136,112)	(1,713)	(131)	(37)	(171,277)
Reclassifications to / from assets held for sale	(21,673)	(7,581)	-	-	-	(29,254)
Cost as at 31 March 2019	1,337,327	2,744,190	109,067	3,779	1,701	4,196,064
Depreciation as at 1 April 2018	105	218,469	-	1,827	1,371	221,772
Reclassifications	-	-	-	-	-	-
Charged during the year	25	177,470	-	427	132	178,054
Revaluation	-	(74,873)	-	-	-	(74,873)
Disposals	(15)	(1,794)	-	-	-	(1,809)
In year transfer to / from other bodies and other transfers	-	-	-	-	-	-
Impairment	-	(30,582)	-	(71)	(19)	(30,672)
Reclassifications to / from assets held for sale	-	237	-	-	-	237
Depreciation as at 31 March 2019	115	288,927	-	2,183	1,484	292,709
Net book value as at 31 March 2019	1,337,212	2,455,263	109,067	1,596	217	3,903,355

In the year ended 31 March 2020 100% of the company's freehold land and buildings by value underwent a valuation review. The company obtains valuations performed by external property valuers, Montagu Evans LLP, in order to determine the fair value of its land and building portfolio.

The effective date of the revaluation is 31 March 2020.

All valuations are undertaken in accordance with the following Standards:

- International Financial Reporting Standards published by the International Accounting Standards Board;
- Valuation - Professional Standards (January 2014) of the Royal Institution of Chartered Surveyors;
- International Valuation Standards published by the International Valuation Standards Committee.

Note 9: Property, Plant and Equipment (continued)

Specialist buildings, for which there is no external market, are valued at depreciated replacement cost. Land and non-specialist buildings are valued at fair value, interpreted as market value for existing use.

Had the cost model been used the carrying amount of the land and building assets as at 31 March 2020 would have been £829m for Land (2019: £870m) and £1,740m for Buildings (2019: £1,831m).

Fair value hierarchy

The different valuation method levels are defined below. These levels are specified in accordance with IFRS 13 'Fair Value Measurement':

- Level 1:
Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2:
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3:
Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between fair value hierarchy levels during the year.

Where land and buildings are considered to be non-specialised, level 2 inputs are used to calculate Existing Use Value. The determination of fair value is primarily based on market values for comparable properties, if they were to be sold between two parties, without compulsion, but with a view that they would remain in their current (existing) use; or, when this is not appropriate for buildings, the income approach is used.

Where buildings are considered to be specialised by their nature, level 3 inputs are used as there is little or no market data available for valuation inputs. The determination of fair value is based on the current cost of replacing

the asset with its modern equivalent asset (depreciated replacement cost), less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

98% of the buildings revalued were derived from the BCIS Indices (level 3 inputs) adjusted for location and condition. The remaining 2% were revalued at level 2.

Unobservable inputs

- BCIS Indices which provide the "mean UK new build figures per sq. ft." The Indices are broken down across various building types and provide an accurate average figure across the UK.
- BCIS location weighting the construction costs. This weighting reflects regional differences in build costs.

Assumptions

- The construction of the replacement buildings are assumed to be undertaken on a cleared site, ready for development, and an 'instant build' basis. As such, there is no allowance for site clearance and preparation, or for finance on the build costs.
- The replacement buildings would be constructed at the date of valuation without phasing or lead in periods.
- The replacement buildings will be constructed in compliance with current building standards and requirements which are likely to differ in appearance and construction type from those buildings that presently exist on site(s).
- The replacement buildings being of the same floor area as those existing and offering the same service potential.
- There is a minimum ten-year residual useful life for all assets subject to revaluation.

Note 9: Property, Plant and Equipment (continued)

Impact of COVID-19

The fair value at 31 March 2020 is subject to material uncertainty due to COVID-19. There is significant uncertainty in relation to many factors that historically have acted as drivers for property markets. There is little empirical evidence currently available on the impact of COVID-19 on property values, resulting in a reduced level of certainty that can be attached to the valuation that has been reflected in the financial statements. While this lack of evidence reduces the level of certainty that can be attached

to such a valuation, the valuation provided is considered to be an appropriate basis on which to determine value at the date of reporting. Furthermore, the majority of buildings in the portfolio are specialised, and the valuation of these assets is driven by BCIS data inputs which are based on build costs and are therefore less reliant on market factors. Management consider the valuation provided an appropriate basis on which to determine the property's fair value at the reporting date.

