



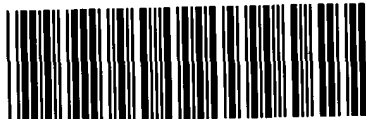
NHS

Property Services



NHS Property Services Limited Annual Report and Accounts 2022/23

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Chair's foreword



Emerging from the COVID-19 pandemic, we continue to work closely with our partners across the healthcare system to build a better NHS.

Throughout 2022/23, we maintained a

strong collaborative relationship with our colleagues in the Department of Health and Social Care (DHSC) and NHS England (NHSE). This included helping with the formation of the Integrated Care Boards (ICBs) and supporting with the development of their infrastructure strategies.

Our goal is to be the estate delivery partner of choice for ICBs nationwide, building strong relationships with our system counterparts. Already we are engaging with our colleagues across property development, hard and soft facilities management, construction, town planning and portfolio optimisation.

2022/23 saw a significant structural transformation across our organisation. This was in response to the introduction of Integrated Care Systems (ICSs) across England and the change this entails to our strategic customer relationships. We recognise the need to provide an exceptional customer experience, improve our effectiveness, and increase our speed and responsiveness to meet customer demands.

Our new operating model is designed to bring us closer to our customers and speed up how we work. We created a single customer and relationship function, and brought our facilities and property service delivery teams together under a single delivery function. In addition, we created an advisory function to provide specialist services. We've also changed our regional structure from seven to four key geographically aligned regions.

For our customers, this transformation will result in an enhanced service offer to support our customers' changing world. It will provide simpler ways to access our service. And place customer satisfaction and enabling excellent patient care at the heart of everything we do.

To help facilitate this transformation, we bolstered our Governance Framework by welcoming Trish Stephenson, Chief Operating Officer, to the Board of Directors. In addition, Jackie Ducker, our new Chief Customer Officer, joined the Board of Directors in April 2023. Her appointment further strengthens our experience and expertise across customer engagement and delivery.

As we look to the future, we see a growing need for NHS Property Services Limited's products and services across the healthcare estate in England. Following our in-year restructuring, we are confident that we are well positioned to develop the capabilities needed to continue to enable excellent patient care in all parts of NHS.

Jane Hamilton
Chair
NHS Property Services Limited

22 November 2023

Chief Executive Officer's introduction



Over the past year, NHS Property Services Limited has remained steadfast in our commitment to enabling excellent patient care, supporting the delivery of our customers' plans and helping the NHS transform.

Our 2022/23 annual report serves as a comprehensive overview of our activities, initiatives, and outcomes, providing a clear understanding of our performance and impact. It showcases the results of our collaborative efforts across NHS Property Services Limited to better support our customers and put them at the heart of every decision we make.

Throughout the year, we have made significant strides in our Healthy Places, and Greener NHS programmes. In addition, we are realising our ambition to help ICSs develop and deliver their estate strategies. These achievements are a testament to the collective achievement of our colleagues, customers and stakeholders in leveraging resources and maximising impact.

Working closely with our ICS partners has allowed for rapid project delivery by aligning local and national property capacity and capability and sharing best practice knowledge. This year we've delivered several large-scale flagship, integrated care schemes. These include the rebuild of Hythe and Dibden War Memorial Hospital in Southampton for Hampshire and Isle of Wight ICS. This new £10 million building is an inclusive, high-quality facility that serves as a local area hub for 80,000 people in Southwest Hampshire. The £11 million new, sustainable Deveses Health Centre in Wiltshire for Bath and Northeast Somerset, Swindon and Wiltshire ICS is one of the first net zero buildings in NHS history – with an energy performance certificate (EPC) rating of A+.

Through our Social Prescribing programme, we transformed a further 25 vacant or underused indoor and outdoor spaces to improve community wellbeing, tackle health inequalities and help reduce pressure on primary care. We invested £100,000 at the Acomb Garth Community Care Centre in York. This was to reduce loneliness and improve local health and wellbeing with groups such as Dementia Forward, Citizen's Advice and Wheelchair Social Group using the space.

Looking to 2023/24, we will continue to partner and align place-based planning to develop Healthy Places projects. These initiatives support the NHS Long Term Plan and NHSE priorities for 2023/24 to ultimately deliver positive patient outcomes and reduce health inequalities.

In recent years the strategic direction of NHS Property Services Limited has shifted. We have moved from a commercial to customer focus, with a stronger emphasis on collaboration with the wider NHS system. Because of this, 2022/23 saw the launch of our Value programme, moving NHS Property Services Limited from cost transformation to broader 'value creation'. We have recognised and captured a wider definition of value. It's not just financial savings created by initiatives but now also includes the non-financial value that is being delivered by our NHS Property Services Limited colleagues.

This year the evidenced cost saving impact of these initiatives was £45.9 million – of which £37.1 million was generated from the 261 new initiatives reported in 2022/23 and £8.8 million was flow-through savings from initiatives that started during in 2021/22.

Non-financial value includes delivering sustainable, environmentally friendly, quality services. An example would be when our soft facilities management (FM) cleaning team switched to a single cleaning product – one that is non-hazardous, refillable, and recyclable and can be used on all surfaces. Another example is providing training on

mental health awareness to our frontline managers as part of our Get, Grow and Keep Great People initiative, to ensure they can best support their teams.

Our ambition at NHS Property Services Limited is to help ICSs develop and deliver their infrastructure strategies. To help them with the challenges of COVID-19 recovery and the NHS Long Term Plan transformation. We believe we've got the right skillset, with knowledgeable in-house resources, good understanding of the policy environment and the ability to move quickly.

In 2022 Cambridgeshire & Peterborough ICB asked us to partner with them to deliver their infrastructure strategy. We delivered the report within four months, and it was approved by their board in March 2023. We are now working with the ICB to implement the strategy and key recommendations and look to work with other ICBs in the coming months.

We also continued to optimise our portfolio. This year we completed 23 handbacks equating to 11,372m² of space, securing £350k in vacating payments and generating savings of £1.1 million in customer costs.

Since the introduction of our Green Plan in 2022/23, we have reduced our carbon footprint by 18%. The carbon reduction, along with £9.4 million in cost savings has reduced the NHS's running costs by over £38 million since 2017/18. NHS Property Services Limited has successfully decreased its carbon intensity by over 30% since 2017/18. Our energy broker model continued to deliver utility prices consistently lower than market rates. Across the last three years at least £81m of incremental cost has been avoided.

This year saw the topic of reinforced autoclaved aerated concrete (RAAC) become headline news. NHS Property Services Limited proactively carried out a review of all properties then subsequently commissioned and completed site investigations on 693 freehold properties. Of the remaining two

properties which require remedial works, one site is vacant and due to be redeveloped, and the other has been effectively made safe and is planned to be vacated.

None of our accomplishments would have been possible without the unwavering support of our colleagues. I'd like to extend my recognition and gratitude for their expertise, hard work and commitment to putting our customers at the heart of everything we do, and delivering brilliant results that are enabling the NHS to deliver excellent patient care.

I would also like to express my gratitude to our customers and partners across the NHS for their invaluable feedback and collaboration which have been instrumental in shaping our organisation's direction and success.

As we embark on another transformative year, I'm confident that together we will navigate the challenges, and seize the opportunities to support the NHS's evolving needs, improve NHS colleague and patient environments, deliver sustainable, quality services and get, grow, and keep great people.


Martin Steele
Chief Executive Officer
NHS Property Services Limited

22 November 2023

About NHS Property Services Limited

Who we are

We're a trusted partner across the NHS, and our purpose is to enable excellent patient care. NHS Property Services Limited's customers include Integrated Care Boards (ICBs), GPs and NHS Trusts. Working collaboratively, we help them make better informed decisions about their estate and deliver first-class services, so every patient gets the care they need.

Our experience spans all areas of property and facilities management across the NHS environment. This means our customers benefit from an end-to-end service, from strategy to delivery, tailored to support the health and social care needs of their local communities. We focus on helping customers optimise their estates, drive cost efficiencies, and ensure properties are fit for purpose and well-placed for the years ahead. As for our portfolio, this accounts for approximately 10% of the total NHS estate.



Key statistics

-  Formed in 2013
-  2,700 properties
-  7,100 occupiers
-  6,000,000 patients daily
-  6,000 colleagues
-  24/7 support

Strategic Report

This year NHS Property Services Limited continued to deliver an impressive performance against our organisational objectives. We made substantial progress in building closer partnerships with the new ICBs as they emerge across England. Against this backdrop, we undertook a transformation programme to better enable us to place our customers at the heart of everything we do. But our strategy and purpose remain the same. To support the delivery of our customers' plans and help the NHS transform, enabling excellent patient care across the NHS in England.

Our corporate strategy

To ensure continued alignment with the NHS Long Term Plan and NHS England's priorities, we made several updates to our strategy. These changes reflect our emphasis on customer engagement and the creation of committed, high performing teams across the organisation.

Our purpose: Enable excellent patient care

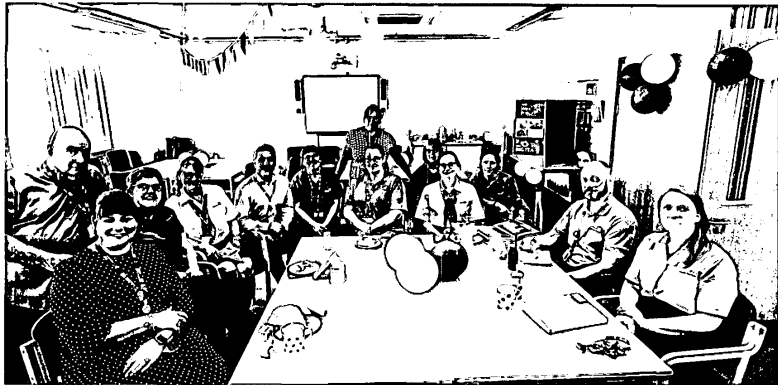
Our vision: To be recognised as the best property and facilities provider to the NHS

Our strategy: Support delivery of our customers' plans and help the NHS transform

Support evolving NHS needs 	Improve NHS colleague and patient environments 	Deliver sustainable, quality services 	Get, grow, keep great people 
Put patients first Keep NHS places safe and compliant Support pandemic recovery Help reduce health inequalities	Create Healthy Places Provide best value for money Enable ICS estates strategy Smarter, effective use of space	Be a responsible business Enable a greener NHS Deliver net zero carbon Simplify how we work together	Hire for attitude, train for skills Spot and develop talent at every level Create engaged and enabled, values-driven culture Embed inclusion in everything we do

Our culture: Engaged, enabled, high-performing team placing the customer at the heart of everything we do

Our values: Community | Colleagues | Commitment | Collaboration



Key achievements

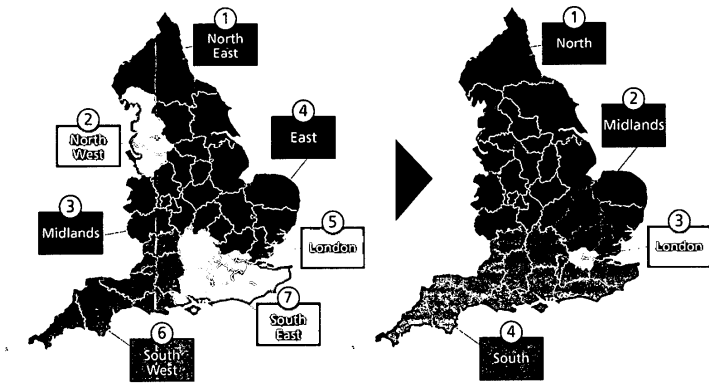
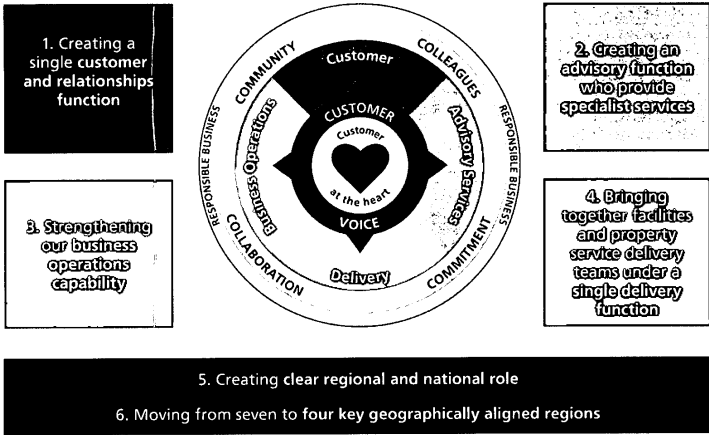
95% of our corporate objectives were delivered by March 2023. Whilst we did not hit our target for Patient Experience, scoring 8.6 out of 10 against a target of 9, our objectives had evolved from the previous year with more challenging targets and a greater focus on customer and colleague engagement. For our 'Your Voice' objective, we achieved functional action plans of 96% against a target of 90% although we agreed with our Shareholder to defer the roll out of the new colleague survey to April 2023. This resulted in this objective being scored at 50%. Our outcome focused goals continue to concentrate on the medium term: we're driving incremental year-on-year improvements and introducing new measures where necessary to implement our strategy.

Outcome goals	Strategy	Weight	Target Measures	March 2023 Year End Result
Partner with customers and deliver high quality business services	Purpose and Strategy	15%	NPS improvement target to -30 (LY base -35)	-12 ACHIEVED
			Transaction CSAT target 8.8	8.8 ACHIEVED
			Stakeholder CSAT target 6.4 (LY base 6.2)	6.6 ACHIEVED
Drive estate transformation to improve patient experience	Purpose	15%	Patient experience - quarterly surveys (25 sites per quarter) - maintain PSAT above 9.0 out of 10 (current base 8.9)	8.6 MISSED
			Patient impact - Healthy Places programme to have a positive impact on 1m patients	1.23m ACHIEVED
			Health Inequalities - Healthy Places - >70% of discretionary investment in areas of high and medium deprivation	97% ACHIEVED

Outcome goals	Strategy	Weight	Target Measures	March 2023 Year End Result
Establish NHS Property Services Limited as a key NHS estates partner	Vision	15%	£10m of new value generated within the NHS system resulting either in new income for NHS Property Services Limited or incremental financial benefit in NHS England	£13.3m ACHIEVED
			ICS engagement - actively support the creation of eight ICS estate strategies	13 ACHIEVED
			Office of Government Property (OGP) portfolio utilisation target for primary care estate support the Government Estates Strategy - target to reduce vacant space for NHS Property Services Limited primary care estate (defined a health centre/surgery/clinic) by 21% (from March 2021 baseline) by end of 2024/25. This requires an annual target reduction of c8k (7%) sqm in vacant space for this portfolio	-8614 ACHIEVED
Build an engaged and enabled, socially responsible, high performing team	Culture	15%	'Your Voice' target score of 7.7 (LY base 7.7) and 'Your Voice' functional action plans on Peakon system 90% (LY base 97%)	7.6/96% 50% ACHIEVED
			Leadership in Action the NHS Property Services Limited Way (phase one and two) 95%	95% ACHIEVED
			Volunteering participation 8% of 5.5k workforce (LY base 5%, 259 colleagues of 5.1k workforce)	12.1% ACHIEVED
Meet financial expectations of shareholder	Strategy	40%	NR RDEL variance - target £109.8m (excl. ECL £65m bad debt, any IFRS16 impacts, DH adjustment 3% tolerance)	+£1.0m ACHIEVED
			Max operating cost variance - target £619.9m (incl. £32.4m cost value challenge, excl. agreed adjusts), (£17m FM direct costs, £9.5m AM direct costs, £4.7m overheads)	+£11.4m ACHIEVED
			Cash collection variance - target £728m	-£10.7m ACHIEVED
			CDEL net spend variance - target £101.6m (tolerance +£3m/-£7m, incl. £423.8m disposal) - variance	-£1.7m ACHIEVED

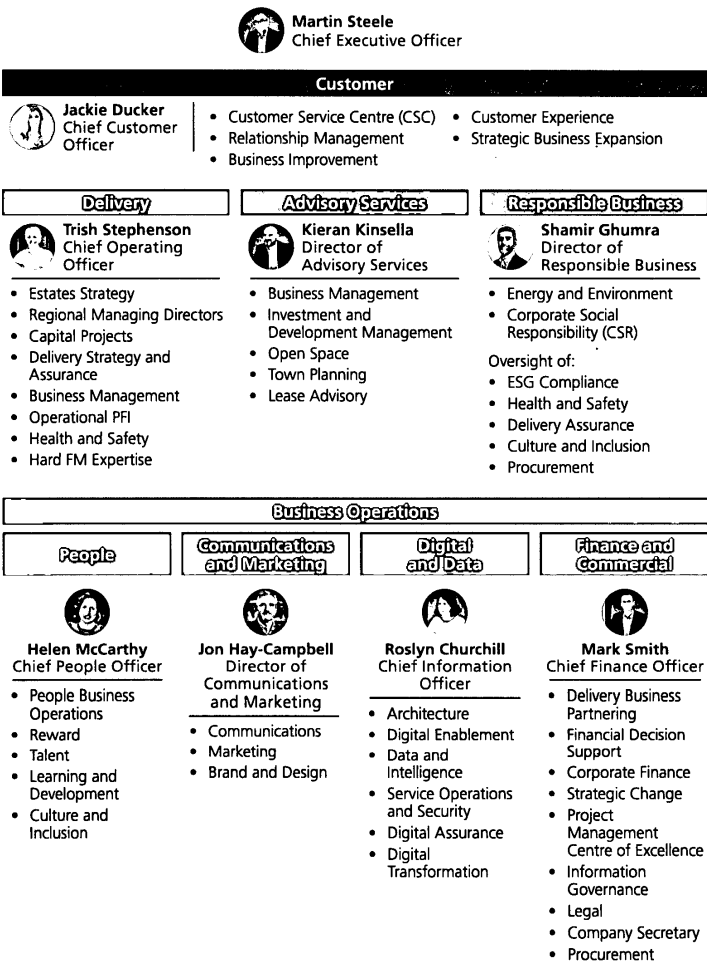
2022/23 – a year of transformation

In September 2022, we began a transformation programme to better align our organisation to the NHS, focussing on:

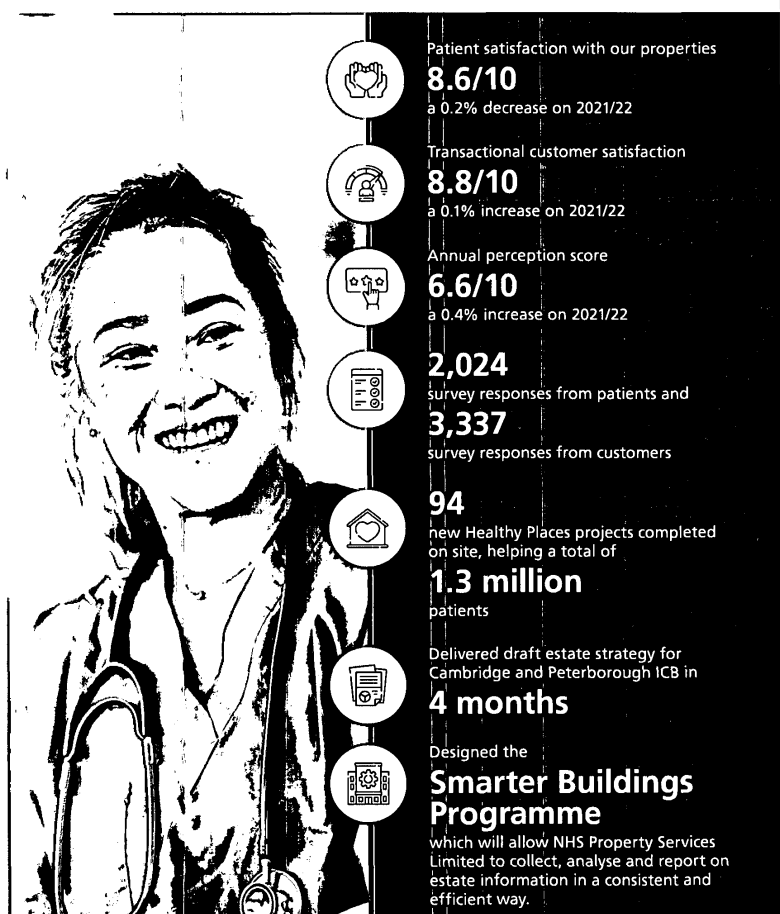


These changes mean our organisation now works holistically to bring about better customer interactions. Our Corporate Governance Framework has also been updated to reflect the new operating environment. We have a streamlined, more robust and customer centric Board and Committee structure. Further information on our Governance can be found on page 53.

With the new customer function now in place, our organisational structure is as follows:



Supporting evolving customer needs



Measuring customer and patient satisfaction

At NHS Property Services Limited, our core purpose is to help our customers and colleagues deliver excellent patient care. So, understanding customer and patient perspectives is critical. We value their feedback as it plays a vital role in shaping our organisational strategy, enhancing our service offering and ultimately improving customer and patient satisfaction. We can deliver the highest quality services by actively listening and acting upon feedback.

We regularly conduct surveys to gain an holistic view of the overall NHS Property Services Limited experience. This year, we spoke with over 5,000 customers and patients, gaining valuable insights that helped us identify gaps, streamline processes, introduce new initiatives, and adapt to meet evolving customer and patient needs.

To gather meaningful insights, we conduct customer surveys following key interactions with our organisation. For instance, after a customer makes a request to our Customer Service Centre, or when a refurbishment project is completed. As well as these engagement-specific surveys, we conduct an annual customer perception survey to gain deeper insights into our customers' overall thoughts and perceptions of NHS Property Services Limited. In addition, we carry out regular interviews with patients outside selected properties every three months to maintain an ongoing feedback loop.

