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## Chair's foreword

Over the past year, we've continued to demonstrate our resilience, resolve and agility in the face of challenges, particularly as the United Kingdom began its recovery from the biggest public health crisis of modern times. Through it all, we have maintained the highest level of focus on our critical mission – to support the delivery of the NHS Long Term Plan and help the wider NHS transform whilst enabling the delivery of excellent patient care.

From the beginning of the pandemic in March 2020, we set clear priorities that guided us through the many challenges that followed. We prioritised and protected the health, safety and wellbeing of our colleagues. We supported the continued roll-out of the COVID-19 vaccination programme, whilst simultaneously providing the NHS with innovative space solutions to help support both clinicians and patients alike.

As our primary purpose remains enabling our customers to deliver excellent patient care, it

is critical that our NHS estate supports their needs both now and in the future. As we begin to emerge from the COVID-19 pandemic, we must work together with our partners across the healthcare system to build a better NHS together.

Throughout 2021/22, we continued to work closely with our colleagues at the Department of Health and Social Care (DHSC) and NHS England to prepare for the formation of Integrated Care Systems (ICSs) across the country. We have taken the lead in proactively engaging with ICSs and recognise the key role that estates play in supporting local communities and reducing health inequalities. Our ambition is to be a partner of choice for ICSs to enable the delivery of their estate strategies and we will continue to build strong relationships with our ICS counterparts over the coming months and years.

We're already collaborating with a number of ICSs on innovative projects across the country as part of our Healthy Places programme, which focuses on the successful delivery of projects that enable improved health and social care. This helps the NHS get the most from its estate and drive better outcomes for patients and clinicians.

We are focused on ensuring our spaces help drive positive health outcomes at a local level and we've expanded our Healthy Places programme in 2021/22 to 300 projects that range from refurbishments and new builds to social prescribing initiatives, all of which are designed to better support the healthcare requirements of local communities. This will impact over four million NHS patients across the country and support the goals of the NHS Long Term Plan, whilst making the most of our NHS estate.

The last year has also seen a wave of change sweep across the governance framework of the business. I am very pleased to welcome four new Non-Executive Directors to the Board of Directors. Adrian Belton and Nick Moberly joined the business in April 2021 with Caroline Wehrle and Mark Lomas joining in September 2021. All have already made a tremendous impact on the company, with their significant experience and expertise across customer engagement, equality, diversity and

inclusion, and risk, assurance and governance, strengthening our relationships across the healthcare system in England.

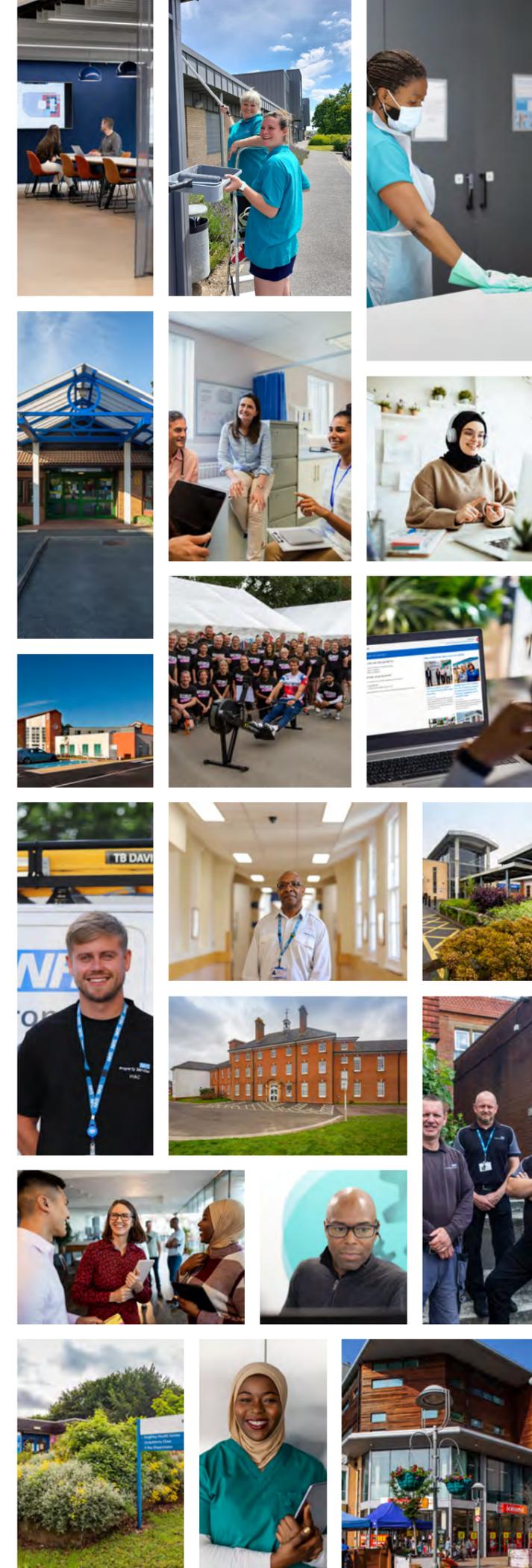
A new and invigorated Board has also necessitated the commissioning of a fully independent, externally-led review of our Board and Committee framework, where our governance procedures and assurance process were examined in-depth. We were pleased that the evaluation acknowledged the robustness of our governance processes, and we welcomed their feedback and recommendations in areas where improvement is required.

Having now completed my first full year with NHS Property Services Limited, it has been an immensely rewarding experience to see first-hand how the organisation has emerged from the COVID-19 pandemic to continue to engage positively with our NHS partners across the healthcare system. Our successes in 2021/22 are a tribute to the dedication of our 6,000 colleagues and the core values that unite us – putting customers and patients at the heart of everything we do.

As a company, we will remember 2021/22 for our success in adapting to and overcoming the challenges brought by the global pandemic. As we move forwards, we remain resolved to continue providing innovative, affordable and practical healthcare estate solutions across the NHS ecosystem, while also protecting the health, safety and wellbeing of our colleagues. I remain incredibly proud of the work our colleagues have done for the NHS and the business remains well-positioned to build a brighter future for our health service by promoting progress in its estate strategy.

**Jane Hamilton**  
Chair  
NHS Property Services Limited

17 February 2023





## Chief Executive Officer's introduction

2021/22 saw another year heavily marked by the COVID-19 pandemic as new variants and nationwide restrictions continued to disrupt our way of life. But there was also a beacon of hope in the vaccines that were rapidly developed, and as an army of healthcare professionals and volunteers delivered the vaccine rollout at pace, the shadow cast by the pandemic gradually began to lift.

The healthcare system moved into a new phase, looking ahead towards post-pandemic recovery and balancing the ongoing COVID-19 situation with normal services resuming. The NHS estate continued to play a critical role in supporting this shift. We have worked closely with our partners to adapt space as needed and ensure they have the support and services they need to deliver excellent patient care. We are incredibly proud to have played a key role in enabling the administration of millions of vaccines, working

with our partners to deliver 250 vaccination sites in England.

As the NHS looks towards life beyond COVID-19 and further implementation of the NHS Long Term Plan, we recognise the importance of putting our customers and their patients at the heart of everything we do and collaborating on strategic estates planning for the longer term. The development of Integrated Care Systems (ICSs) has brought new opportunities for the NHS estate. We have worked hard to proactively build strong relationships with these place-based partnerships to offer our expertise in creating effective estates strategies to help drive positive health outcomes for patients.

Myself and our Chief Financial Officer, Mark Smith, have so far had initial meetings with 17 ICSs to better understand their individual needs and how NHS Property Services Limited can work with them going forward. These conversations have been incredibly useful, and the insights we've gained are already shaping future estates projects to tackle health inequalities and care backlogs.

This includes partnering with Devon ICS to support the transformation of healthcare in the region. We have already delivered projects such as repurposing space at Axminster Community Hospital to accommodate clinical services, staff wellbeing areas and social prescribing spaces, and contributing to a review of how space is used at Mount Gould Hospital to inform ongoing space optimisation.

Our work with ICSs has also informed the expansion of our Healthy Places programme, and in 2021/22, we worked with our customers to identify 300 new projects to transform the NHS estate. We have so far completed 122 projects on site, and we have met significant milestones on many others. In the next year, the programme will be further expanded to over 500 projects that will benefit local communities and patients.

One of the key objectives of our Healthy Places programme is to help address health inequalities using the NHS estate. We've partnered with an external agency to map external datasets, such as population health and demographic data, against our own

property data. This insight is directly shaping how and where we invest in the NHS estate, enabling us to help drive positive health outcomes for patients in some of the most deprived areas.

Our social prescribing programme is another way in which we are helping to address health inequalities using the NHS estate, as well as supporting the NHS Long Term Plan aim of helping people to stay healthier for longer. We've worked together with our partners to identify vacant space across our portfolio with no other immediate use and developed these into spaces such as social prescribing hubs, community spaces and dementia gardens. In 2021/22, we created 28 social prescribing spaces and we now have over 50 in total. Some of our recent projects include the transformation of Lindley House in Oldham into a community hub for young mothers and their children, the creation of The Unity Centre in a deprived area of Ipswich and developing a new garden to help combat loneliness for local residents in the Midlands.

The feedback we've had from those who run social prescribing services out of our spaces and those that use them has been really positive, and it's great to see the difference that these hubs can make to those in the local area. Finding new uses for vacant space not only enables new services to be provided in the community and helps us to make the most effective and efficient use of our estate.

Our Green Plan is fundamental to our strategy, and we are committed to supporting the Greener NHS agenda as one of our top priorities. Since 2019 we have reduced our carbon footprint by 30% and saved £23m, generating funds that can be reinvested back into the NHS. We're focusing on three key areas – utilities, energy and environment – to help us reach our target of becoming net carbon zero by 2040. The benefits of this approach are already being realised, with a reduction of 8,800 tonnes of CO2 in 2021/22. We've also improved our data collection capabilities as part of our Smarter Buildings programme, tracking electricity usage and consumption patterns to drive efficiencies and enabling automated meter readings.

Data from our buildings not only helps us to become more efficient, but also helps us better

understand how our estate is used now and how it could be used in the future. As the NHS continues to evolve and recover from the pandemic, we're seeing a growing demand for flexible space. Our NHS Open Space platform provides bookable, sessional space for clinical and non-clinical use and this year we've expanded the number of our NHS Open Space sites to 190 nationwide. It's been brilliant to see positive feedback from our customers about the spaces and how it's helped them to improve services for patients.

There's no doubt that the pandemic has had an enormous impact on our healthcare system and the ramifications will be felt for years to come. The enduring strength and resilience of our NHS is testament to every single frontline worker and all of those behind the scenes who went above and beyond to maintain the delivery of excellent patient care during this challenging time.

I'm incredibly grateful to have had the privilege of leading NHS Property Services Limited over the past two years. It's astonishing to see how far we've come as an organisation during this time and how the NHS estate has evolved. I remain steadfastly proud of NHS Property Services Limited's role in the NHS response to the pandemic and of all the incredible work that our colleagues continue to deliver every single day.

As we enter a new phase of recovery post-pandemic, I extend my sincerest thanks to all of our colleagues for their unwavering dedication. Without them, we simply wouldn't be where we are today.

**Martin Steele**  
Chief Executive Officer  
NHS Property Services Limited

17 February 2023



# About NHS Property Services Limited

## Who we are

We are part of the NHS family with 6,000 professionals supporting over 3,000 healthcare properties across England. Our purpose is to enable excellent patient care by being the best property and facilities provider to the NHS.

Our services include estate strategy and optimisation, property management, facilities management, property development and construction project management. We support millions of patients and NHS colleagues in collaboration with our 7,000 customers who range from Integrated Care Systems, health providers, charities and more.

Our culture and values seek to place our NHS colleagues and their patients, at the heart of everything we do.

## Key statistics



Formed in  
**2013**



**2,755**  
properties



**6,000**  
colleagues



**7,000**  
occupiers



**6,000,000**  
patients daily



**24/7**  
support

# Our services and solutions



## Recovering from the pandemic

- Reducing waiting lists through flexible space
- Rapid repurposing and recommissioning of space
- Keeping NHS places clean, safe and compliant
- Using the estate to reduce health inequalities



## Creating Healthy Places

- Creating and refurbishing Healthy Places to reduce health inequalities
- Enabling social prescribing hubs
- Improving accessibility of NHS spaces
- Providing flexible, bookable space



## Transforming the NHS estate

- Creating estate strategies for integrated care
- Delivering value for money
- Expert advice on analysing estates and facilities data
- Enabling smarter working
- Local and national experts



## Delivering sustainable estates

- Strategies to achieve Net Zero Carbon
- Greener NHS through energy and environment support
- Measuring and analysing sustainability data
- Achieving value for money through sustainable FM and estates



Over 6,000 colleagues



Safely operating c. 3,000 buildings



Digital and data-enabled estates



Investing in the NHS



## Estate strategy and optimisation

- Stakeholder engagement
- Property benchmarking
- Estate optimisation and strategy
- Vacation planning
- Smarter, flexible offices
- Business case planning
- Financial analysis and reporting



## Town planning

- Local plan representations nationally
- Brownfield and greenbelt reviews
- Planning appraisals
- Pre-application, master planning and planning applications
- Section 106/CIL advice



## Improving space utilisation

- NHS Open Space
- Space utilisation studies
- Sessional space management
- Vacant space management
- Rapid recommissioning of space



## Energy and environment

- Data and reporting
- Strategy, compliance and processes
- Efficiency engagement, projects and supply
- Environment protection
- Waste management compliance



## Construction project management

- Refurbishment
- Extensions
- New builds



## Soft facilities management

- Cleaning
- Catering
- Linen and laundry
- Reception
- Security services
- Waste management
- Portering
- Grounds maintenance



## Hard facilities management

- Building maintenance
- Technical compliance
- Mechanical and engineering systems



## Property disposal management

- Property marketing strategy
- Property due diligence
- Sales process
- Bid analysis/selection
- Transaction negotiations
- Contractual completion
- Housing delivery support



## Property management

- Lease negotiations and events
- Rent reviews
- Rates management and rating appeals



## Property development

- Delivery of new health infrastructure and value release
- Feasibility and options analysis
- Legal and technical due diligence
- Design and planning
- Development management

# Our customers

At NHS Property Services Limited, we work with a wide range of organisations from across the NHS, health and care. Our company is connected across local health economies - from your local GP providing care in the community, to large NHS Trusts, small charities and commercial providers.

All of these groups and more make up what we call our customers. They receive facilities management and/or asset management services from NHS Property Services Limited and in turn, we work with them to ensure the NHS estate is fit for purpose now and for the future.

Patients are at the heart of everything the NHS does. We can all be a patient at some stage of our lives. And, just as our customers are, we are committed to delivering the NHS' Long Term Plan to provide excellent patient care.

## Our customers include:



Integrated Care Systems (ICSs)



Providers (GPs)



Providers (others)

We then have a wider range of stakeholders and influencers who use or have some interest in NHS Property Services Limited buildings and services:

### Users of our buildings

- Patients
- The public
- NHS colleagues (e.g. clinical staff)

### Stakeholders

- NHS England and other national organisations (NHS Providers, BMA)
- Politicians
- Media
- Civil service
- Community groups

# Strategic Report

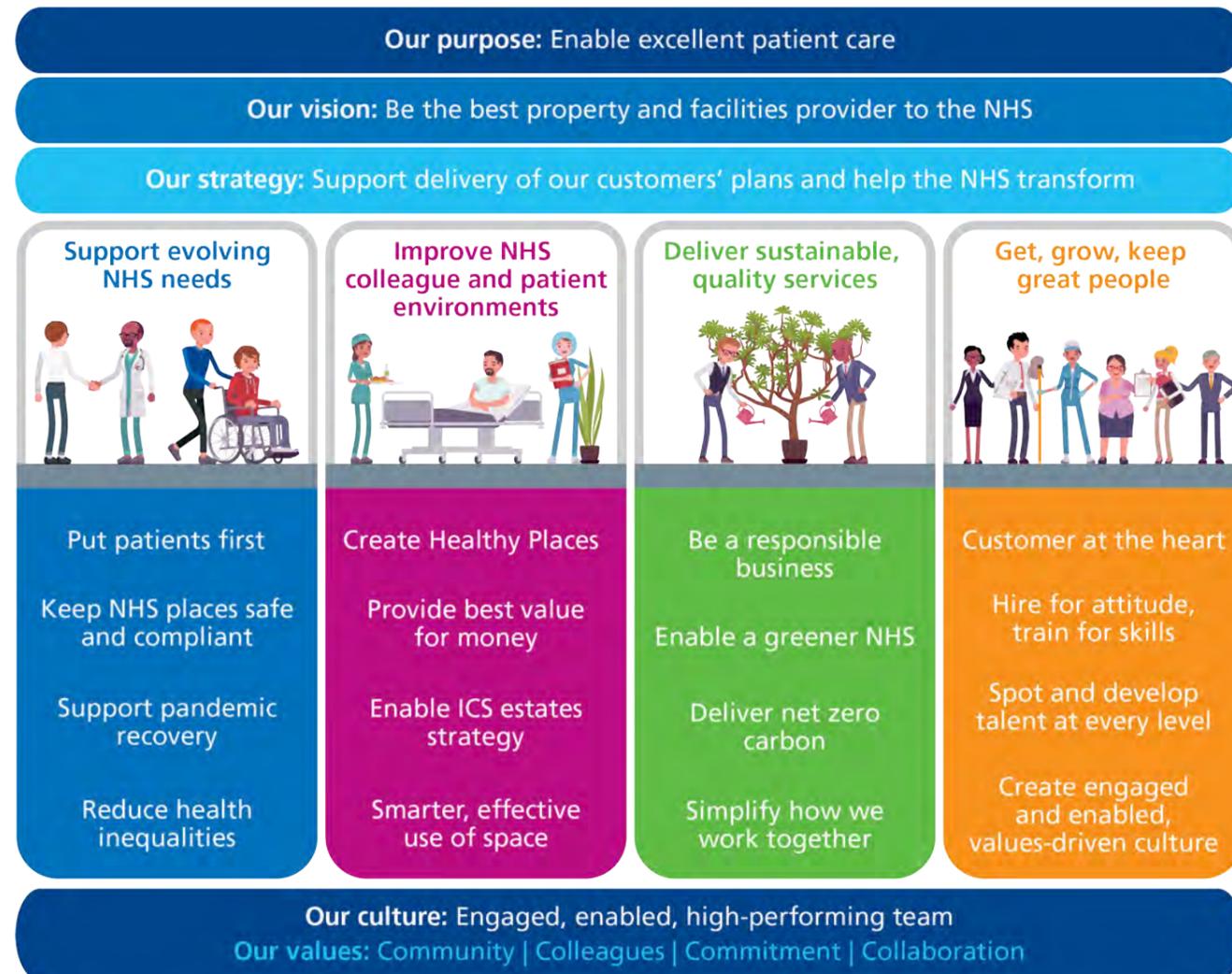


The past year has been another challenging period for the healthcare system as the COVID-19 pandemic continued and we also began to plan for the post-pandemic recovery. As an organisation, we continued our strong performance against our corporate objectives and made good progress in building close partnerships with the new ICSs, continuing to optimise the NHS estate and investing in our people.