Note 10: Right-of-use assets

	Property £000
Cost as at 1 April 2019	-
Effect of adoption of IFRS 16	1,487,727
Additions	28,200
Disposals	(1,202)
Revaluation	33,510
Remeasurement	2,978
Impairment	(72,242)
As at 31 March 2020	1,478,971
Accumulated Depreciation as at 1 April 2019	-
Effect of adoption of IFRS 16	79,844
Charge during the year	93,543
Revaluation	(29,059)
Remeasurement	5,512
Impairment	(9,610)
As at 31 March 2020	140,230
Net book value as at 31 March 2020	1,338,741

Note 11: Lease Liabilities

	2020 £000
Current	
Lease Liabilities	143,788
Non-Current	
Lease Liabilities	1,064,782
Total lease liabilities	1,208,570
Undiscounted lease payments to be received	
Less than one Year	133,086
One to Five years	487,453
More than Five years	962,125
Discount	(374,094)
	1,208,570

The company has leases for land and buildings. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset.

The nature of the company's activities, both as a freeholder and as a lessee, is that of managing properties to let to tenants within the healthcare sector, including NHS providers and the GP sector.

In accordance with IFRS16, where relevant, potential cash outflows in respect of restoring underlying assets are included in the initial measurement of the right of use asset and systematically depreciated over the term of the lease. Being classed as dilapidations provisions, these are not reflected in the measurement of lease liabilities.

There are no extension options which are adjudged likely to be taken by the company as lessee. There are 14 leases at 31/03/2020 with a lease liability value of £4.8m where the company judges it is likely to exercise the break; and savings of £7.2m net of any penalties in the event of all being exercised. As a lessee the company has recorded that it does not have the ability to extend. The company as a lessee does

not enter into giving residual value guarantees.

The company seeks to minimise its retained risk of entering into agreements for right of use assets by either transferring substantially all of the risk and rewards through sub leasing to tenants or through similar arrangements. The company does not enter into arrangements as lessor speculatively.

The company manages the liquidity risk inherent in the maturity analysis through entering into agreements which either transfer substantially all of the risk and rewards through formal sub leasing to tenants or through similar arrangements. The company also seeks to match terms for the assets and liabilities, when entering into arrangements which creates finance lease receivables, with those of the headlease. Finally, the company operates rigorous credit management procedures.

In accordance with paragraph 24(d) of IFRS16, where relevant, potential cash outflows in respect of restoring underlying assets are included in the initial measurement of the right of use asset and systematically depreciated over the term of the lease. Being classed as dilapidations provisions, these are not reflected in the measurement of lease liabilities.

Note 11: Lease Liabilities (continued)

Lease payments not recognised as a liability

The company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2020 £000
Short-term leases	42,571
Leases of low value assets	759
Total	43,330

Total cash outflow for leases for the year ended 31 March 2020 was £132,244k.

Refer to note 7 for interest income from sub leasing right-of-use assets.

Refer to note 7 for interest expense on lease liabilities.

Note 12: Trade and Other Receivables

		Current		Non-Current	
	Note	2020 £000	2019 £000	2020 £000	2019 £000
Trade Receivables		641,766	567,996	-	-
Less: Impairment of Receivables		(219,324)	(153,600)	-	-
Capital receivables		4,776	43,752	-	-
Other receivables		4,139	13,546	623	685
Accrued income		74,930	80,990	-	-
Prepayments		37,829	29,542	-	-
VAT receivables		-	3,113	-	-
Tax		3,405	-	-	-
Lease receivables	20	16,263	244	111,674	9,797
		563,784	585,583	112,297	10,482

The carrying value of trade and other receivables approximates their fair value.

Note 12: Trade and Other Receivables (continued)

The below table shows the split of trade receivables between contract receivables and rent receivables.

	Current		Non-Current	
	2020 £000	2019 £000	2020 £000	2019 £000
Contract Receivables	346,155	295,150	-	-
Rent Receivables	295,611	272,846	-	-
	641,766	567,996	-	-

The aging profile of trade receivables at year end is detailed below.

	Not past due		Past due	
	2020 £000	2019 £000	2020 £000	2019 £000
Not impaired	27,331	12,920	400,374	412,332
Impaired	1,026	1,530	213,035	141,214
	28,357	14,450	613,409	553,546

All trade receivables greater than 30 days in age are considered to be past due.