While we're pleased to see our ratings improving year-on-year, we are not complacent. We remain focused on achieving even higher satisfaction levels and having an increasing number of customers recommending us. Previous customer feedback has highlighted that some changes were needed. Although results indicated that customers are satisfied with specific interactions, we recognise the need to provide an exceptional customer experience, improve our effectiveness, and increase our speed and responsiveness to meet customer demands.



As a result, 2022/23 saw a significant structural transformation across our organisation. Our new operating model and organisational design brings us closer to our customers and speeds up how we work. We have created a single customer and relationship function, lead by our new Chief Customer Officer, Jackie Ducker. We have also brought our facilities and property service delivery teams together under a single delivery function, changed our regional structure from seven to four key geographically aligned regions and have created a dedicated advisory function to provide specialist services.

For our customers, this transformation will result in an enhanced service offer to support our customers' changing world. It will provide simpler ways to access our service, placing customer satisfaction at the heart of everything we do.

Transactional Customer Satisfaction (CSAT)

Our transactional CSAT score increased from 8.7 in 2021/22 to 8.8 in 2022/23, in line with our target. The score is based on interactions our customers have had with us, and is made up of the following:

 Our customer services team, who have taken over 121,000 calls, answering over 90% within 20 seconds, and receiving a very high CSAT score of 9.6/10

 Our Construction, Portfolio Optimisation and National Office projects and how well they were delivered, each with a CSAT score of 9.0 (or more) out of 10

 Satisfaction with cases, with a score of 8.5, and work orders, with a score of 8.7

 NHS Open Space, with a score of 8.2 covering feedback from cases raised, the website/booking process and feedback from customers on room usage

We're also expanding survey interactions to include programmes such as Social Prescribing and Green Space.

Annual customer perception survey CSAT score

Since 2021/22 we've conducted an in-house annual survey of all our customers, asking for their overall feedback and perceptions of NHS Property Services Limited. 50% of customers were surveyed in September 2022, and the remaining 50% in February 2023. Our average CSAT score was 6.6 out of 10, a significant increase from 2021/22. We acknowledge there's still room for improvement but are pleased to be heading in the right direction.

Patient feedback score

Patient feedback is highly valued as it helps ensure that our properties align with patient expectations. Our survey team measure patient satisfaction by interviewing people as they exit our buildings. This year, we conducted interviews outside 103 properties, evenly spread across the four NHS Property Services Limited regions and with all types of properties represented. We spoke with 2,024 patients, asking them to rate those services NHS Property Services Limited is responsible for, as well as aspects of the building/area.

On average, patients rated our services 8.6 out of 10. The highest rated measures were:

 Cleanliness 9.1	 Catering 8.9
 Reception 8.8	 Ease of navigation 8.8
 Look and feel 8.6	 Grounds and gardens 8.5

The lowest rated measure was:

 Car parking 7.0
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Healthy Places

2022/23 saw a continued focus on our Healthy Places programme. Designed in collaboration with our customers, it identifies projects that will help best transform the NHS estate, support Integrated Care Systems (ICSs), and enable excellent patient care. Projects range from refurbishments and new builds through to estate optimisation, NHS Open Space, and social prescribing initiatives.

The third year of the programme saw even greater emphasis on tackling health inequalities and responding to NHS priorities. These include the planning and delivery of Community Diagnostic Centres (CDCs) and COVID-19 recovery support. 30 CDCs are now being delivered across the country, designed to help support faster diagnosis and treatment for patients who need it.

We continue to develop close, supportive relationships with several ICSs, helping them identify and support regional priorities in areas including Surrey Heartlands, Humber, London, and Coast & Vale. Together with our partners we are aligning place-based planning and prioritisation to focus on new and existing Healthy Places projects which:

- Provide continued support for the NHS Long Term Plan objectives and NHS England top priorities for 2023/24
- Deliver positive patient outcomes and reduce health inequalities
- Enhance collaboration across NHS Property Services Limited to better support our customers, putting them at the heart of every decision we make

We are thrilled with this programme's momentum. In 2022/23 94 projects were physically completed on site, with significant milestones met on other key projects. With new sites identified for next year, the programme will extend to over 500 national projects (either completed or in progress), helping a total of 1.3 million patients.

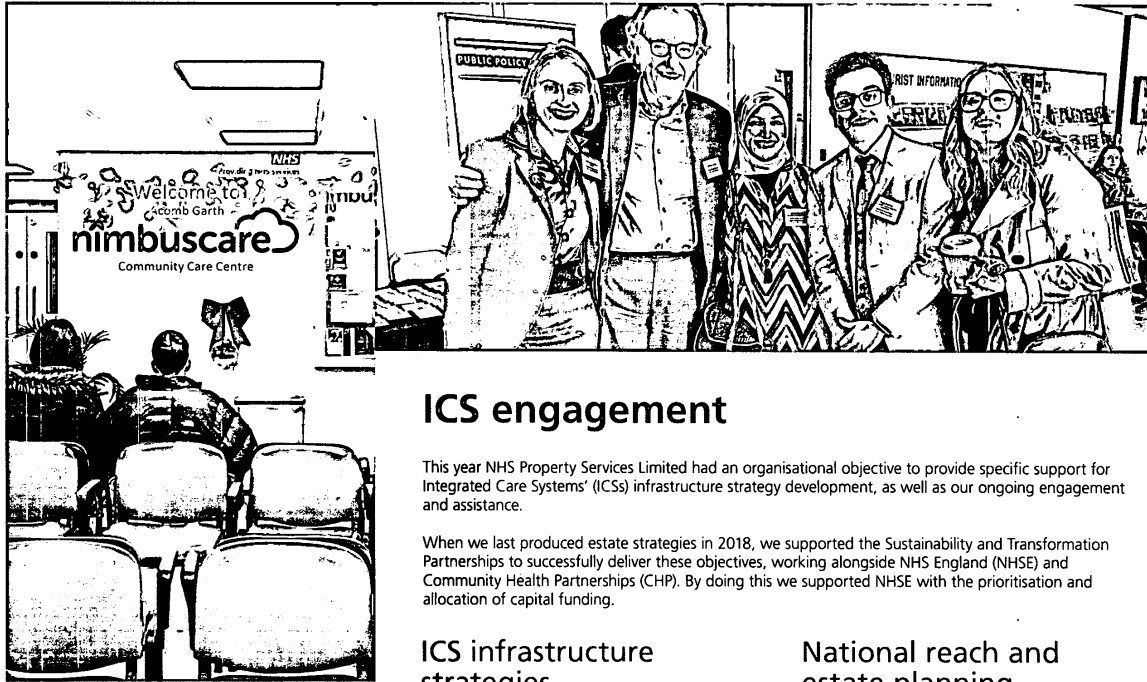
Collective benefits are felt by colleagues, customers, and patients alike. We'll continue to expand the Healthy Places programme to support community needs in the future.



CASE STUDIES

Reconfiguring a health hub to reduce vacant space and increase clinical services

We reconfigured and completely modernised Belmon: Health Centre in London to support the growing patient lists of three GP practices and a community services provider. Our multi-disciplinary team helped Northwest London ICB unlock £1.6 million in funding, negotiated new leases with our GP customers and managed the construction works, which included providing five extra clinical rooms, upgraded staff facilities and improved accessibility. In doing so, we eliminated vacant space and enabled better patient care.



Transforming unused indoor and outdoor space to improve community and staff wellbeing

In August 2022, we transformed an old dining room and commercial kitchen at Acomb Garth Community Care Centre in York to form a new community cafe and social prescribing consulting room. The community cafe is being used by local groups including Dementia Forward, Cocaine Anonymous, and Wheelchair Social Group. And the community group room is used for Department for Work and Pensions (DWP), Citizen's Advice and Weight Management services. We refurbished a disused courtyard, funded by £4,200 investment through our Green Spaces programme, providing a calming staff wellbeing space.

ICS engagement

This year NHS Property Services Limited had an organisational objective to provide specific support for Integrated Care Systems' (ICs) infrastructure strategy development, as well as our ongoing engagement and assistance.

When we last produced estate strategies in 2018, we supported the Sustainability and Transformation Partnerships to successfully deliver these objectives, working alongside NHS England (NHSE) and Community Health Partnerships (CHP). By doing this we supported NHSE with the prioritisation and allocation of capital funding.

ICS infrastructure strategies

NHSE is now looking to help develop ICS estate strategies. We are broadening the infrastructure focus to include digital infrastructure, wider place infrastructure and alignment with the Greener NHS programme.

In recognising the establishment of ICs, and that NHSE had not formally commissioned the infrastructure strategies, we have set ourselves an objective to actively engage with eight ICs to support them in the creation of their estate strategies.

National reach and estate planning capability

As an organisation with estate interests across England, we actively engage with all ICs to understand and support priority requirements involving our properties. In helping ICs with their estate strategies, we recognise various levels of support are required. This ranges from proactive engagement and data packs about our estates, through to assistance with technical expertise such as Town Planning. In some cases, this includes the development and writing of estate strategies.

We are pleased to actively support ICs across all regions, exceeding our organisational objectives. And next year we expect to assist several more ICs in the creation of their estate strategies, working alongside NHSE.

CASE STUDY



Partnering with Cambridgeshire & Peterborough ICB to deliver their first ever estate strategy

In 2022, NHS Property Services Limited were appointed by Cambridgeshire & Peterborough ICB to produce their estate and infrastructure strategy. The ICB identified the need for support in understanding their current estate, and wanted to establish:

- What opportunities existed to deliver some services currently provided in a secondary setting into integrated neighbourhood settings (as envisaged by the Fuller Report)
- Where efficiencies could be realised across the estate footprint

Over a four month period we conducted 25 interviews with the ICB and their system partners, reviewed extensive property and population data and held several workshops. The result was a draft strategy giving both ICB commissioners and service providers the in-depth knowledge they needed in relation to the current estate situation and its suitability to deliver planned services over the next 10 years.

The strategy answered the central question of where the ICS wants to be in terms of its estate. NHS Property Services Limited identified key priorities as to how future services can be delivered. This included enabling workstreams and programmes for the wider collegiate ICS estate group, so they can create a flexible, efficient estate which meets patient needs.

We were delighted when the strategy was approved by the Cambridge & Peterborough ICB Board in March 2023, and subsequently published. Building on our strong, strategic partnership, NHS Property Services Limited is now supporting the ICB to implement the strategy and key recommendations

Making buildings smarter

Our Smarter Buildings programme is about using technology to automate processes or automatically control or capture data around operational systems. Beginning in 2022, the programme expanded on a previous proof of concept exercise where we validated the idea of Smarter Buildings in our Canary Wharf office.

We designed the Smarter Buildings system using the Microsoft Azure platform. This system will allow our organisation to collect, input, archive, analyse and manage our estate information in a consistent and efficient way across the full portfolio.

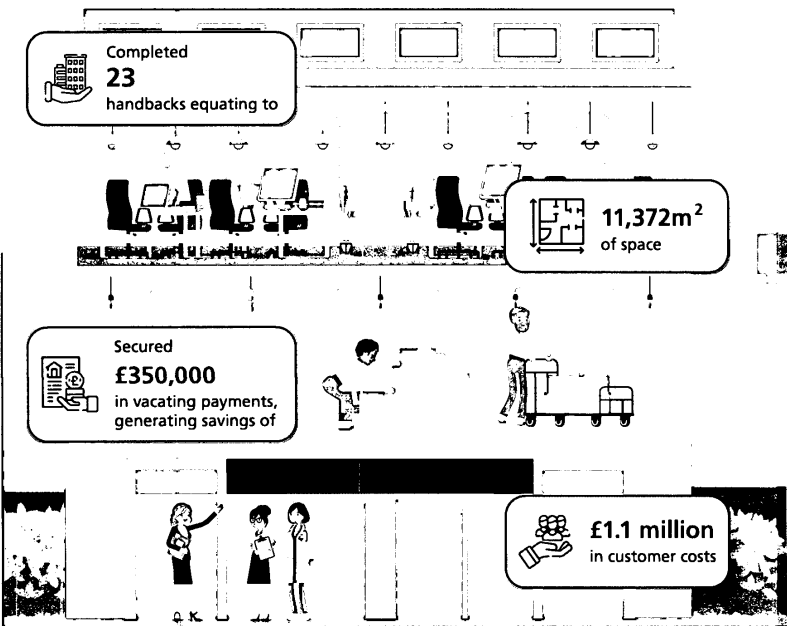
After the system was designed, an organisation-wide discovery exercise was conducted which showed us where and how NHS Property Services Limited and our customers will benefit from the Smarter Buildings programme with a series of user stories.

In the next phase of the programme, we will apply learnings and build the foundation of the Smarter Buildings system. Our vision for the Smarter Buildings programme is that by April 2024, we can collect, store, analyse and share estate information, while making real-time portfolio management decisions.

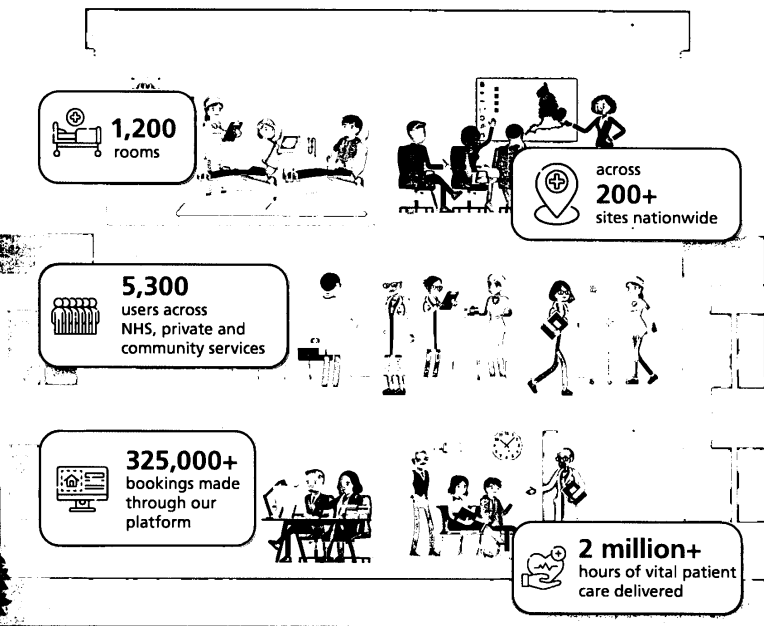


Delivering value

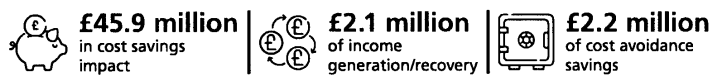
Vacant Space



NHS Open Space



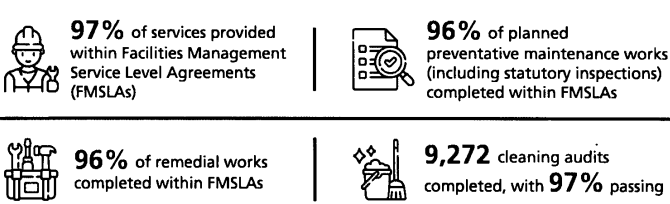
Value programme



Disposals and reinvestment



Keeping NHS places safe and compliant



Reviewing vacant space

Over the last three years NHS Property Services Limited has reduced vacant space across our estate by around 50,000m² and we continue to drive further rationalisation through:

- Reletting vacant space, primarily to healthcare providers to support patient care.
- The Healthy Places programme investing and improving the NHS estate to support customer requirements.
- Disposals generating capital receipts to reinvest into the healthcare system.

By March 2023, we reduced overall vacant space by 17,000m² (10,000m² Vacant funded; 7,000m² NHS Property Services Limited Vacant). This includes 8,000m² of primary care accommodation in line with the Office of Government Property (OGP) target to reduce by 8,000m² each year to March 2025.

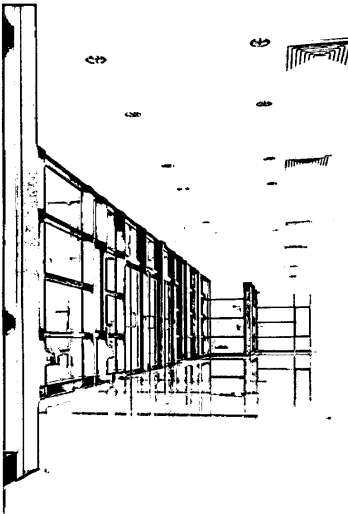
Vacant Space Handback Scheme

With the creation of Integrated Care Boards (ICBs) and development of overarching estate strategies, the Vacant Space Handback Scheme will provide the opportunity to relinquish space deemed surplus to healthcare requirements. This will reduce costs and release funds to support delivery of estate strategies and help the NHS transform.

In 2022/23, we completed 23 handbacks equating to 11,372m² of space, securing £350,000 in vacating payments and generating savings of £1.1 million in customer costs.

Cumulatively, over the course of the scheme this translates to:

-  **225** handbacks
-  **140,000m²** of space
-  **£11.55 million** vacating payments
-  **£59.6 million** in customer savings



NHS Open Space: flexible room booking

NHS Open Space first launched in 2019, revolutionising how sessional space is managed across the NHS estate. Thousands of healthcare, wellbeing and community services use the room booking platform to find and book affordable clinical and non-clinical spaces.

By maximising the use of NHS space and minimising spend on external sites, NHS Open Space supports service delivery for the wider NHS. Access to clear, transparent data on how buildings are being used results in more effective property management. Optimising space across the NHS estate contributes to the delivery of excellent patient care. And for communities, flexible booking, and use of NHS space means access to a wider range of services from their local health hubs.

In 2022/23 we grew to over 5,300 customers, an increase of 28% from the previous year. We continue to provide a greater choice of flexible accommodation in the heart of our local communities, reducing the pressure on large hospitals, and making life easier for patients.

-  Expanded NHS Open Space's portfolio and community
-  **1,200** rooms
-  across **200+** sites nationwide
-  **5,300** users across NHS, private and community services
-  **325,000+** bookings made through our platform
-  **2 million+** hours of vital patient care delivered

Creating value

Customers are increasingly interested in the value of the services we provide, rather than focusing purely on service costs. To support this change, in 2022/23 we launched our Value Programme, which highlights the importance placed on having a well-considered approach to 'value' within NHS Property Services Limited.

For us, value for money is about finding a balance between cost and quality and maximising returns for our customers. This means making sure our procurement, projects and processes are reviewed to ensure efficiency, effectiveness and quality.

We introduced a robust and consistent single route of governance and reporting. This has brought increased visibility of the improvement activity carried out by our colleagues every day.

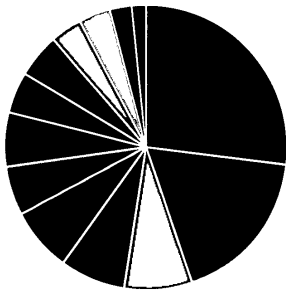
The overall goal of these changes is to improve consistency, visibility, and regularity using the following key enablers.

Financial value

We deliver value to customers and stakeholders through several different activities. These are tracked as part of our key performance indicators (KPIs) and monthly reporting processes.

- In 2022/23, the evidenced cost saving impact of these initiatives was £45.9 million – of which £37.1 million was generated from the 261 new initiatives reported in 2022/23 and £8.8 million was flowthrough savings from initiatives that started during in 2021/22.
- The £45.9 million of value savings delivered was £13.4 million favourable to our £32.5 million budget. Additionally, we delivered £2.2 million of cost avoidance savings and £2.1 million of income generation/recovery, both not included within the value target.
- Property driven savings delivered 47% of the value reported and service-led savings delivered 53%.

Cost savings by category



Disposals/exits/lease activity Rates	27%
Energy Procurement	18%
Energy Optimisation	8%
LEDs	7%
Overheads	7%
Regional activities	6%
Other	6%
Energy Procurement Procurement led	5%
Insourcing	5%
PFI	4%
Utilities Mgt	2%
Capital Allowances	2%



Cost saving
£45.9m



Income
£2.1m



Cost avoidance
£2.2m

Total: £50.2m

What does financial value look like?



Energy procurement

NHS Property Services Limited buys electricity and gas from provider ahead of time, based on forecasted usage. This results in lower cost per kilowatt and savings are passed back to our customers.



Regional toilet pilot

Reduced water volume required in toilet and urinal flushes. Savings passed back to customers.

- Toilets: Reduction of 8.8 million litres across 33 sites saving £23,000 a year.
- Urinals: Reduction of 1.8 million litres across five sites saving £5,000 a year.



LEDs

Continued to upgrade lighting systems across estate to LEDs as part of our carbon reduction strategy. While also delivering £2.6 million of financial value which is passed back to customers.



Rates savings

Combination of in year rates savings and prior year rate rebates.

- In year: Review and challenge of rates liabilities generated £1.2 million of rebates.
- Prior year: Review and challenge of basis of the prior year's rates payments. £7 million recovered.



Leasehold exits and disposals

Savings derived from the disposal of freehold and leasehold properties deemed surplus to requirements by NHS Property Services Limited and local operators.

- Leasehold: Exit savings were generated by 31 exits in 2022/23.
- Freehold: Disposal exits were generated by 31 exits in 2022/23.



Value extends beyond monetary measures

In 2022/23, our Value team began to capture a wider definition of 'value'. More than just financial savings, it includes non-financial values delivered by our NHS Property Services Limited colleagues against our strategic pillars. Examples include:

Environment

Delivering sustainable, quality services e.g. our soft FM cleaning team reduced our core range of cleaning products to one single, recyclable, refillable, product.

People

With our people focus, frontline managers completed mental health awareness training to best support their team, and frontline reception staff receiving loneliness training to help best support our patients.

Disposals and reinvestment

This year saw our continued successful disposal of surplus NHS Property Services Limited sites – those no longer required by the NHS to deliver commissioned or clinical services. This process enabled recycled capital investment in our portfolio.