## Our corporate strategy

As part of our ongoing commitment to ensure we continue to be aligned with the key objectives of the NHS Long Term Plan and NHS England's priorities, we made some small updates to our corporate strategy in 2021/22. This formed part of our business plan which was approved by the NHS Property Services Limited Board on 24 March 2022.

Our strategy focuses on the delivery of our core purpose: enabling excellent patient care throughout the NHS. We do this by ensuring an ever-closer alignment of our services and products to our clinical customers throughout the country and putting customers at the heart of what we do.



## Key achievements - corporate objectives

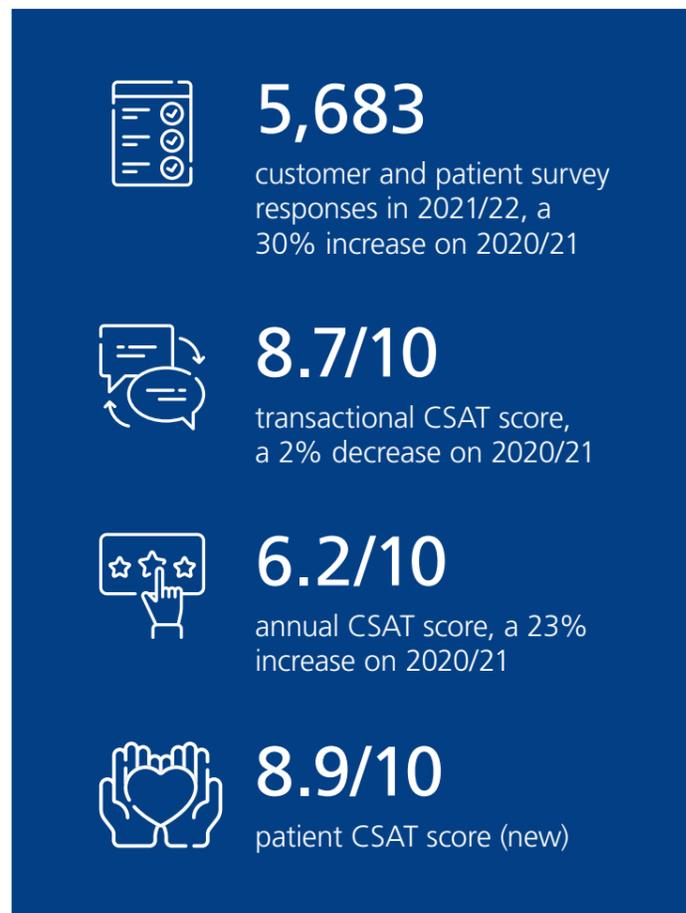
Outcome goals	Strategy	Weight	Target Measures	Outturn at March 22	Year end forecast
Partner with customers and deliver high quality business services	Purpose and strategy	15%	NPS 9% improvement target to -40 (current base -58)	-35	ACHIEVED
			Transaction CSAT target 8+ (maintain)	8.7	ACHIEVED
			Stakeholder CSAT target 6 (current base 5.1)	6.2	ACHIEVED
Drive estate transformation to improve patient experience	Purpose	15%	Patient experience - quarterly surveys (15 sites per quarter) - maintain PSAT above 8 out of 10	8.9	ACHIEVED
			Patient impact - Healthy Places programme to have a positive impact on 750,000 patients	1.474m	ACHIEVED
Establish NHS Property Services Limited as a key NHS estates partner	Vision	15%	New and incremental income of £5m in rental and services annualised	£5.7m	ACHIEVED
			£10m of new value generated within the NHS system	£28.9m	ACHIEVED
Build an engaged and enabled, socially responsible, high performing team	Culture	15%	'Your Voice' engagement target score 7.9 (2020/21 base 7.7)	7.7	MISSED
			'Your Voice' functional action plans on Peakon system 90% (2020/21 base 47%)	97%	ACHIEVED
			'Leading the NHS Property Services Limited Way' modules 1-3 completion 95%	99%	ACHIEVED
			'Enabling Excellent' frontline management upskilling completion 95%	98%	ACHIEVED
			Volunteering (participation) 5% of workforce (2020/21 base 1%)	8.1% (421)	ACHIEVED
			Meet financial expectations of shareholder	Strategy	40%
Max operating cost target £619m (including £31.9m cost transformation excluding agreed adjustments)	£37.7m	ACHIEVED			
<b>Variation between outturn and target</b>					
Cash collection target £763m			£91m	ACHIEVED	
CDEL net spend target £107.1m (tolerance +£3m/-£7m, including £30m disposal)			-£0.5m	ACHIEVED	

# Putting customers at the heart

Feedback is vital in understanding how well we are performing and gaining insight into areas where we can improve our services.

Since 2019/20, we have worked to redesign and improve our feedback programme to ensure that we gather feedback across all elements of the services we provide, from colleagues, customers and our end users, patients. We survey patients as they leave our properties and customers after they have had an interaction with us, for example, after project delivery, inbound requests or room bookings and we encourage responses to these surveys across multiple touchpoints. We also survey customers once a year covering their wider perceptions of NHS Property Services Limited. Across these channels we have seen an increase in survey responses from approximately 4,000 in 2020/21 to over 5,500 in 2021/22.

We recognise how important it is that our colleagues have visibility of the feedback they receive, so whenever we receive a response, we send automatic alerts to the relevant colleagues to take the appropriate steps, for example to follow up with a customer or improve a process.



## “ What our customers say

*“We have been kept informed and been able to work closely with contractors on site. Discussing any issues daily. The property service team have been very supportive and understanding of the needs of our client group and have adapted or made changes where necessary. They always respond to any queries we may have, by either email or phone-call in a timely manner.”*

”



Our transactional customer satisfaction (CSAT) score for 2021/22 was 8.7/10. That score is made up of:



Our customer services team, who have taken **over 130,000 calls**, answering **over 90%** within **20 seconds** and receiving a **CSAT score of 9.7/10**. Comments praised the communication and helpfulness of our advisors.



Work orders where we delivered **over 151,000** reactive jobs with **97%** within our Service Level Agreement (SLA). We have had responses from almost 2,000 work orders and an average **satisfaction score of 8.9/10**.



Case/query management where **100%** of the **5,809** cases were closed within our SLAs and our **case resolution CSAT is 8.3/10**.



Our Construction, Portfolio Optimisation and National Office project delivery, each with a **CSAT score of 8.8 /10 or above**.

We also conducted an annual survey with most of our contacts in February 2022 to ask for their overall feedback and perceptions of NHS Property Services Limited. This gave us an annual CSAT score of 6.2/10 for 2021/22. This is a significant improvement from 2020/21, however we recognise that we still have a long way to go. This survey highlighted some key areas for improvement, from better communication with our customers at all levels of the business, to improving our billing. Next year, we will be combining this score with the transactional scores so that we have a more holistic view of our customers' experiences.

In 2021/22, we also started measuring patient satisfaction by partnering with an external agency that interviewed people as they exited our buildings. We conducted interviews outside of 83 properties and spoke to 1661 patients. On average, they rated our services as 8.9/10. We will be expanding this in 2022/23 with the aim of interviewing patients outside of over 100 properties and including staff.

## Improving customer experience

One of the most consistent themes we saw in our customer feedback was that we could do more to make interacting with NHS Property Services Limited easy and efficient. In response, we developed Connect, our new online portal where customers can log non-urgent facilities management jobs, raise queries with our Customer Support Centre and tell us if something has gone wrong.

The Connect portal will transform the day-to-day customer experience at NHS Property Services Limited, providing a one-stop-shop for customers and enabling 24/7 tracking of their requests so that they can check our progress.

Connect went live to customers and colleagues in March 2022, with all customers expected to be onboard by the end of April 2022.

The portal will go through continual refinement and development, with new features coming later in 2022 including:

- Facilities management performance reporting
- Occupancy reporting
- Finance documents and information

You can learn more about how we're working to improve customer experience by reading our [Customer Feedback Reports](#).



## Supporting evolving NHS needs

2021/22 saw the UK enter a new phase of the pandemic as the vaccine rollout gathered pace and restrictions were gradually lifted. This meant that NHS organisations and the wider healthcare system had to work to find a balance between continuing to respond to the active COVID-19 situation and managing the backlog as normal services began to resume.

NHS Property Services Limited was no exception, we worked quickly to recommission and repurpose space for our customers and continue to do so, providing flexibility and tailored support. We redeployed resources

to ensure critical facilities management (FM) services were provided at scale to our customers and beyond to keep NHS places clean, safe and compliant.

As we move into this next phase, we are focused on using the NHS estate to help reduce waiting lists and health inequalities, ensuring effective delivery of our FM services and using our space flexibly to meet local needs and support patients. We've made good progress in these areas over the past year, and they will continue to be key priorities for us going forward.

## How we've responded to COVID-19

Supporting the NHS response to the COVID-19 pandemic remained a key priority during 2021/22 and we continued to provide flexible property solutions and services to our customers.

Over the past two years we have:



Completed

**10,121**

COVID-19 cleaning requests for existing customers in addition to normal cleaning



Delivered

**23**

mass vaccination sites



Delivered

**227**

Primary Care Network (PCN) vaccination sites



Created

**1,000**

beds



**700**

of which were used by local NHS and social care providers



Delivered

**290**

COVID-19-related space reconfiguration requests



Delivered

**130**

hot sites





## Providing flexible, bookable space through NHS Open Space

Optimising the NHS estate is an everchanging challenge that we will continue to face beyond the COVID-19 pandemic. NHS Open Space, developed by NHS Property Services Limited, enables the flexible booking of sessional space across the NHS estate. Services can hire clinical and non-clinical spaces – ranging from examination rooms to offices – as and when they need it. Welcoming new services into our sites helps make better use of NHS space, maximising use of our sites to offer communities a wider range of services from their local health hub.

In the past year we have expanded the service to 190 sites nationwide. Health, wellbeing, and community services can choose from over 1,100 rooms, providing 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.

over 3,800 users spanning NHS, private and community services, who have so far made over 179,000 bookings since we launched our booking platform in 2019. This accounts for over 1,060,000 hours of vital service delivery to patients and communities, with services ranging from mental health to orthopaedics. With the continuous growth of the service, patients and communities using our flexible booking system can access a wide range of health, wellbeing, and community services from their local NHS hubs – helping those who are looking to expand their service, work across multiple locations, or tackle patient backlog. Funds raised from NHS Open Space bookings are reinvested back into the NHS estate to support the delivery of excellent patient care.

We will be expanding the NHS Open Space across our portfolio in the coming year, with further sites planned for Summer 2022.

New customers will join a community of



## “ What our customers say

“NHS Open Space has completely changed how Wren Healthcare are able to operate our ‘fit to fly’ COVID-19 testing services. I needed to quickly find a flexible space in an NHS building to carry this out. With this service the team at Wren can book flexible appointments and offer a great service to our customers as and when patients are available. It’s also really reassuring using an NHS space knowing infection control and safety is a priority, as that’s of course a key concern for our patients.”

**Kash Nazir**  
Commercial Director, Wren Healthcare

“I use NHS Open Space to book rooms for a range of clinicians and service users. The booking platform is easy to access, has all the room information you need – from layout to availability – meaning I can confidently make my bookings knowing the spaces will be suitable for my services. Whenever I’ve needed help the customer service team have been very quick and helpful, getting me back up and running.”

**Lorrette Hall**  
Administration Team Leader, Nottinghamshire Healthcare NHS Foundation Trust

“Having a range of NHS Open Space rooms across the North East to choose from has been really helpful, offering the Cochlear Implant Programme flexibility across the region to be where our patients need us. Being able to find and manage our bookings on one simple platform has saved me lots of admin time, giving me more oversight and control on how we’re using NHS space.”

**Christian Moses-Woodward**  
Clinical Support Officer, North East Regional Cochlear Implant Programme

## Delivering estate and capital improvements



Despite another challenging year with the ongoing pandemic and uncertainty around Brexit, we've continued to deliver capital projects, building and facilities improvements and new developments across our portfolio. These include addressing backlog maintenance, remediation works, fire safety, sustainability and transformation plans as well as estates optimisation and development plans.

This year, we delivered £77.6m of capital investment (CDEL) and a further £21.6m (non-CDEL) for our customers. We also completed 209 capital projects with individual values of between £100k and £13.4m. A further 626 capital projects completed by our Minor Works specialists, with a total value of £21.9m and most projects were below £100k.

Backlog maintenance remained a priority, and we continued to work with our customers to replace building fabric and engineering elements of our properties that reached the end of their useful economic life or were no longer compliant.

Throughout 2021/22, we completed 160 backlog maintenance schemes and 395 planned schemes by the Minor Works team. We also completed a range of remedial improvement works following a programme of fire compliance surveys on our Tier 1 bedded properties. By its nature, this work is frequently intrusive and requires us to work in sensitive areas such as wards and clinical spaces. Close working relationships with our customers is essential and the COVID-19 restrictions added a further complexity to these works.



**£135.4m**

total capital investment delivered, including:



**£77.6m**

on projects led by the construction team, and



**£21.9m**

facilities management minor works projects



**£21.6m**

of non-NHS Property Services Limited funded projects delivered

## Examples of major capital projects delivered included:



### Camborne Redruth Community Hospital

Project comprised of a £5.6m refurbishment of community wards including fire remedial and electrical works to bring wards back into use. This significant investment included extensive replacement of mechanical and electrical services, bed head services, and full fabric renewal. The works have transformed the hospital to provide modernised facilities and interiors. The hospital remained operational throughout the works and despite the challenges of COVID-19, the project was delivered on time and within budget in August 2021.



### St Austell Community Hospital

Project comprised of £1.5m expenditure which enabled the commencement of the next phase of the fire safety remedial and backlog maintenance works. The works undertaken were an essential requirement to address urgent fire safety remedial and backlog maintenance issues agreed with the occupier. The project was delivered in January 2022.

## Optimising our facilities management (FM) services

We're continuing to rebalance and enhance our FM delivery model as part of our wider services strategy.

In 2021/22, we successfully completed the insourcing of a further four legacy outsourced hard and soft FM service contracts, with two of these contracts delivering significant value and scale. As a result, we were delighted to welcome another 250 colleagues into the organisation, including skilled engineers, frontline operatives and management colleagues.

These insourcing exercises have further developed NHS Property Services Limited's self-delivery capabilities, enabled us to improve service delivery, quality and performance through direct control over the services, increased customer response times, and has provided significant efficiency savings of £6.79 million (more than double our target) which will be reinvested into our estate and the wider NHS.



## Utilising data to manage the estate

Over the last three years, we have recognised the important part data plays in managing the estate both for NHS Property Services Limited and our customers. We have been improving the way we provide data to allow quicker responses and a wider set of data to be shared. The collation of greater data into our Enterprise Data Hub (EDH) allowed for detailed information and analysis to be produced, allowing us to focus on enabling excellent patient care. In the next financial year our data strategy will enable us to continue this progress and enable a better customer experience for both our internal and external customers.

The data strategy is a programme of activity building on what has come before and will launch in Q2 2022. The data strategy will link together the following elements: data architecture, data management, data culture, data governance, data quality, data security and reporting. This will enable us to provide more effective and readily available data to our customers.

The objectives of the data strategy will focus on:



### Data reporting and analytics

Analysis that is easily accessible, trusted and in the right format.



### Data quality and governance

Robust governance of data to ensure operational, strategic, and regulatory compliance.



### Data architecture and storage

Understanding and defining what data we have and where it is stored and redesigning our data foundations delivering good data management to support reporting operational needs and capacity.