Movements for Impairment of Receivables are as follows:

	2020 £000	2019 £000
As at 1 April	153,600	111,600
Increase in Impairment of Receivables	108,266	57,006
Amounts written off during the year	(42,542)	(15,006)
Reversed unused	-	-
As at 31 March	219,324	153,600

Note 13: Assets Classified as Held for Sale

	Land £000	Buildings £000	Total £000
As at 1 April 2019	4,545	818	5,363
Reclassifications	-	-	-
Assets no longer held for sale	-	(10)	(10)
Plus: assets classified as held for sale in the year	24,898	5,308	30,206
Less: assets sold in the year	(26,873)	(4,595)	(31,468)
Less: impairment of assets held for sale	-	-	-
As at 31 March 2020	2,570	1,521	4,091
As at 1 April 2018	8,051	4,075	12,126
Reclassifications	-	-	-
Assets no longer held for sale	(1,830)	(2,032)	(3,862)
Plus: assets classified as held for sale in the year	23,503	9,860	33,363
Less: assets sold in the year	(25,179)	(11,085)	(36,264)
Less: impairment of assets held for sale	-	-	-
As at 31 March 2019	4,545	818	5,363

The company has 11 properties (2019: 13 properties) held for sale. The decision as to whether one of the company's properties is surplus to NHS operational requirements resides with the commissioners, i.e. NHS England or a Clinical Commissioning Group. A property will only be released for disposal once commissioners have confirmed that it is no longer required for the delivery of NHS services. The disposals are planned to take place at various dates during the next financial year.

Note 14: Trade and Other Payables

	Current		Non-current	
	2020 £000	2019 £000	2020 £000	2019 £000
Trade payables	30,228	17,774	-	-
Capital payables	2,517	3,128	-	-
Other payables	636	476	-	-
VAT payables	2,083	-	-	-
Accruals	113,220	110,971	-	-
Deferred income	1,323	1,725	8,395	9,376
Social security costs	2,341	2,308	-	-
Tax	-	3,857	-	-
	152,348	140,239	8,395	9,376

Note 15: Borrowings

	Note	Current		Non-Current	
		2020 £000	2019 £000	2020 £000	2019 £000
Loans		160,000	110,000	-	-
PFI liabilities	11	12,975	12,725	287,015	299,990
Lease liabilities	11	130,813	11,827	777,767	305,026
		303,788	134,552	1,064,782	605,016

The company renewed its flexible loan facility agreement with the Secretary State for Health and Social Care on 6 May 2020 for an amount up to £250m (2019: £250m). The final repayment date of the loan is 30 September 2021 having been extended by 12 months. Until that date no part of the loan is repayable until the company has an operational cash balance of over £120m, unless doing so would result in a subsequent drawdown within three months (2019: £90m).

The company has not had any default on its principal and interest payment during the period. The rate of interest applicable to this flexible loan facility is the interest rate determined by the reference to the National Loan Fund rate for loans up to one-year prevailing on the day of the first utilisation of this facility.

Note 16: Provisions

	Onerous Leases	Dilapidations	Restructuring	Legal claims	Total
	£000	£000	£000	£000	£000
As at 1 April 2019	3,893	74,102	-	964	78,959
Effect of adoption of IFRS 16	(3,893)	-	-	-	(3,893)
Arising during the year	-	5,922	-	277	6,199
Utilised during the year	-	(2,294)	-	(227)	(2,521)
Reversed unused	-	(7,624)	-	(373)	(7,997)
Unwinding of discounts on provision	-	4,394	-	-	4,394
As at 31 March 2020	-	74,500	-	641	75,141
Current	-	14,415	-	641	15,056
Non-current	-	60,085	-	-	60,085
As at 31 March 2020	-	74,500	-	641	75,141
As at 1 April 2018	2,827	75,691	1,112	910	80,540
Arising during the year	2,814	6,201	-	554	9,569
Utilised during the year	(398)	(1,986)	(1,112)	(259)	(3,755)
Reversed unused	(1,406)	(6,430)	-	(241)	(8,077)
Unwinding of discounts on provision	56	626	-	-	682
As at 31 March 2019	3,893	74,102	-	964	78,959
Current	521	17,344	-	964	18,829
Non-current	3,372	56,758	-	-	60,130
As at 31 March 2019	3,893	74,102	-	964	78,959

Note 16: Provisions (continued)

Onerous leases

The provision for onerous leases represented the value of the future lease payments that the company was presently obligated to make under non-cancellable onerous operating lease contracts exceeding the economic benefits expected to be received from the contracts. Under IFRS 16 this is accounted for as part of right of use assets and the balance is therefore £nil at 31 March 2020.