Our 2022/23 pipeline delivered:

- £42.2 million in terms of CDEL (against a £42.8 million target).
- £5 million profit on sale (against a £7 million target).
- £50 million cash (against a £53.8 million target).

Some notable transactions include:



The sale of the former Long Term Conditions Centre in Harold Wood (east London) for

£7.2 million

for housing



The sale of Blue Beck House in York for

£2.18 million

to enable a

72

bedroom dementia-friendly development



The sale of Signature Living for

£11 million

to facilitate the delivery of a care home in Surbiton, Southwest London



The first development programme-related disposal in Chiswick for

£9.5 million

The Chiswick disposal to Hounslow Council was also a first in terms of delivering 55 affordable social rented homes which will include nominations to NHS workers as part of a development partnership with the council.

Refining our billing process

During 2022/23 we continued to improve our customer billing journey experience. This included making changes to the way that we do property budgets, Annual Budget Schedules (ABSs) and billing, right through to annual reconciliation, as well as improvements on other financial processes.

The redesign gives customers transparency and confidence that they are being billed accurately throughout the year. By improving timings to meet their needs and drive improvements, our customers now receive their bills and documents at the right points throughout the year. This resulted in a materially improved customer experience, reducing the level of disputes, and underpinning strong collection performance.



Delivering sustainable, quality services

Our focus as an organisation is always on what we can do to improve and how we can work better together with our colleagues and customers to achieve common goals. Being a responsible business and delivering sustainable estates remains fundamental, and we have made excellent progress this year in improving how we operate as an organisation.

- Developed programmes on Greener NHS, Social Prescribing, Health and Safety, Volunteering, Community Engagement, and many other aspects of Sustainability.
- In December 2022, a new executive function was introduced to form a strategic view of our responsible business practices. It brings together a wider, high-level view of these programmes as well as other key

initiatives such as Sustainable Procurement, Healthy Places, Culture and Inclusion, and Smarter Buildings.

- Together, they form our Environment, Social and Governance (ESG) framework, from which we will deliver greater benefit to our own organisation, our customers, and the wider NHS system.
- The Target Operating Model for our organisation has been adapted to recognise the importance of Responsible Business. The executive function takes a holistic view of how our various programmes are maturing. It will use the newly defined ESG model to provide greater assurance, control, and outcomes for the next 10 years.

Corporate Social Responsibility (CSR)



Social Prescribing

The NHS Long Term Plan includes a focus on helping people stay healthier for longer and supporting community activities that help improve wellbeing. The fitter and more socially connected we are, the less likely we'll need to see our GP or other health professionals.

The NHS has developed social prescribing networks across the country. Patients with multiple complex needs are referred by their GP to social prescribing services, where their needs can be assessed, and appropriate community services recommended.

To support these NHS initiatives, NHS Property Services Limited is reutilising vacant space across our estate to create places where charities and community groups can deliver essential health and wellbeing activity.



25
new spaces were delivered in 2022/23



Bringing the total number of live spaces delivered since the programme began three years ago to

76



Meaning that we are already impacting

1.3 million
patients

Volunteering

All our colleagues are given up to 15 hours of paid time off each year. Using their time and skills to help address local health inequalities and create healthier communities.

In 2022/23:



696
colleagues volunteered, which is more than

12%
of our total workforce



5,243
hours were spent with community causes



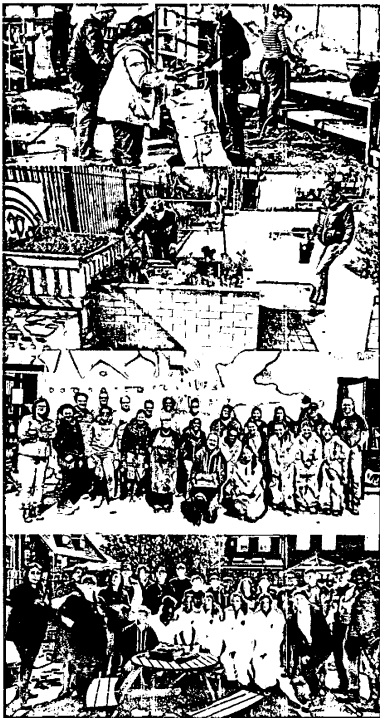
We supported
118
different charities and community groups



177
volunteering activities took place, including
30+
events at our own sites (mainly improving outdoor spaces to support the social prescribing programme)



98%
of our colleagues rated their volunteering day experience
4/5 or 5/5
and would recommend to other colleagues



"The volunteer days at our adventure playgrounds have been amazing for our organisation. These days enable sites to improve and mean frontline staff can continue to deliver services. Thank you, NHS Property Services Limited!"

Islington Play Association

"The highlight was seeing the delight on the faces of the Community Centre staff at what was being achieved, it made me very proud to work for NHS Property Services Limited."

NHS Property Services Limited colleague





Our charity partnership

In May 2021, we launched our three-year partnership with Young Lives vs Cancer to fundraise, volunteer, provide space and use our expertise to support the charity.



Our target is to raise

£150,000

by May 2024



In 2022/23 colleagues raised

£64,000

bringing the total raised to

£110,000



Funding will help up to

800

children, young people and family members

Accessibility

We're making sure our buildings are accessible to everyone. Whether people have a physical disability, anxiety about visiting a new place or just want to know what to expect.

In 2022/23, we continued to improve site access by:



Delivering

70

accessibility improvements across NHS Property Services Limited properties, including installing automatic doors, lowering reception desks, and refitting accessible toilets, to help create inclusive environments.



Producing

10

additional guides through our partnership with AccessAble to help visitors plan and prepare accordingly before coming to one of our buildings.



We saw a

56%

increase in the average number of monthly users accessing our guides.



The guides and accessibility improvements to our sites have the potential to make a positive impact on

154,000

patients and we plan to build on the programme so more patients and visitors will benefit.



Creating spaces for community and patient wellbeing

Communities have extensive knowledge and insight into what lies behind poor health outcomes and what will help improve their wellbeing. By listening, we can develop spaces that really meet community needs and help tackle health inequalities. That's why we partnered with The Health Creation Alliance (THCA). We conducted a research project to understand what it is about spaces that helps or hinders communities in the creation of healthy environments.

Throughout 2022, THCA interviewed and surveyed 10 community groups: typically, those with poorer health outcomes. These communities were: carers, rural communities, people with recovering from drug and alcohol dependency, people with a learning disability, people with a physical disability, people with experience of mental ill-health, people from the LGBTQ+ community, people of Somali origin or heritage, people from the Roma community, and women from Asian origin or heritage.

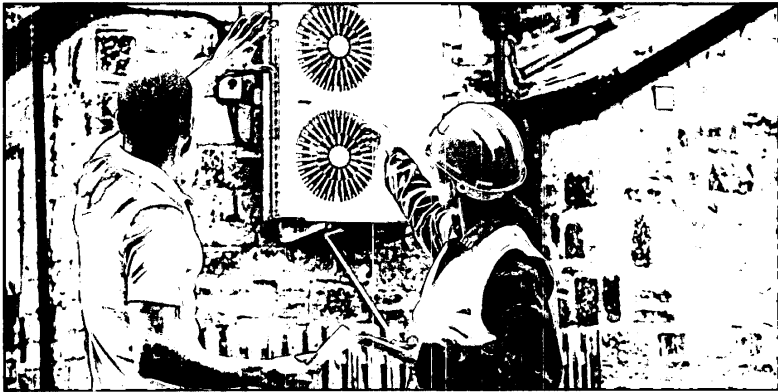
The result was a detailed report with in-depth case studies on each of the 10 groups. They covered the eight big themes that came out of the conversations. These themes were the common issues most of the groups touched on such as location, environment, ownership, accessibility, and a sense of belonging. It is therefore where we should be focusing our attention when it comes to decision making.

We've already started to implement some of the recommendations: concentrating on improving the accessibility of our buildings and information, developing a Responsible Travel approach, and working with colleagues across the NHS to share learnings.

Delivering a Greener NHS – Energy and Environment

We introduced our Green Plan in 2022/23, achieving an 18% reduction in our carbon footprint. This, combined with an extra £9.4 million in cost reductions and the launch of an Environmental Management System, mean we have reduced the NHS's running costs by over £38 million. And we've seen an overall decrease in our carbon intensity by over 30% since our first Energy and Environment programme launched in 2017/18.

Our Energy and Environment programme is divided into three focus areas: utilities, energy, and environment.



Utilities

Our overall goal is to maximise cost and carbon efficiency through procurement and benchmarking.

This year we carefully reviewed our energy (gas and electricity), and water contracts. Because of our flexible procurement strategy, we achieved savings of £2.2 million, which were subsequently passed onto our customers.

This strategy has shielded NHS Property Services Limited from most gas and electricity price increases, particularly during the recent energy crisis. It has helped us avoid potential cost hikes of £100 million to £230 million over the past few years. We therefore decided to opt for a two-

year contract extension to minimise the impact of unavoidable price rises.

For water procurement, we moved from multiple regional retailers to a single national retailer. This is expected to result in savings of £255,000 in the next few years.

With the rise in data and reporting requirements we increased IT data provision to our occupiers from 450,000 annually to over 1.8 million unique pieces of sustainability data. Because of this increase we are undertaking the selection and mobilisation of a data management platform to allow for more accurate data and efficient processing of requests.

Energy

We progressed our net-zero carbon goals, allocating £15 million in increasing energy efficiency and decarbonising the estate. Our investment in over 100 Building Management Systems is also projected to payback in one year, while the implementation of 139 LED lighting projects is expected to achieve a payback period of two and half years. Meanwhile the installation of 18 solar panels at clinics and health centres across England is expected to recoup investment within approximately four years.

These net-zero initiatives generated savings of £9.4 million and contributed to an 18% reduction in CO₂ in 2022/23. As a result, the NHS has achieved a significant reduction in both carbon footprint and running costs.

Other milestones included:

- 73 decarbonisation surveys, where site projects were designed and costed on how they could move away from fossil fuels, with the insights integrated into the efforts of our Construction and Minor Works teams.
- All NHS Property Services Limited sites are now fully compliant with an Energy Performance Certificate of 'E' or higher.



Since 2017/18:

**30%+**
reduction in our carbon intensity

**71,687**
tCO₂e saved

**£38 million**
in savings

	Energy use (kWh)	Associated carbon dioxide emissions (tCO ₂ e)	Intensity ratio (tCO ₂ e/m ²)
2017/18	603,957,213	156,351	57.46
2020/21	513,233,315	109,708	47.98
2021/22	485,734,874	103,535	46.99
2022/23	443,075,370	84,664	39.72
% variance since previous year (2021/22)	-9%	-18%	-15%
% variance since baseline (2017/18)*	-27%	-46%	-31%

* Baseline data from 2017/18 is a comparative. This data has been updated to reflect changes to our portfolio in 2022/23.

Environment

As part of our ongoing commitment to environmental sustainability across operations, we've made climate adaptation an Estates Strategy priority. And in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, we have also initiated a climate risk assessment.

To support these efforts, we formed a collaborative Climate Adaption Working Group. This cross-functional team is instrumental in developing our Climate Adaption Management Plan, influencing procedural changes, identifying climate-related risks and their financial implications, and ensuring the implementation of strategic guidelines.



New £11 million health centre in Devizes

Devizes Health Centre in Wiltshire opened in January 2023, treating up to 50,000 patients in the community. It's one of the first integrated care centres in the region, supported by the Bath and Northeast Somerset, Swindon and Wiltshire ICB. GP appointments, blood testing, medical reviews, outpatient clinics, physiotherapy, community care and mental health support are offered under one roof.

Devizes Health Centre is also one of the country's first net-zero integrated care centres, setting a new standard for health care infrastructure nationwide. The site has an energy EPC rating of A+. This is a significant achievement given most properties in England and Wales have an EPC rating of D and goes beyond a BREEAM (Building Research Establishment Environmental Assessment Method) rating of 'Excellent'.

The health centre generates its own heat and electricity using the latest green technology

such as heat pumps and solar panels, helping to conserve resources and optimise energy efficiency. Using this type of technology is exceptionally reliable and will sustain the site for years to come.



"The opening of this new state-of-the-art health centre will support Devizes' growing population and help up to 50,000 patients per year continue to access the right care when they need it. This is part of our commitment to ensure NHS services are sustainable for the future and are built with patients at the centre, as well as helping tackle the Covid backlogs."

Steve Barclay
Health and Social Care Secretary

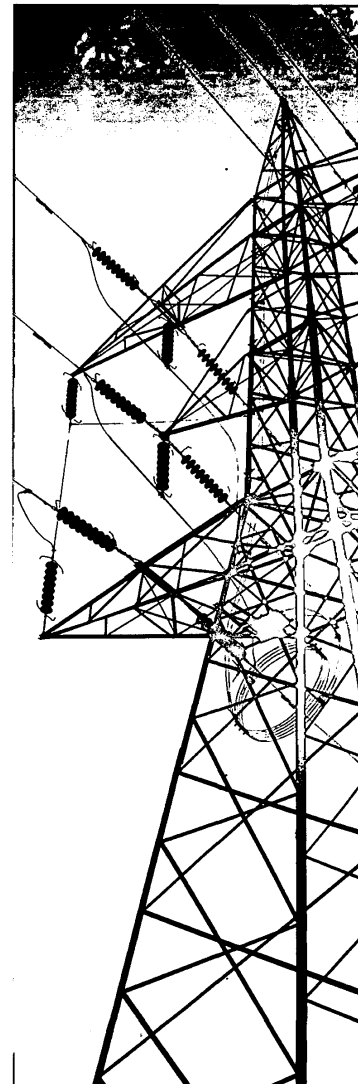
Climate-related Financial Disclosure (CRFD)

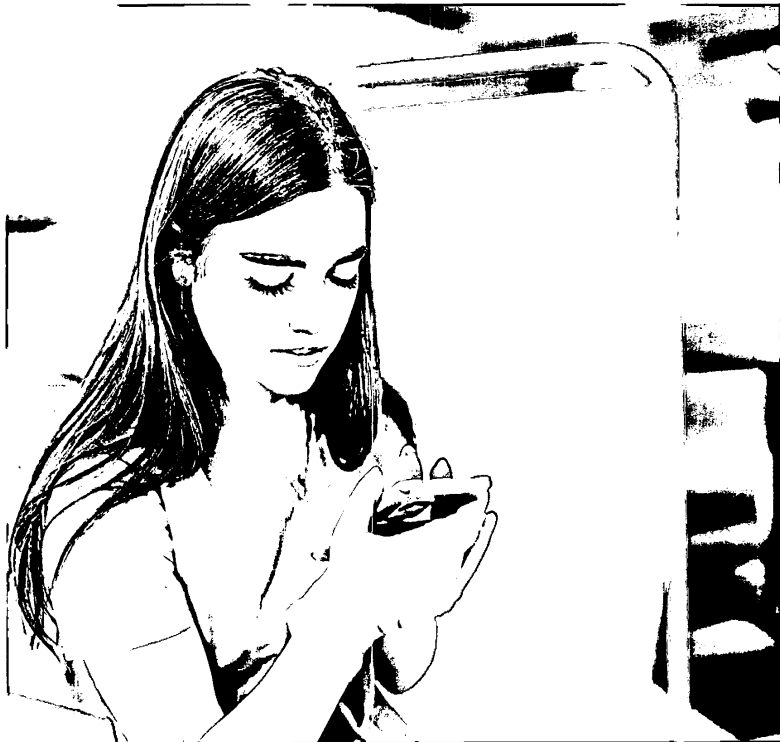
Climate change is having an increasing impact on our environment, through droughts, floods, storms, and temperature rises. In response, the actions required to mitigate the source of climate change and adapt to it have been implemented at all levels including government legislation.

The Companies (Climate-related Financial Disclosure - CRFD) Regulations came into force on 6th April 2022. NHS Property Services Limited has taken a proactive approach in addressing climate and environmental challenges, not only to satisfy this regulatory requirement but in recognition of the need to move to a net-zero economy.

The CRFD is about building business resilience through: Governance, Strategy, Risk Management, and Metrics and Targets. NHS Property Services Limited has sought to understand our key areas of vulnerability across these four themes. Our focus in 2022/23 was to undertake a gap analysis which included an assessment of transition and physical risks and opportunities spanning across the next 80-year time horizon. Our risk assessment used the three Intergovernmental Panel on Climate Change scenarios to model the impact. This ranged from; an unabated emissions scenario, to a scenario where emissions align with the objectives of the Paris agreement.

Please see the [NHS Property Services Limited Climate-Related Financial Disclosures \(CRFD\) 2022/23 report](#) for a detailed review of our results.





Supporting evolving NHS needs through digital and data

This year we launched our first ever data strategy: a three-year programme that will help us become a data-driven organisation, enabling us to serve our customers better. Data is now recognised within organisations as a core asset, and NHS Property Services Limited is no exception. We're keen to take advantage of these developments and use our data and expertise to both enhance our own operations and further support NHS transformation.

Power Apps

Power Apps is an exciting technology that allows people who don't know how to write computer code to create business applications. We've launched several apps this year that have multiple benefits for our colleagues and customers.



The Cleaning Audit app

An automated data capture solution that replaces the manual paper-based process to provide a single standardised and reportable view.



The Permit to Work app

Demonstrates we have safe systems for colleagues working in high-risk situations.



The Electronic Certificate (eCerts) app

An electronic solution that allows the FM team to easily access certificates on site to capture results while undertaking Statutory Inspections for our customers.

Connect

Through Connect, our online customer service portal, customers can now log non-urgent facilities management (FM) jobs, ask questions to our Customer Service Centre, flag any issues, and track query status. Connect gives our customers more power and time to focus on what really matters - delivering excellent patient care.

Customers have told us it is 'quicker to log a job', 'I find it very user friendly' and that they get a 'fast response and excellent work on site.'

The data Connect collects lets us identify trends and fix the root cause of issues, improving customer service quality. The self-service option has reduced the 250,000 transactional requests coming into NHS Property Services Limited every year that require manual processing. In turn this has freed up our colleagues' time to take on new responsibilities that drive greater value to NHS Property Services Limited and our customers.

2023 will see the release of new features including occupancy reporting, compliance certification and finance documentation, giving our customers even more information at their fingertips.



7,000

customers now use the platform

In 2022/23, we received:



21,890

facilities management (FM) jobs through Connect (which accounts for 20% of all jobs)



497

queries



146

complaints



Get, grow, keep great people

Our people are key to everything we do. We want to get, grow and keep great people at every level of our organisation, aligned with our values and create an engaged and enabled, values-driven culture. We continued to work hard this year to make sure we have the right tools and systems in place to support our people.

20

Our people strategy

The first people strategy, to 'get, grow and keep great people' was launched in April 2020. Now in our third year, we continued to focus on building on the foundations from years one and two, to develop initiatives and introduce new technology and processes such as:



Embedding engage and enable leadership behaviours to shape the way we work



Developing talent and career strategy as an enabler of inclusion



Driving people data integrity



Growing the shared service capability to enable efficiency and effectiveness



Simplifying performance and development



Ensuring wellbeing as a part of our attraction and retention model

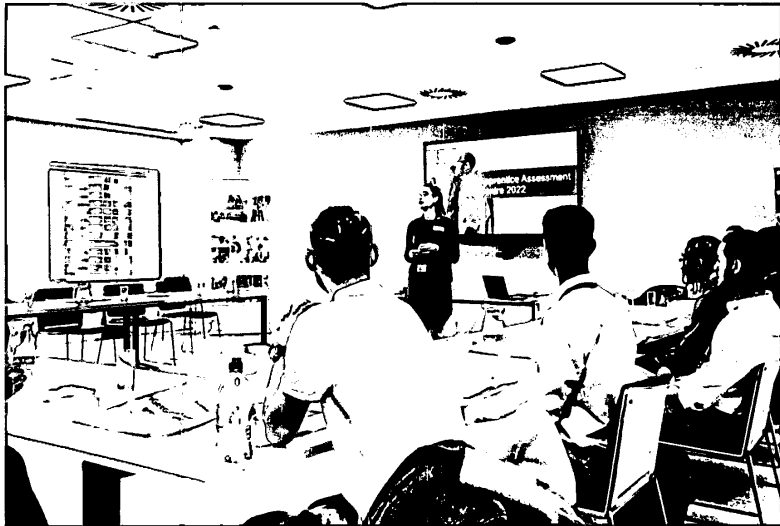
GET: Hiring great talent

This year we condensed our Talent Acquisition processes into a single Talent team to align better with the organisational changes and ensure a consistent colleague journey. This change helped us focus on direct recruitment. Now 80% of new hires are sourced using our Talent Team, without the need for external agencies.

To empower our colleagues in driving their own careers and identifying future leaders, we implemented several internal mobility and succession programmes, leading to the promotion of 12 existing colleagues to senior leadership positions.



21



GROW: Developing our colleagues

This year we prioritised six core colleague development programmes to support our teams with personal and professional growth.



The Driving Your Own Career programme equips colleagues with the tools and skills to drive their own career development.



Stepping Stones is for those colleagues in roles without management responsibilities who want to improve their confidence, communication, and customer service skills.



Aspiring Managers is a transitional programme for those in roles without management responsibilities who want to become a line manager.



Apprenticeships - this year we had over 100 apprentices working towards qualifications from Level 2 to Level 7 in over 20 areas of specialism.



Managing the NHSPS Way is a new programme for internally promoted or externally recruited managers.



Leadership in Action is a continuation of the previous year's leadership development programme, to embed our engage and enable leadership model.

KEEP: Retaining our best colleagues

Talent retention is a priority, and we are cultivating a culture and environment where colleagues can engage in career conversations to support their growth.