### Data culture

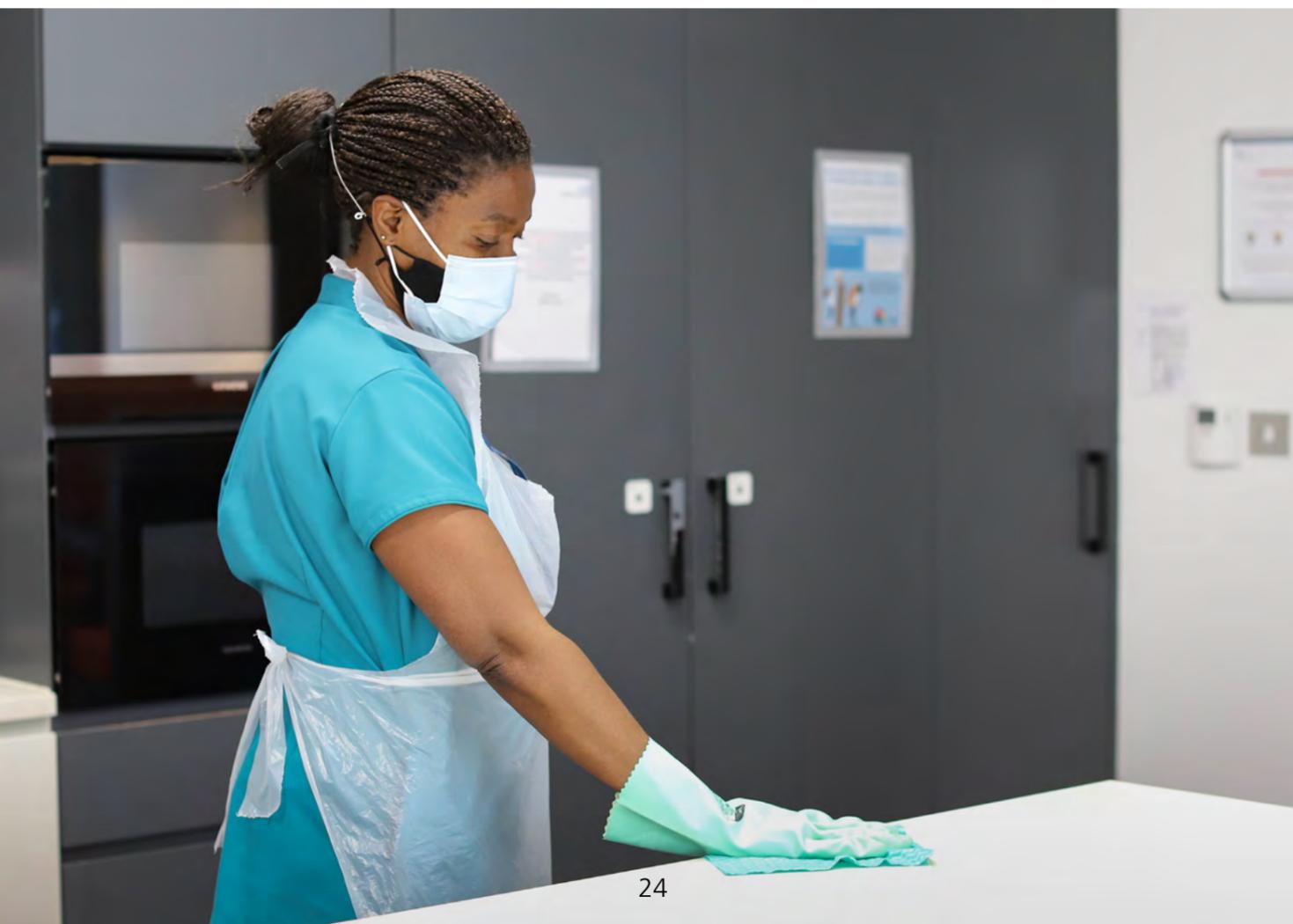
Training and upskilling our people in data and their data responsibilities, enabling, and empowering them to use data to make decisions.

In addition, we're also developing a suite of applications using the Power Apps platform to digitally enable processes and form completion for our customers and colleagues. The introduction of an automated audit/data capture solution provides NHS Property Services Limited with a single, standardised, and scalable approach for carrying out various types of data capture. This will make audits easier to complete, more accurate and consistent whilst also enabling easier reporting against key performance indicators within Facilities Management Service Level Agreements (FMSLAs).

We've launched two applications so far, including the Cleaning Audit app and the Fire Risk Audit app which were launched to 450 cleaning colleagues and 25 building assurance specialists respectively. These apps will improve our current reporting capabilities at various levels, offering the ability to filter based on user selected fields and compare across zones, conduct trend analysis and measure the impacts of changes.

Feedback from colleagues across both apps has been extremely positive with a general consensus that their working lives have been made easier through digital data capture and with even further development, can really help streamline activities and provide better data (and therefore service) to our customers.

We have plans to utilise and expand this technology further into other services and areas of our business over the next few years such as health and safety audits, occupier exit checklists, fire risk assessments and e-certificates. This will be pivotal to provide enhanced assurance to our customers, colleagues and patients.



## Reducing health inequalities

Health inequalities arise because of the conditions in which we are born, grow, live, work and age. These conditions influence our opportunities for good health, and how we think, feel and act, and this shapes our mental health, physical health and wellbeing.

Health inequalities have been documented between population groups across at least four dimensions: socio-economic status and deprivation, protected characteristics, vulnerable groups in society, and geography.

Addressing health inequalities is a key priority for NHS England and the NHS Long Term Plan, especially as we begin to emerge from the COVID-19 pandemic. The NHS estate will play a key role in reducing health inequalities in the coming years and we have been working to understand both the nature of health inequality across England and how our estate can be used to address it.

We've partnered an external agency to create a series of datasets that combine demographic

and population health data with internal data about our properties and facilities. This information enables us to clearly see areas with certain needs, for example, communities with a high prevalence of certain health conditions. As a result, we've been able to use this insight to shape our estates strategy to ensure the local healthcare facilities meet the needs of patients.

We've identified a large number of properties in some of the most deprived parts of the country and a key focus for next year is on how we can improve these spaces to provide a good quality health care estate in the areas that need it most. We are also looking at how and where our colleagues volunteer – using their time and skills to address the drivers of health inequality and improve overall community health.



330k

data points mapped



### What are health inequalities?

Health inequalities are unfair and avoidable differences in health across the population, and between different groups within society.

## Improving NHS colleague and patient environments

The NHS estate is continuously evolving, and the pandemic demonstrated just how flexible and adaptable our buildings, facilities and services can be, both at scale and at pace. As we move into the post-pandemic recovery phase, we're continuing to explore how best our buildings and services can be designed, delivered and adapted to promote community-based care, reduce inequalities and promote wellbeing.

This year, we've continued to expand our Healthy Places programme and identify new projects that will improve patient services and better support the needs of local communities.

As part of this, we're looking at how we can make our properties more accessible, investing

in construction projects to build ramps and handrails, and expanding the number of AccessAble guides for our sites. We've also continued to develop social prescribing spaces across our portfolio, repurposing vacant space for services such as community hubs, dementia gardens and baby banks.

We've also been proactively engaging with Integrated Care Systems (ICSs) as they've formed across England, including advising them on strategic estates planning and managing their properties. We also continued to optimise our portfolio, reducing vacant space and enhancing our occupancy model, whilst also delivering significant estates and facilities improvements.

## Delivering transformational projects for the NHS estate



In 2021/22, we expanded our Healthy Places programme, working with our customers to identify 300 new projects that will help transform the NHS estate, support Integrated Care Systems (ICSs), and enable excellent patient care. Ranging from refurbishments and new builds to estate optimisation and social prescribing initiatives, our projects will positively impact four million patients in the coming months and years.

Now at the end of this financial year, we are thrilled to have made such fantastic progress with our NHS colleagues across our 300 projects. 122 projects have been physically completed on site, and significant milestones have been met on others, such as the submission of a business case, which will support full completion in future years.

This year's projects build on our initial pilot of 100 projects, and with new sites already identified for the third year of the programme, it now extends to over 500 projects nationally. The combined programme's benefits are now being felt across the country amongst colleagues, customers, and patients alike.

Looking ahead, the third year of our Healthy Places programme will see an even greater emphasis on tackling health inequalities (supporting the levelling up agenda) and responding to NHS priorities such as community diagnostic centres and COVID-19 recovery support.

We are keen to work more closely with ICSs to identify and support regional priorities – both those we are already working on and emerging requirements. Together with our NHS partners, we are aligning place-based planning and prioritisation to focus on Healthy Places projects which:

- Support the NHS Long Term Plan objectives and NHS England top ten priorities for 2022/23
- Deliver positive patient outcomes and reduce health inequalities
- Support local health economy plans from ICSs or national customers, helping to fulfil their healthcare and estate strategies
- Enhancing collaboration across NHS Property Services Limited to better support our customers



122

projects completed on site



25,000sqm

vacant space removed for re-use or disposal

## CASE STUDY



### Refurbishing community hospital wing to enable GP relocation

Saffron Walden Community Hospital had over 400 sqm of its Curlew wing vacant, with only a small part used for NHS services. There were also pockets of underutilised space across the site, indicating an opportunity for consolidation and more efficient use of space at the hospital.

Nearby, Crocus GP Surgery needed to relocate as the lease on their existing long-term home was due to expire and the listed building, they resided in was restrictive. West Essex Clinical Commissioning Group (CCG) asked NHS Property Services Limited to help find a solution.

After running an options analysis with the GPs and CCG with the aim of expediting the surgery relocation, the NHS Property Services Limited proposal to refurbish the vacant wing of Saffron Walden Community Hospital to accommodate the GP was seen to represent the best value for money as well as improve utilisation of estate at the site.

The GP surgery moved to the newly refurbished, fit-for-purpose site on 15 July 2021. The new

facility triples the amount of space for the Practice and now comprises 705 sqm gross internal area consisting of 12 clinical rooms, dispensary, meeting space, administrative offices and waiting area enabling accessible access for patients in fully compliant space.

The new surgery allows the practice to accommodate what is a growing population in Saffron Walden and has transformed the space from which their patients were receiving care; from a facility which was restricted in terms of its age, ability to expand and reconfigure. The combined hospital and GP services in one location means the patients can easily access a range of healthcare services from one central and modern health hub.

Beyond the vacant Curlew wing, relocating other occupiers in the hospital to make way for the surgery has meant other parts of the site are now better utilised too, and in one case this has reduced on site occupation costs for a Trust.

# Developing social prescribing spaces

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

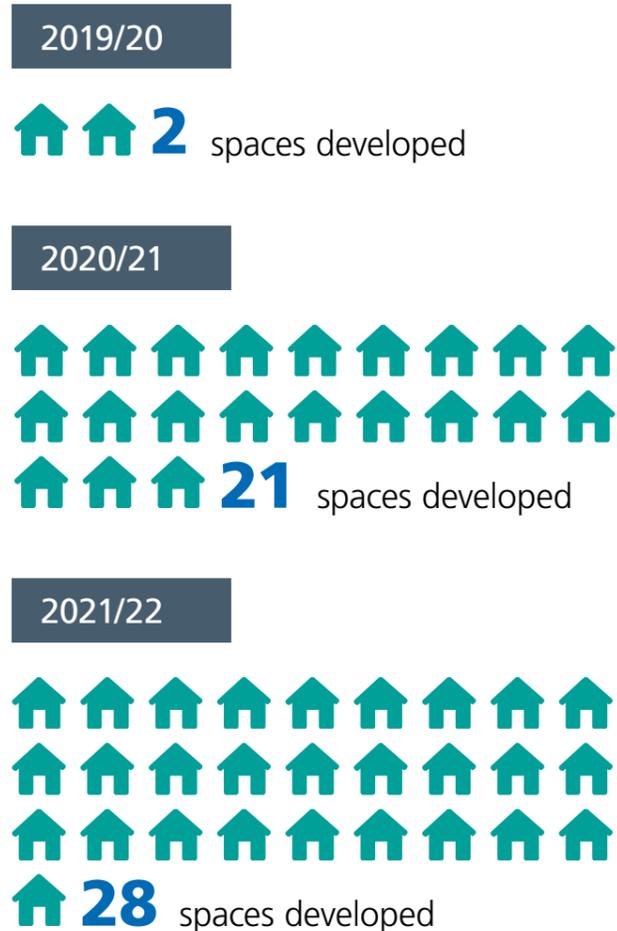
The NHS is therefore developing social prescribing networks across the country. Patients with multiple complex needs are referred by their GP to social prescribing services where their needs can be assessed and appropriate community services can be recommended such as adult learning, employment support or activity groups to improve confidence or reduce isolation.

To help the NHS get the most from its estate and support both the delivery of the NHS Long Term Plan and the NHS England priorities, we work with NHS colleagues to identify and turn vacant space with no other immediate use into social prescribing hubs, and poor quality, unused outdoor space into green spaces including allotments, sensory and dementia gardens. In doing this, we are helping patients socialise, learn new skills and hopefully improve their overall wellbeing.

We strive to work as one joined-up team, collaborating with our NHS colleagues and creating strong local partnerships. We involve local communities in the design and work closely with commissioners to ensure the spaces really do help address local health and social needs. When the programme started in 2019, we set ourselves a target of developing 50 spaces within three years.



We’ve now created 51 social prescribing spaces across England which are delivering services to improve and support the health and wellbeing of local communities:



## CASE STUDY



### Transforming Whitton Clinic into The Unity Centre to support a range of community groups

Whitton Clinic is in a deprived area of Ipswich and the building was not well utilised in some areas. NHS Property Services Limited worked with the CCG estates team to reconfigure the underused areas to create the hub.

Internally, a new community café by Combat2Coffee will be run by recovering veterans, providing rehabilitation support alongside delicious food and beverages. Space previously used for dental treatments has been converted into one room to create kitchen and seating area. The space has been decorated with new equipment and flooring to create a bright, fit-for-purpose kitchen. Two offices that were previously used separately have been reconfigured into one large room for use by the service.

Externally, the area outside the clinic has been refreshed and raised beds installed for recreational use.

Called The Unity Centre, the hub will be home to several local organisations to connect with and deliver their services to people in west Suffolk. These organisations include P.H.O.E.B.E which provides information and advocacy to BAME women; Fresh Start New Beginnings, offering therapeutic support to children and young people who have reported sexual abuse and their families; Active Suffolk, which promotes sports and physical activity and Suffolk Refugee Support, offering practical advice and support to refugees and asylum seekers.

### “ Customer feedback

“I am so pleased to see the opening of this new hub, which is set to benefit so many people. As well as enabling local organisations to reach out to people, the hub will also be a valuable resource for widening the reach of social prescribing, by enabling health professionals to refer people to those organisations based within the new centre, to best support their health and wellbeing needs.”

Louise Hardwick  
Head of Partnerships, NHS Ipswich and East Suffolk Clinical Commissioning Group

## Transforming kitchen space at Axminster Hospital for Project FOOD

In line with NHS Property Services Limited's strategy to help the NHS get the most from its estate, we redeveloped space at Axminster Hospital to provide high quality wards for patients, allowing the hospital to be better utilised with less surplus space. However, there was still a void kitchen within the hospital building.

Devon Clinical Commissioning Group (CCG) and the occupier of Axminster Hospital, Royal Devon & Exeter NHS Trust, were consulted and supportive of the initiative to refurbish the kitchen for use by local charity Project FOOD.

Project FOOD offers a programme of food education courses for young families and vulnerable people across Devon. Their mission is to enable people to improve their diet so they can enjoy better physical and mental health. They aim to inspire young people to understand the links between a sustainable diet and good health, support people affected by nutrition-related conditions, and help elderly and isolated people to develop skills they need for a healthier diet.

We brought the void kitchen space back to life, ensuring it would be safe and fit for purpose for the charity. Royal Devon & Exeter NHS Trust and Devon CCG helped to fund the project, donating cooking equipment for the kitchen and contributing towards running costs.

By using the kitchen, Project FOOD have been able to better support clients with re-enablement services and confidence in food preparation. These client's range across age groups, and include people who may have had a stroke, or live with dementia or mental health conditions. During the COVID-19 pandemic, Project FOOD extended its functions to include meals on wheels and cookery classes via video call.

Most recently, Project FOOD held a cooking class with River Cottage Executive Head Chef Gelf Alderson. River Cottage is owned by TV Chef Hugh Fearnley-Whittingstall.



## How we're working with ICSs

ICSs are new partnerships between the organisations that meet health and care needs across an area. The aim of these partnerships is to coordinate services and to plan in a way that improves population health and reduces inequalities between different groups. Although they were formally launched in July 2022, all 42 ICSs have been developing over the last few years to offer more joined-up health and care to their communities.

This is an important evolution in how the NHS is structured and opens NHS organisations up to a wider network of partner organisations beyond healthcare, including local authority and voluntary groups. NHS Property Services Limited is committed to supporting the NHS as it evolves, and we have been proactively working with ICSs as they form to offer support on estate strategies, property and facilities management, capital construction and more.

Throughout 2021/22, we contacted Chief Executives and/or Chairs of every ICS with an introductory overview of the NHS Property

Services Limited estate and teams in their area, priority projects we were delivering through our Healthy Places programme, and themes of key challenges or opportunities to their estates. Our Chief Executive Officer and Chief Financial Officer have since held introductory meetings with 17 ICSs to discuss their estates in more depth and identify opportunities for further support. We are building regular check-ins following these introductions and are keen to become an active partner and supporter across all ICS regions.

Key themes from our meetings with ICS leads include: strategic estates planning, estates' role in driving a greener NHS, digital solutions to creating a more flexible and efficient NHS estate, and capital funding flows including capital recycling and leveraging developer contributions. These insights have been hugely valuable as we flex our services to best support and collaborate with ICSs.



## CASE STUDY



### Partnering with an ICS to enable estate and healthcare transformation

We have an established relationship with the Clinical Commissioning Groups (CCGs) across Devon, where there are 85 NHS Property Services Limited managed and owned sites.

These relationships have now developed further by working at a strategic level across the Devon ICS area on development and optimisation projects to meet their strategy to help deliver improved primary care estates.

Devon ICS has significant ambitions to transform healthcare in the region, with some particular challenges to reduce health inequalities across the area. There are varied challenges across the region impacting the population's healthcare requirements, from areas of economic deprivation to an ageing population.

Estate is seen as a key enabler to resolving these challenges and helping the NHS optimise patient and workforce experience. Yet the primary care estate in this area is of varying quality – with some inefficient, poorer quality or under-used buildings not enabling best use of NHS resources to provide optimal patient care.