Dilapidations

On the expiry of leases where title does not pass, the company is required to make good any damage caused to the premises and to remove any furniture and fittings installed by the company.

The company's provision is calculated based on an average rate per square metre of floor space. The rate is calculated based on historic settlements of dilapidations on expired occupations.

While holding all other assumptions constant if the average rate per square metre of floor space was 10% higher (lower), the company's dilapidation provision will increase (decrease) by £7.4m.

No adjustment is made to the existing provision under IFRS 16.

Restructuring

The provision represented the obligation to pay employee exit costs. The company reviewed its organisation structure in order to improve the efficiency of its business.

Legal claims

The provision for legal claims represents the estimated cost of settling outstanding claims against the company. It has been created due to the uncertainty over these cases as the liability depends on the likelihood of the claims being paid. Where the likelihood of the claims being paid is low, the company has disclosed it as a contingent liability (refer to note 25).

Note 17: Employee Benefits

Employees who have TUPE transferred to the company and those who joined on or before the 31 March 2013 are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

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

Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of scheme liability as at 31 March 2020 is based on valuation data as 31 March 2019 updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FRM interpretations, and the discount rate prescribed by HM Treasury have also been used.

Note 17: Employee Benefits (continued)

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

Full actuarial (funding) valuation

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

The scheme regulations allow for the level of contribution rates to be changed by the Secretary of State for Health and Social Care, with the consent of HM Treasury, and consideration of the advice of the scheme actuary and appropriate employee and employer representatives as deemed appropriate.

The last actuarial valuation was carried out as at 31 March 2016. This set the employer

contribution rate payable from April 2019 and will consider the cost of the Scheme relative to the employer cost cap. There are provisions in the Public Service Pension Act 2013 to adjust member benefits or contribution rates if the cost of the Scheme changes by more than 2% of pay. Subject to this 'employer cost cap' assessment, any required revisions to member benefits or contribution rates will be determined by the Secretary of State for Health and Social Care after consultation with the relevant stakeholders.

Future Contributions

Expected contributions to the pension plan for the financial year ending 31 March 2021 are £8.67m.

Scottish Widows

All NHS Property Services employees who join the company on or after 1 April 2013 are automatically enrolled into the Scottish Widows group personal pension scheme. This is a defined contribution plan.

Note 18: Share Capital

	2020	2019
	£000	£000
Issued during the year to 31 March	-	-
Allotted, called up and fully paid		
Ordinary shares of £1 each	256,200	256,200
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	256,200	256,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

The company did not issue any £1 ordinary shares in the period (2019: £nil).

The company has one shareholder which is the Secretary of State for Health and Social Care.

Dividends

The company has not paid dividends this period and after the Statement of Financial Position date no dividends were proposed by the directors (2019: £nil).

Note 19: Capital Contribution Reserve

The capital contribution reserve is not a distributable reserve and cannot be applied to fund expenditure. This is in line with section 830(2) of the Companies Act 2006.

	2020	2019
	£000	£000
Balance at 1 April	3,032,578	3,035,136
Transfers and adjustments	(3,897)	(2,558)
Balance at 31 March	3,028,681	3,032,578

There was no adjustment in the current year (2019: £2.6m) to remove properties incorrectly included in the initial transfer value from other NHS entities.

	2020	2019
	£000	£000
Transfer of properties	(3,897)	-
Transfer adjustments	-	(2,558)
	(3,897)	(2,558)

Note 20: Leases

Lease obligations as lessor

The company leases 149 (2019: 2) properties under lease arrangements.