This focus has led to notable successes:

- Development of tailored group coaching programme to assist new senior leadership team members in successfully transitioning to their larger and more demanding roles.
- Over 45 senior managers have undergone 360 feedback assessments and subsequent debriefs to foster their career development.
- Accelerated development of identified successors and high-potential colleagues through 360 feedback assessments, psychometric tools, and executive coaching programmes.
- "Driving Your Own Career" programme to inspire colleagues proactively steer their own career advancement.
- Partnered with 'Amazing If' and 11 other global organisations to explore innovative approaches to career development and colleague retention.

Gender pay gap

The 2022 median gender pay gap in the UK was 14.9%, and whilst our figure is above the national average (18%) we are taking steps to address this. The Women at NHS Property Services Limited working group, created in 2021, is aimed at female colleagues and their male allies, and offers development and networking opportunities. Our aim is to help women unlock their leadership potential and support female colleagues in their career development in our organisation. We anticipate that these actions will have a positive impact on our organisational make-up for many years to come.

Two thirds of our colleagues are women and proportionately more females are working in frontline services (lower quartile) and fewer in the upper quartile. Our Executive Team has grown in the past year by the creation of two new positions. Whilst there is a slightly higher proportion of males (five) to females (four) compared to the previous year (females (four) to males (three)); the appointment of three new female directors demonstrates our organisation's commitment to gender equality.





Workforce diversity

In 2022/23 we took steps to understand the lived experiences of different employee groups through facilitated sessions. These directly inform and shape the way we raise awareness across a range of topics, support our colleagues, how we get, grow, and keep talented colleagues, and how we develop and revise policies and practices by making inclusive decisions.

Our findings are:

- We have an ageing workforce with more than half aged 45 and over. Ethnic minority colleagues have a much younger profile than white colleagues that peaks at age 44 years and our female colleagues are slightly older than their male counterparts.
- Declaration rates have increased the most for ethnicity (9.7%) and we have maintained disclosure rates for disability, sexual orientation, and religion or belief.
- Just 1.6% of the workforce has a declared disability. We acknowledge there is more to be done to improve on this.
- Despite disability declaration being lower than we would like, the grade profile for declared disabled colleagues show

comparable outcomes to non-disabled colleagues

- Ethnic minority colleagues are comparably distributed across each grade, including Executive and Board level.
- The gender profile shows women make up 62.5% of the workforce. However, there is a disproportionately high representation of women at L1. Because most female colleagues populate the lowest grades, this results in men being at least more than twice as likely as their female colleagues to be in management positions.
- Approximately 25% of our colleagues have declared a religion, belief, or non-belief. Of those colleagues who have disclosed their faith status, figures show that Christians make up the largest group (15.6%) followed by our Sikh colleagues who account for 5.6% of declared faith.
- Less than 1% of our colleagues have disclosed their sexual orientation as LGBTQ1, with almost 60% unknown. Unfortunately, like religion or belief this poses limitations on the analysis we can undertake for this characteristic or comparative considerations with colleagues in dominant groups for grade distribution across the organisation.

Listening to our colleagues

Our third 'Your Voice' colleague engagement survey took place in May 2023. Participation levels were 55% across the organisation, with an overall engagement score of 7.7 out of 10. This was the same score we achieved in 2021/22.

The survey showed strong positive trends across organisational fit, peer relationships and business growth. Further work is required to improve our communication to all our colleagues.

Survey results have been reviewed by both our Executive Directors and Board, and they will provide the basis for our people plans for next year and beyond.

Wellbeing, culture and inclusion

2022/23 saw the launch of our new three-year Culture and Inclusion Strategy. This commits us to becoming an organisation where our colleagues and customers feel proud to work with us. Maintaining good mental health, wellbeing and addressing health inequalities is implicit to our strategy, and our activities to 2026 will comprise embedding these principles in everything we do.



Vision: To be an organisation our colleagues and customers feel proud to work with, where inclusion is a priority, and our culture enables everyone to be their best.

We will achieve this by placing our customers and colleagues at the heart of everything we do by being:

Responsive

We will be data driven and evidence-based to inform our strategic decision-making, policy development and design standards for our people, properties, spaces and systems. We will actively search out ways for continuous improvement.

Attentive

We will create accessible spaces and places where you can be authentic, feel valued, have a strong sense of pride and belonging. Your voice is heard, your needs are met and you are thriving, whatever your background or identity.

Progressive

We will get, grow, keep diverse talent at all levels. Providing opportunities and pathways to develop careers that fulfil potential and enable high performing teams. A confident and enabled workplace will deliver sustainable services and solutions for our customers.

This year gave us the opportunity to review our position and consider our ambitions for our organisational culture. Our customer at the heart ethos has reinvigorated our appetite to encourage the best from our colleagues, so that we can provide the best services to our customers.

In doing so, we aim to be the best property and facilities services provider to the NHS that enables excellent patient care. Our recent transformation programme set the roadmap for our journey ahead and this includes new People and Culture and Inclusion Strategies to 2026. Whilst we recognise that there is much more to do in this space, we are pleased to have made a positive start to with our programme of activity whilst the Culture and Inclusion Strategy 2026 was being developed.

We regularly survey our colleagues about their experiences and perceptions of working at NHS Property Services Limited. The last survey conducted in November 2022 showed that there was high confidence among colleagues around diversity and inclusion across drivers that include non-discrimination, inclusiveness,

and belonging. We are committed to keep improving how our colleagues feel at work and ensure that we are acting on feedback provided to us through our surveys and supplementary lived experience sessions with diverse colleague groups.



Martin Steele
Chief Executive Officer
NHS Property Services Limited

22 November 2023

Chief Financial Officer's Report

Our qualitative results

Our external operating environment continued to pose tough and varied challenges in 2022/23: soaring energy costs, the highest inflation rates in over 30 years, ongoing challenges in primary care, further NHS recovery from the pandemic.

Whilst responding to these challenges, we have maintained high standards of performance and delivery in year and remained focused on improving our customer experience.

To that end, and from the desire to support the evolving needs of our customers and wider NHS now and in the future, we delivered an ambitious restructure in year as the foundation of putting customers at the heart of everything we do.





Business realignment

In 2022/23 we delivered against our designs for a new target operating model. We conducted a top to bottom review of our functions and teams' structures, in an exercise that saw almost 200 colleagues depart from the business, while around another 400 were redeployed. While these changes will save us c.£15m, they were ultimately all about achieving our goal of enabling a truly customer centric culture throughout the organisation: To simplify and better align our operations with our customers and increase our ability to meet their evolving needs, geography and makeup.

For the first time we have brought together the disciplines of property and service management into one function, under one Executive Director.

We rationalised our regional structure, moving from seven to four regions. These are optimally sized to provide the right level of decentralised decision making and resource management.

Our new regional Managing Directors report into the Chief Operating Officer (COO). They have full control and oversight of our service offering to our customers, ensuring services and solutions for customers are joined up end to end. For our customers this means we're easier to work with, are speedier and more flexible in responding to requests.

Customer function

This year saw the creation of our dedicated Customer function, headed by Jackie Ducker, our new Chief Customer Officer. The scoping, planning and structuring of this function, alongside considerable recruitment into its roles, occurred in 2022/23. Though still in its infancy, the foundations we have laid here shall:

- Allow the accumulation of expertise in relationship management.
- Enhance our ability to partner with customers and adapt to their changing world.
- Leverage our existing expertise to deliver more value to both current and new customers.

This is a significant step forward in achieving our vision to be recognised as the best property and facilities provider to the NHS. And it provides additional potential for business growth.

Improving our business

Our programme of customer-experience focused improvement work was also establishing firm foundations in 2022/23. We developed an in-house capability for customer journey mapping. We completed 15 key customer journeys, taking inputs from over 200 colleagues from across the business.

These journeys identified over 500 recommendations for improvements to our ways of working that will significantly improve the experiences of our customers and colleagues.

We have already implemented 13% of the opportunities, initially targeting some easy wins, as well as themes highlighted across multiple journeys. These include:

- Changes in how we manage our private finance initiative (PFI) properties with the onboarding of the Operational PFI team.
- Improvements to how we communicate and set expectations with our customers.

- The journey to develop our customer relationship management (CRM) systems, starting with delivery of key usability improvements.

Teams are further enabled through training in process improvement skills so they can better assess their own work and find efficiencies. They are equipped with Power BI reports to allow ongoing monitoring of value creation. Going forward, we will be prioritising the remaining improvements to ensure maximum impact to customers.



Overall improvements made have realised the equivalent of

£5 million

of value, mostly from income recovery and overpayment avoidance.



Increasing transparency and accuracy

Billing cycle

We continue to build upon our progress made in the end-to-end billing journey. We achieved an annual reconciliation of the prior year costs by the end of July 2022, for the first-time meeting Royal Institute of Chartered Surveyors (RICS) and industry standards. Furthermore, the overall net charge to customers of £2.7m was equivalent to under 1% of the relevant annual bills, reflecting the continual improvement in billing accuracy. This is such a significant improvement from when I joined the company. At that point, four years ago, the annual reconciliation was taking 15 months, with over £50m (15%) charged. All steps of the billing cycle were seriously lagging, creating considerable challenges internally and for our customers, disrupting financial planning and processes, budgeting and funding cycles.

The advances on the timing and magnitude of the annual reconciliation have been a consequence of the improvement over the last four years across the whole billing journey. We've made improvements at every level - from property budgets, Annual Budget Schedules (ABSs) and billing, to the annual reconciliation, as well as improvements to many other financial processes from cost management to the correct coding of costs. Customer experience has been materially enhanced, reducing the level of disputes and underpinning strong collection performance.

Annual reconciliations

	2018/19	2019/20	2020/21	2021/22
Completed by	Feb 2020	Jan 2021	Sept 2021	Jul 2022
Variance to in year billed	15%	7%	-1%	1%

Our Annual Budget Schedule (ABS) checks continue to be a bedrock of good, open customer conversations. They supported the overall improvement to the billing journey.

The success of these engagements has seen another year of improvement, with us achieving our target level of agreements by September 2022 in 2022/23, compared to January 2022 in 2021/22.

Maturity in financial planning

Finance is often the function of silent successes. Our capability to budget and forecast has been growing steadily year-on-year. In 2022/23, at a period when management attention was perhaps most distracted by change and restructure, we had earlier, better, and clearer engagement from the Executive team, non-Executive directors, and senior management on the budget for 2023/24. There was a full and thorough review of our underlying assumptions, and a much greater understanding of the nuanced relationship between our cost base and income. The collaboration and contact between our corporate-down and property-up budgeting processes was greater than ever before, leading to an earlier and fuller reconciliation. This all led to a robust and challenging budget for 2023/24.

Regional reporting capability

As part of our business realignment, we have standardised the breakdown and associated responsibilities of the regional, into sub-regional, portfolios. These breakdowns and responsibilities are held throughout our core business systems, and these have enabled reporting capability at those levels. Effectively we can now produce profit and loss (P&L) reporting for the lowest level of our property portfolio, enabling the business to have financial ownership and accountability closest to the customer. This was always a very clear intent of our business realignment programme, and now with these tools we can start to grow the expertise and culture to maximise value to our customers.

At the same time our capability to understand our own and our customers' financials has also taken a step forward as I have brought together local property accounting knowledge with finance business partnering. This is part of the business realignment changes and provides multiskilled roles and single accountability. This

should allow for much more streamlined and targeted interactions between finance and our operational managers, and result in a shared end-to-end understanding - from customer to company financials.

Progressing debt and customer engagement

We continue to make progress with customers over long-standing debts. Of the 149 customers under scope, settlements have now been reached with 111. At the end of 2022/23, nine cases were actively escalated for arbitration, and conversations continue with the remaining 29 customers.

However, our overall debt position increased in year due to the continued challenges persist with our GP customers. This is despite the improvements made in customer engagement and debt programme that has seen us return to business-as-usual levels of debt with all our other customers in the NHS and wider Health community. GP debt increased by a further £24m to £236m and is now 54% of our debt despite being 17% of our annual income.

Following the High Court's judgement in our favour in June and the subsequent settlements in year with the five GP practices over disputed charges, I feel we are in a better position to move forward constructively with the wider GP community, on the recovery of charges past and present. I am pleased by the judge's determination that the practices in question should pay the reasonable cost of services reasonably provided, and encouraged by both the BMA's recommendation that its members "engage with NHS Property Services Limited on a good faith basis" and their support of the judge's comment urging the GP community to work with us to provide relevant information and work constructively on any outstanding matters. While I appreciate there is still much work to be done, I am strongly hopeful that this represents the start of a new chapter of stronger, more positive relations between NHS Property Services Limited and our GP customers.

Continuous improvement

We could not make these advances and successes in our financial health and operational engagements without strong underlying financial practices and governance.

In 2022/23, some of the areas we have further strengthened include:



Evolution of our shared services

There has been huge expansion and change in our Finance Shared Services, as we progress our strategy to move us to our vision of integrated shared services. We've seen multiple capabilities move into our shared services function over the year. This includes management accounting, billing, credit control, finance systems, project capital processing, and procurement vendor and item management.

This has enabled us to take apart and reconstruct teams centred around end-to-end processes, such as Order to Cash and Purchase to Pay, breaking pre-existing silos, while strengthening internal controls and driving better customer experiences.

This has all been done against a clear strategy that places emphasis on customer focused outcomes, the retention and development of our colleagues, and the creation of value for the NHS. The success we've seen in moving finance capabilities into shared services is a blueprint that I hope we can replicate across other organisation functions in the future.



Information governance awareness

Information governance (IG) is another important area which has seen development in capability and awareness in 2022/23. The team launched their IG strategy with the mission to create a culture of information compliance. This would be by empowering and upskilling colleagues and a vision of instilling confidence in the value and integrity of all our information. The first quarter saw a new IG communications strategy resulting in increased colleague awareness over the year. All information policies have been reviewed and updated. And a Records Management project has begun, aiming to deliver organisation-wide transformation in terms of embedding complete information lifecycle management. The steps taken in year are all about sensible and practical ways that all colleagues can steward and care for our information.



Bringing counter fraud in-house

Finally, we completed internalising our Counter Fraud services in March 2023. This activity saw the recruitment and upskilling of key resources, including a dedicated Counter Fraud Lead Analyst. The new team have already produced and agreed the strategy and the investigative methodology that they will employ to inspect potentially fraudulent activities, from April 2023.

While a new external specialist has been engaged on a call-off basis – for the provision of expert advice and support, this is just for demands beyond the scope of the internal team. Overall, I am pleased to now have this capability in-house, and excited for how we can exploit that to strengthen our culture.

Our results in figures

Income

In 2022/23, NHS Property Services Limited's incoming resources excluding finance income were £754m. This is a £24m (3%) increase on prior year (2021/22: £730m). The increase is driven by higher chargeable direct property expenses, predominantly energy costs and frontline staff costs.

Expenditure

Total operating expenditure for the year was £835m (2021/22: £766m), an increase of £69m (9%). This is made up of an increase of £19m in other operating expenses, a £16m increase in administrative expenses, a £27m increase in direct property expenses, and a £7m increase in expected credit loss allowances expenditure.

Increases in other operating expenses of £19m are due to lower credits within impairment resulting from the property revaluation, as well as additional restructuring costs. Increases in administrative expenses of £16m are the result of increased staff costs. Increases in direct property expenses of £27m are made up of increases across depreciation (because of property revaluations), energy costs and frontline staff costs.

Loss for the year

The loss for the year was £61m (2021/22: £82m), a reduction of £21m (24%). The reduction in the loss made for the year has several drivers, but the main contributors are a credit from the unwinding of discounts on provisions which has varied by £72m, offset by a reduction in gains on disposal of £7m and movements within non-chargeable expenditure lines of £44m. This includes an increase in administrative expenses driven by staff costs of £16m, increases in other operating expenses of £19m due to lower credits within impairment and additional restructuring costs, and a £7m increase in expected credit loss allowances expenditure.

NHS Property Services Limited makes a loss predominantly due to the level of non-trading expenditure such as expected credit loss allowance

expenses and unwinding of discounts on provisions. NHS Property Services Limited seeks to mitigate the loss by ensuring timely and accurate cost recovery of relevant costs from customers and the position this year is in line with the budget set by our parent organisation DHSC.

Capital receipts and investment in our estate

During the year, NHS Property Services Limited completed sales of surplus properties which realised capital proceeds of £42m (2021/22: £35m) generating an accounting profit of £4m (2021/22: £12m).

NHS Property Services Limited increased its investment in the estate during the year with total capital investments of £150m (2021/22: £135m).

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

Property revaluations

The annual revaluation exercise generated a net unrealised gain in the revaluation reserve of £170m (2021/22: £127m) and £23m (2021/22: £28m) in the profit and loss.

We are now in the fourth year of our revaluation cycle. We continue to work alongside our professional advisors to get additional insight into our properties. In the fourth year of the cycle, we have revalued 40% of sites which make up the revaluation population, 20% were revalued on a desktop basis, and the other 20% were inspected.

For 2022/23, 422 sites were revalued, this represents 32% by net book value (NBV) of NHS Property Services Limited's portfolio.

The revaluation led to a £193m increase to Fixed Assets representing an overall 4.53% increase to NBV of the entire portfolio and an overall 14% increase to NBV of the 2022/23 sample.





As well as the annual revaluation exercise, we have applied indexation to the remaining buildings valued under a depreciated replacement cost (DRC) basis in our portfolio. In the revaluation portfolio there was a significant increase in build costs and so it was deemed appropriate to apply indexation as this increase had a material impact. The indexation led to a further increase in NBV of £75m, £65m was recognised in the revaluation reserves and £10m impacted the profit and loss.

As of 31 March 2023, there was an overall impairment credit per the statutory accounts of £18m which includes additional charges during the year in relation to assets transferring to held for sale, Assets under construction (AUC) impairments and lease exits offsetting the credits above.

The 2023 revaluation exercise resulted in a closing value of the company's portfolio of £4,473m (2022 £4,378m).

Debt positioning and funding

At year-end, we had trade receivables of £454m (2020/21: £437m), an increase of £17m. Of the 2022/23 year-end trade receivables, £436m was past due, which is an increase of £28m compared to the prior year (2021/22: £408m).

NHS Property Services Limited repaid our flexible loan with the Secretary of State for Health and Social Care in full in the 2021/22 year. The year end loan facility utilised is £nil.

External audit

As at 31 March 2023, the financial statements have been issued with a qualified audit opinion in respect of the assessment of held over leases. Further details on the qualification are outlined in the corporate governance statement.

Mark Smith
Chief Financial Officer
22 November 2023

Registered Address: Regent House,
Heaton Lane, Stockport, Cheshire,
United Kingdom, SK4 1BS
Company Registration Number: 07888110



Governance Accountability Report

NHS Property Services Limited is committed to achieving high standards of governance and business integrity in all our activities. This Accountability Report comprises the following key sections:

The Corporate Governance Report

Sets out the structure and governance framework of the organisation, providing details of the Board, roles and responsibilities, Board Committees, Directors' appointment, tenure, induction and training and directors ability to seek independent advice.

The Risk Management Report

Details the organisation's approach to risk management and internal controls, as well as our approach to Information and Data Governance.

The Remuneration Report

Sets out our remuneration policies for Non-Executive Directors and Executive Directors and how these policies have been reviewed and implemented for the reporting period, including salary information and pension liabilities.

The Modern Slavery and Human Trafficking Statement

Provides details of how NHS Property Services Limited fully supports the Government's objectives to eradicate modern slavery and human trafficking.

The Section 172 Statement

Provides a description of how directors have had regard to the matters set out in s.172(1)(a) to (f) in the Companies Act 2006 when performing their duties under that section.

Corporate Governance Report

Company structure

NHS Property Services Limited was incorporated under the laws of England and Wales on 20 December 2011 with the Company Registration Number 07888110 and has a registered office address of Regent House, Heaton Lane, Stockport, Cheshire SK4 1BS. NHS Property Services Limited is a Private Limited Company wholly owned by the Secretary of State for Health and Social Care.

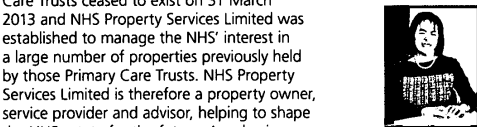
As part of a wider NHS reorganisation, Primary Care Trusts ceased to exist on 31 March 2013 and NHS Property Services Limited was established to manage the NHS' interest in a large number of properties previously held by those Primary Care Trusts. NHS Property Services Limited is therefore a property owner, service provider and advisor, helping to shape the NHS estate for the future. As a business, we help the NHS make the right property and facilities management choices that enable excellent patient care and support the delivery of the NHS Long Term Plan.

The Board has implemented standards of corporate governance and policies applicable to the Company's position as a private company wholly owned by a government body. The latest Articles of Association (Articles) were approved by the sole member of the Company by special resolution on 26 June 2018 and provide guidance on Directors' powers and responsibilities, and Shareholder Reserve Powers. In addition, the Secretary of State appointed a Department Director to the NHS Property Services Limited Board, and all Board Resolutions require the approval of that Director.

The Board

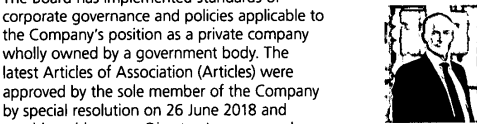
Introducing the Board members

As at the financial year end (31 March 2023) the Board of NHS Property Services Limited was composed of three executive and seven non-executive members (including the Chair and Shareholder Director). The Company Secretary supports the Board and attends all formal Board and Committee meetings.



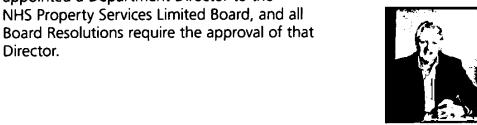
Jane Hamilton
Non-Executive Director and
Chair of the NHS Property
Services Limited Board

Jane joined NHS Property Services Limited on 22 March 2021 and was appointed Chair of the NHS Property Services Limited Board on 25 March 2021. She is a member of the Strategy and Investment Committee and the Nomination/Remuneration Committee.