NHS Property Services Limited is a key partner to Devon ICS and works collaboratively to design and deliver the estate required to support transformation of the region's healthcare. We have undertaken a review of the Devon community healthcare estate to establish strategies for each site through proactive strategic asset management.

We have taken account of the emerging local clinical needs which enables us to understand whether these are long medium or short term holds. This has enabled us to right-size the estate, invest appropriately and identify opportunities to support the primary care strategy.

This partnership has enabled the NHS family to come together to deliver successful projects in the region through increased collaboration. The success of the partnership demonstrates how an aligned estate and clinical strategy can enable one another to make a positive impact to an area's healthcare outcomes.

As of 2020/21 this review across our Devon portfolio had identified opportunities at all sites, including disposal proceeds of up to £4.7m, a floor area reduction of 4,800 sqm and annual CCG savings of c.£0.5m per annum.

#### Key sites that demonstrate this productive partnership include:

- Axminster Community Hospital: a capital recycling funded repurposing of former ward space to accommodate clinical services, staff wellbeing areas and spaces for social prescribing.
- Enabling social prescribing through the repurposing of vacant space at Axminster, Whipton (Exeter) and Okehampton Community Hospital sites.
- Supporting the NHS COVID-19 response through the repurposing of spaces for bed capacity, testing and vaccination; including Ottery St. Mary, Honiton, Okehampton, and Seaton Community Hospital sites.
- Mount Gould Hospital: we are contributing to a review of how the space is used across the site, which includes a relatively recent addition funded through Community Health Partnerships (CHP). This initiative will inform ongoing space optimisation and the potential for the co-location of services which will contribute to better clinical outcomes.

### Improving accessibility

Whether you have a physical disability, anxiety about visiting a new place or just want to know what to expect, we are committed to ensuring that our NHS buildings are accessible to everyone.

Having detailed and accurate information about the building you are going to visit is the first step in making our properties more accessible. We have been in partnership with AccessAble since 2017, and they have undertaken in-person surveys of many of our buildings to create online user guides.

We now have 365 guides that provide detailed information on a range of accessibility criteria to help visitors plan and prepare accordingly before visiting one of our buildings.

In 2021/22, we also continued to improve the access of our sites, using the insight we gathered through the AccessAble surveys. Working closely with our internal construction and minor works team, we used analysis from AccessAble to identify where improvements were most needed.

We delivered 34 accessibility improvements across NHS Property Services Limited properties, including installing automatic doors that can be easily opened, lowering reception desks, adding handrails, and refitting accessible toilets.

The guides and accessibility improvements to our sites will positively impact all our patients. The guides will reduce anxiety for patients concerned about visiting sites and remove the need for patients to visit a site in advance, whilst the improvements will help make our sites easier to get in and around. Both will help visiting our sites a more positive experience and help to reduce the number of patients who do not turn up for appointments.



365

AccessAble guides available for our properties



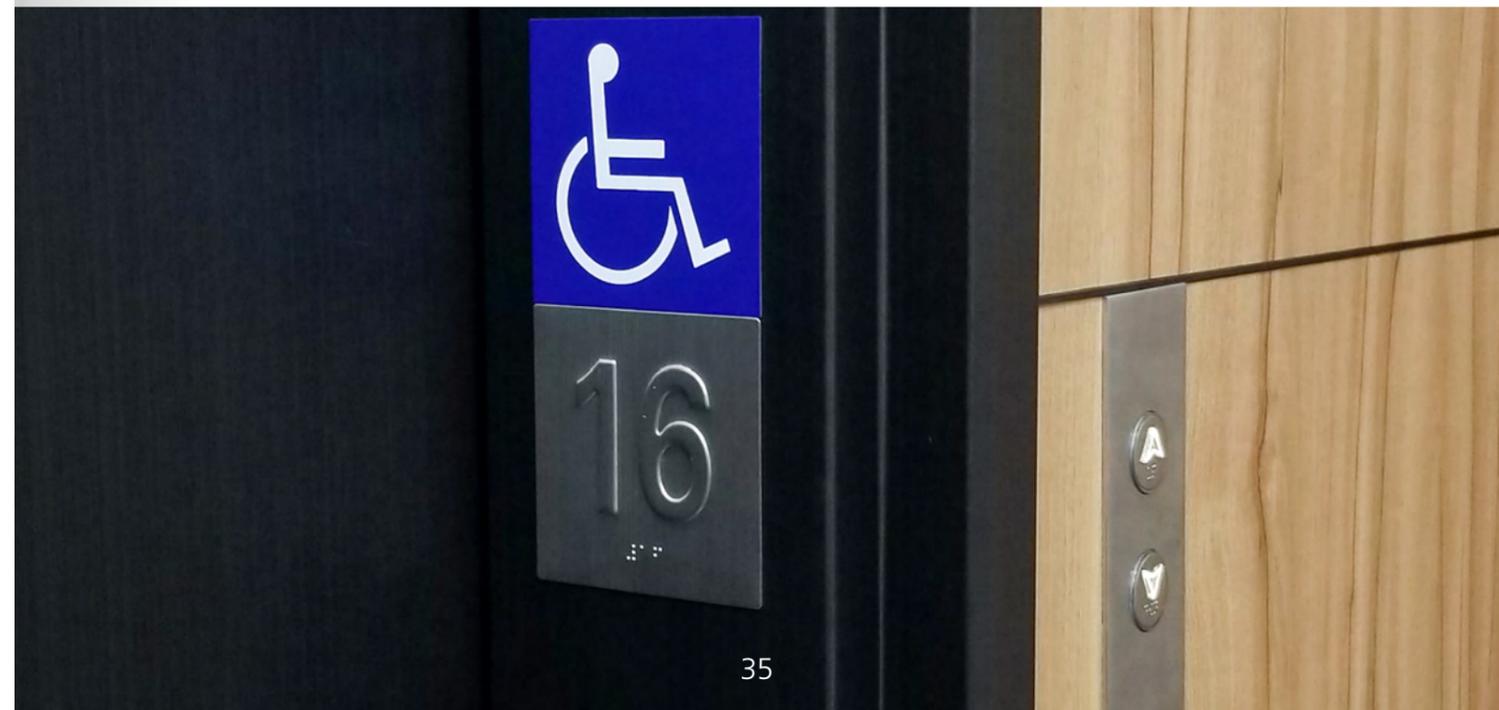
34

accessibility improvements delivered



£917,231

invested into improving accessibility





28

handbacks completed in 2021/22



14,111sqm

handed back



£1.07m

in vacating payments secured



£5.3m

in disposal proceeds



## Reducing vacant space

The Vacant Space Handback Scheme was introduced in 2017 as a key initiative to bring significant benefits to the system by driving a reduction in overall property footprint.

The scheme enables customers to relinquish space (either parts of or whole buildings) that is no longer needed, removing the burden of costs and releasing funds that better enable our customers to deliver the frontline care our communities need and help the NHS transform.

Collaborating with our customers to develop strategies that will help deliver healthcare needs, we continue to highlight opportunities to handback space that may then be optimised through re-letting, disposal or development.

This year, by implementing plans to streamline the process, we have significantly reduced the time taken to issue a formal handback offer to customers and a more robust approval process has improved accountability.

Over the course of the scheme, we have completed 202 handbacks equating to 127,770m<sup>2</sup> of space, securing £11.2m in vacating payments and generating savings of over £32m in running costs to the NHS.

We have disposed of 46,137m<sup>2</sup> of space handed back with proceeds from the sale of surplus sites exceeding £23m.

We've also reduced vacant space to 9.36% and vacant funded space from 4.99% to 4.28% against a 1 April 2021 baseline total estate net internal area (NIA) of 2,295,893m<sup>2</sup>.



## Enhancing our occupancy model

We have continued to support the healthcare system in a cost-effective way as landlord and service provider by further developing the occupancy model for our customers. The initial stage of this process focused on establishing a basic level of occupancy across our eligible portfolio.

Last year this was enhanced by launching a standard occupancy document set and commissioning pack to help customers formalise their occupancy where there is not already a lease or an occupancy agreement in place.

Using this new occupancy document set, we worked with NHS occupiers to document their estate. This documentation will drive transparency and improve our billing, as well as helping to optimise the way that space is used across the NHS estate and support the provision of excellent patient care through a better managed estate.

The target for 2021/22 was to document 500 occupancies, however we documented 325 occupancies and therefore did not meet this target by year end. In spite of this, we continued to make good progress in reducing the undocumented estate, which has dropped from 508 to 150 and now stands at just 3%. This is an ongoing programme and will run until the estate is completely documented.



325

occupancies documented



Undocumented estate reduced to

3%



## Delivering sustainable, quality services

As an organisation, we take pride in being the best we can be and enabling excellent patient care. Our focus is always on what we can do to improve and how we can work together with our colleagues and customers to achieve our common goals.

Being a responsible business and delivering sustainable estates is fundamental for us. It's at the core of changes we've made in previous years and will continue to make as we respond to the demands of the times we live in, and the needs of those we serve – our customers, our patients, our communities and our colleagues.

We have made good progress in recent years to improve the way we operate as an organisation and the impact we have as an employer, in areas including social responsibility and environmental impact, utilising data to drive efficiencies and reduce our carbon footprint and creating flexible working solutions.

In addition, we're improving how we collect data on our buildings to help drive efficiencies in how we use our estate and better enable smarter working.

## Driving a greener NHS

Over recent years, NHS Property Services Limited has made significant progress on its environmental agenda. Since 2019 we have reduced our carbon footprint by 30% and saved £23m, generating vital funds that can be reinvested back into the NHS.

Our Green Plan for 2022/23 to 2025/26 sets out our priorities over the next three years and further accelerates our efforts to become net zero carbon by 2040. The new plan builds on our existing strategy, which is divided into three focus areas – utilities, energy and environment.

Since 2019:



**30%**  
reduction in our carbon footprint



**52,815 tCO<sub>2</sub>e**  
saved



**£23m**  
in savings



### NHS Property Services Limited total energy use, carbon dioxide emissions and intensity ratio\*

	2017/18	2020/21	2021/22	Variance against baseline*
Energy use (kWh)	<b>603,957,213</b>	<b>513,233,315</b>	<b>485,734,874</b>	<b>-20%</b>
Associated carbon dioxide emissions (tCO <sub>2</sub> e)	<b>156,351</b>	<b>109,708</b>	<b>103,535</b>	<b>-34%</b>
Intensity ratio for the property estate (tCO <sub>2</sub> e/m <sup>2</sup> )	<b>57.46</b>	<b>47.98</b>	<b>46.99</b>	<b>-18%</b>

\*Baseline data from 2017/18 is a comparative. This data has been updated to reflect changes to our portfolio in 2021/22.



## Utilities

As we have a large and diverse estate, it is imperative that the utility data we collect is fit for the present and future. The insights derived from this data have helped us to reduce usage and costs for the NHS. Our colleagues on the ground have been key in our success to date and we have started gathering data on electricity usage to monitor the performance and identify issues within buildings, often before the occupier even knows there is a problem.

Metering a larger cross-section of the estate has helped us to provide more granular data on consumption patterns to help identify opportunities for efficiencies. We have been

working on a programme of sub-meter installations, specifically the ones we monitor at building and floor level. We have also installed an additional 1,200 advanced meter reading (AMR) meters.

In April 2020, we adopted a flexible procurement strategy, with 100% of our electricity being renewable. The procurement strategy has delivered significant benefits, with cost savings of over £10m by April 2021 and a further £6m in savings by April 2022.

## Energy

With over 7,000 customers across England, we have the ability to make a considerable impact in reducing carbon emissions. To this end, we're working hard to decarbonise our estate and reach net zero carbon by 2040 in line with NHS England's commitment.

Over the last few years, we have established a successful programme of upgrading our lighting systems to LEDs across the estate, with over £14.7m invested so far. This programme is ongoing and is a core part of our carbon reduction strategy. Through 2021-2022, we delivered £4.5m worth of LED upgrades and achieved £2m worth of savings. We also invested another £4.6m through vesting for LED fittings for installation in 2022/2023.

With the NHS accounting for around 3.5% of all road travel in the UK, it has a responsibility to reduce emissions from this sector. A number of electric vehicle charge point (EVCP) installations are already taking place across the NHS estate - either as part of new build/redevelopment works, as a result of occupier requests or internal initiatives.

To mirror the commitments of NHS England and create more consistency, NHS Property Services Limited has been developing a strategy for the rollout of electric vehicle (EV) charging infrastructure across our estate, which will in time allow the transition of our van fleet to EVs.

In addition to working with our EV Infrastructure Working Group, we are also working in partnership with NHS England and various partners such as ICSs to enable our customers to transition to EVs in the future.



## Environment

One of our key priorities over the next three years is incorporating climate adaptation and biodiversity initiatives into our estates strategy and mapping the long-term risk on climate change of our sites.

Managing our reaction to environmental incidents and taking proactive steps to reduce them is one of the best ways to help protect our environment. We have introduced a reporting procedure for environmental incidents and observations to help drive a consistent, standardised response that will resolve any environmental incidents quickly and safely.

We have undertaken a biodiversity trial with the Biodiversity Working Group at Health House Centre. This has helped us establish a methodology for future biodiversity projects. We have also released two guides to assist teams wanting to embark on a biodiversity project.

Climate change remains a real concern for estates management and last year, we undertook a preliminary, high-level risk assessment to identify climate risks. As part of that investigation, we selected 300 sites (predominantly buildings from the late 70s, 80s

and 90s) and mapped them against physical climate-related risks. These 300 sites all have patient care services operating 24/7 so the possible impacts of climate change would put these services at risk.

These risks were assessed based on the present day, 2040 and 2100 - using several global warming scenarios. These included the worst-case scenario of a 4°C temperature increase, a 2°C increase and the best-case scenario of a 1.5°C increase. We also analysed other risk factors, such as heat stress, wind, precipitation, coastal flooding and drought.

One of the key findings showed that an increase in wind patterns would be the biggest threat to our sites, with tornadoes and storms expected to cause significant property damage.

The findings of our investigation are considered in the development of new buildings to ensure that sustainability and climate resilience remain a priority. Over the next few years, we will also be expanding our assessment to the rest of our sites and widening its scope to include other factors (e.g. extreme weather occurrences, flash flooding and surface water flooding).



## Redeveloping a health centre with sustainability at its core

In October 2020, the NHS became the world's first health service to commit to reaching carbon net zero, in response to the profound and growing threat to health posed by climate change. The "Delivering a Net Zero Health Service" report sets out a clear ambition and two evidence-based targets including being net zero carbon by 2040 in line with the UK government's target for the country to become net zero carbon by 2050.

NHS Property Services Limited is committed to supporting the wider NHS in achieving these goals, and teams across the organisation are working hard to make a 'Greener NHS' a reality. Sustainability is at the forefront of our property development pipeline, and it is embedded in each project from the outset to delivery.

This 'golden thread' of achieving the highest sustainable and environmental standards is demonstrated as part of our collaboration with NHS North West London Clinical Commissioning Group (CCG) as we bring forward proposals for a new, larger, and modern health facility at Chiswick Health Centre and 55 affordable homes nominated to NHS key workers.

The focus of our plans for Chiswick Health Centre has been to ensure that it is not only modern and fit for purpose, but also achieves the highest environmental standards by embracing sustainable design and low carbon technologies.

Given the site's location within the London Borough of Hounslow, the project is required to comply with the Council's Development Plan which outlines the sustainable development requirements:

### Hounslow's Local Plan:

Requires all developments to achieve the Net 'Zero Carbon' standard with a minimum 35% CO<sub>2</sub> emission improvement over Part L 2013 Building Regulations.

### Mayor's London Plan (2021):

Requires compliance with the stages of the Mayor's Energy Hierarchy to achieve the Net 'Zero Carbon' Standard:



**Stage 1: Be Lean:** Use less energy and manage demand during operation



**Stage 2: Be Clean:** Exploit local energy resources (such as secondary heat) and supply energy efficiently and cleanly



**Stage 3: Be Green:** Maximise opportunities for renewable energy by producing, storing, and using renewable energy on-site



**Stage 4: Be Seen:** Monitor, verify and report on energy performance

CHISWICK  
HEALTH  
CENTRE

The scheme incorporates modern, low carbon technology such as:

- Mechanical ventilation heat recovery
- Air source heat pumps providing heating
- Heating and domestic hot water and cooling
- LED lighting with appropriate passive infrared sensors (PIR)
- Solar photovoltaic arrays
- Electric vehicle charging points

The results show that the combined health centre and residential development delivers a site-wide:



**77%**

reduction in carbon dioxide emissions against a Building Regulations Part L (2013) baseline



Equalling a saving of approximately

**59.8 tonnes**

of CO<sub>2</sub> per annum

The scheme also demonstrates compliance by utilising a 'fabric first' approach with thermally efficient building fabric that far exceeds Building Regulation Part L 2013 minimum compliance.

The Chiswick project construction is expected to start late in 2022 with demolition of the existing building once all clinical services has transferred to the nearby Stamford Brook Centre for a 2-3 year occupation.





## Establishing our new charity partnership

In May 2021, we launched our new three-year national charity partnership with Young Lives vs Cancer following a colleague vote. Through our partnership, we are aiming to fundraise, volunteer, provide space and our expertise to support the charity and the children, young people and families they support.

We've set ourselves the target to raise £150,000 by 2024 which could help 800 children, young people and their family members. All the money NHS Property Services Limited colleagues raise will help Young Lives vs Cancer to help fund six Homes from Home in England – a free place for families to stay when their child is on treatment also known as a 'lifeline to families'.

Children and young people's cancer is often treated in a specialist centre rather than the local hospital. That may be a long way from home, so at a time when families should only have to focus on their child or young person's treatment, they're worrying about the logistics and costs of getting to hospital, and where they're going to stay close to them.