		Minimum lease payments		Present value of minimum lease payments	
	Note	2020	2019	2020	2019
		£000	£000	£000	£000
Amounts receivable under leases (Buildings)					
Within one year		16,263	806	15,042	244
1-2 years		15,113	900	13,823	350
2-3 years		14,107	875	12,590	325
3-4 years		12,843	725	11,134	260
4-5 years		11,372	724	9,758	200
After five years		94,981	13,087	65,590	8,662
Less: future finance charges		(36,742)	(7,076)	-	-
		127,937	10,041	127,937	10,041

		2020	2019
		£000	£000
Included in			
Current lease receivables	12	16,263	244
Non-current lease receivables	12	111,674	9,797
		127,937	10,041

Note 21: Private Finance Initiatives

The company is party to 27 (2019: 27) Private Finance Initiative (PFI) arrangements, where the company controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. These arrangements are treated as service concession arrangements and are accounted for in accordance with IFRIC 12 service concession arrangements (IFRIC 12).

The company therefore recognises PFI assets as items of property, plant and equipment together with a liability to pay for them. The fair values of services received under the contract are recorded as operating expenses.

Contract name	Start dates	End dates
Willesden Centre for Health and Care	2006	2035
Queen Mary's Hospital	2005	2035
Mansfield Community Hospital	2006	2043
Johnson Hospital	2008	2039
Danetre Hospital	2006	2037
City Care Centre	2006	2043
Epping Forest Unit, St Margaret's Hospital	2006	2035
Brentwood Community Hospital	2007	2039
Bishop Stortford Hertfordshire	2003	2034
Whitegate Health Centre	2009	2040
Batley Health Centre	2005	2036
Cleckheaton Health Centre	2005	2036
Dewsbury Health Centre	2005	2036
Eddercliffe Health Centre	2005	2036
Ravensthorpe Health Centre	2005	2036
Sedgefield Community Hospital	2009	2032
Stanley Primary Care Centre	2009	2039
Cornerstone Centre	2013	2035
Friary Hospital	1999	2024
Redcar Primary Care Hospital	2009	2038
Gravesham Community Hospital	2005	2036
New Forest Lymington Hospital	2007	2037
Bicester Community Hospital	2014	2039
West Mendip Community Hospital	2005	2035
Liskeard Hospital	2003	2034
Farnham Hospital and Centre for Health	2003	2029
Tiverton Hospital	2004	2034

Note 21: Private Finance Initiatives (continued)

Note	2020 £000	2019 £000
Service element charged to in-year operating expenses	32,596	30,936

Total obligations for PFI contracts due:

Within one year	29,676	30,879
Between one and five years	118,163	117,982
After five years	326,181	356,059
Less: future finance charges	(174,030)	(192,205)
	299,990	312,715

Payments committed to in respect of the service element:

Within one year	31,515	30,513
Between one and five years	131,645	128,824
After five years	477,470	511,807
	640,630	671,144

Included in:

Current borrowings	15	12,975	12,725
Non-current borrowings	15	287,015	299,990
		299,990	312,715

Note 22: Financial Instruments

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities.

The company is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the entity in undertaking its activities.

Categories of financial assets and liabilities	2020 £000	2019 £000
Loans and receivables		
Trade and other receivables	634,846	563,410
Cash and cash equivalent	150,489	112,849
	785,335	676,259
Financial liabilities measured at amortised cost		
Trade and other payables	146,601	132,349
Loans	160,000	110,000
PFI and lease liabilities	1,208,570	629,568
	1,515,171	871,917

a. Fair value of financial instruments

The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

b. Credit risk

Credit risk is the risk that a third party will default on its obligations to the company causing it to incur a loss.

In the normal course of business, exposure to credit risk arises from cash and investments with banks and trade and other receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

The company's cash assets are held within the Government Banking Service only. As the company does not hold investments other than necessary cash, the company is not exposed to significant credit risk in this regard.

The company's trade receivables are with a large number of customers spread across various geographical areas. Government funded entities, NHS England and Clinical Commissioning Groups make up a significant portion of the company's receivables. The company has assessed these entities as low risk due to being government funded.

The company has recognised the expected credit losses of trade receivables for certain receivables balances. The company have implemented a credit vetting process for new tenants and guarantors.

No collateral or other credit enhancements are held for financial instruments that give rise to credit risk.