Ben Masterson
Non-Executive Shareholder
Director

Ben was appointed as Shareholder Representative Director to the Board on 31 January 2017. He is a member of the Nomination/Remuneration Committee.



David Godden
Independent Non-Executive
Director

David was appointed as a Non-Executive Director to the Board on 26 July 2018. He is a member of the Strategy and Investment Committee, the Audit and Governance Committee and the Nomination/Remuneration Committee.



Nick Moberly
Independent Non-Executive
Director

Nick was appointed Non-Executive Director to the Board on 4 May 2021. He is Chair of the Nomination/Remuneration and Customer Committees.



Adrian Belton
Independent Non-Executive
Director

Adrian was appointed as a Non-Executive Director to the Board on 4 May 2021. He is Chair of the Strategy and Investment Committee and is a member of the Audit and Governance and Nomination/Remuneration Committees.



Caroline Wehrle
Independent Non-Executive
Director

Caroline was appointed as a Non-Executive Director to the Board on 1 September 2021. She is Chair of the Audit and Governance Committee and a member of the People and Nomination/Remuneration Committees.



Mark Lomas
Independent Non-Executive
Director

Mark was appointed as a Non-Executive Director to the Board on 1 September 2021. He is Chair of the People Committee and is a member of the Nomination/Remuneration Committee.



Martin Steele
Chief Executive Officer and
Executive Director

Martin was appointed Acting Chief Executive Officer (CEO) on 1 April 2020, the position was made permanent in May 2022. He is a member of the NHS Property Services Limited Board and Strategy and Investment Committee, and Chair of the Executive Committee.



Mark Smith
Chief Financial Officer and
Executive Director

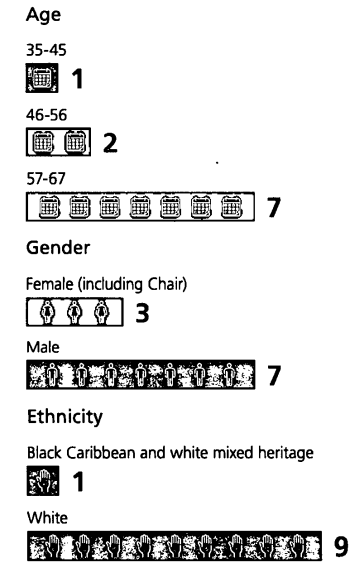
Mark was appointed Chief Financial Officer (CFO) and Executive Director on 1 May 2019. He has overall responsibility for guiding the financial strategy of NHS Property Services Limited. Mark is a member of the Strategy and Investment and Audit and Governance Committees.



Trish Stephenson
Chief Operating Officer

Trish has been Chief Operating Officer (COO) in an interim capacity since October 2020, the position was made permanent in June 2022. She was made a Statutory Board Director in March 2023.

Board diversity





Roles and responsibilities

The Board

The Board is the senior decision-making body of NHS Property Services Limited and has a responsibility to support the strategic direction of NHS Property Services Limited and works to improve the success of the organisation.

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

- Approves the Annual Strategic Business Plan and monitors NHS Property Services Limited's performance against it.
- Ensure high standards of corporate governance and personal conduct.
- Approves the annual budget and capital expenditure budgets.
- Approves large capital expenditure and proposals over £10 million.
- Approves matters of major strategic importance.

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

The roles and responsibilities of the Board Members are as follows:

Chair

The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. The Chair demonstrates objective judgement and promotes a culture of openness, transparency, and debate.

Shareholder Director

The Shareholder Director brings wealth of experience and insight to the Board. The Secretary of State appointed a Departmental Director to the NHS Property Services Limited Board from the Company's formation.

Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for the day-to-day operational management of NHS Property Services Limited and is the senior Executive Director on the Board. The CEO proposes a strategy to the Board for discussion and approval.

Non-Executive Director

The Non-Executive Directors provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

Board Committees

The Board has delegated specific responsibilities to five Board Committees focusing on specific areas of the Board's responsibilities. As outlined on page 10, the Board Committee structure changed in September 2022 as part of the transformation programme to create a new organisational structure that places the customer at the heart of everything we do.

Customer Committee

- Ensures that the customer is placed at the heart of all NHS Property Services Limited's activities, and that customers are receiving a valuable service by overseeing operational and business delivery priorities.

This Committee was effective from September 2022.

For more information see page 62

People Committee

- Explores opportunities to assist our colleagues to help them deliver the NHS Long Term Plan.

This Committee was effective from September 2022 and is an iteration of the People, Culture and Diversity & Inclusion Committee.

For more information see page 62

Nomination/Remuneration Committee

- Leads the process for new appointments to the Board and Executive Committee.
- Monitors succession planning and considers Board independence and diversity and inclusion.

This Committee was effective from September 2022 and combined the existing remits of the Nomination and Remuneration Committees.

For more information see page 63

Audit and Governance Committee

- Considers company governance matters
- Provides independent assessment and oversight of financial reporting processes including internal controls, fraud and risk management and compliance.

For more information see page 62

Strategy and Investment Committee

- Reviews the medium and long-term strategic intent of the company to help ensure it remains fit for purpose.

This Committee was effective from September 2022.

For more information see page 63

Disbanded Committees

- **Asset and Investment Committee**
Reviewed and approved property and portfolio strategy and policy. This Committee was last run in July 2022 and has been replaced by the Strategy and Investment and Customer Committees
- **Facilities Management Committee**
Oversaw all aspects of facilities management strategy and policy. This Committee was last run in October 2022 and is replaced by the Strategy and Investment and Customer Committees.

Defined Terms of Reference for Board and Board Committees, formal documentation of powers delegated to Executive Directors and clear reporting lines are in place.



In March 2022, a Board Effectiveness review was conducted by an external, independent, company. The review examined the Corporate Governance Framework of the organisation. It noted we complied with is statutory responsibilities, with improvements suggested across Director roles and responsibilities as well as across the responsibilities of the Committee of the Board. The changes made to the Committee structure in 2022/23 reflected these recommendations with new Terms of Reference becoming effective in November 2022.

In March 2022, a Board Effectiveness review was conducted by an external, independent company. It examined our organisation's Corporate Governance Framework and noted we complied with statutory responsibilities. However, improvements were suggested across Director roles and responsibilities, as well as those of the Committee of the Board.

NHS Property Services Limited Executive Management Committee

The Board delegated the operational running of NHS Property Services Limited to the CEO. Except for the reserved matters as stated within the company's Articles of Association and/or matters which are reserved for the Board, and delegated authorities as updated from time to time by the Department of Health and Social Care.

The CEO, Chief Financial Officer and Chief Operating Officers are members of the Board and attend Board Meetings. Other Executive Management Committee members are not part of the Board decision making process but do attend Board meetings to answer questions from members and provide deeper insights into topical operational matters.

The Executive Management Committee consists of the CEO, CFO, COO, and the following Executive Members:



Jackie Ducker
Chief Customer Officer
(from April 2023)

Jackie is responsible for our customer function, which includes relationship management, customer experience and business improvement, strategic business expansion and the Customer Service Centre.



Hilary Stables
Chief People Officer
(to 31 March 2023)

Hilary was responsible for our people strategy, which enables the business to get, grow and keep the company's 6,000 colleagues across the country.



Helen McCarthy
Chief People Officer
(from 03 April 2023)

Helen leads on strategy for people and culture for the organisation, putting people at the heart of the business and building a culture where our colleagues can develop and thrive.



Kieran Kinsella
Director of Advisory Services

Kieran has overall responsibility for the organisation's asset management strategy and property portfolio.



Jon Hay-Campbell
Director of Communications and Marketing

Jon is responsible for marketing and communications, including media relations, stakeholder management, internal communications, and brand and design.



Dr Shamir Ghumra
Director of Responsible Business

Shamir is responsible for our social and governance framework, and responsible business offer. His role includes corporate social responsibility and energy and environment.



Roslyn Churchill
Chief Information Officer

Roslyn is accountable for all our technology and business intelligence services as well as the Project Management Centre of Excellence (PMCoE). She is responsible for the digital, technology and data strategy which enables delivery of our NHS Property Services Limited plans.

Executive Management Committee diversity

Gender (as of 03 April 2023)

Female
 4

Male
 5

Ethnicity

Other
 1

White British or Irish
 8



Board Committee structure

The Board has been supported in its assurance and oversight of the organisation by a number of committees, each chaired by a Non-Executive Director. The Shareholder Director is supported by nominated individuals in certain Committees as noted within the Articles of Association and in Committee Terms of Reference. The names of these individuals can be found in committee reports where relevant.

The Board also delegates certain functions to Committees. This gives the following benefits to our organisation:

- Committees give the Board the opportunity to delegate lengthy or technical discussions, decisions, and oversight to a subset of the Board with the addition of committee members with relevant expertise.
- Committees can support the Board's effectiveness by delegating agreed matters to this alternative forum, thereby enabling the Board to utilise their time on other subjects with a higher priority need for their time and expertise. To this end, the NHS Property Services Limited Committee structure has been developed from Board down, to ensure each committee has a clear purpose, scope, and authority.
- Committees act as an internal control on Board delivery, either directly or indirectly. With actions delegated from the Board to a committee, the residual work undertaken by the Board can become more effective.

Board and Committee membership and attendance

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

Name	Number of meetings attended	Maximum possible meetings	Independent
Jane Hamilton	6	6	✓
Ben Masterson*	5	6	
David Godden	6	6	✓
Nick Moberly	6	6	✓
Adrian Belton	6	6	✓
Caroline Wehrle	5	6	✓
Mark Lomas	6	6	✓
Martin Steele	6	6	
Mark Smith	6	6	
Trish Stephenson	1	1	

* Matthew Cooper represented the Shareholder at the January 2023 Board

Customer Committee

The Committee has met twice since its creation in Quarter 3 of the financial year. The following table details membership and the number of meetings attended by each member during the financial reporting period.

Name	Meetings attended	Maximum possible
Nicholas Moberly	2	2
David Godden	2	2
Matthew Cooper (Shareholder Director representative)	2	2
Martin Steele	2	2
Trish Stephenson	2	2

Customer, Partnering and Relationship Development Committee

The Customer, Partnering and Relationship Development Committee met once in 2022/23 before being formally disbanded in Quarter 3. The following table details membership and the number of meetings attended by each member during the financial reporting period.

Name	Meetings attended	Maximum possible
Nicholas Moberly	1	1
David Godden	1	1
Matthew Cooper (Shareholder Director representative)	1	1
Martin Steele	1	1
Deborah Prince	1	1
Trish Stephenson	1	1
Kieran Kinsella	1	1

People, Culture and Diversity and Inclusion Committee

This Committee met twice during 2022/23. The following table details membership and the number of meetings attended by each member during the financial reporting period.

Name	Meetings attended	Maximum possible
Mark Lomas	2	2
Caroline Wehrle	2	2
Hilary Stables	2	2
Trish Stephenson	2	2

Audit and Governance Committee

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 Accounts and other published information for regulatory compliance. It assesses the performance of the external auditors annually. It also monitors the external auditors' independence. The Committee has met six times in the year.

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

Name	Meetings attended	Maximum possible
Caroline Wehrle	6	6
Jennifer Nichols (Shareholder Director representative)	6	6
David Godden	6	6
Adrian Belton	2	2

Strategy and Investment Committee

The Committee has met twice since its creation in Quarter three of the financial year. The following table details membership and the number of meetings attended by each member during the financial reporting period.

Name	Meetings attended	Maximum possible
Adrian Belton	2	2
David Godden	2	2
Kieran Kinsella	2	2
Adrian Powell	2	2
Matthew Cooper (Shareholder Director representative)	2	2
Martin Steele	2	2

Asset and Investment Committee

The Committee has met two times in the year with the Committee formally disbanding in Quarter 3. The following table details membership and the number of meetings attended by each member during the financial reporting period:

Name	Meetings attended	Maximum possible
Adrian Belton	2	2
David Godden	2	2
Kieran Kinsella	2	2
Adrian Powell	2	2
Matthew Cooper (Shareholder Director representative)	2	2
Martin Steele	2	2

Facilities Management Committee

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.

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

Name	Meetings attended	Maximum possible
David Godden	3	3
Matthew Cooper (Shareholder Director representative)	3	3
Martin Steele	3	3
Trish Stephenson	3	3

Remuneration Committee

This Committee met twice during 2022/23. The following table details membership and the number of meetings attended by each member during the financial reporting period.

Name	Meetings attended	Maximum possible
Nick Moberly	2	2
Jane Hamilton	2	2
Ben Masterson	2	2
David Godden	2	2
Adrian Belton	2	2
Caroline Wehrle	2	2
Mark Lomas	2	2
Martin Steele	2	2



Director conflicts

All Board members have completed and signed a declaration of interest form and are required to notify and record any interests relevant to their role on the Board. As part of NHS Property Services Limited's commitment to openness and transparency, a Register of Members' Interests is maintained. It is reviewed at each Board meeting.

Openness and transparency statement

The Company is committed to openness and transparency and provides information in a way which reflects the needs of our key stakeholders wherever possible. Both our public website and our intranet provide information around how we are governed, our policies, our finances and how we deliver services to help the NHS deliver its long-term plan.

Directors' and Officer's liability insurance

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

Directors' indemnities

As permitted by 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.

Risk management report

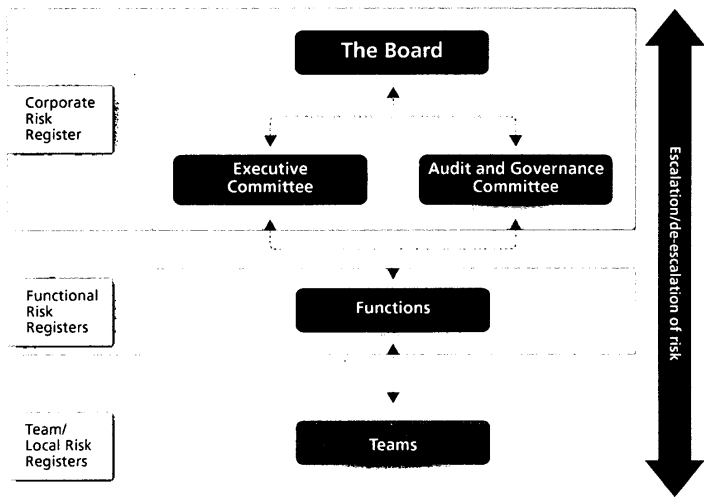
Risk governance

The Board is responsible for the organisation's systems of internal control and risk management and for reviewing each year the effectiveness of those systems.

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



Risk management framework



NHS Property Services Limited is committed to creating and enabling a risk management culture that seeks to enhance the value delivered to customers, position the organisation 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 to enhance awareness and focus on our function risk registers that feed into our corporate risk register. The Board also recognises the importance of a framework for risk management and undertakes several risk deep dives through the year as well as reviewing the full corporate risk register every six months. The Board also undertakes an annual Board workshop on risk. In 2022/23, this took place on 18 May 2022.

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 and the Executive Committee is committed to review and approve that corporate risk register on a quarterly basis. All existing and emerging risks on the corporate risk register are subject to deep dives at the Executive Committee. In 2022/23, 11 deep dives were debated at the Committee for onwards reporting at the Audit and Governance Committee.

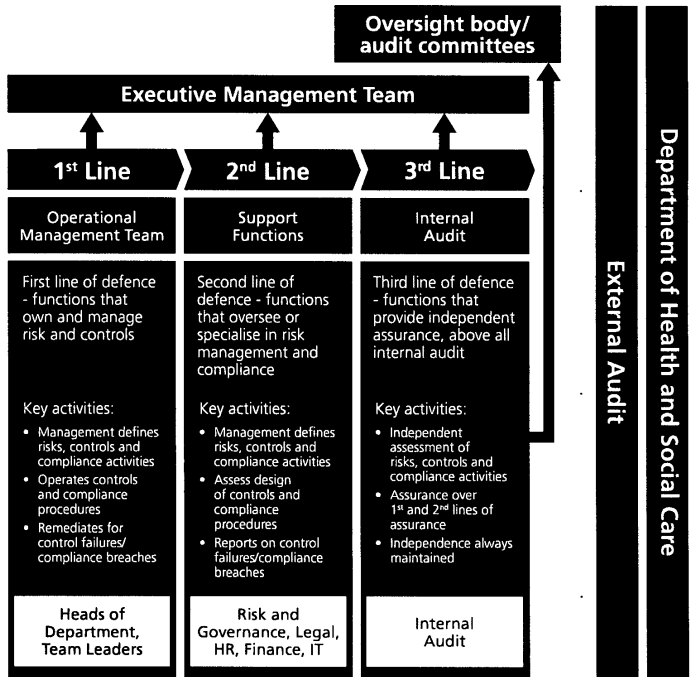
To consider external factors impacting NHS Property Services Limited, a horizon scanning exercise was conducted with the Executive Committee in Quarter 3. Horizon scanning is a risk management approach that considers the short, medium and long-term micro and macro-operating environment and how this could impact the business. Emerging risks (macro-economic downturn/cloud concentration and critical infrastructure failure) were considered alongside a review of the current control environment. Whilst the assurance that the

current controls environment was sufficient was provided, it was agreed that the horizon scanning exercise would be conducted annually by the Executive Committee.

2 risk forums operate below the corporate risk level, one at function level which reviews function risk registers and discusses cross-function risks, and the second forum which focuses on financial risks across the different teams in the Finance function. 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.

Three lines of defence

NHS Property Services Limited's risk management framework provides for continuous and reliable assurance on organisational stewardship and the management of the major risks to organisational success and delivery of improved, cost effective, public services. The three lines of defence model as illustrated above has been adopted to manage risk and control as well as provide assurance over the delivery of services.



Principal risks

Our performance is influenced by a range of risk factors both strategic and operational. NHS Property Services Limited aims to mitigate our exposure to these through our risk management framework and wider network of internal controls. The table below summaries our principal risks and their mitigation strategies.

Customer risk
Data management

There is a risk to customer satisfaction, reputation, and wider business performance due to inaccurate and undocumented data as well lack of understanding of data management processes and governance.

- Key mitigating actions:
- Data Transformation Programme launched.

Compliance risk
Data management

There is a risk NHS Property Services Limited is exposed to significant levels of monetary fines and reputational damage due to areas of non-compliance relating to environment and energy management.

- Key mitigating actions:
- Compliance audit has taken place in 2022/23 with programme of works in place to address concerns and issues.

Operational risk (financial)
Inflation pressure

There is a risk of missing some financial expectations and objectives due to the current UK inflation pressure on NHS Property Services Limited directly driven by changing market forces.

- Key mitigating actions:
- Continuous review of budget envelope at both the corporate and programmatic levels.

Strategic risk
Market deterioration

Property and financial markets deteriorate impacting the disposal programme. Reduction in funds for reinvestment and capital work.

- Key mitigating actions:
- Continuous review of property market conditions, both nationally and locally.
 - Tailor town planning strategy to changing market risk appetite.
 - Adapt disposal programme where high value sites may be vulnerable to market deterioration.

Compliance risk
Health and safety

Although progress is being made by NHS Property Services Limited in implementing its health and safety management system, the culture is still not yet fully embedded. This means there is a risk to colleague safety, service quality, productivity and profitability.

- Key mitigating actions:
- Health and safety strategy developed and implemented.
 - Strong focus on embedding health and safety culture through 'safety moments' across the organisation as well significant increases in training and reporting.

Internal controls

We continue to work with our Internal and External Audit partners to strengthen our internal control framework. The 2022/23 internal audit plan focused on key risk areas. It covered 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 functions, internal auditors, and the external auditors.

In 2022/23, eight internal audits were completed on plan with the assurance allocations outlined below:

Internal audit		Assurance rating
1	Data strategy and data transformation	Significant assurance with minor improvement opportunities
2	Asset management: evaluations and analytics	Significant assurance with minor improvement opportunities
3	Management of third-party services	Partial assurance with improvements required
4	Climate adaptation follow-up	Significant assurance
5	Buildings health and safety - fire compartmentation	Significant assurance with minor improvement opportunities
6	Transformation risk management	No assurance rating - advisory
7	Key financial controls: accrued expenditure	Significant assurance with minor improvement opportunities
	GRNI accruals	Significant assurance with minor improvement opportunities
	Assets under construction	Significant assurance with minor improvement opportunities
8	IFRS 16 leases	Partial assurance with improvements required
	Risk management: corporate risk management	Significant assurance with minor improvement opportunities

The overall Internal Audit opinion for the period 1 April 2022 to 31 March 2023 is that: 'Significant assurance with minor improvements' can be given on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Internal Audit provides update reports to each Audit and Governance Committee with key findings from completed audits.

Internal audit

A key objective of the internal audit function through its assurance and investigation activities, is to safeguard value by protecting NHS Property Services Limited's assets, reputation, and sustainability in relation to the organisation's objectives.

The internal audit plan for the year ending 31 March 2023 focused on known risk areas for the organisation as per the corporate and functional risk registers and was approved by the Audit and Governance Committee at the start of the year.

Fraud detection and investigation

During 2022/23, Grant Thornton continued to lead the NHS Property Services Limited counter fraud function, delivering a programme of work that included:

- An audit of the bribery controls process.
- A review of counter mandate fraud initiatives.
- A review of controls in place to tackle payroll fraud.

Information and data governance

Information governance continues to be an important part of our organisation. The team has continued to embed sensible and practical guidance to ensure NHS Property Services Limited not only remains compliant in relation to data protection, records management, and information security activities, but is striving for best practice.