Young Lives vs Cancer Homes from Home are a free place for families to stay when their child is going through cancer treatment. They're close to principal treatment centres, helping families avoid the extra financial burdens of travel, accommodation and food costs. They also allow young cancer patients to be close to their loved ones, keeping the family together at a difficult time.

Throughout this year, colleagues have rallied together and already raised an incredible £43,000. Fundraising activities have included virtual exercise classes, raffles, rows and challenge events.

Next year, we are looking forward to planning more activities and initiatives to continue to support young cancer patients and their families.



**£43,000**

raised for Young Lives vs Cancer to date



Funding will help us to support

**266**

children, young people and family members

## Creating smarter buildings

Our Smarter Buildings programme is about utilising technology to automate processes or automatically control or capture data around operational systems. A smart building uses technology to enable efficient and economic use of resources, provide solutions capable of making a positive community impact and enhance customer or patient experiences. Smart buildings will use a wide range of existing technologies and are designed or retrofitted in a way that allows for the integration of future technological developments.

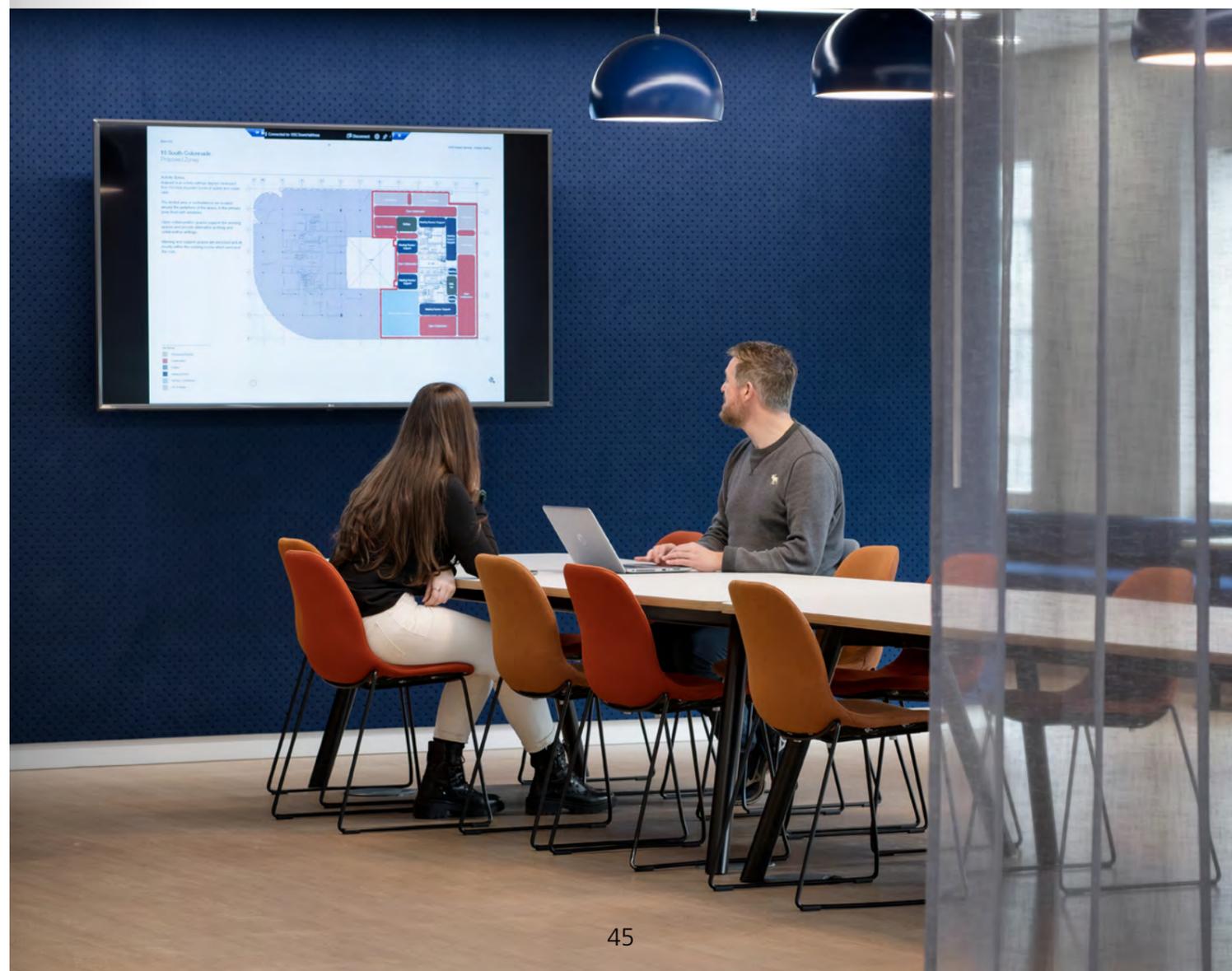
Our initial objective was to identify potential technologies, propose and deliver a proof of concept to gain further insight into the potential benefits for NHS Property Services Limited, customers and patients.

Market analysis has taken place over the past six months and more recently this has extended

to localised testing of some specific sensor technologies. As of March 2022, this has been extended to a working proof of concept in 10 South Colonnade. This will continue for a further three months with our findings expected to form part of a business case to support our Greener NHS efforts.

The proof of concept is ongoing but initial feedback suggests the technologies will provide significant benefits to all.

The initial findings show we can monitor a number of services with relative ease, including carbon monoxide, carbon dioxide, humidity, temperature, air quality, electrical current and occupancy. In the next year, we are looking to further explore how we can utilise the data we gather from our buildings to drive efficiencies and use our estate as effectively as we can.



## Smarter working

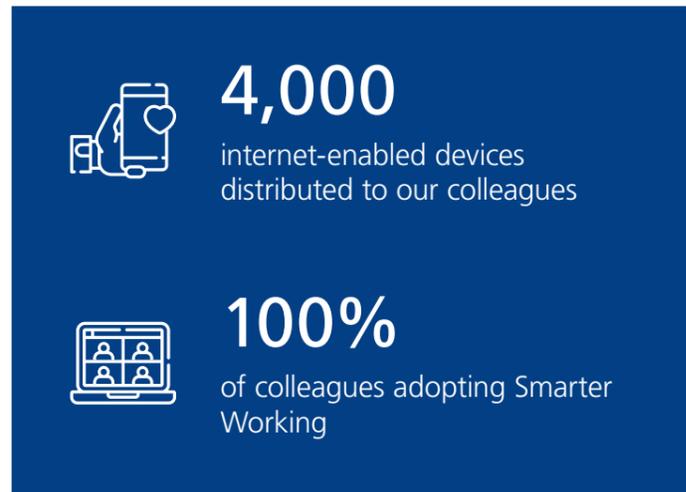
In 2021, NHS Property Services Limited implemented a Smarter Working policy to give our colleagues freedom of choice and empower them to work in the way most suitable for them and their day. The policy has seen a large-scale adoption of digital technology and flexible working.

With over 4,000 internet-enabled devices being distributed to our colleagues, this has allowed task allocation, document retention and quality control to move from being paper based to being electronic. While the pandemic has seen a large-scale adoption of working from home for office workers, we have recognised that this alone does not deliver environmental benefits.

Our goal was to enable a culture of engaged, enabled and high performing teams and equip our organisation to meet the dynamic needs of our business and our customers.

We fitted out our new Southern Collaboration hub in a way that supported agile and hybrid working, with collaboration spaces, digitally enabled meeting rooms and plug-in and play docking stations. The result is that the majority of meetings are now done digitally, which enables more flexibility in the working day, supports inclusivity and reduces our carbon footprint.

We're also supporting our customers to explore smarter working options and develop office strategies to drive efficiency and support staff wellbeing.



## CASE STUDY



## Relocating and refurbishing office space to enable a more efficient estate

Dearden House, an office building, accommodates three community teams across East Lancashire Hospital Foundation Trust. The property was approximately 50% occupied, cellular in design, and required considerable investment to make it fit for purpose and enable more flexible working.

The costs of upgrading this space, as well as the money wasted on vacant space, were seen as potentially avoidable, and so as part of our Healthy Places programme, NHS Property Services Limited teams worked through options with the CCG and Trust to explore office space elsewhere in the estate.

We identified suitable space that was standing vacant in nearby Haslingden Medical Centre, a modern fit for purpose Health Centre which already houses several community services teams and a GP practice. Although the space required investment to ensure it was suitable for the community teams, it was seen as an ideal fit and offered service synergies.

We invested £100,000 to refurbish this vacant space, creating a welcoming and efficient office facility designed in tandem with the community services who would soon be using it. Upon

completion, we supported the relocation of teams to the new space, freeing up Dearden House for disposal.

The previously vacant space at Haslingden Medical Centre has now been refurbished to create a welcoming and efficient office facility, spanning two large offices, one smaller office, and two one-to-one / confidential rooms for the community teams to use.

Co-locating services at Haslingden will help offer more joined up health and social care to the 16,800 patients using the centre, with a range of community teams working side by side in this health hub. It also removes 150sqm of vacant space and associated backlog maintenance costs at Dearden House totalling £50,000. Consolidating the estate onto a smaller footprint is also environmentally friendly, reducing the NHS estate's carbon footprint.

The sale of the surplus premises generated additional funds to reinvest in the NHS, whilst allowing the building to remain a source for employment and the expansion of a local business.



# Get, grow, keep great people

Our people are central to all that we do. Our vision is to provide excellent patient care and to be the best facilities and estates provider to the NHS. We can only do this if we actively get, grow and keep great people from all parts of our society.

Over 2021/22, we worked hard to ensure we have the right tools and systems in place to support our people.

## Our people strategy

Following the successful launch of our people strategy to 'get, grow and keep great people' in June 2020, we have introduced a new people approach which is key to our success. Our Customer at the Heart programme will drive a more customer focused mindset across NHS Property Services Limited and will be embedded across our three objectives:

 Hire for attitude, train for skills

 Spot and develop talent at every level

 Create an engaged and enabled, values driven culture

Over the second year of the people strategy, we have focused on building on the foundations from year one 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
- Continuing to play an important part in supporting the NHS response in the global pandemic

# GET: Recruiting great talent

Over the last 12 months we have transformed the Talent Acquisition delivery model to help drive more direct recruitment and reduce costs.

We implemented a new recruitment agency Preferred Supplier List (PSL) with standardised fees and selected 30 successful agencies to cover all types of recruitment (temporary, fixed term and permanent).

We also launched a new recruitment system, the Career Hub, this year which brings the end-to-end recruitment process together in one, a streamlined, automated, and easy to use new system. The aim is to provide a best-in-class manager and candidate experience and to drive internal mobility as part of our retention strategy.

We have continued to deliver more direct recruitment and we closed out the last year with 72% of our new hires being sourced directly, and over £1.05 million in cost transformation and £1.35 million in cost avoidance through direct talent acquisition. We also continued to support with volume facilities management recruitment activity during the pandemic.

## Our values and culture

Our values and behaviours were refreshed and launched to the business in 2020. The focus for 2021/22 has been on embedding these into our core people practices. Candidates for vacancies are now asked to demonstrate their alignment with our values at interview and our learning and development programmes for colleagues at all levels have been designed to further develop these values.

In addition, our performance processes for non-frontline colleagues have been overhauled so that how a colleague delivers their goals is as important as what they deliver, and this is reflected in our approach to annual performance assessment.



## GROW: Developing our people

In 2021/22, we launched a new learning management system to create a one-stop shop for learning and development, as well as performance management. The platform has received positive feedback from colleagues, and we have created a catalogue of development options on the platform to support business priorities such as diversity and inclusion, wellbeing and manager upskilling.

A key priority for the People team in recent years has been the creation of the “Leading the NHS Property Services Limited Way” programme. This leadership programme has been designed to underpin our values and develop “engage and enable” leadership behaviours. It was delivered to leaders at every level in NHS Property Services Limited throughout 2021/22 and senior managers were involved in co-delivering the programme, all of which was delivered virtually over Microsoft Teams due to the pandemic.

This virtual approach was also used to deliver a five-module people management programme to all leaders in our operational frontline areas.

Over 500 leaders completed this programme which focused on enabling excellence. To support the leadership development programme, we also offered 13 specialist modules and we have seen 1,300 modules completed by our management population.

We introduced structured training plans for new colleagues joining in frontline operational roles. The Domestic Assistant and Catering Assistant job ladders have been the first to go live and work is underway to develop job ladders for other frontline roles. Training plans were put in place for all maintenance team colleagues, with 1,700 training activities completed for specialist subjects including gas, electrical, asbestos, and safety related courses. We invested in a number of training laptops across the regions to make learning accessible for frontline colleagues.

Apprenticeships were another key focus and we extended our offering in 2021/22 to provide more opportunities across the company. We now have 73 apprentices on programme and we plan to hire an additional 19 in the next year.



## Driving engagement and recognition

We recognise the importance of having an engaged workforce and the role that they play in enabling excellent patient care. 2021/22 was the second year of our response to the pandemic and ensuring that colleagues continued to feel engaged and committed to NHS Property Services Limited was a top priority given the challenging environment.

We used our online colleague engagement survey, Your Voice, to collect feedback and measure engagement through two surveys in 2021/22. The first was a survey specifically designed to collect feedback about equality, diversity, and inclusion (EDI) at NHS Property Services Limited.

Our overall EDI score was 8.3 out of 10 which was 0.2 above the external benchmark. The survey highlighted strengths in workforce diversity and fair opportunities, but highlighted that more can be done to support internal mobility for colleagues from all backgrounds. The survey also highlighted the importance of

managers taking time to regularly listen to and value ideas from their team members. Feedback from this survey will shape the EDI strategy that will be launched in 2022/23.

Our main engagement survey ran in November and was completed by 72% of our colleagues. We maintained our engagement score of 7.7 out of 10 which is 0.2 below the external benchmark. Key highlights from the survey included feedback about recognition from managers for high performance and strong peer relationships across the business. Our biggest improvement was in learning and development, reflecting the step change in this area since the launch of the people strategy.

We continue to celebrate and recognise colleagues across the business through our recognition scheme. Colleagues who have role modelled our values are chosen as People's Champions on a quarterly basis. In 2021/22, we recognised 215 People's Champions across the business.



## KEEP: Retaining our best colleagues

Creating a culture and environment where colleagues can develop and grow is essential for retention and it is especially important in the post-pandemic labour market. We continue to work towards filling 70% of our leadership roles with internal candidates and there is work already underway to develop our culture and provide more formal development and growth opportunities to support this ambition.

This year has seen the development of career tools for many of the NHS Property Services Limited professions. As well as providing materials that describe career and experience pathways and role profiles, we are also training colleagues in each profession to become 'career supporters'. This network of colleagues has volunteered to provide information about their roles and professions to others across the business to help enable more cross-functional movement around the organisation.

## Gender pay gap

The 2021 median gender pay gap in the UK was 15.4% and whilst our figure is above the national average (18%) we are taking steps to address this. The company has continued to grow and during the pandemic, no one was placed on furlough nor made redundant.

Two thirds of our colleagues are women and proportionately more females are working in frontline services (lower quartile) and fewer in the upper quartile. However, our Executive Team continues to have a higher proportion of females (4) to males (3) and we are taking steps to address the male to female ratio in the more of the senior roles. The impact of the pandemic has reduced turnover at senior manager level, resulting in fewer opportunities for females to fill vacancies.

COVID-19 has created opportunities to extend our flexible working arrangements which is an important factor in the attraction, retention and access to opportunities for female colleagues. The Women at NHS Property Services Limited working group was created in 2021 by and for 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 at NHS Property Services Limited. We anticipate that these actions will have a positive impact on our organisational make up for many years to come.

## Equality, diversity and inclusion (EDI)

Over the last 12 months we have increased our focus on becoming a more inclusive workplace. We are committed to enabling social mobility and creating an environment where all colleagues feel they belong and can meet their career aspirations.

We've developed our first Equality, Diversity and Inclusion (EDI) strategy which will not only shape our internal processes and culture, but also how we can use our estates to support inclusivity. We're looking at using health inequalities data to inform customer estates strategies and working to transform buildings and outdoor spaces on the NHS estate in deprived areas to enable social prescribing and community activities.

We will closely align our talent and recruitment strategy with our EDI agenda, aiming to develop programmes for all levels over the next three years that will support colleagues in our teams to fulfil their potential. This includes early careers and apprenticeships support and ensuring under-represented groups are included in talent development initiatives.

Having the right data will play a key role in helping us to truly embed EDI across our organisation and we recently launched a data campaign to improve our demographic data. This will provide an insight into the diversity and culture of our colleagues and inform future campaigns and initiatives.

We will ensure EDI is embedded in all of our people policies and practices to help managers understand their role and accountability in driving inclusion across NHS Property Services Limited. Training and development will play a key role in our EDI strategy, and we have a unique opportunity to leverage digital transformation to enable inclusion through access to technology and upskill our frontline colleagues.

We have also established a Board-level committee to support and drive our EDI agenda, as well as set up a number of peer-led network groups including Proud (LGBTQ+) at NHS Property Services Limited and Women at NHS Property Services Limited.





## Volunteering

As a business, we are committed to protecting and improving the health and wellbeing of communities we operate in. As part of our wider Corporate Social Responsibility (CSR) programme, we want to give all employees the opportunity to volunteer their time and skills for the benefit of the local community.

In addition to the benefit to the community, volunteering is a valuable opportunity for employees to apply and develop skills, broaden perspectives, and contribute towards our key values. We want to empower our colleagues to use their skills and time to address local health inequalities and create healthier communities.

We work closely with Big Alliance and Volunteering Matters; two organisations that help find and support volunteering activities in various communities. We also work with

different charities and organisations to provide the support they need – we've supported 49 different charitable organisations through colleague volunteering this year, as well as getting colleagues involved at our own sites.