Note 22: Financial Instruments (continued)

c. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding. The company mostly manages liquidity risk by continuously monitoring forecast cash flow requirements and management of the flexible loan facility with the Department of Health and Social Care. Refer to note 15 - borrowings for further information on the loan.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount £000	Contractual cash flow £000	Within 1 year £000	1-5 years £000	After 5 years £000
2020					
Trade and other payables	146,601	146,601	146,601	-	-
Leases	908,580	1,108,644	103,410	369,290	635,944
PFI	299,990	474,020	29,676	118,163	326,181
Loans	160,000	160,000	160,000	-	-
	1,515,171	1,889,265	439,687	487,453	962,125
2019					
Trade and other payables	132,349	132,349	132,349	-	-
Finance leases	316,853	546,993	31,812	128,333	386,848
PFI	312,715	504,920	30,879	117,982	356,059
Loans	110,000	110,000	110,000	-	-
	871,917	1,294,262	305,040	246,315	742,907

d. Market Risk

Market risk arises when changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the company's income or the value of its holdings of financial instruments.

The company's transactions are all undertaken in sterling and so it is not exposed to foreign exchange risk. It holds no significant investments other than bank deposits. Other than cash balances and flexible loan facility agreement, the company's financial assets and liabilities are carried at fixed rates of interest and its operating cash flows are consequently independent of changes in market interest rates.

However, the company is exposed to movements in the property market as the company's assets consist predominantly of land and buildings and contingent rents are affected by any changes in market rents. Refer to the Governance and Risk reports on pages 73 to 83 as to how the company has managed this risk.

Note 23: Related Party Transactions

The company is required to disclose transactions with related parties. Related parties are entities or individuals who have the potential to control, indirectly control or significantly influence the company or to be controlled, indirectly controlled or significantly influenced by the company.

NHS Property Services is a private limited company, wholly owned by the Secretary of State for Health and Social Care, making it the company's ultimate controlling party. The parent entity is the Department of Health and Social Care.

As at 31 March 2020, the company owed the Department of Health and Social Care £160m (2019: £110m) in respect of the flexible loan facility. Refer to note 15 for further information on the loan.

The company maintains an interests register for the directors, to record any interests they may have in any organisations which the company transacts with.

Details of related party transactions are as follows:

Director	Organisation	Purchases from related party	Sales to related party	Amounts owed to related party	Amounts due from related party
		£000	£000	£000	£000
2020					
Ian Ellis	Telereal Trillium Ltd	542	-	(5)	-
		542	-	(5)	-
2019					
Ian Ellis	Telereal Trillium Ltd	-	-	1	-
		-	-	1	-

The company has a provision of doubtful debts of £nil (2019: £nil) of which the expense recognised in 2020 is £nil (2019: £nil). In 2020, the company has also written off £nil (2019: £nil) of the debt outstanding related to the previous year.

All transactions incurred are no more favourable than the company would have adopted if there were no relationship to key management personnel.

Details of the remuneration paid to Board members can be found in the Remuneration Report on page 92.

The Secretary of State for Health and Social Care, as the company's ultimate controlling party, is regarded as a related party. During the year, the company had a significant number of material transactions with entities for which the Secretary of State for Health and Social Care is regarded as the parent Department. Most of these transactions have been with Department for Health and Social Care, Community Health Partnerships Limited, Public Health England, Special Health Authorities, NHS England, NHS Trusts and NHS Foundation Trusts.

Note 23: Related Party Transactions (continued)

Organisation	Purchases from related party	Sales to related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
2020				
Department of Health and Social Care	2,047	-	160,282	517
Community Health Partnerships Limited	57	32	-	40
Public Health England	-	194	-	313
Special Health Authorities	-	-	59	-
NHS England	2,363	207,203	1,217	134,714
NHS Trusts	8,903	99,688	6,467	57,313
NHS Foundation Trusts	20,627	241,152	6,651	144,137
	33,997	548,269	174,676	337,034
2019				
Department of Health and Social Care	836	-	110,000	79
Community Health Partnerships Limited	43	10,649	6	397
Public Health England	8	752	-	78
Special Health Authorities	-	-	59	-
NHS England	3,549	202,670	559	112,552
NHS Trusts	8,416	74,601	8,322	54,180
NHS Foundation Trusts	21,741	205,586	10,844	128,191
	34,593	494,258	129,790	295,477

In conducting its activities, the company is required to pay various taxes and levies to the HM Revenue and Customs. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers and therefore has not been disclosed above.