Health, safety, and wellbeing

The health, safety and wellbeing plan for 2022/23 focused on implementing key procedures and ways of working to strengthen our control of high-risk activities. Key achievements during 2022/23 included:

- We again achieved the British Safety Council International Health and Safety Award with Merit.
- This year's health and safety plan had a focus on safety culture, and we completed our first safety culture survey. This showed all colleagues taking responsibility for health and safety – this is reflected by a 35% increase in safety observation reporting over the last year.
- This year we reported 20 incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). This is an increase on 2021/2022, however we have seen an overall reduction in accidents causing harm over the last year.
- All NHS Property Services Limited freehold buildings now have an asbestos building risk profile which directs the safe management of asbestos containing materials and informs those working on the building.
- Our Regional Health and Safety Managers completed health and safety inspections on some of our nationally procured contractors.

The findings indicated that most contractors work safely whilst on site, however we will be further improving our contractor management at a local level next year.

- To ensure that Control of Substances Hazardous to Health (COSHH) information is provided to all colleagues in an easy-to-understand format, we developed COSHH Lite cards for cleaning chemicals and materials used by the hard FM team.
- We partnered with Luminate and 'Henpicked' to deliver our Menopause campaign which included webinars and panel sessions and informed the development of a menopause information page on our intranet site.
- Over the last year we have developed our internal Mental Health First Aider (MHFA) Network and recruited new MHFAs to ensure support for colleagues is available.

Modern Slavery and Human Trafficking statement

NHS Property Services Limited fully supports HM 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 2023.

Organisation structure and supply chains

NHS Property Services Limited is committed to ensuring that there is no modern slavery or human trafficking in our supply chain 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. In addition, NHS Property Services Limited uses a modern slavery assessment tool which is built into our contract review process.

Policies in relation to slavery and human trafficking

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

Due diligence processes

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

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

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

Key performance indicators

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.

Training

Through our whistleblowing policy, our colleagues 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.

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

Martin Steele
Chief Executive Officer
NHS Property Services Limited

22 November 2023



Section 172

Duty to promote the success of the Company.

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

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

Section 172 Statement

S172(1) Reporting

The Directors are bound by their duties under the Companies Act 2006 (the "Act") and the manner in which these have been discharged, particularly their duty to promote the success of the Company for the benefit of its member, the NHS, the communities served as well as environment and sustainability. These elements have formed the core themes of NHS Property Services Limited's 2022/23 Annual Report.

The Chair is responsible for leading the Board, ensuring that it discharges its duties efficiently and that it delivers the strategy agreed by the Board. The Chief Executive Officer is responsible for directing and controlling operations, managing the day-to-day business, and ensuring it is aligned to the strategy. The Shareholder Director brings vital insights and represents shareholder interests to the board. This distinction between the Chair, the Chief Executive Officer and the Shareholder Directors is key to governance accountability. The Directors both individually and collectively act in the way they consider, in good faith, would be most likely to promote the success of the Company for its member with regard also to the stakeholders and matters as set out in s172(1)(a-f).

The Accountability Report on pages 53 to 86 details how the NHS Property Services Limited Board has governed during the accounting period, which includes details on Directors, membership, the governance framework and how they support achievement of our objectives as detailed on pages 8 and 9.

The Risk Management Report details NHS Property Services Limited's approach to risk as well as our approach to information and data governance, and modern slavery; with internal controls and internal audit procedures outlined on page 69.

Decisions are made by the Board reaching a consensus. Where appropriate, and as stated within the company's Articles of Association,

the Secretary of State for Health and Social Care is required to provide written approval for certain decisions as detailed within the Reserve Matters.

The Board have access to both a legal team and a Company Secretary, who are responsible for advising the Board on all governance matters and ensuring that the Board procedures are complied with. Directors can also seek independent advice on their performance duties.

Throughout the various sections of our 2022/23 Annual Report, you will see evidence of the principal decisions made by the Board during the reporting period, the progress and/or outcomes of those decisions along with case studies in support. The Board aligns these principal decisions with the strategy, vision and values of NHS Property Services Limited with the purpose of supporting our NHS colleagues and supporting the delivery of the NHS Long Term Plan. Our colleagues are integral to the outcomes as shown within our key achievements detailed in our strategy report on pages 8 and 9.

Examples of Principal Decisions undertaken by the NHS Property Services Limited Board year ending 31st March 2023

Principal decisions and s172 considerations	Supporting information
Strategy Stakeholders considered: - Customers - Colleagues - Community - Environment - Shareholder - Government/Regulators - Suppliers	- Board endorsement of the 'Customer at the Heart' strategic approach to align NHS Property Services Limited directly with our NHS customers, ensuring that all colleagues across all functions, place the customer at the centre of everything we do. - Board approval of the new operating model to create a more customer centric organisation, including the creation of a new and dedicated customer function. - Board review of the risk management framework and corporate risk register of key strategic risks on a bi-annual basis, including an annual risk management workshop for Board members. - Health, safety and wellbeing is the first subject-matter agenda item discussed at every meeting of the company Board. - Launch and Board endorsement of the 'Greener NHS' programme, to substantially reduce NHS Property Services Limited's carbon footprint and meet NHS and wider HM Government net zero targets.
Governance Stakeholders considered: - Customers - Colleagues - Community - Environment - Shareholder - Government/Regulators - Suppliers	- Board approval for the appointment of Trish Stephenson, Chief Operating Officer, as a Statutory Board Director. - Audit and Governance Committee approval of the 2022/23 governance, risk management framework, counter fraud, internal audit and external audit plans. - Board governance workshop in May 2022 which approved the new governance framework of the business. - Board approval of the 2021/22 Annual Report and Accounts and Letter of Representation. - Dedicated agenda item for Shareholder updates now included in each and every Board meeting. - Board approvals for the appointments of Jon Hay-Campbell as Director of Communications and Marketing and Dr Shamir Ghumra as Director of Responsible Business.

Principal decision and s172 considerations	Supporting information
Equality, diversity and inclusion Stakeholders considered: - Customers - Colleagues - Community - Suppliers	- Approval of the 3-year culture, diversity, and inclusion plan by both the Board and the People Committee. - Launch of listening groups across the organisation to better understand the views of minority colleagues. - Appointment of a dedicated Head of Culture and Inclusion in the People team.
Sustainability Stakeholders considered: - Customers - Colleagues - Community - Environment - Shareholder - Government/Regulators - Suppliers	- Board endorsement and continued review/support of the Greener NHS Programme. - The Board reviews the financial performance of the business at every meeting to ensure sustainability of the current and go-forward financial position.
Engagement Stakeholders considered: - Customers - Colleagues - Community - Environment - Shareholder - Government/Regulators - Suppliers	- NHS Property Services Limited engagement across all the ICBs in England. - Development of an estates strategy with Cambridge and Peterborough ICB. - The launch of two in-year engagement surveys to allow colleagues at all levels of the business to submit feedback on both the company and their role in it. - Continued issuing of customer feedback surveys for each work order completed, as well as the annual customer satisfaction survey to all NHS Property Services Limited customers. NHS Property Services Limited now actively tracks customer satisfaction at multiple levels, including net promoter score (NPS) and patient satisfaction.
Investment Stakeholders considered: - Customers - Colleagues - Community - Environment - Shareholder - Government/Regulators - Suppliers	- Board approvals for the Open Space for Landlords proposition, offering flexible space for to a wider range of NHS and public sector organisations. - The town planning team entered into four cost-recovery partnerships agreements with: Cambridgeshire & Peterborough ICS, Cheshire & Merseyside ICB, Surrey Heartlands ICB and Bath, North-East Somerset, Swindon, and Wiltshire ICB on town planning matters. The team has recently been appointed by the Shareholder to advise on a department owned site in Leighton Buzzard. - NHS Property Services Limited delivered a wide range of property development projects in year-for our customers. This included Board approval for the redevelopment of Chiswick Health Centre and Deves Health Centre.

Directors' Report

Principal activities

NHS Property Services Limited commenced trading on 1 April 2013. We are a government-owned company who exist to help the NHS get the most from its estate and ensure that it is consistently fit for purpose. We enable healthcare professionals to focus on delivering excellent patient care.

Today our portfolio is one of the largest in the UK, comprising 2,727 properties with 6,300 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.

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

We principally provide property management and facilities management services. Our 6,000 colleagues 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



Board of Directors

A list of Directors who served during the year are included below. The Corporate Governance Report on page 54 details further how NHS Property Services Limited 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	Independent
Jane Hamilton	22 March 2021 (appointed Chair on 25 March 2021)	✓
Ben Masterson	31 January 2017	
David Godden	26 July 2018	✓
Adrian Belton	4 May 2021	✓
Mark Lomas	1 September 2021	✓
Nicholas Moberly	4 May 2021	✓
Caroline Wehrle	1 September 2021	✓
Martin Steele	4 July 2017	
Mark Smith	1 May 2019	
Trish Stephenson	29 March 2023	

Corporate Governance Statement

As NHS Property Services Limited seeks to implement robust levels of governance assurance commensurate to the size, scale, and complexity of business operations, the NHS Property Services Limited Governance Framework also seeks compliance with The Wates Corporate Governance Principles 2018 for large private companies and having regard to The Corporate Governance Code 2018. We have summarised below how the NHS Property Services Limited Governance Framework aligns to these benchmark compliance areas.



Wates Principle: Purpose and Leadership

A Board develops and promotes the purpose of a company and ensures that its values, strategy, and culture align with that purpose.

NHS Property Services Limited Corporate Governance Statement and Framework

The Chair of the NHS Property Services Limited Board and the CEO have made the strategy, values, and culture of NHS Property Services Limited a key focus during 2022/23 to ensure NHS Property Services Limited remains in line with the changing landscape of the NHS.



Wates Principle: Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience, and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.

NHS Property Services Limited Corporate Governance Statement and Framework

The Board reviewed board composition, skills matrix and Board knowledge and training as part of the governance workshop in May 2023. Deliverables were actioned and reviewed throughout the financial year.



Wates Principle: Director Responsibilities

The Board and individual Directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

NHS Property Services Limited Corporate Governance Statement and Framework

The Board policies and procedures were subject to an in-depth review in May 2022, the outcomes of which resulted in an updated Board paper template, refined, and reorganised Committee structure and clarification of the role of the Shareholder at Board meetings.



Wates Principle: Opportunities and Risk

A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value and establishing oversight for the identification and mitigation of risks.

NHS Property Services Limited Corporate Governance Statement and Framework

The Board and Audit & Governance Committee ensure regular updates regarding risk and internal controls. A Board workshop on risk took place May 2022 to further identify opportunities to create and preserve value, along with further discussions around oversight for the identification and mitigation of risks.



Wates Principle: Remuneration

A Board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.

NHS Property Services Limited Corporate Governance Statement and Framework

The Board has delegated the responsibility of monitoring and reviewing remuneration to the Remuneration Committee which is chaired by a Non-Executive Director. Remuneration approval for all Directors and colleagues earning more than £150,000 base salary per year is reserved to the Secretary of State for Health and Social Care or any senior civil servant acting with the Secretary of State's authority. The remuneration of directors and any pensions contributions is reported within our Annual Report each year. Appropriate and fair levels of remuneration are applied throughout the organisation to reinforce the shared purpose of all colleagues.



Wates Principle: Stakeholder Relationships and Engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taken decisions.

NHS Property Services Limited Corporate Governance Statement and Framework

The Board have sought greater engagement during 2022/23 with key stakeholders, particularly with the newly emerging ICBs. The Board will seek to further this engagement during 2023/24 to develop effective relationships aligned to the company's strategy. The Board always have regard to stakeholders where appropriate during their decision making.



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 total issued share capital of the company is 259,841,332 £1 ordinary shares. The Secretary of State for Health and Social Care owns 100% of the issued share capital. Details of the company's share capital are set out in note 18 to the financial statements.

Equality and diversity

NHS Property Services Limited is committed to promoting equal opportunities for all colleagues and we are very proud of our diverse organisation. We want to role model an inclusive environment and value everyone in the organisation as an individual, and we aim to attract a diverse mix of candidates and colleagues to all levels in our business. We launched a new diversity and inclusion strategy in 2022/23. It is being actively embedded in our culture to reflected in our ways of working, hiring, and career programmes. In 2022/23 this was also supported by a cross-business Diversity and Inclusion Forum which was created and directly supported by the Board.

We support the recruitment of colleagues with disabilities having full regard to their aptitude and abilities. 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 'Get, grow, keep great people' section on page 38.

Political and charitable contributions

There were no political or charitable contributions made by NHS Property Services Limited during the period ending 31 March 2023.

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

For NHS Property Services Limited, 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 our stakeholders.

Our organisation has been focused on the continuous improvement of customer service engagement, including realigning our regions, which allows direct alignment with our NHS colleagues.

As a company we recognise that one of our greatest assets is our colleagues. To ensure we engage with these key stakeholders we

carried out several projects which include the introduction of an online employee survey platform called 'Your Voice,' a review of our company values, recognition scheme and leadership programme.

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.

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 45. 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 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 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.

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). 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 situation 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 United Kingdom 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 United Kingdom, 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.

Limitation of Scope on held over and freely cancellable lease arrangements

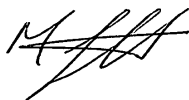
As at 31 March 2023, NHS Property Services Limited are party to 220 occupation arrangements for which there are no formal written contracts in place (FY22: 182), however, based on the definition of a contract set out in IFRS 15, NHS Property Services Limited are satisfied that the basic definition of a contract is met on the basis of it "being implied by customary business practices". NHS Property Services Limited have assessed these properties on a portfolio basis as allowed under IFRS 16, as they share similar characteristics. These arrangements include leases which NHS Property Services Limited are holding over on, as well as freely cancellable arrangements such as a small number of tenancies at will, and licenses. These arrangements pre-date the current financial year and are likely to grow in the future as more leases expire and pass into informal lease arrangements with no contracts.

Good progress has been made since last year as NHS Property Services Limited have been able to use the operational 'core, flex, tail' (CFT) assessment process to separate this population of leases into distinct categories. The CFT assessment is an initiative developed by NHS England to assist with establishing a better understanding of the estate to best inform the investment decision making process. The

assessment aims to split the estate into three categories based on where they sit within the overall estate strategy of the NHS. Each category within CFT has been considered separately in the context of determining an estimated enforceable period and lease term on a portfolio basis. This assessment relies on key judgements being made on each lease, with conclusions relating to an estimated useful life being applied across each population within CFT. This gives rise to a degree of estimation uncertainty.

The National Audit Office (NAO) has requested a more granular assessment with supporting empirical evidence of these arrangements which, if accepted as a methodology, would involve process modifications and additional data collection, to define estimated enforceable periods and lease terms under IFRS 16 Leases. While NHS Property Services Limited have provided evidence of the process followed to reach conclusions on CFT for each property, and are able to collate evidence to support the judgement of property managers, the same pieces of evidence will not be available for each property. Therefore, there are ongoing deliberations as to what would constitute appropriate audit evidence and what would comply with a more granular empirical assessment requested by the NAO.

As a result, the NAO has not been able to obtain sufficient appropriate audit evidence over these arrangements and has modified its opinion accordingly.



Mark Smith
Chief Financial Officer
NHS Property Services Limited

22 November 2023



Remuneration Report

The Board's Remuneration Committee is chaired by Nick Moberly, Non-Executive Director – Customer and Remuneration. The committee is responsible for reviewing the terms and conditions of office of our most senior managers. This includes salary, pensions, termination and/or severance payments and allowances.

Remuneration policy

This Remuneration Report covers members of the NHS Property Services Limited 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.

Remuneration approval for all Directors and people earning more than £150,000 base salary

per year is reserved to the Secretary of State for Health and Social Care or any senior civil servant acting with the Secretary of State's authority.

Senior management

The structure of pay for senior managers is designed to reflect the long-term nature of our business and the significance of the challenges we face. Executive salary surveys and periodic assessments are conducted by independent remuneration consultants. Uplift to salary for Directors is approved at the Remuneration Committee where the Shareholder Director is a member.

Salary awards for colleagues in front line services were applied in-year.

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

A company-wide bonus (and performance-related pay scheme) was introduced during 2016/17. Executive bonuses were endorsed by the Remuneration Committee in May 2022 based on delivery of corporate and personal objectives.

Company structure

The company has continued to restructure to align more closely with the business needs and our key customers.

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

Service contracts

The individual contracts for Non-Executive Directors set out the fees and duration for their term of office. 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.

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

Company Directors	Period as a Company Director	Current Term	Notice periods
Martin Steele	4 July 2017 to present	n/a	Terminable by either party on giving six months' notice.
Mark Smith	1 May 2019 to present	n/a	Terminable by either party on giving six months' notice.
Trish Stephenson	29 March 2022 to present	n/a	Terminable by either party on giving six months' notice.
Jane Hamilton	22 March 2021 to present	1	Terminable by either party giving three months' notice
Ben Masterson	31 January 2017 to present	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.
David Godden	26 July 2018 to present	2	Contract extended to 31 July 2023. Either party can give three months' notice.
Adrian Belton	4 May 2021 to present	1	Initial period of three years. Either party can give three months' notice.
Nick Moberly	4 May 2021 to present	1	Initial period of three years. Either party can give three months' notice.
Mark Lomas	1 September 2021 to present	1	Initial period of three years. Either party can give three months' notice.
Caroline Wehrle	1 September 2021 to present	1	Initial period of three years. Either party can give three months' notice.

Term details for Executive and Non-Executive Directors as of 31 March 2023

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

Name	2022/23					2021/22				
	Salary £'000	Bonus £'000	Allowances £	Pension benefits £'000	Total remuneration £'000	Salary £'000	Bonus £'000	Allowances £	Pension benefits £'000	Total remuneration £'000
Chairman and Non-Executive Directors										
Jane Hamilton	45-50	Nil	0-5	3	50-55	45-50	Nil	0-5	3	50-55
Ben Masterson	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David Godden	25-30	Nil	Nil	1	25-30	25-30	Nil	Nil	1	25-30
Martin West****	Nil	Nil	Nil	Nil	Nil	10-15	Nil	Nil	Nil	10-15
Jane Kennedy****	Nil	Nil	Nil	Nil	Nil	5-10	Nil	Nil	Nil	5-10
Ian Ellis***	Nil	Nil	Nil	Nil	Nil	5-10	Nil	Nil	Nil	5-10
Nicholas Moberly***	25-30	Nil	Nil	Nil	25-30	20-25	Nil	Nil	Nil	20-25
Adrian Belton***	25-30	Nil	Nil	Nil	25-30	20-25	Nil	Nil	Nil	20-25
Caroline Wehrle***	25-30	Nil	Nil	1	25-30	15-20	Nil	Nil	1	15-20
Mark Lomas***	25-30	Nil	Nil	1	25-30	15-20	Nil	Nil	1	15-20
Executive Directors										
Mark Smith	185-190	15-20	15-20	19	240-245	175-180	35-40	15-20	18	245-250
Martin Steele	215-220	25-30	15-20	13	275-280	185-190	50-55	35-40	12	285-290
John Westwood	Nil	Nil	Nil	Nil	Nil	25-30	Nil	0-5	2	30-35
Trish Stephenson**	0-5	Nil	0-5	1	0-5	N/A	N/A	N/A	N/A	N/A

*Resigned in year | **Appointed in year | ***Appointed prior year | ****Resigned in prior year

remuneration from NHS Property Services Limited.

Total Board Directors' remuneration for 2022/23: £707,806, (2021/22: £756,903)

The values reported for Trish Stephenson have been pro-rated to reflect the remuneration received during her time as a serving board member.

Directors' bonuses reported in FY2022/23 were calculated based on 2021/22 targets and paid in June 2022.

FTE values for Trish Stephenson for 22/23 were Salary £155-£160K, Bonus £10-15K, Allowances £10-15K, Pension Benefits £16K resulting in Total remuneration of £200-£205K.

The Shareholder Director is a senior civil servant at the Department of Health and Social Care and receives no

Median remuneration

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

Remuneration includes salary, non-consolidated performance related pay, and allowances. It does not include voluntary settlements, employer's pensions contributions and the cash equivalent transfer of pensions. The pay ratio calculations do not include agency workers or non-permanent staff.

Highest paid Director

	2022/2023	2021/2022
Mid-point Highest earner's total remuneration	£260,000-£265,000	£275,000-£280,000
% increase/decrease on previous year	-5.41%	

Average percentage change taken from workforce as a whole

	2022/2023	2021/2022
Average pay and allowances	£29,444	£27,340
% Increase on previous year	7.70%	
Average performance related pay (bonus)	£443.61	£434.54
% Increase on previous year	2.09%	

Pay ratios 2022/2023

	25th percentile pay	Median pay	75th percentile pay
Percentile of total employee remuneration (excluding highest paid Director)	£20,270	£21,318	£31,538
Mid-point of Highest earner's total remuneration	£262,500	£262,500	£262,500
Ratio	13.0	12.3	8.3

Jane Hamilton
Chair
NHS Property Services Limited

22 November 2023

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

Qualified opinion on financial statements

I have audited the financial statements of NHS Property Services Limited for the year ended 31 March 2023.

The financial statements comprise NHS Property Services Limited's:

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

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK-adopted International Accounting Standards. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion section of my report, the financial statements:

- give a true and fair view of the state of NHS Property Services Limited's affairs as at 31 March 2023 and its loss for the year then ended; and
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

I have qualified my opinion on the financial statements in respect of the following matters:

In 2022-23, NHS Property Services Limited has again been unable to demonstrate compliance with UK-adopted International Accounting Standards and account for the expenditure, assets and liabilities arising from certain contracts in accordance with IFRS 16 – Leases.

As at 31 March 2023, NHS Property Services Limited has 220 property lease arrangements with annual payments in 2022-23 of approximately £8.5 million (2021-22: £7.7 million), which require assessment under the recognition criteria of IFRS 16 – Leases. These arrangements include undocumented leases, undocumented lease extensions and renewal arrangements where there is no specific contractual period and are excluded from the IFRS 16 transactions and balances. NHS Property Services Limited has not provided supporting information to evidence these agreements or an assessment to determine the substance of the arrangements. Should these arrangements meet the recognition criteria in IFRS 16, the impact on the financial statements would be driven by the assessed lease term of each contract.