The response from colleagues has been incredible. Colleagues have voted their volunteering day the 'highlight of the year', as it allows them to bond with their team as well as contribute to a healthier and happier community. It also helps colleagues to connect more to what we do as a business.

In 2021, we set ourselves the challenge of having 5% of our colleagues dedicate some of their working hours to improve the health and wellbeing of communities across England. Since setting this challenge we have achieved:



All colleagues are entitled to  
**15 hours**  
paid volunteering leave



**8.1%**  
of colleagues volunteered

that's



**2,431.5**  
hours of volunteering

with



**421**  
people across the business

**99%** of colleagues

- would recommend volunteering to others
- said they enjoyed their day
- felt they had made a tangible impact

### Our 3 most popular volunteering opportunities:



General garden maintenance work, to help **improve schools and community gardens**



Working with food banks, to help prepare, pack, and send out food parcels **to those in need**



**Supporting and improving** adventure playgrounds, so that the children have a safer and happier experience

### Volunteering benefits for our colleagues



- Enjoying the outdoors
- Having a change of routine
- Spending time with their team
- Feeling good about making a difference

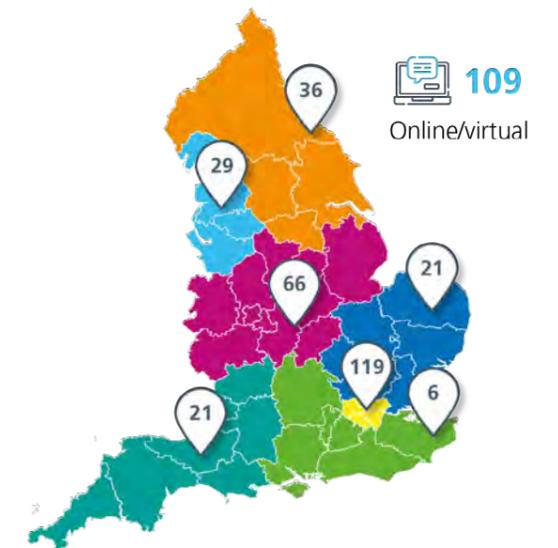


- Learning new skills like:
  - Gardening
  - Public speaking
  - Creative writing
  - Mentoring
  - Improving professional skills in new settings



- Making outdoor spaces inviting and useable for community groups and charities
- Using skills to solve problems for charities
- Using experience to help young people find work
- Using creativity to help people with memory disorders

### Regional breakdown of volunteering



Approved by the board and signed on its behalf by:

**Martin Steele**  
Chief Executive Officer  
NHS Property Services Limited

17 February 2023



# Chief Financial Officer's Report

## Our qualitative results

COVID-19 continues to present operational challenges to the NHS and the wider healthcare system. The challenges are continuously evolving, and with them the needs of our customers and the support needed by the NHS. This has shaped our approach to 2021/22, making it a year of consolidation, delivering on specific projects, and continuing to do the basics well. This is what enables our ability to deliver value and excellence to our customers.

### Improving customer experience

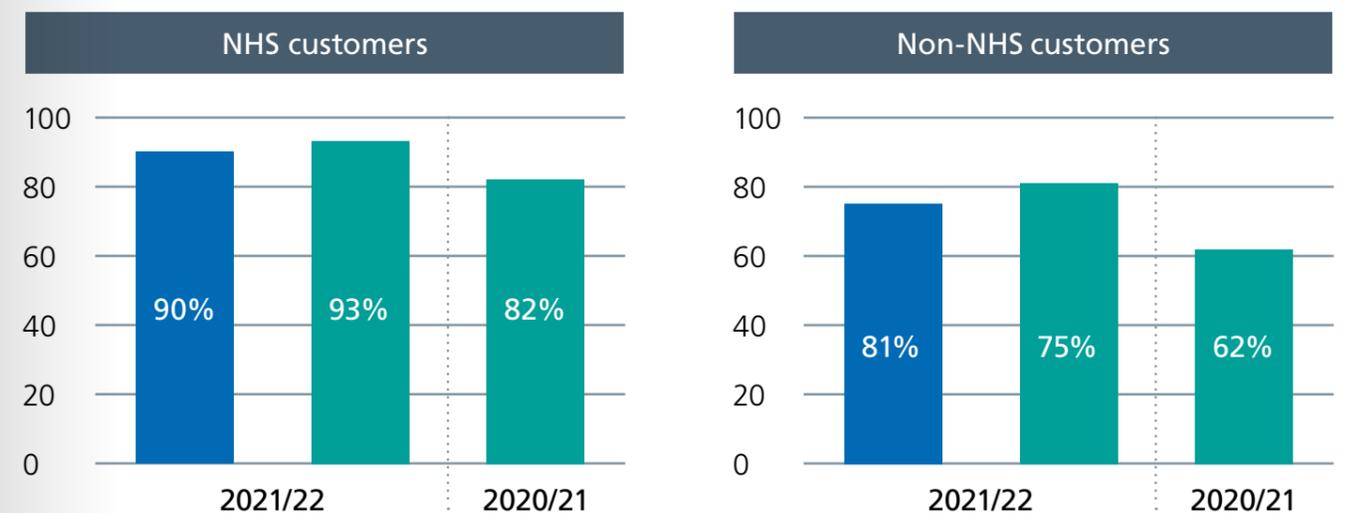
During 2021/22 we have continued to improve our analysis of property and customer data with associated operational metrics and consistently calculated actual costs. This repeatable process for inhouse cost allocation has been established across all regions, providing accuracy for NHS Property Services Limited's customers and clarity for frontline colleagues when explaining the service costs and their components. This process has been automated and is presented via the Business Information Visualisation (Power BI) platform providing NHS Property Services Limited with a single location to view costs, budgets and benchmarks to drive operational, financial and strategic efficiencies.

We have also continued our focus on resolution of customer queries and communication. Annual Charging Schedule (ACS) check-ins are the fundamental backbone of our customer interactions. These have transformed customer conversations and are a key enabler

of increased cash collections and prompt payments being made. Agreement of ACSs have continued to increase compared to 2020/21 and against target.

We have continued to improve our efficiency in delivering to customers in other areas of the business, including more efficient invoicing and earlier communication of year end facilities management and service charge reconciliation outcomes. This year 127,955 invoices with a value of £748m were raised (compared to 195,299 with a value of £757m in 2020/21), evidencing our approach to more considered and accurate billing. We have also delivered more year-end reconciliations to our customers earlier in the year in 2021/22. 90% of year end reconciliations (true-up) were sent out to our customers by the end of August 2021 (compared to 83% in 2020/21) with 100% completion by the end of September 2021 (compared with 99% in 2020/21).

### ACSs agreed



■ Target ■ Actual



## Delivering value for our customers

Ensuring we deliver value and savings across the NHS Property Services Limited estate continues to be a key focus of our strategy. In 2021/22 we achieved cost transformations savings of £44.1m against a target of £31.9m. This result is mainly driven from insourcing projects (£6.9m), energy optimisation (£5.9m) and leasehold and freehold disposal (£7.3m) programmes. Together, these created greater efficiencies and a more consistent standard of performance for our customers and patients.

Our cost transformation programme has delivered £242.8m of cost savings since its inception in 2017, savings that have been invested back into the NHS to enable excellent patient care.

In 2022/23, we will be expanding the scope of the programme and while cost savings will continue to be a vital component, we will also be driving a more holistic view of the value for money we provide for our customers and stakeholders, for example through income generation, increased efficiencies, and sustainability.

## Reducing debt and improving cash collection

We have continued to improve our billing and customer engagement which underpinned the reduction in current debt from 71 debtor days to 65 days as of March 2022. Furthermore, 82% of billed in-year charges have been paid (87% for NHS) as a result of increased ACS and billing accuracy, compared to 80% in March 2021.

As a result of the continued improvement in billing, increased customer engagement and effectiveness of our debt management programme, overall debt has reduced by £88m to £407m (2020/21: £495m), a reduction of 18% compared to 2020/21. Our other achievements include cash collections of £854m, which is equivalent to 117% of annual income.

Our progress and success in this area has enabled us to repay our remaining £98m loan with the Department of Health and Social Care.



## Delivering the basics well

Underpinning our financial success are our strong underlying controls and business practices within NHS Property Services Limited. We continue to deliver the basics well which allows us to provide accurate and transparent information to the management team to inform their decision making.

Some of the ways we've maintained ongoing success is through developing stable processes such as:

### Balance sheet integrity and reporting improvements

Balance sheet reporting continues to be produced monthly and is reviewed by the Finance senior management team. This iterative reporting continues to adapt to new business focuses. This reporting also includes key performance indicators such as completion of balance sheet reconciliations, which continued to achieve a 100% completion rate throughout the year.

### Annual revaluation approach

To ensure the valuation of NHS Property Services Limited's assets are materially correct, we revalue approximately 40% of our freehold and PFI properties each year. We have worked with our professional advisors to develop a revaluation cycle which adds insight into our portfolio and incorporates a detailed understanding of our

properties into the valuation. This year 20% were revalued on a desktop basis, and the other 20% were inspected.

Each year we pick a representative sample to be revalued, and in the last couple of years we have worked to bring forward the project deadlines to avoid delays, particularly with regards to risks caused by COVID-19.

Despite challenges faced by COVID-19, our valuers have been able to inspect the majority of properties in the sample and provide an accurate valuation. Internally, we complete quality assurance procedures to ensure the valuation is precise and correctly mapped to the fixed asset register. We continue to review our process and in 2021/22, there have been increases in build costs which have had a material impact on our portfolio and due to our revaluation methodology, we have been able to incorporate indexation to the remainder of the depreciated replacement cost portfolio not revalued.

### Purchase order processes

Using our purchase orders correctly is essential to our strong control process and efficient supplier payment processes. Compliance with our No PO No Pay policy remains consistently high at 97%, (2020/21: 97%) and our average days to suppliers have decreased by 10% to 36 days at March 2022 (March 2021: 40 days).



## Our results in figures

### Income

In 2021/22, NHS Property Services Limited's income, excluding finance income was £730m which is consistent with the prior year of £727m.

### Expenditure

Total operating expenditure for the year was £766m (2020/21: £810m), a reduction of £44m (5%). This is mainly due to a reduction in impairment of £35m and expected credit loss allowance and doubtful debt expense of £18m within other operating expenditure, offset by increases in external construction costs of £8m.

### Property revaluations

The annual revaluation exercise generated a net unrealised gain in the revaluation reserve of £127m (2020/21: £18m) and £28m (2020/21: £22m) in the profit and loss.

For 2021/22, 452 sites were revalued; this represents 28% by net book value (NBV) of the NHS Property Services Limited portfolio.

The £155m increase to fixed assets represents an overall 3.7% increase to NBV of the entire portfolio and an overall 13% increase to NBV of the 2021/22 sample.

As well as the annual revaluation exercise, we have applied indexation to the remaining depreciated replacement cost buildings 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 £58m, £48m was recognised in the revaluation reserves and £10m impacted the profit and loss.

As at 31 March 2022, there was an overall impairment movement per the statutory accounts of £28m. There were additional impairment charges during the year in relation to assets transferring to held for sale, assets under construction impairments and lease exits which offset with the gains for the annual revaluation and indexation.

The 2021/22 revaluation exercise resulted in a closing value of the company's portfolio of £4,378m (2020/21: £4,234m).

### Capital receipts and investment in our estate

During the year, NHS Property Services Limited completed sales of surplus properties which realised gross capital receipts of £35m (2020/21: £34m) generating an accounting profit of £12m (2020/21: £10m).

NHS Property Services Limited increased its investment in the estate during the year with total capital investments of £135m (2020/21: £110m).

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.

### Debt positioning and funding

At year-end, we had trade receivables of £437m (2020/21: £531m), a reduction of £94m. Of the 2021/22 year-end trade receivables, £408m was past due, which is a decrease of £87m compared to the prior year (2020/21: £495m). This ongoing significant improvement shows the continuing benefit of the change in our debt strategy in

2019/20 supported by DHSC and NHSE/I.

NHS Property Services Limited repaid its flexible loan with the Secretary of State for Health and Social Care in full in the financial year 2021/22. The year-end loan facility utilised is £nil (2020/21: £98m). This is an in-year repayment of £98m.

### Loss for the year

The loss for the year was £82m (2020/21: £108m), a reduction of £26m (24%). This movement has several drivers but can be mainly attributed to a reduction in other operating expenses of £40m which is mainly comprised of a reduction in impairment of £35m and other movements of £4m. This is offset by an increase in finance costs of £23m which is mainly comprised an increase on unwinding of discounts on provisions of £29m offset by other movements of £6m. 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.

**Mark Smith**  
Chief Financial Officer  
NHS Property Services Limited

17 February 2023

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

# Accountability Report



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

## The Corporate Governance Report

The Corporate Governance Report sets out the structure and governance framework of NHS Property Services Limited, 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

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

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

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

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

As at the financial year end (31 March 2022) the Board of NHS Property Services Limited was composed of two 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 took over the position of Chair of the NHS Property Services Limited Board from Ian Ellis on 25 March 2021.

Jane has over 30 years of experience in the property and government sectors. Alongside her current role as Chair of Council at The University of Essex she is also a Non-Executive Director at the Government Property Agency. Her experience at a senior executive level spans global banking, investment management and property management in the UK and overseas.

In her role as Chair, Jane will work closely with the Department of Health and Social Care to steer the direction of NHS Property Services Limited, collaborating with customers, integrated care systems and local councils as the NHS estate evolves to ensure healthcare facilities meet the needs of the future in a sustainable manner. Key areas of focus will include building on existing work around community-based care and social prescribing sites, as well as supporting the NHS in achieving their goal of net zero carbon emissions by 2040.

### Ben Masterson Non-Executive Shareholder Director



Ben Masterson took on the role of Shareholder Representative Director on the board of NHS Property Services Limited on 31 January 2017.

He is currently Head of Companies and Commercial Projects at the Department of Health and Social Care, bringing vital insights to the board as our teams constantly work to improve the services we offer to customers and managing the Department's land interests.

An accountant by profession, Ben has held a variety of accounting and financial management roles in the NHS and worked on financial planning at the Department of Health and Social Care. Ben is a non-executive shareholder representative director of NHS Shared Business Services Limited, a joint venture company that provides a range of specialist support services to frontline NHS bodies, and a non-executive shareholder representative director of Community Health Partnerships Limited.

### David Godden Independent Non-Executive Director



David Godden became a Non-Executive Director of NHS Property Services Limited on 26 July 2018.

He was formerly Chief Operating Officer at Land Securities Trillium and Group Client Director at Telereal Trillium. David also previously held senior roles including Operations Director at Johnson Controls Limited and positions at BAE Systems both in Australia and the UK.

David is currently a Non-Executive Director of Sage Homes Limited. David therefore brings a wealth of real estate, facilities management and governance experience to the Board.

David is Chair of the Facilities Management Committee and a member of the Asset and Investment, Audit and Governance, Remuneration, Nomination and Customer, Partnering and Relationship Development Committees.

### Nick Moberly Independent Non-Executive Director



Nick Moberly joined NHS Property Services Limited as a Non-Executive Director on 4 May 2021.

For nine years he was CEO of the Royal Surrey County Hospital NHS Foundation Trust. He also spent two and a half years as CEO at King's College Hospital NHS Foundation Trust. Prior to joining the Royal Surrey, Nick spent three years at King's College Hospital NHS Foundation Trust as Director of Strategic Development, during which he worked to modernise the organisation as well as playing a key role in preparing the ground for the Trust's successful application for Foundation Trust status.

Nick is currently CEO of the MS Society UK, Vice Chair at Christian Aid, a Board Member of the MS International Federation, and Board Adviser for Dr Morton's Limited.

### Adrian Belton Non-Executive Director



Adrian Belton joined NHS Property Services Limited as a Non-Executive Director on 4 May 2021.

Adrian chairs the Asset and Investment Committee and is a member of the Audit and Governance Committee. Prior to joining the NHS Property Services Limited Board, Adrian was Chair of Stockport NHS Foundation Trust from 2017.

Adrian's leadership experience spans the private and public sectors with senior executive roles in banking, local government, and central Government.

Adrian currently chairs the MoD's Defence Science and Technology Laboratory and is a lay member of the Council of the University of Sheffield where he chaired the Estates Committee and sits on the Audit and Risk Assurance Committee.

## Caroline Wehrle

Independent Non-Executive Director



Caroline Wehrle was appointed as a Non-Executive Director to the Board on 1 September 2021.

Caroline is Chair of the Audit and Governance Committee and a member of the People, Culture and Diversity and

Inclusion Committee. Caroline has expertise in risk management, compliance and ethics, finance, audit, internal controls, and pensions. She spent 16 years at Diageo plc in a variety of senior finance, audit, risk and compliance positions, culminating in six years as the company's Global Head of Risk and Compliance.

Caroline is currently a Non-Executive Director with Aster Group, a housing association, where she is Chair of the Risk and Compliance Committee and Member of the Treasury Committee. She is also a Trustee Director with Diageo UK Pensions Limited and sits on its Investment Committee, Responsible Investment sub-committee and Audit Committee.

## Mark Lomas

Independent Non-Executive Director



Mark Lomas was appointed as a Non-Executive Director to the Board on 1 September 2021.

Mark is Chair of the newly formed People, Culture and Diversity and Inclusion Committee. This is a new

and key appointment for our organisation. It demonstrates our commitment to our fourth strategy pillar, 'Get, Grow and Keep Great People' and our Diversity and Inclusion strategy over the coming months and years.

He has delivered numerous diversity and inclusion projects in the UK and internationally across a wide variety of sectors, including The Financial Reporting Council, Lloyd's of London, Bermuda Hospital Board, Sheffield University, NHS Clinical Commissioning Group Boards, Highways England, ITV, The Law Society and the BBC. Mark is a published author on the topic of Equality and Diversity and is currently Head of Culture at Lloyd's.