Note 24: Commitments

Capital commitments

Contracted capital commitments at 31 March not otherwise included in these financial statements:

	2020	2019
	£000	£000
Property, plant and equipment	11,535	10,103
	11,535	10,103
No later than one year	10,787	9,420
Between one and five years	748	683
After five years	-	-
	11,535	10,103

Note 24: Commitments (continued)

Other commitments

The company has entered into several contracts for the management and maintenance of its properties which will give rise to the following commitment:

	2020 £000	2019 £000
No later than one year	30,526	11,026
Between one and five years	44,069	9,586
After five years	130	2,212
	74,725	22,824

Lessee commitments have been disclosed in note 20.

Note 25: Contingencies

a. Quantifiable contingencies

	2020 £000	2019 £000
Contingent liabilities		
Legal claims	35	51
	35	51
Contingent assets		
Legal claims	71	123
	71	123

Legal claims

The contingent liability relates to legal claims which have been brought to the company through NHS Resolution and are in varying stages of being settled.

Contingent assets

The contingent asset relates to legal claims that the company has against third parties.

b. Unquantifiable contingencies

Contingent liabilities

As at 31 March 2020, the company has unquantifiable contingent liabilities in relation to ongoing reviews of the rates, rent and service charges for the properties the company occupies and following from the lease regularisation exercise. Whilst in many cases it is anticipated that these will lead to overall savings, there may be additional costs backdated to the start of these reviews. Incentives are also implemented for professional negotiators in these discussions by having part of their remuneration based on a percentage of savings achieved.

Note 25: Contingencies (continued)

The company has unquantifiable contingencies due to ongoing litigation relating to service charge claims brought by the British Medical Association. These cases are still in the preliminary stages and therefore the financial impact cannot be determined.

Contingent assets

NHS Property Services secures contingent assets such as overage and clawback payments either by way of legal charges or restrictions on title.

An overage payment is a sum of money which the company may be entitled to receive after the completion of a sale, if a specified condition is triggered. This may include:

- The grant of a new planning permission; or
- The grant of planning permission for a larger or alternative planning use of the land; or
- The onward sale by the developer of a property acquired by the company at a value above an agreed base level of sales proceeds

A clawback payment is a sum of money which the company may be entitled to receive on the onward sale of whole or part of a sold property.

The company will recognise a contingent asset when one of the triggers specified above is met, the value of the contingent asset is based on agreed formulas stipulated in the contract. In the financial year ending 31 March 2020, the company realised £0.7m on the release or variation of 9 overage and clawback deeds.

The company has a further unquantifiable contingent asset in relation to the disposal of St George's Hospital, Hornchurch. The amount of the contingent asset is dependent on the future planning consent obtained on the site and the sales values achieved on the purchaser's completion of the development.

Note 26: Events After the Reporting Period

There are no known events impacting on the financial statements after the reporting period.

Note 27: IFRS 16 - impact of the first-time application on the 2019 financial statements

IFRS 16 'Leases' has replaced IAS 17 'Leases' in its entirety. The distinction between operating leases and finance leases for lessees is removed and it results in most leases being recognised on the Statement of Financial Position as a right-of-use asset and a lease liability. For leases previously classified as operating leases, the lease cost has changed from an in-period operating lease expense to recognition of depreciation of the right-of-use asset and interest expense on the lease liability.

NHS Property Services has applied IFRS 16 using the modified retrospective approach. A lease liability has been recognised equal to the present value of the remaining lease payments discounted using an incremental borrowing rate. A right-of-use asset has been recognised equal to the lease liability adjusted for prepaid and accrued lease payments.

The impacts of the first application of IFRS 16 on the opening Statement of Financial Position are as follows:

- the accounting of the right-of-use assets and lease liabilities
- the reclassification of recognised assets and liabilities related to existing finance leases as of 31 March 2019
- the reclassification of lease incentive benefits in reduction to right-of-use assets
- the reclassification of provisions for onerous lease provision in the reduction of right-of-use assets
- the reclassification of rents paid in advance in addition to the right-of-use assets

Note 27: IFRS 16 - impact of the first-time application on the 2019 financial statements (continued)

The following table presents the impact of the first application of IFRS 16 on the opening Statement of Financial Position:

	31 March 2019	First time application of IFRS 16	1 April 2019 under IFRS 16
	£000	£000	£000
Non-current assets			
Property, plant and equipment	3,903,355	(931,965)	2,971,390
Right of Use Assets	-	1,407,883	1,407,883
Intangibles	4,757	-	4,757
Trade and other receivables	10,482	102,887	113,369
	3,918,594	578,805	4,497,399
Current assets			
Trade and other receivables	585,583	14,180	599,763
Cash and cash equivalents	112,849	-	112,849
	698,432	14,180	712,612
Assets classified as held for sale	5,363	-	5,363
Total assets	4,622,389	592,985	5,215,374
Current liabilities			
Trade and other payables	140,239	(853)	139,386
Borrowings	134,552	83,889	218,441
Provisions	18,829	(521)	18,308
	293,620	82,515	376,135
Non-current liabilities			
Trade and other payables	9,376	(2,522)	6,854
Borrowings	605,016	551,887	1,156,903
Provisions	60,130	(3,372)	56,758
	674,522	545,993	1,220,515
Total liabilities	968,142	628,508	1,596,650
Net assets	3,654,247	(35,523)	3,618,724
Equity			
Share capital	256,200	-	256,200
Retained earnings	(971,423)	(35,523)	(1,006,946)
Revaluation reserve	1,336,892	-	1,336,892
Capital contribution reserve	3,032,578	-	3,032,578
Total equity	3,654,247	(35,523)	3,618,724

Appendices

Appendix A: Corporate advisors 2019/20

Legal - Corporate

Mills and Reeve LLP Botanic House
100 Hills Road
Cambridge CB2 1PH

Legal - Human Resources

Pinsent Masons LLP
30 Crown Place
Earl Street
London EC2A 4ES

Legal - Property

Bevan Brittan LLP
Fleet Place House
2 Fleet Place
Holborn Viaduct
London EC4M 7RF

Tax

Ernst & Young LLP
1 More London Place
London SE1 2AF

KPMG LLP (UK)
15 Canada Square
Canary Wharf
London E14 5GL

Appendix B: Glossary

Annual Charging Schedule (ACS)	A budget document which provides a detailed breakdown of the estimated charges for a specific property for the full financial year. This includes rent, rates, service charges and facilities management charges. This is a reference document for the bills customers receive throughout the year.
Charging Policy	The Charging Policy provides clarity to NHS Property Services (NHSPS) customers on the charges payable for occupation of properties, as well as providing detail about the Vacant Space Handback Scheme. It has been agreed with the Department of Health and Social Care and NHS England/Improvement.
CORE	CORE is our new facilities management platform. CORE aims to provide a more reliable and efficient facilities management service by logging, planning, and monitoring facilities management activities customers receive, including reactive and planned, through one system.
Customer Support Centre (CSC)	Our Customer Support Centre (CSC) can help answer any queries customers have about NHS Property Services. Our customer support team take responsibility for managing queries through to resolution, tracking and monitoring requests.
Disposals	To ensure the NHS estate is as efficient as possible, sometimes we need to dispose of properties. This can be the case if a property is underused, is no longer needed or if the way services are provided needs to evolve. Reinvestment and cost savings are vital to help health services improve, as pressure on the NHS increases. All receipts are reinvested in the estate, to create new state-of-the-art facilities or optimise existing properties.
Facilities management (FM) charges	The estimated costs related to the management and delivery of services to a customer within their exclusive space, distinct from shared areas.
Hard facilities management (FM) services	Services which relate to the physical, permanent parts of the building and ensure the safety and welfare of the people inside them, and are required by law. Examples include lighting, heating, cooling, plumbing and fire safety.
NHS Open Space	NHS Open Space allows customers to hire both clinical and non-clinical space as and when they need it, on an hourly or daily basis. This provides greater flexibility and choice, while making much more efficient use of the estate and minimising vacant or underused space.

Glossary (continued)

Occupation agreements	Formal occupation agreements help us to make sure customers occupy only the space they need and that they understand how we provide our services.
Soft facilities management (FM) services	Services which make the building more pleasant for the people inside of them to work in such as cleaning, waste management, decoration, building security and catering.
True-up / reconciliation	The costs outlined in the Annual Charging Schedule are forecasts for the year ahead. At the end of the year, NHS Property Services (NHSPS) will reconcile the costs with the actual amount of facilities or services provided to a property and either bill the customer for the difference or add a credit note to the customer's account. This is known as 'true-up'.
Vacant Space Handback Scheme	The Vacant Space Handback Scheme allows Commissioners to pass on the liability for eligible vacant space to NHSPS. The scheme has been developed with NHS England and the Department of Health and Social Care, in response to feedback from Commissioners who are looking to reduce the costs of maintaining space that they decide is no longer needed.



Property Services