Following my qualified opinion on the 2021-22 financial statements, NHS Property Services Limited has not taken sufficient steps to demonstrate whether the recognition criteria have been met, or in turn establish the lease term. Therefore, I am unable to quantify the impact on the financial statements. There is a potential understatement of Right of Use Assets and Borrowings (being Lease Liabilities) and a corresponding potential impact on in-year expenditure.

I have been unable to obtain sufficient appropriate evidence over the Statement of Financial Position, the Statement of Comprehensive Income, and related notes: Note 3 – Direct Property Expenses; Note 7 – Finance income and costs; Note 10 – Right of use assets; Note 11 – Lease liabilities; and Note 15 – Borrowings. My audit opinion on the financial statements for the year ended 31 March 2023 and 31 March 2022, including the opening balances and the comparative transactions, is modified accordingly.

Basis for opinion

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of NHS Property Services Limited in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

My evaluation of the directors' assessment of NHS Property Services Limited's ability to continue to adopt the going concern basis of accounting included assessing working capital, shareholder support, profit forecasts, net asset position and recoverability of debts. Based on the work I have performed, I have

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

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

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements or my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

As described in the basis for qualified opinion on financial statements section of my report, I was unable to obtain sufficient and appropriate evidence concerning the expenditure, assets and liabilities arising from certain property lease agreements, which include undocumented leases, undocumented lease extensions and renewal arrangements where there is no specific contractual period. I have concluded that where the other information refers to expenditure, assets and liabilities, it may be materially misstated for the same reason.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

Matters on which I report by exception

Except for the possible effects of the matters described in the basis for qualified opinion on financial statements section of my report, in the light of the knowledge and understanding of NHS Property Services Limited and its environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report or the Director's Report.

In respect solely of the limitation of my work described in the Basis for qualified opinion section of my report:

- Adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; and
- I have not obtained all the information and explanations that I consider necessary for the purpose of my audit.

I have nothing to report in respect of the following matters in relation to which the

Companies Act 2006 requires me to report to you if, in my opinion:

- the financial statements and the parts of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made.

Responsibilities of the directors for the financial statements

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

- maintaining proper accounting records;
- providing me with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing me with additional information and explanations needed for my audit;
- providing me with unrestricted access to persons within NHS Property Services Limited from whom I determine it necessary to obtain audit evidence.
- preparing financial statements, which give a true and fair view, in accordance with the Companies Act 2006;
- ensuring such internal controls are in place as directors determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Directors' Remuneration Report, in accordance with the Companies Act 2006; and
- assessing NHS Property Services Limited's ability to continue as a going concern,

disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity 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 report on the financial statements in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of NHS Property Services Limited's accounting policies.
- inquired of management, NHS Property Services Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to NHS Property Services Limited's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including NHS Property Services Limited's controls relating to NHS Property Services Limited's compliance with the Companies Act 2006.
- inquired of management, NHS Property Services Limited's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team, including relevant internal and external specialists, including property valuation experts, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within NHS Property Services Limited for fraud and identified the greatest potential for fraud

in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in

management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of NHS Property Services Limited's framework of authority and other legal and regulatory frameworks in which NHS Property Services Limited operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of NHS Property Services Limited. The key laws and regulations I considered in this context included the Companies Act 2006, employment law, pensions legislation and tax legislation.

Audit response to identified risk

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

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

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

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

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.



Peter Morland
(Senior Statutory Auditor)

23 November 2023

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 2023

		2023	2022
	Notes	£000	£000
Operating revenue	2	754,309	730,389
Direct property expenses	3	(702,661)	(676,019)
Administrative expenses	4	(95,178)	(79,587)
Other operating expenses	5	5,932	24,622
Expected credit loss allowance expense	12	(42,964)	(35,513)
Operating loss		(80,562)	(36,108)
Finance income	7	1,468	3,181
Finance costs	7	13,726	(60,864)
Gain on disposal of property, plant and equipment		4,207	11,511
Loss before tax from continuing operations		(61,161)	(82,280)
Taxation expense	8	-	-
Loss for the year		(61,161)	(82,280)
Other comprehensive income, net of income tax			
<i>Items that will not be recycled to profit and loss:</i>			
Revaluation of property, plant and equipment		234,051	162,568
Other comprehensive income, net of income tax		234,051	162,568
Total comprehensive profit/(loss) for the year		172,890	80,288

The above relates wholly to continuing operations.

Notes 1 to 26 form part of these financial statements.

Statement of Financial Position

As at 31 March 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Property, plant and equipment	9	3,024,975	2,942,562
Right of Use Assets	10	1,448,371	1,435,295
Intangibles		8,386	9,170
Trade and other receivables	12	58,475	62,338
		4,540,207	4,449,365
Current assets			
Trade and other receivables	12	291,343	293,622
Cash and cash equivalents		141,941	172,842
		433,284	466,464
Assets classified as held for sale	13	20	2,190
Total assets		4,973,511	4,918,019
Current liabilities			
Trade and other payables	14	185,075	155,245
Borrowings	15	96,431	101,236
Provisions	16	22,993	12,464
		304,499	268,945
Non-current liabilities			
Trade and other payables	14	13,138	14,675
Borrowings	15	912,512	992,197
Provisions	16	50,566	98,285
		976,216	1,105,157
Total liabilities		1,280,715	1,374,102
Net assets		3,692,796	3,543,917
Equity			
Share capital	18	259,841	259,841
Retained earnings		(1,261,404)	(1,237,549)
Revaluation reserve		1,685,668	1,488,923
Capital contribution reserve	19	3,008,691	3,032,702
Total equity		3,692,796	3,543,917

Notes 1 to 26 form part of these financial statements.

These financial statements were approved by the Board of Directors on 22 November 2023 and signed on its behalf by:


Mark Smith
 Chief Financial Officer
 NHS Property Services Limited

22 November 2023
 Company Registration Number: 07888110

Statement of Cash Flows

For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
Operating activities			
Loss for the year		(61,161)	(82,280)
Adjustments for non-cash transactions:			
(Gain)/loss on disposal of property, plant and equipment		(4,207)	(11,511)
Depreciation and amortisation	9,10	257,815	252,803
Movement on provisions	16	(35,866)	28,126
Expected credit loss on receivables	12	42,964	35,513
Impairments of non-current assets	5	(17,589)	(27,673)
Working Capital adjustments:			
Interest received (shown below)	7	(1,468)	(3,181)
Interest paid (shown below)	7	28,733	31,411
Increase/(decrease) in trade and other receivables	12	(16,635)	140,371
Increase/(decrease) in trade and other payables	14	31,332	41,889
Increase/(decrease) in tax payable	12, 14	109	2,446
Provisions utilised	12, 16	(14,632)	(38,821)
Net cash inflow from operating activities		209,395	369,093
Investing activities			
Interest received	7	1,468	3,181
(Payments) for property, plant and equipment		(142,255)	(105,625)
Proceeds from disposal of property, plant and equipment		32,135	26,414
Net cash (outflow) from investing activities		(108,652)	(76,030)
Financing activities			
Increase/(decrease) in loans	15	-	(98,000)
Capital element of payments in respect of leases and PFI		(102,911)	(157,390)
Interest paid	7	(28,733)	(31,411)
Share Issue	18	-	3,641
Net cash (outflow) from financing activities		(131,644)	(283,160)
Increase in cash and cash equivalents for the year		(30,901)	9,903
Cash and cash equivalents at start of year		172,842	162,939
Cash and cash equivalents at end of year		141,941	172,842

Notes 1 to 26 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 March 2023

	Share capital £000	Retained earnings £000	Capital Contribution Reserve £000	Revaluation Reserve £000	Total £000
Balance at 1 April 2022	259,841	(1,237,549)	3,032,702	1,488,923	3,543,917
Total comprehensive income for the period					
Retained profit/(loss) for the year	-	(61,161)	-	-	(61,161)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	234,051	234,051
Transfers between reserves	-	37,306	-	(37,306)	-
Transfers and adjustments	-	-	(24,011)	-	(24,011)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(23,855)	(24,011)	196,745	148,879
Transactions with owners, recorded directly in equity					
Issue of shares	-	-	-	-	-
Total contributions by owners	-	-	-	-	-
Balance at 31 March 2023	259,841	(1,261,404)	3,008,691	1,685,668	3,692,796

	Share capital £000	Retained earnings £000	Capital Contribution Reserve £000	Revaluation Reserve £000	Total £000
Balance at 1 April 2021	256,200	(1,172,362)	3,028,261	1,343,448	3,455,547
Total comprehensive income for the period					
Retained profit/(loss) for the year	-	(82,280)	-	-	(82,280)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	162,568	162,568
Transfers between reserves	-	17,093	-	(17,093)	-
Transfers and adjustments	-	-	4,441	-	4,441
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	(65,187)	4,441	145,475	84,729
Transactions with owners, recorded directly in equity					
Issue of shares	3,641	-	-	-	3,641
Total contributions by owners	3,641	-	-	-	3,641
Balance at 31 March 2022	259,841	(1,237,549)	3,032,702	1,488,923	3,543,917

Notes 1 to 26 form part of these financial statements.

Notes to the Financial Statements

Note 1: Accounting Policies

Corporate information

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

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

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

Basis of preparation

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

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

Statement of compliance

The company's financial statements have been prepared under International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom 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 have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As such, the financial statements have been prepared on a going concern basis.

Standards adopted during year

No new accounting standards have been adopted in the year.

Standards in issue but not effective

At the date of authorisation of the financial statements, the following New Standards - IFRS 17 Insurance Contracts was in issue but not yet effective as IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023. This standard predominantly affects companies that write insurance contracts therefore it is unlikely to have any impact on NHS Property Services Limited.

Note 1: Accounting Policies (continued)

Significant accounting policies

a. Leases

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

The company as a lessee

Under IFRS 16 leases are recognised as a right of use asset with a corresponding lease liability on the balance sheet. The asset and liability are initially and subsequently measured using the cost model. Each lease payment is allocated between a reduction of the liability and the interest expense. The interest expense is charged to the Statement of Comprehensive Income 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, 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.

The table on the following page describes the revenue from contracts.

Sessional Space income is included in rental income and relates to the use of space by customers, on an ad hoc basis. Users of sessional space are billed based on the time and amount of space they use. Revenue is recognised over time as the customer simultaneously receives and consumes all of the benefits provided therefore satisfying the performance obligation.

Note 1: Accounting Policies (continued)

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 fees and charges	Other income is primarily made up of catering income, car park income and other invoices. These contracts tend to be ad hoc and relate to specific goods or services. 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 payable 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.

Leasehold improvements, which are a separate class of asset to Buildings 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.

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

Revaluation

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

The company has adopted a five year 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)

Within this programme approximately 40% of properties are revalued each year. In the current year we applied indexation to the non-valued DRC building element of the portfolio, to ensure it was held at fair value.

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

Right of Use (ROU) assets including leases provided to the company on a peppercorn basis, excluding PFIs, are held under the cost model.

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.

Note 1: Accounting Policies (continued)

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 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, or are not estimated based on the leased asset to which they relate, 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 into 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 company'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

Note 1: Accounting Policies (continued)

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:

- Service charge
- Repayment of capital
- Interest element (using the interest rate implicit in the contract)

Services received

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

Assets

The assets are measured initially at the present value of the minimum lease payments, and subsequently measured at fair value. These transactions fall within the scope of IFRIC 12 and are therefore not within the scope of IFRS 16. PFI assets are shown under Right of Use assets for disclosure purposes only.

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 with reference to the "Accounting for PPP arrangements, including PFI contracts, under IFRS" guidance outlined in the Financial Reporting Manual (FRM) for grantors.

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 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.

Note 1: Accounting Policies (continued)

Borrowings

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

k. Employee benefits

Short-term employee benefits

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

l. Superannuation schemes

Defined benefit scheme

Employees who have been TUPE transferred over to the company are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care, in England and Wales. The scheme is not designed 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 discount rates as set by HM Treasury's annual Public Expenditure System paper (PES) as the basis plus inflation. The PES rates have been used as these best reflect the market and risks specific to NHS Property Services Limited.

Dilapidations

For 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. Refer to note 16 for more information.

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

Note 1: Accounting Policies (continued)

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.

Retained earnings

Retained earnings represents the cumulative earnings of the business over time.

Capital contribution

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

Revaluation reserve

The revaluation reserve captures unrealised gains or losses from asset revaluations. It reflects changes in fair value of assets and is recorded in the equity section. The purpose of this reserve is for increased transparency, capital maintenance, comparability, and compliance with distribution restrictions.

o. Contingencies

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

obligation, or the amount of the obligation cannot be measured with sufficient reliability. A contingent liability is disclosed unless the possibility of a payment is remote.

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

p. Taxation

Corporation tax

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

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

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

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

Value added tax (VAT)

Where output tax is charged, or input tax is recoverable, the amounts are stated net of VAT. Where input tax is not recoverable, VAT is charged to the relevant expenditure category

Note 1: Accounting Policies (continued)

or included in the capitalised purchase cost of non-current assets.

q. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting judgements

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

IFRS16

Significant judgements applied include the methodology underlying the incremental borrowing rate for the company. Having 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 1.51% on the existing stock of leases. In determining an incremental borrowing rate the company considers that it secures borrowing exclusively from its parent: the Department for Health and Social Care. Any hypothetical borrowing which

would be secured to finance purchase of leased assets rather than lease them would have been secured at the current weighted average discount rate of 3.51% for the period 1st January to 31st March 2023 and 0.95% for the period 1st April to 31st December 2022. These rates are derived from the rates promulgated and set annually by HM Treasury in a PES paper.

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

Property, plant and equipment

99% of the building portfolio is valued on a depreciated replacement cost (DRC) basis, the inputs for this process are described in note 9. The valuation is built up on the basis of each asset having a modern equivalent asset derived from building surveys and cost indices from the build cost information service (BCIS), the type or class of building, the age and minimum and maximum age of a building as well as consideration for the overall condition of the building.

These inputs mean the building values are sensitive to a number of areas of estimation including the following:

- Build cost information service (BCIS) indices
BCIS cost indices are used as input within the DRC valuation as described in note 9. BCIS are derived from historic build cost data and judgement is required to apply the correct index based on the build type and location. NHS Property Services Limited relies on expert input for the application of the indices.
- Useful economic life
NHS Property Services Limited makes assumptions about minimum and maximum building ages as well as our valuation experts

Note 1: Accounting Policies (continued)

relying on historic information and asset surveys to determine building ages, this is further outlined in note 1g. These inputs are used to derive a building's useful economic life which when considered with the modern equivalent asset value informs the depreciated replacement cost.

- Building type classification

Each building must be assigned a building type which informs other variables such as the BCIS index to use or the useful economic life. This classification is an area of judgement where NHS Property Services Limited relies on expert input.

Impairment of Receivables

The company has used the simplified approach available under IFRS 9, for short term trade receivables, using a provision matrix to calculate the expected credit loss allowance. 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. The risk rating assesses the likelihood that the customer will default on payment. 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 used.

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

The company has assessed its lease receivables, which are recognised where it acts as a lessor and that lease is a finance lease, for lifetime expected credit losses and in management's view no impairment to these receivables is

required. These lease receivables represent arrangements where the transfer of risks and rewards are clear under the terms of a lease. Unlike other occupancy arrangements the company may hold with customers, based on management's previous experience, these payments are regularly received without delinquency.

Note 2: Operating Revenue

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

	2023	2022
	£000	£000
Rental income	380,525	353,954
Facilities management and service charge income	350,812	349,416
Other fees and charges	6,529	6,477
Capital Funding Income	16,443	20,542
	754,309	730,389

	2023	2022
	£000	£000
Revenue split by contract/non-contract		
Revenue from Contracts with Customers	373,784	376,435
Other Revenue	380,525	353,954
	754,309	730,389

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

The balance as at 31 March 2023 of receivables from contracts with customers is £272m (2022: £256m).

Note 3: Direct Property Expenses

	Note	2023	2022
		£000	£000
Depreciation of property, plant and equipment	9	150,876	141,212
Depreciation of right of use assets	10	100,882	105,317
Amortisation		3,744	4,941
Rental expense		28,597	20,657
Lease contingent rent expense		11,616	12,044
PFI contingent rent expense		20,982	17,365
Facilities management		145,506	144,105
Utilities		54,105	45,540
Rates		37,599	43,093
Repairs, maintenance and insurance		23,832	20,055
External construction costs		16,064	20,836
Staff Costs	6	106,445	98,882
Legal and Professional		2,413	1,972
		702,661	676,019

External construction costs have been reallocated from Note 4, Legal and professional fees. These have been reclassified based on a review of cost allocation related to customer construction costs.

Note 4: Administrative Expenses

	Note	2023	2022
		£000	£000
Staff costs	6	69,551	57,045
Legal and professional fees		7,541	8,519
Chairman and non-executive directors' costs		221	208
External audit fees		481	498
Internal audit fees		172	207
Other professional fees		93	110
Depreciation of property, plant and equipment	9	932	912
Amortisation		1,381	421
Office Costs		4,434	5,955
Software, Systems and Maintenance		5,774	5,040
Other administrative expenses		4,598	672
		95,178	79,587

The external audit fees relate solely to the statutory audit. The 2023 expense includes an under accrual of £37k relating to 2022 (2022: £16k under accrual relating to 2021).

Note 5: Other Operating Expenses

	2023	2022
	£000	£000
Impairment of property, plant and equipment	(17,589)	(27,673)
Dilapidations movements	1,686	(2,075)
Doubtful Debt expense	4,211	5,344
Other	5,760	(218)
	(5,932)	(24,622)

Further detail on impairment of property, plant and equipment, included within Note 9

Note 6: Staff Costs

	2023 £000	2022 £000
Wages and salaries	151,566	133,476
Agency staff costs	1,442	1,335
Social security costs	13,587	11,877
Contributions to defined contribution plans	9,401	9,239
	175,996	155,927

Directors remuneration is disclosed in the remuneration report on page 85.

Staff costs is included in both Direct Property Expenses £106,445k (2022: £98,882k) and Administrative Expenses £69,551k (2022: £57,045k).

Employee pension costs have been reclassified to wages and salaries from contributions to defined contribution plans.

Average Number

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

	Headcount 2023	Headcount 2022
Permanent staff	5,722	5,822
Contractor staff	23	27
	5,745	5,849

Note 7: Finance Income and Costs

	2023 £000	2022 £000
Finance income		
Interest on Leases	1,435	3,167
Interest income	33	14
	1,468	3,181
Finance costs		
Interest on loans	-	100
Interest on obligations under PFI contracts and Leases	28,733	31,311
Unwinding of discounts on provision	(42,459)	29,453
	(13,726)	60,864

Note 8: Corporate Tax

	2023 £000	2022 £000
Recognised in the statement of comprehensive income		
Current tax expense		
In respect of the current year	-	-
In respect of prior years	-	-
	-	-

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	(61,161)	(82,280)
Corporation tax expense/(Credit) calculated at 19% (2022:19%)	(11,621)	(15,633)
Effect of income that is exempt from taxation	799	(2,187)
Effect of expenses that are not deductible in determining taxable profits	18,224	20,203
Unutilised losses for which no deferred tax asset has been provided	(7,402)	(2,383)
	-	-

As at 31 March 2023, the company has a corporation tax receivable of £Nil (2022: £2,500k). The company has unrecognised deferred tax assets of £3,836k (2022: £9,945k).

A restatement for the unrecognised deferred tax asset as at 31 March 2022 was made to align with an improved methodology for more accurate reporting of the balance, from £14,980 to £9,945.

Note 9: Property, Plant and Equipment

	Land	Buildings	Leasehold improvements	Assets under construction	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost as at 1 April 2022	1,134,342	1,492,056	243,047	175,550	7,022	1,737	3,053,754
Reclassifications	-	114,409	-	(114,409)	-	-	-
Additions	-	(1,502)	144	147,397	3,196	-	149,235
Revaluation increase	33,958	60,420	-	-	-	-	94,378
Disposals	-	-	-	(1,356)	-	-	(1,356)
In year transfer to/from other bodies and other transfers	(9,598)	(14,003)	-	-	(235)	-	(23,836)
Impairment	(19,086)	(58,721)	(5,629)	-	(279)	-	(83,715)
Reclassifications to assets held for sale	(27,458)	(27,080)	14,496	-	-	-	(40,042)
As at 31 March 2023	1,112,158	1,565,579	252,058	207,182	9,704	1,737	3,148,418
Depreciation as at 1 April 2022	9	3,508	100,964	-	5,049	1,662	111,192
Reclassifications	-	-	-	-	-	-	-
Charged during the year	-	136,738	13,579	-	1,488	3	151,808
Revaluation	-	(133,287)	-	-	-	-	(133,287)
Disposals	-	-	-	-	-	-	-
In year transfer to/from other bodies and other transfers	-	(274)	-	-	(210)	-	(484)
Impairment	-	(2,189)	(3,359)	-	(238)	-	(5,786)
Reclassifications to/from assets held for sale	-	-	-	-	-	-	-
As at 31 March 2023	9	4,496	111,184	-	6,089	1,665	123,443
Net book value as at 31 March 2023	1,112,149	1,561,083	140,874	207,182	3,615	72	3,024,975

Depreciation of property plant and equipment is included in both direct property expenses £150,876k (2022: £141,212k) and Administrative Expenses £932k (2022: £912k).