## Martin Steele

Chief Executive Officer and Executive Director



Martin Steele was appointed Acting Chief Executive Officer on 1 April 2020, a position made permanent in May 2022. Martin assumed the role having been Chief Operating Officer since 2017.

Martin brings a strong track record of designing and implementing client side and supply side operational delivery models including both hard and soft facilities management strategies, which are vital to our efforts to deliver efficient and cost-effective services to our NHS customers. Martin has significant operational and commercial management experience, leading the delivery of complex integrated services at several blue-chip commercial organisations including BT, Andersens, Northern Foods and Debenhams and with international outsourcing and insourcing experience.

He is experienced at leading teams to add value to an organisation, as well as driving transformation in fast-paced and intricate operating environments and understands that setting the correct leadership 'tone', is a key driver and enabler to success. Martin also has broad expertise in construction project management, procurement, cost transformation and health, safety and environmental management.

Martin is a member of the NHS Property Services Limited Board, Strategy Investment Committee, People Committee, Customer Committee and Chair of the Executive Committee. Martin is also a Non-Executive Director of Notting Hill Genesis Housing Association.

## Mark Smith

Chief Financial Officer and Executive Director



Mark Smith joined the company formally as Chief Financial Officer and Executive Director on 1 May 2019. He has overall responsibility for guiding the financial strategy of NHS Property Services Limited.

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

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

## Changes to the Board during 2021/22

### Ian Ellis

Chair of NHS Property Services Limited to 25 March 2021

Ian Ellis joined the Company on 14 March 2016 when he became chair of NHS Property Services Limited and resigned as Chair of the Board on 25 March 2021. Ian remained as a Non-Executive Director of NHS Property Services Limited until 30 April 2021 to facilitate the smooth transition between chairmanships and upon which date he resigned from Chair of the Asset and Investment Committee, Remuneration and Nomination Committees.

### Martin West

Non-Executive Director

Martin West had been a Non-Executive Director at NHS Property Services Limited since the company was launched in April 2013 until his term of office ended on 14 October 2021.

### Jane Kennedy

Non-Executive Director

Jane Kennedy became a Non-Executive Director of NHS Property Services Limited on 26 July 2018 until her term of office ended on 26 July 2021.

### John Westwood

Director of Asset Management

John Westwood joined the Board as an Executive Director on 6 July 2015 and resigned on 21 May 2021.

NHS Property Services Limited, its Board Members and Executive management have acknowledged their thanks to the above Board members for the services and guidance provided during their tenure.

## Board diversity

### Gender

Male



Female (including Chair)



### Age

35-45



46-56



57-67



### Ethnicity

White



Black Caribbean and white mixed heritage



### Tenure

Up to 1 year



1-2 years



3-4 years





## 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 company. It delegates day-to-day responsibility to Executive Management, although a number of matters are reserved for the Shareholder Director and the Board. The Board has sufficient engagement with the business to allow it to lead the company with an in-depth understanding of its strengths and capabilities, and the challenges it faces.

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

- Approves strategic business plans and monitors NHS Property Services Limited performance against them;
- Ensures 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; and
- Approves matters of major strategic importance.

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

### The Chair

The Chair:

- Leads the Board and is responsible for its overall effectiveness in directing the Company.
- Demonstrates objective judgement and promotes a culture of openness, transparency and debate.
- Encourages communication between Executive and Non-Executive Directors enabling healthy debate and constructive challenge.
- Ensures all Directors receive accurate, timely and clear information.
- Appraises the performance of the Non-Executive and Executive Directors annually.

### Shareholder Director

The Shareholder Director brings a 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.

A number of core matters concerning the on-going management of NHS Property Services Limited require express Shareholder consent (as defined within the Articles of Association).

### Chief Executive Officer (CEO)

The 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.
- Supports the Chair in ensuring that appropriate standards of governance permeate through all parts of the organisation.
- Ensures that the Board is aware of the views of the Company's colleagues on issues of relevance to the business.
- Provides regular operational updates to the Board and ensures effective communication with key stakeholders.

### Non-Executive Director

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

They scrutinise and hold to account the performance of management and individual executive directors against agreed performance objectives.

The Non-Executive Directors will meet at least once annually without the Chair present in order to appraise the Chair's performance.

### Company Secretary

The Company Secretary has a direct reporting line to the Chair.

The Chair and the Company Secretary meet periodically to review the governance process to confirm that they remain fit for purpose and consider any initiatives which might strengthen the governance.

All directors have access to obtain advice from the Company Secretary.

## Board Committees

The Board has delegated specific responsibilities to seven Board Committees focusing on specific areas of the Board's responsibilities.

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

### Customer, Partnership and Relationship Development Committee

- Ensures continuous improvement to our customer offering and that the voice of the customer is represented at Board level.
- Explores opportunities to leverage the organisation's levers of change – our NHS colleagues and NHS Property Services Limited colleagues – to support wider NHS outcomes.

For more information see page 78

### People, Culture and Diversity and Inclusion Committee

- Explores opportunities to assist our colleagues to help them deliver the NHS Long Term Plan.
- Acts as a governance forum with respect to decisions made in relation to NHS Property Services Limited colleagues, including transformational change.
- Provides assurance, recommendations and advice for the Board on People, Culture and Diversity and Inclusion matters in line with NHS Property Services Limited's core values.

For more information see page 79

### Asset and Investment Committee

- Reviews and approves property and portfolio strategy and policy.
- Oversees compliance with property and portfolio policy
- Ensures that asset and investment policy and strategy take account of any guidelines determined by the Board.
- Reviews and escalates significant issues and risks.

The Committee also has responsibility for reviewing the Company's property strategies and the development of implementation plans to deliver the strategies.

For more information see page 77

### The Nomination Committee

- Leads the process for new appointments to the Board and Executive Committee.
- Monitors succession planning and considers Board independence and diversity and inclusion.
- Reviews the size composition, tenure and skills of the Board.

For more information see page 80

### Remuneration Committee

- Determines remuneration policy and packages for Executive Directors and senior managers, having regard to pay across the Company.

For more information see page 79



### Audit and Governance Committee

- Considers governance matters.
- Provides independent assessment and oversight of financial reporting processes including internal controls, fraud and risk management and compliance.
- Oversees the effectiveness of the internal and external audit functions.

For more information see page 76

### Facilities Management Committee

- Oversees all aspects of facilities management strategy and policy within the established strategies and business plan approved by the Board.
- Provides leadership in the management of resources for the maintenance, compliance, sustainability and facilitation of all NHS Property Services Limited's property and related infrastructure assets.

For more information see page 77

# NHS Property Services Limited Executive Management Committee

The Board has delegated the operational running of NHS Property Services Limited to the CEO with the exception of 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 is responsible to the Board in relation to the operations of the Company and may delegate any of his powers to the Executive Committee members, who may in turn sub-delegate. The Executive Committee is not a formal committee of the Board.

The CEO and Chief Financial Officer 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 in order to answer questions from members and provide deeper insights into topical operational matters.

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

## Hilary Stables Chief People Officer



Hilary is Chief People Officer for NHS Property Services Limited with responsibility for the people strategy, which enables the business to get, grow and keep the company's 6,000 colleagues across the country. This is underpinned by the business culture of 'an engaged and enabled high performing team,' and the NHS Property Services Limited values. As a large employer of diverse roles and skills, NHS Property Services Limited seeks to develop customer focused colleagues enabling the NHS to deliver excellent patient care every day.

Before joining NHS Property Services Limited, Hilary held executive people leadership roles at US based McKesson, BT Facilities Services, BT Openreach and Asda-Walmart. Hilary is a non-executive director at the University of Derby, an applied university with a reputation for providing industry relevant degree programmes, in a thriving multicultural region renowned for technology and innovation.

## Trish Stephenson Chief Operating Officer



Trish has been Chief Operating Officer in an interim capacity since October 2020 which was made permanent in June 2022.

As Chief Operating Officer, Trish has overall responsibility for the organisation's operational delivery through providing a range of hard and soft facilities management services delivered through directly employed colleagues and selected third parties. Technical compliance and health and safety are key components of service delivery, Trish is also responsible for delivery of capital projects, the NHS Property

Services Limited Green Plan, service assurance, effectiveness and efficiency as well as procurement and private finance initiatives (PFI).

Before joining NHS Property Services Limited, Trish was operationally and financial accountable for all community related contracts in the North region at Carillion PLC, £130m of which were PFI contracts.

## Deborah Prince Director of Customer Services and Communications



Deborah was appointed to the role in October 2013 and has pioneered the creation of our customer engagement team, which ensures the voice of the customer is heard across our business functions.

Before joining NHS Property Services Limited, Deborah spent ten years at Cumbria Partnership NHS Foundation Trust, working across marketing, communications and stakeholder engagement.

Her private sector experience includes consultancy roles for The Economist, NSPCC, TIME Magazine, Astra Zeneca and British Airways.

## Roslyn Churchill Chief Information Officer



Roslyn joined NHS Property Services Limited as Chief Information Officer in August 2018, taking accountability for all of our technology and business intelligence services as well as the Project Management Centre of Excellence.

Roslyn is accountable for the digital, technology and data strategy which enables delivery of our NHS Property Services Limited plans. Roslyn brings significant technology and property experience to the role, as well as a strong track record of directing complex, operational environments.

She has over 20 years experience of delivering strategic transformation and solutions and has a keen interest in continuous improvement to meet the evolving needs of the business.

## Kieran Kinsella Interim Director of Asset Management



As Interim Director of Asset Management, Kieran has overall responsibility for the organisation's asset management strategy and property portfolio.

Before joining NHS Property Services Limited, Kieran worked in corporate banking and real estate asset management.

He is a chartered surveyor with over 25 years' experience in investment and development, strategic asset management, joint ventures and real estate finance.

# Diversity of Executive Management Committee

## Gender

Female



Male



## Ethnicity

White\*



\* 1 white (Irish), 6 white (British)



## Board Committee structure

The Board has been supported in its assurance and oversight of the organisation by seven 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 the committee reports where relevant. The Board delegates certain functions to Committees. This allows the Board to spend a significant proportion of its time on strategic decision-making, whilst obtaining proper assurance that decisions across the organisation have been made effectively and based on the correct information.

Furthermore, it enables Non-Executive Directors to share their expertise more widely with the Executive and Senior Management Team. This structure gives the following benefits to the company:

- 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.
- Effective 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 Board has met six times during the reporting period and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered. The issuing of the Board pack usually occurs four working days and six calendar days before the meeting itself.

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

	Name	Number of meetings attended	Maximum possible meetings
Directors appointed for the full financial year	Jane Hamilton	6	6
	David Godden	6	6
	Ben Masterson	6	6
	Martin Steele	6	6
	Mark Smith	6	6
Directors appointed during 2021/22	Nick Moberly	5	5
	Adrian Belton	5	5
	Caroline Wehrle	4	4
	Mark Lomas	4	4
Directors who resigned during 2021/22	Martin West	3	3
	Jane Kennedy	2	2
	John Westwood	1	1
Standing attendee	Paolo Fazzi, Company Secretary	6	6

## Audit and Governance Committee

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

The Committee has an annual cycle of business to ensure that all aspects of the duties are covered. The Committee also reviews the Annual Report and 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.

Additional attendees are invited to attend meetings to assist with committee business. For 2021/2022, these have included our key internal stakeholders, Deloitte LLP (internal auditors), National Audit Office (NAO) and Grant Thornton (Counter Fraud). The Shareholder Director representative for the Committee is Jennifer Nichols.

Martin West was Chair of the Audit and Governance Committee until his tenure ended

in October 2021. Caroline Wehrle, Non-Executive Director was then appointed by the Board to Chair the Committee having initially taken membership following Jane Kennedy's resignation. David Godden's first committee meeting as an Independent Non-Executive Director on the Committee commenced at 11 November 2021 Committee following Caroline's appointment as Chair.

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	4	4
Jennifer Nichols (Shareholder Director Representative)	6	6
David Godden	3	3
<b>Directors who resigned during 2021/22</b>		
Jane Kennedy	2	2
Martin West	3	3

### The main Committee responsibilities are as follows:



Internal audit and external audit



Other assurance functions



Systems of financial control



Financial reporting and accounts



Compliance, raising concerns (whistleblowing) policy and counter-fraud



Compliance with the Articles of Association and governance framework



Integrated governance, internal controls, and risk management

## Asset and Investment Committee

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

The Committee has met four times in the year.

Additional attendees are invited to attend meetings to assist with committee business. For 2021/2022, these have included our key internal stakeholders and the Shareholder Director or their Deputy. The Shareholder Director Representative for the Committee is Claire Hewitt. Ian Ellis resigned as Chair of the Asset and Investment Committee on 30 April 2021 with Adrian Belton being appointed Chair by the Board in May 2021.

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	3	3
David Godden	4	4
Kieran Kinsella	4	4
Adrian Powell	4	4
Claire Hewitt (Shareholder Director Representative)	4	4
Martin Steele	4	4
Jane Hamilton (observer only)	1	n/a
<b>Directors who resigned during 2021/22</b>		
Ian Ellis	1	1
John Westwood	1	1

## Facilities Management Committee

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

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

The Committee has met four times and all members are supplied in advance with appropriate, clear, and accurate information covering matters which are to be considered. As with the Board, papers are usually circulated four working days and six calendar days before the meeting. The Chair is a Non-Executive Director.

Additional attendees are invited to attend meetings to assist with committee business. For 2021/2022, these have included our key internal stakeholders. The Shareholder Director Representative for the Committee is Matthew Cooper.

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	4	4
Matthew Cooper (Shareholder Director Representative)	4	4
Martin Steele	4	4
Trish Stephenson	4	4
<b>Directors who resigned during 2021/22</b>		
Jane Kennedy	1	1

## Customer and People Committee

The Customer and People Committee was disbanded in the financial year ending 31 March 2022 in order to create two more specialised committees of the Board: the People, Culture and Diversity and Inclusion Committee, and Customer, Partnering and Relationship Development Committee. This change was made in line with the strategic direction of NHS Property Services Limited in order to meet the changing landscape of the NHS and creation of ICSs. Further information is provided on the new committees below.

The following table details membership of the Customer and People Committee which held one meeting in the reporting financial year before it was disbanded:

Name	Meetings attended	Maximum possible
Jane Kennedy	1	1
David Godden	1	1
Martin Steele	1	1
Sonia McRobb (Shareholder Director Representative)	1	1
Deborah Prince	1	1
Hilary Stables	1	1

## Customer, Partnering and Relationship Development Committee

The Customer, Partnering and Relationship Development Committee ensures continuous improvement to the NHS Property Services Limited customer offering and ensures the voice of the customer is represented at Board level. The Committee explores opportunities to leverage the organisation's levers of change – NHS colleagues and NHS Property Services Limited colleagues – to support wider NHS outcomes. The Chair, Nick Moberly is an Independent Non-Executive Director.

Additional attendees are invited to attend meetings to assist with committee business. For 2021/2022, these have included our key internal stakeholders. The Shareholder Director Representative role for the Committee is shared between Matthew Cooper and Sonia McRobb.

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	3	3
David Godden	3	3
Matthew Cooper (Shareholder Director Representative)	1	3
Sonia McRobb (Shareholder Director Representative)	2	
Martin Steele	3	3
Deborah Prince	3	3
Trish Stephenson	3	3
Kieran Kinsella	3	3

## People, Culture and Diversity and Inclusion Committee

This Committee explores opportunities to assist our colleagues to help deliver the NHS Long Term Plan. It also acts as a governance forum with respect to a number of decisions in relation to NHS Property Services Limited colleagues, including transformational change. The Committee provides assurance, recommendations and advice for the company Board on People, Culture and Diversity and Inclusion, in line with NHS Property Services Limited's core values. The Chair of the Committee, Mark Lomas is an Independent Non-Executive Director who works closely with the Chief People Officer and Head of Diversity and Inclusion on employee engagement. Additional attendees are invited to attend meetings to assist with committee business where required.

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	1	2

## Remuneration Committee

The Remuneration Committee oversees appropriate contractual arrangements for all NHS Property Services Limited people and makes recommendations to the Shareholder Director on all aspects of the performance, remuneration and terms of service.

The Committee has met three times.

Additional attendees are invited to attend meetings to assist with committee business. For 2021/2022, this has included the Chief People Officer and Head of Compensation and Benefits. Nick Moberly, Independent Non-Executive Director took over the position of Chair in September 2021 from Jane Hamilton.

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	3	3
Jane Hamilton	3	3
Ben Masterson	3	3
David Godden	3	3
Adrian Belton	3	3
Caroline Wehrle	2	2
Mark Lomas	2	2
Martin Steele	3	3
<b>Directors who resigned during 2021/22</b>		
Jane Kennedy	1	1
Martin West	1	1

## Nomination Committee

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

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

The Committee has met once during the reporting period. Jane Hamilton, Chair of the NHS Property Services Limited Board also chairs the Nomination Committee.

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

Name	Meetings attended	Maximum possible
Jane Hamilton	1	1
Ben Masterson	1	1
David Godden	1	1
<b>Directors who resigned during 2021/22</b>		
Jane Kennedy	1	1
Martin West	1	1

## Internal and external Board effectiveness evaluation

NHS Property Services Limited in its commitment to maintaining the highest standards of governance, compliance and assurance regularly carries out assessments of its structure, process and procedures. With Jane Hamilton having taken on the role of Chair in March 2021 and four new Non-Executive Directors also joining the Board during the reporting financial year, a robust governance internal review took place during 2021/22. As part of the review, the Chair and Non-Executive Directors looked at the following to ensure NHS Property Services Limited governance remained fit for the purpose following a period of change for the business:

- Board Committees – the number of committees and their relevance to the business today, their structure, terms of reference and delegated authorities;
- Agendas, board papers and attendees; and
- Stakeholder engagement

In addition to the internal governance review, the Board requested an external Board evaluation in line with best governance practice for a business of NHS Property Services Limited's size and complexity.