Note 9: Property, Plant and Equipment (continued)

	Land	Buildings	Leasehold improvements	Assets under construction	Plant and equipment	Furniture and fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Cost as at 1 April 2021	1,136,569	1,516,561	228,697	127,669	7,073	1,737	3,018,306
Reclassifications	53	83,280	-	(83,333)	-	-	-
Additions	64	2,292	388	132,165	49	-	134,958
Revaluation increase	21,290	(37,231)	-	-	(19)	-	(15,960)
Disposals	-	(170)	-	(845)	(2)	-	(1,017)
In year transfer to/from other bodies and other transfers	(1,540)	(4,057)	-	-	-	-	(5,597)
Impairment	(5,706)	(40,902)	(6,803)	(106)	(79)	-	(53,596)
Reclassifications to/from assets held for sale	(16,388)	(27,717)	20,765	-	-	-	(23,340)
As at 31 March 2022	1,134,342	1,492,056	243,047	175,550	7,022	1,737	3,053,754
Depreciation as at 1 April 2021	9	81,032	91,888	-	3,739	1,616	178,284
Reclassifications	-	-	-	-	-	-	-
Charged during the year	-	126,156	14,541	-	1,381	46	142,124
Revaluation	-	(197,083)	-	-	(19)	-	(197,102)
Disposals	-	(138)	-	-	(2)	-	(140)
In year transfer to/from other bodies and other transfers	-	(76)	-	-	-	-	(76)
Impairment	-	(6,383)	(5,465)	-	(50)	-	(11,898)
As at 31 March 2022	9	3,508	100,964	-	5,049	1,662	111,192
Net book value as at 31 March 2022	1,134,333	1,488,548	142,083	175,550	1,973	74	2,942,562

Note 9: Property, Plant and Equipment (continued)

In the year ended 31 March 2023 43% 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 2023.

Total impairment charge in the year per Note 5 is £(17,589)k (2022: £(27,673)k), due to revaluation upwards £51,378k (2022 (restated): £47,235k) and revaluation downwards £33,789k, (2022: £19,562k).

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.

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 2023 would have been £784m for Land (2022: £812m) and £1,539m for Buildings (2022: £1,584m).

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

Note 9: Property, Plant and Equipment (continued)

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.

Movement in level 2 and level 3 assets

	Level 2 EUV	Level 3 DRC	Total
	£000	£000	£000
Net book value as at 1 April 2022 (Restated)	62,149	2,702,813	2,764,962
Reclassifications	1,496	112,913	114,409
Additions	7	(1,366)	(1,359)
Charged during the year	(2,090)	(148,226)	(150,316)
Revaluations	10,722	216,943	227,665
Disposals	-	-	-
In year transfer to/ from other bodies and other transfers	-	(23,327)	(23,327)
Impairment	(1,471)	(76,417)	(77,888)
Reclassifications to/ from assets held for sale	(12,187)	(27,855)	(40,042)
Net book value as at 31 March 2023	58,626	2,755,478	2,814,104
Net book value as at 1 April 2021 (Restated)	70,439	2,638,459	2,708,898
Reclassifications	893	82,440	83,333
Additions	-	2,743	2,743
Charged during the year	(2,212)	(138,485)	(140,697)
Revaluations	1,538	179,603	181,141
Disposals	-	(32)	(32)
In year transfer to/ from other bodies and other transfers	-	(5,521)	(5,521)
Impairment	(1,969)	(39,594)	(41,563)
Reclassifications to/ from assets held for sale	(6,540)	(16,800)	(23,340)
Net book value as at 31 March 2022 (Restated)	62,149	2,702,813	2,764,962

A restatement for the NBV as at 1 April 2021 and 31 March 2022 was necessary to align with an improved methodology for more accurate reporting for the EUV/DRC split and to adjust additional assets to right of use assets.

Note 10: Right of use assets

	ROU £000	Peppercorn £000	PFI £000	Total £000
Cost as at 1 April 2022	1,083,959	81,805	595,783	1,761,547
Additions	11,999	1,843	-	13,842
Disposals	(4,725)	-	-	(4,725)
Revaluation	-	-	80,846	80,846
Remeasurement	1,940	-	-	1,940
In year transfer to/from other bodies and other transfers	-	-	1,180	1,180
Impairment	-	-	(318)	(318)
Reclassification	-	-	-	-
As at March 2023	1,093,173	83,648	677,491	1,854,312
Depreciation as at 1 April 2022	306,771	17,306	2,175	326,252
Charged during the year	77,861	2,016	21,005	100,882
Revaluation	-	-	-	-
Remeasurement	-	-	(21,193)	(21,193)
Impairment	-	-	-	-
Reclassification	-	-	-	-
As at 31 March 2023	384,632	19,322	1,987	405,941
Net book value as at 31 March 2023	708,541	64,326	675,504	1,448,371

	ROU £000	Peppercorn £000	PFI £000	Total £000
Cost as at 1 April 2021	999,911	83,016	559,000	1,641,927
Additions	43,436	-	-	43,436
Disposals	(32,245)	-	-	(32,245)
Revaluation	-	-	26,398	26,398
Remeasurement	72,857	-	-	72,857
In year transfer to/from other bodies and other transfers	-	-	13,577	13,577
Impairment	-	(712)	(3,192)	(3,904)
Reclassification	-	(499)	-	(499)
As at March 2022	1,083,959	81,805	595,783	1,761,547
Depreciation as at 1 April 2021	222,272	15,160	10,942	248,374
Charged during the year	84,499	2,336	18,482	105,317
Revaluation	-	-	-	-
Remeasurement	-	-	(27,249)	(27,249)
Impairment	-	(190)	-	(190)
Reclassification	-	-	-	-
As at 31 March 2022	306,771	17,306	2,175	326,252
Net book value as at 31 March 2022	777,188	64,499	593,608	1,435,295

Note 11: Lease Liabilities

Lease Liabilities	Note	2023 £000	2022 £000
Current			
Lease Liabilities	15	96,431	101,236
Non-Current			
Lease Liabilities	15	912,512	992,197
Total lease liabilities		1,008,943	1,093,433
Undiscounted lease payments to be received			
Less than 1 Year		117,744	123,130
1 to 5 years		446,066	462,436
More than 5 years		707,399	786,650
Discount		(262,266)	(278,783)
		1,008,943	1,093,433

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.

There are no extension options which are judged likely to be taken by the company as lessee. There is one lease at 31/03/2023 with a lease liability value of £184k where the company judges it is likely to exercise the break; and savings of £231k 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.

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

Note 11: Lease Liabilities (continued)

Lease payments not recognised as a liability

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

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

	2023 £000	2022 £000
Short-term leases	28,597	20,657
Leases of low value assets	12	137
Total	28,609	20,794

Total cash outflow for leases for the year ended 31 March 2023 was £129,568k (2022: £128,766k).

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

Refer to note 7 for interest expense on lease liabilities.

Note 12: Trade and Other Receivables

	Note	2023 £000	Current 2022 £000	Non-Current 2023 £000	2022 £000
Trade Receivables		454,010	436,540	-	-
Less: Expected Credit Loss Allowance		(230,021)	(200,365)	-	-
Capital receivables		14,608	5,230	-	-
Other receivables		5,846	7,105	4,096	2,400
Accrued income		16,704	14,155	-	-
Prepayments		20,676	17,825	-	-
VAT Receivables		-	-	-	-
Tax		-	2,500	-	-
Lease receivables	20	9,520	10,632	54,379	59,938
		291,343	293,622	58,475	62,338

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.

	2023 £000	Current 2022 £000	Non-Current 2023 £000	2022 £000
Contract Receivables	272,345	255,837	-	-
Rent Receivables	181,665	180,703	-	-
	454,010	436,540	-	-

Due to the nature of the customer profile, credit risk rates are not available for the majority of customers and therefore the below table has been included to show debts that are past due.

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

	2023 £000	Not past due 2022 £000	Past due 2023 £000	2022 £000
Trade receivables	17,596	28,647	436,414	407,893
Expected credit loss allowance	(4,952)	(4,636)	(225,069)	(195,729)
	12,644	24,011	211,345	212,164

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

The movements for Expected Credit Loss Allowances are as follows:

	2023 £000	2022 £000
As at 1 April	200,365	201,883
Increase in provision	42,964	35,513
Amounts written off during the year	(13,308)	(37,031)
As at 31 March	230,021	200,365

Sensitivity analysis shows if all customers were rated high risk, the expected credit loss allowance would be £251m (2022: £229m) and if all customers were rated low risk, the expected credit loss allowance would be £183m (2022: £156m). These risk ratings reflect the likelihood of recoverability with high risk customers being most unlikely to recover and low risk customers being more likely to recover the outstanding balance.

Note 13: Assets Held for Sale

	Land £000	Buildings £000	Total £000
As at 1 April 2022	1,705	485	2,190
Plus: assets classified as held for sale in the year	27,459	12,584	40,043
Less: assets sold in the year	(28,998)	(13,069)	(42,067)
Less: impairment of assets held for sale	(146)	-	(146)
As at 31 March 2023	20	-	20
As at 1 April 2021	3,035	670	3,705
Plus: assets classified as held for sale in the year	16,518	7,322	23,840
Less: assets sold in the year	(17,848)	(7,507)	(25,355)
Less: impairment of assets held for sale	-	-	-
As at 31 March 2022	1,705	485	2,190

The company has one property (2022: four 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 disposal is planned to take place during the next financial year.

Note 14: Trade and Other Payables

	2023 £000	Current 2022 £000	Non-current 2023 £000	2022 £000
Trade payables	43,228	30,490	-	-
Capital payables	3,140	3,788	-	-
Other payables	6,604	6,594	-	-
VAT Payables	2,109	4,500	-	-
Accruals	114,380	99,066	-	-
Deferred income	12,257	7,674	13,138	14,675
Social security costs	3,357	3,133	-	-
	185,075	155,245	13,138	14,675

Note 15: Borrowings

	Note	2023 £000	Current 2022 £000	Non-Current 2023 £000	2022 £000
PFI liabilities	11, 21	14,469	14,744	251,055	263,899
Lease liabilities	11	81,962	86,492	661,457	728,298
		96,431	101,236	912,512	992,197

Note 16: Provisions

	Dilapidations £000	Restructuring £000	Legal claims £000	Total £000
As at 1 April 2022	110,238	24	487	110,749
Arising during the year	4,733	3,656	568	8,957
Utilised during the year	(1,270)	-	(54)	(1,324)
Reversed unused	(2,202)	-	(270)	(2,472)
Unwinding of discounts on provision	(42,351)	-	-	(42,351)
As at 31 March 2023	69,148	3,680	731	73,559
Current	18,582	3,680	731	22,993
Non-current	50,566	-	-	50,566
As at 31 March 2023	69,148	3,680	731	73,559
As at 1 April 2021	83,878	-	535	84,413
Arising during the year	3,116	24	271	3,411
Utilised during the year	(1,741)	-	(49)	(1,790)
Reversed unused	(4,468)	-	(270)	(4,738)
Unwinding of discounts on provision	29,453	-	-	29,453
As at 31 March 2022	110,238	24	487	110,749
Current	11,953	24	487	12,464
Non-current	98,285	-	-	98,285
As at 31 March 2022	110,238	24	487	110,749

Note 16: Provisions (continued)

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 £6.9m. If the inflation rate was 1% higher or the discount rate was 1% (lower), the company's dilapidation provision will increase by £9.2m. If the inflation rate was 1% (lower) or the discount rate was 1% higher, the company's dilapidation provision will (decrease) by £5.8m

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

Restructuring

The provision represents the obligation to pay employee exit costs. The company reviews 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 <https://www.nhsbsa.nhs.uk/nhs-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 (FReM) 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 the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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.

A full actuarial (funding) valuation is undertaken every four years and its purpose is to assess the liability in respect of the benefits due under the Schemes and to recommend contribution rates payable by employees and employers. The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016 and the results of this valuation set the employer contribution rate payable from 1 April 2019 at 20.6% of member pensionable pay. The results for the Scheme were set out in the Government Actuary's Department report of 7 February 2022, which stated that the cost cap cost was within the +/-2% corridor specified in the HMT regulations and so no changes to benefits or member contributions were required.

Future Contributions

Expected contributions to the pension plan for the financial year ending 31 March 2024 are £4.8m (2023: £4.4m). The prior year contribution has been aligned with the current year calculation of the employer contributions.

Scottish Widows

All NHS Property Services Limited 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

	2023	2022
	£000	£000
Issued during the year to 31 March	-	3,641
Allotted, called up and fully paid		
Ordinary shares of £1 each	259,841	259,841
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	259,841	259,841

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 has not issued any £1 ordinary shares in the period (2022: £3,641,331).

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 (2022: £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.

	2023	2022
	£000	£000
Balance at 1 April	3,032,702	3,028,261
Transfers and adjustments	(24,011)	4,441
Balance at 31 March	3,008,691	3,032,702

The transfers and adjustments above relate to transfer out of Queen Victoria Hospital, Sevenoaks Hospital, Sevenoaks Hospital, Dover Clinic, Aldeburgh Hospital, Bluebird Lodge Hospital, Flexistowe Hospital and transfer in to Bognor Regis.

Note 20: Lease Obligations

Lease obligations as lessor

The company leases 111 (2022: 115) properties under lease arrangements.

	Note	Minimum lease payments		Present value of minimum lease payments	
		2023 £000	2022 £000	2023 £000	2022 £000
Amounts receivable under finance leases (Buildings)					
Within one year		10,676	11,290	9,520	10,632
1-2 years		9,808	9,895	8,562	8,694
2-3 years		9,046	8,719	7,897	7,649
3-4 years		8,156	8,115	7,120	7,112
4-5 years		6,508	7,277	5,681	6,366
After five years		39,592	47,740	25,119	30,117
Less: future finance charges		(19,887)	(22,466)	-	-
		63,899	70,570	63,899	70,570

Included in	Note	2023 £000	2022 £000
Current finance lease receivables	12	9,520	10,632
Non-current finance lease receivables	12	54,379	59,938
		63,899	70,570

		2023 £000	2022 £000
Amounts receivable under operating leases			
Within one year		59,267	59,713
1-2 years		54,230	51,454
2-3 years		51,016	46,333
3-4 years		48,204	43,283
4-5 years		45,240	40,739
After five years		324,922	322,744
		582,879	564,266

All future minimum lease receipts disclosure relate to revenue for which the company will hold legal entitlement through a valid lease. A number of the company's tenants have undocumented occupancy arrangements or a business transfer arrangement without an end date. Although income from such property arrangements is expected to continue, in the absence of a formal document affirming legal entitlement, the company has not included them as expected revenue for future periods in its disclosure of future minimum lease receipts. However, it is expected that the overall rental revenue recognised in 2022/23 for all occupations will continue to remain similar in 2023/24.

Note 21: Private Finance Initiatives

The company is party to 29 (2022: 28) 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	2005	2035
Queen Mary's Hospital	2005	2035
Mansfield Community Hospital	2006	2043
Johnson Hospital	2008	2039
Danetre Hospital	2007	2037
City Care Centre	2008	2043
Epping Forest Unit, St Margaret's Hospital	2006	2035
Brentwood Community Hospital	2008	2039
Bishop Stortford Hertfordshire	2003	2034
Whitegate Health Centre	2009	2039
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	2002	2032
Stanley Primary Care Centre	2009	2039
Cornerstone Centre	2000	2025
Friary Hospital	1999	2024
Redcar Primary Care Hospital	2009	2039
Gravesham Community Hospital	2005	2036
New Forest Lymington Hospital	2006	2037
Bicester Community Hospital	2014	2040
West Mendip Community Hospital	2005	2035
Liskeard Hospital	2003	2033
Farnham Hospital and Centre for Health	2003	2029
Tiverton Hospital	2004	2034
Savernake Community Hospital	2005	2035
Bognor Regis	2000	2031

Note 21: Private Finance Initiatives (continued)

	Note	2023 £000	2022 £000
Service element charged to in-year operating expenses		35,809	31,268
Total obligations for PFI contracts due:			
Within 1 year		29,717	30,858
Between 1 and 5 years		118,652	117,512
After 5 years		241,950	271,216
Less: future finance charges		(124,795)	(140,943)
		265,524	278,643
Payments committed to in respect of the service element:			
Within 1 year		33,543	31,894
Between 1 and 5 years		142,689	138,539
After 5 years		362,609	397,466
		538,841	567,899
Included in:			
Current borrowings	15	14,469	14,744
Non-current borrowings	15	251,055	263,899
		265,524	278,643

The amounts in respect of future service charge commitments are shown inclusive of an anticipated annual inflation rate of 2.7%. The actual inflation rate incorporated into the Unitary Payment is based on the Retail Price Index (RPI) issued in the month stated in each contract preceding the financial year, therefore the figures above relating to future service charge commitments will vary depending on the actual rate issued.

On 1 April 2023, NHS Property Services Limited has refined its accounting estimates in respect of measuring PFI Liabilities. This change aligns how index linked payments are recognised as PFI Liabilities to their treatment under IFRS 16. IAS 8 requires the impact of this change in accounting estimate to be disclosed as it will have an effect on future periods. This has been estimated to increase PFI Liabilities by circa £177m and decrease both the Revaluation Reserve by £150m and Retained Earnings by £27m in the 2023/24 financial year. The decision to refine this accounting estimate has come as part of consultation with the Department of Health and aligning this to the group accounting policy, which for the Department of Health is determined by the Financial Reporting Manual (FRoM).

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	2023 £000	2022 £000
Financial assets measured at amortised cost		
Trade and other receivables	329,141	335,635
Cash and cash equivalent	141,941	172,842
	471,082	508,477
Financial liabilities measured at amortised cost		
Trade and other payables	167,352	139,938
PFI and finance lease liabilities	1,008,943	1,093,433
	1,176,295	1,233,371

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 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.

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.

Note 22: Financial Instruments (continued)

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows. The figures relating to PFI contractual cash flows include an inflation rate incorporated into the Unitary Payment which is based on the Retail Price Index (RPI) issued in the month stated in each contract preceding the financial year, therefore the figures above relating to future service charge commitments will vary depending on the actual rate issued.

	Carrying amount £000	Contractual cash flow £000	Within one year £000	1-5 years £000	After 5 years £000
2023					
Trade and other payables	167,352	167,352	167,352	-	-
Leases	743,419	880,890	88,027	327,414	465,449
PFI	265,524	390,319	29,717	118,652	241,950
	1,176,295	1,438,561	285,096	446,066	707,399
2022					
Trade and other payables	139,938	139,938	139,938	-	-
Leases	814,790	952,630	92,273	344,924	515,433
PFI	278,643	419,586	30,858	117,512	271,216
	1,233,371	1,512,154	263,069	462,436	786,649

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 risk management report on pages 65 to 72 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 Limited 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.

The company maintains an interests register for the directors, to record any interests they may have in any organisations which the company transacts with. Details of related party transactions are as follows:

Director	Organisation	Purchases from related party £000	Sales to related party £000	Amounts owed to related party £000	Amounts due from related party £000
2023					
Jane Hamilton	Government Property Agency	2,822	-	(607)	-
Adrian Belton	Chesterfield Royal Hospital NHS Foundation Trust	-	57	-	3
Ben Masterson	Department Of Health	705	5,161	302	3,788
Ben Masterson	NHS Shared Business Services C/O Steria Limited	-	-	-	-
Ben Masterson	NHS Shared Business Services	(26)	-	-	(34)
Mark Smith	BT	824	-	194	-
		4,325	5,218	(111)	3,757
2022					
Ben Masterson	NHS Shared Business Services	21	-	34	-
Adrian Belton	Chesterfield Royal Hospital NHS Foundation Trust	-	26	-	28
Jane Hamilton	Government Property Agency	1,679	-	1,609	-
		1,700	26	1,643	28

In relation to related parties, the company has a provision of doubtful debts of £nil (2022: £nil) of which the expense recognised in 2023 is £nil (2022: £nil). In 2023, the company has also written off £nil (2022: £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.

Note 23: Related Party Transactions (continued)

Details of the remuneration paid to Board members can be found in the Remuneration Report on page 85.

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.

Organisation	Purchases from related party £000	Sales to related party £000	Amounts owed to related party £000	Amounts due from related party £000
2023				
Department of Health and Social Care	705	5,161	302	3,788
Health Education England	(7)	4,362	12	449
UK Health Security Agency	41	61	-	28
Special Health Authorities	226	189	14	-
NHS England	1,728	171,218	502	46,380
NHS Trusts	2,986	84,683	1,918	31,766
NHS Foundation Trusts	10,893	264,553	6,213	73,285
Other Group Bodies	-	3,235	-	1,804
	16,572	533,462	8,961	157,500
2022				
Department of Health and Social Care	100	55	96	7,423
Health Education England	54	4,607	19	750
UK Health Security Agency	-	946	-	3
Special Health Authorities	174	737	49	1,077
NHS England	903	176,482	677	60,305
NHS Trusts	3,137	81,524	2,333	38,507
NHS Foundation Trusts	15,044	237,949	7,934	73,492
Other Group Bodies	40	2,455	1	375
	19,452	504,755	11,109	181,932

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.

From 1 October 2021 Public Health England Transactions were with UK Health Security Agency.

Note 24: Commitments

Capital commitments

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

	2023 £000	2022 £000
Property, plant and equipment	97,868	21,372
	97,868	21,372
No later than 1 year	83,065	16,530
Between 1 and 5 years	14,803	4,842
After 5 years	-	-
	97,868	21,372

Note 25: Contingencies

a. Quantifiable contingencies

	2023 £000	2022 £000
Contingent liabilities		
Legal claims	79	22
	79	22
Contingent assets		
Legal claims	392	71
	392	71

Contingent assets

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

b. Unquantifiable contingencies

Contingent liabilities

The company has unquantifiable contingent liabilities in relation to ongoing reviews of capital allowance claims made in corporation tax returns submitted in the years since its inception. No timeline for resolution has been agreed.

Note 26: Events After the Reporting Period

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

These financial statements were authorised for issue on 22 November 2023.

Appendix

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