## External Board and governance framework evaluation

In November 2021, four companies were invited to tender to undertake an external evaluation of the Board of NHS Property Services Limited. From those responses received, and in line with our procurement policy, Deloitte UK LLP was subsequently engaged to carry out the evaluation following the conclusion of the open market competition.

The scope of the review was to consider the effectiveness of the Board and the principal Board Committees. The work consisted of the activities shown on the right and took place between November 2021 and February 2022. An evaluation report was then provided to the Board for consideration in March 2022 which was then followed by a Board workshop in May 2022 to consider and discuss any recommendations. The outcomes from the Board's evaluation will be reported in the 2022/23 Annual Report and Accounts and any changes to our Board Framework publicised on our website.



### Desktop review

Reviewed a range of key documents to support the review and interviews.



### Board member survey

Issued a board effectiveness survey completed by 14 Board members and executives.



### Interviews

1:1 interviews with 14 Board members and executives and 13 members of the senior leadership team.



### Stakeholders

1:1 discussions with 4 key external stakeholders.



### Observations

Private and public Board meeting on 25 November; Asset and Investment Committee on 12 January; Audit and Governance Committee on 13 January; Executive Management Committee on 18 January; Board meeting on 27 January.



### Business chemistry

Participants completed their personal assessment and took part in an interactive workshop to build awareness of personality types and working with each other.

## Director conflicts

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

All Board members have completed and signed a declaration of interest form 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. The register is reviewed at each Board meeting. In addition, members of the Board and the executive are required at the commencement of each Board meeting, and whenever relevant matters are raised, to declare any personal interest they may have in any business on the agenda and abstain from related Board discussion as required.

## Openness and transparency statement

The Company 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 their NHS Long Term Plan. We continue to monitor the provision of information and update where appropriate in a timely manner.

## 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. The indemnity was in force throughout the last financial year and is currently in force.



# Risk Management Report

## Risk governance

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

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

## Risk management framework

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

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 company for growth and protect our reputation. Thinking about risk consciously and managing it in a planned and effective way will support our objective of delivering a consistently good service.

We continue to review our risk framework to enhance awareness and focus on our Directorate Risk Registers that feed into our Corporate Risk Register. The Board also recognises the importance of a framework for risk management and undertakes a number of risk deep dives through the year as well as reviewing the full Corporate Risk Register every six months.

The Executive Directors are responsible for delivering the company's strategy and managing risks which may stop this being achieved. The Executive Directors in turn place reliance on their teams to monitor and manage

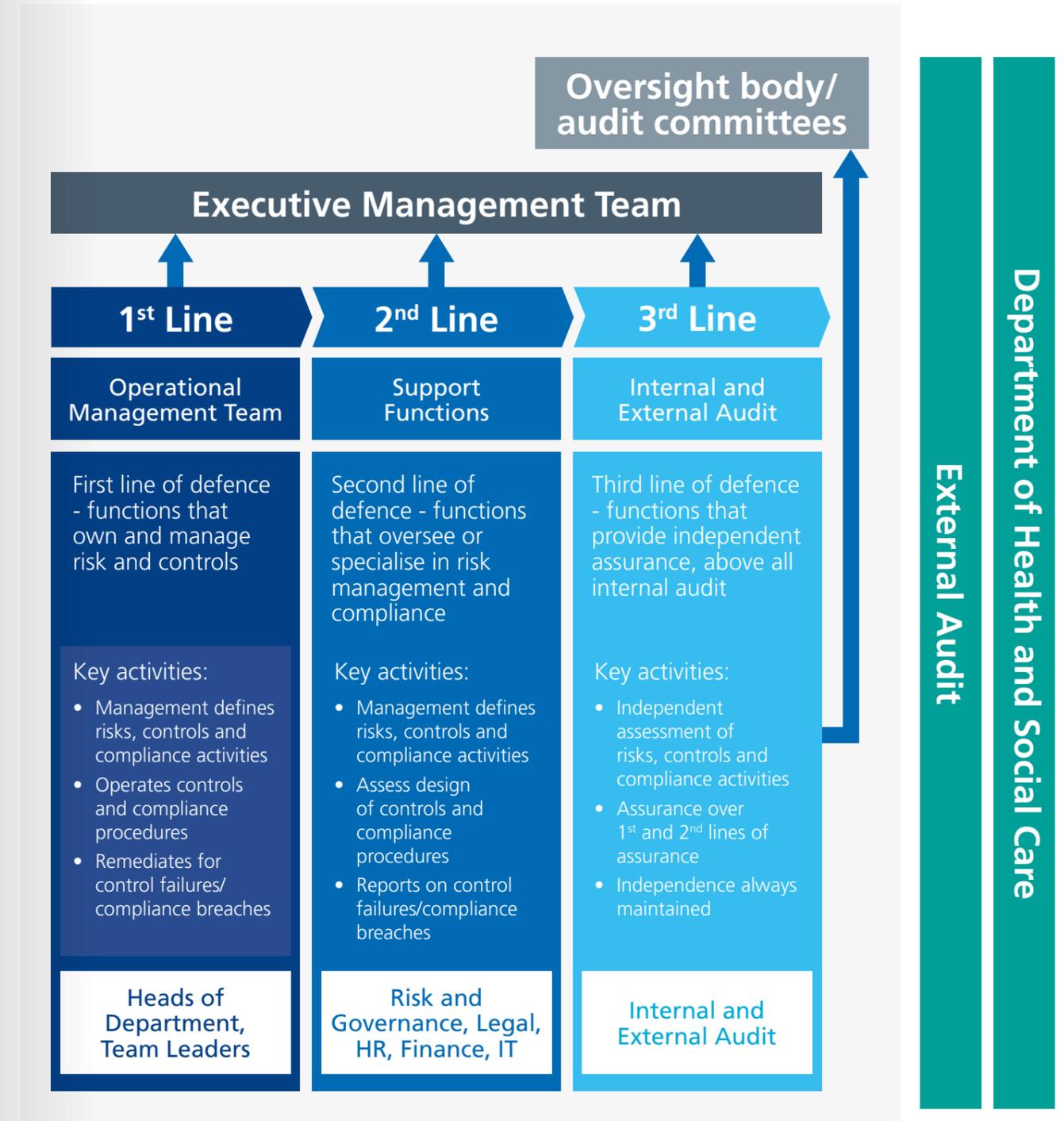
operational risks on an ongoing basis, as well as identifying emerging risks. All risks on the Corporate Risk Register are owned by an Executive Director and the Executive Committee is committed to review and approve that Corporate Risk Register on a quarterly basis. Directorate risk registers provide a framework for teams to feed into this process, recognising all colleagues have shared responsibility for effective management of risk in delivering our strategy. At an operational level, risks are reviewed together with the level of control necessary to mitigate, where possible, the level of risk.

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

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

## Three lines of defence

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 below has been adopted to manage risk and control as well as provide assurance over the delivery of services.



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



## Principal risks

NHS Property Services Limited's financial performance and operations are influenced by a range of risk factors. The Company aims to mitigate the exposure through appropriate risk management strategy and internal controls.

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



### Reputation

Weak reputational perception among stakeholders, shareholders, regulators, and media, leading to inability to meet customer expectations and potentially undermine the mandate to operate from the DHSC.

#### Key mitigating actions:

- Aligning the business to new and emerging NHS structures.
- Focused on customer experience.
- Proactively seeking customer feedback and implementing the lessons learned on all customer transactions.
- Social prescribing and Healthy Places programme.



### Data governance and information governance

Inaccurate and undocumented data, combined with a lack of understanding of governance and assurance protocols may adversely impact operational performance. Non-compliance with Information Governance Regulations may also result in financial penalties and reputational risk.

#### Key mitigating actions:

- Data awareness and mapping.
- GDPR policy and wider information governance policies.
- Retention scheduling.
- Development and delivery of a data strategy for NHS Property Services Limited.



### 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 relatively immature and safety is not yet fully embedded, meaning there is a risk to colleague safety, service quality, productivity and profitability.

#### Key mitigating actions:

- Implementation of Health and Safety Management System.
- Focused communications and training.
- Focus on risk assessment process on high-risk activities.



### Market deterioration

Market deterioration impacting corporate disposal programme and reducing funds for reinvestment.

#### 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.



### Cyber security

There is a risk of cyber security incidents occurring because existing systems or processes are either ineffective or a new circumvention has been found. This could lead to a detrimental impact on the confidentiality, integrity and/or availability of NHS Property Services Limited systems and/or data.

#### Key mitigating actions:

- Improved and verifiable security posture.
- Implementation of Environments and Disaster Recovery Programme.
- Detection analysis tooling.



### Business liquidity

Customers do not pay impacting the liquidity of the business.

#### Key mitigating actions:

- Strategic Debt Management approach supported by DHSC and NHSE/I.
- ACS check-in process.
- Implementation of Debt Assurance Panel by DHSC and NHSE.



### Fire safety

There is a risk of non-compliant buildings due to fire safety as a result of inadequate fire compartmentation.

#### Key mitigating actions:

- Fire compartmentation survey.
- Programme has been launched to understand compliance across the estate with an accompanying remedial work programme also underway.

## Internal controls

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

We continue to work with our internal and external audit partners to strengthen our internal control framework. The 2021/22 internal audit plan has been focussed on key risk areas, covering the efficiency and effectiveness of the governance, risk management and internal control frameworks.

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

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

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

### Standard Financial Instruction (SFIs):

Scheme of delegation's process has been implemented to ensure financial transactions are carried out in accordance with the limit of authority assigned and delegated by the Board. SFIs were reviewed during the financial year to ensure alignment with the new Cabinet Office spend controls.

### Corporate Policy framework:

Overarching approach has been designed for creating maintain and amend policies to ensure NHS Property Services Limited has consistent, relevant and up-to-date governance for document policy.

## Internal audit

Internal audit plays a key role in providing independent assessment and challenge of the governance, risk, and internal control frameworks at NHS Property Services Limited.

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.

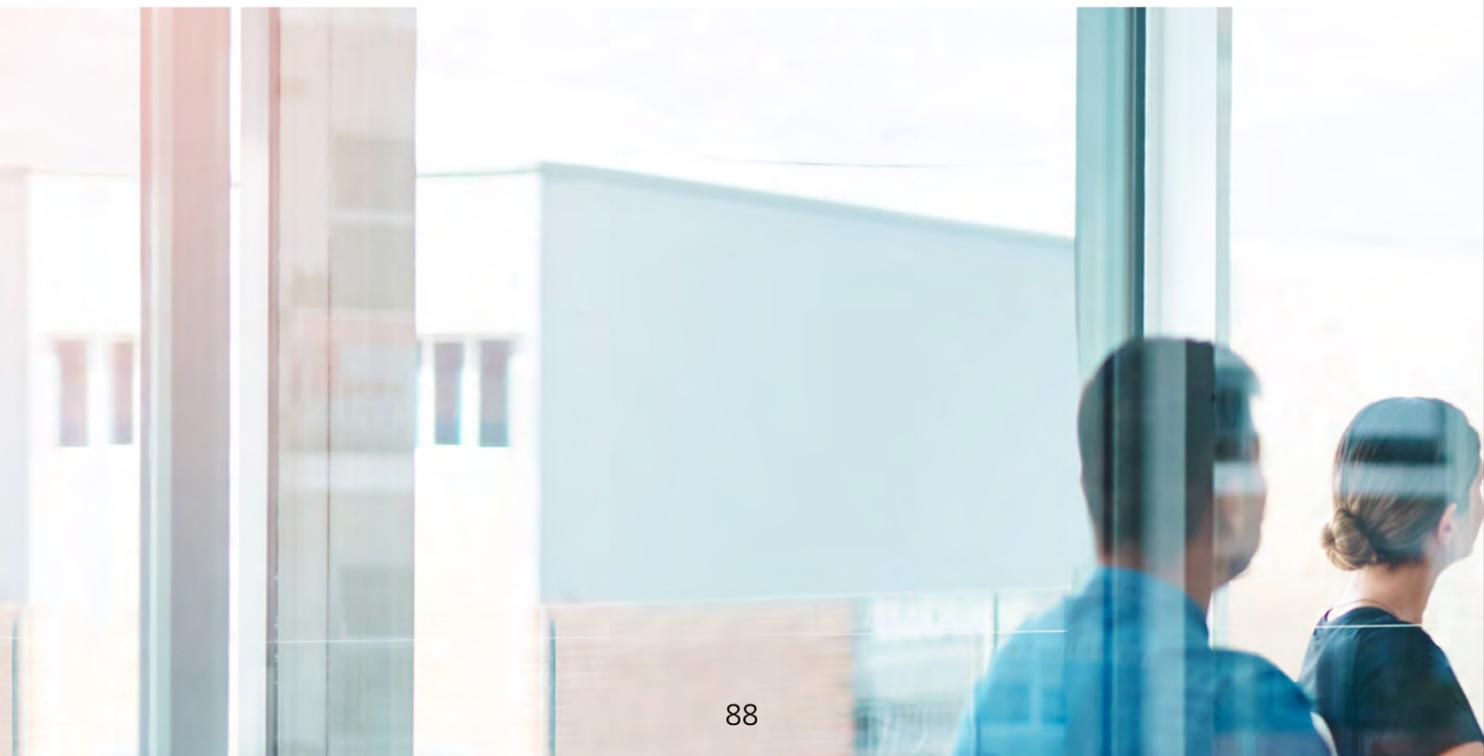
The internal audit plan for the year ending 31 March 2022 focused on known risk areas for the organisation as per the Corporate Risk Register and was approved by the Audit and Governance Committee at the start of the year.

In 2021/22, nine internal audits were completed on plan. Four audits were awarded a rating of Significant Assurance with minor improvement opportunities identified for the audits on Risk Management Framework, property management, information governance and payroll. Audits where further improvement areas were identified included third party risk management and data governance, are the focus of improvement plans in 2022/23 to bring about enhanced levels of assurance. The basis of these improvement plans are the recommendations and findings from the internal audit report.

Internal audit provides update reports to each Audit and Governance Committee with key findings from completed audits. Further, they have provided an annual report, including the Head of Internal Audit Opinion, in relation to the organisation's framework of governance, risk management and internal control. The overall opinion for 2021/22 was 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.

Team objectives and scorecards are linked to the completion of internal audit actions and the implementation status of audit actions is presented to the Executive Management Team on a monthly basis, further strengthening the culture of the organisation to address control weaknesses.

With respect to the internal control environment, good progress has been made in establishing a framework and controls across the organisation. The results of the 2021/22 internal audit work identified that the control environment continues to evolve and, as systems have been embedded in the organisation, this has facilitated improvements in the control environment through the automation of controls and enhanced management reporting.





## Fraud detection and investigation

During 2021/22, Grant Thornton continued to lead the NHS Property Services Limited counter fraud function, undertaking a range of proactive initiatives and reactive investigations to further develop a strong anti-fraud culture and create a robust control framework to prevent fraud occurring. Over the last year Grant Thornton delivered a programme of work that included:

- An audit of NHS Property Services Limited expenses policies and procedures and the government purchasing card (GPC) spend process to ensure appropriate controls are in place.
- A review of the Conflict-of-Interest area based on newly developed process for capturing conflict of interest data.
- A fraud risk assessment in accordance with the newly mandated Government Counter Fraud Profession methodology.
- A review of the NHS Property Services Limited Bribery and Corruption awareness strategy and identification of proactive review areas for further work in 2022/23.

A joint NHS Property Services Limited/Grant Thornton annual review took place in March 2022 to assess the progress made during the financial year and to inform the 2022/23 workplan. In line with the initiatives undertaken the previous year, this workplan has been developed in accordance with the NHS Counter Fraud Functional Standards to provide a structured and risk-based Counter Fraud Specialist Workplan that NHS Property Services Limited can benchmark against national, best practice counter fraud, bribery and corruption prevention and detection works. The standard is set out in 13 components in accordance with central government and the NHS Counter Fraud Authority's strategy and will form the framework for activity in 2022/23.

## Information and data governance

Information governance continues to be an important part of the business. The Information Governance team has transformed and grown this year to ensure NHS Property Services Limited not only remains compliant in relation to data protection, records management, and information security activities, but strives to achieve best practice. The team has reviewed all information governance policies and processes this year, and updated them where necessary, working across the organisation to bring all colleagues on the journey.

NHS Property Services Limited is required to submit an annual attestation to meeting requirements of the NHS Data Security and Protection Toolkit, which was achieved in June 2021.

The Information Governance team achieved a good rating in the internal audit which reviewed compliance with the toolkit and also compliance against the project plan the team had set itself at the start of 2021/22. The team will continue to deliver against the improvement plan in the coming year to fully embed the policies and processes across the organisation.

Key achievements for the year include:

- Rolling out new and more NHS Property Services Limited aligned Data Protection and Confidentiality training which has achieved 5\* ratings from colleagues who have completed this.
- Updated Information Asset Register which has been completed with key stakeholders from across the business, and includes retention schedules and storage locations for all information assets.
- Refreshed the Data Protection Impact Assessment (DPIA) process which has resulted in earlier consultation with the DPO (Data Protection Office) and completion of the DPIA.
- Increase in engagement and queries from all parts of the business demonstrating an increased awareness and understanding of information governance and the team.

The team is set to continue to build on its journey and productive relationships to further enhance the protection of our customers, colleagues and company data and information.

NHS Property Services Limited is registered as a Data Controller with the Information Commissioner's Office and confirms that there were no reportable data breaches during the year.

# Health, safety and wellbeing

The Health, Safety and Wellbeing plan for 2021/22 focuses on implementing key procedures and ways of working to strengthen our control of high-risk activities.

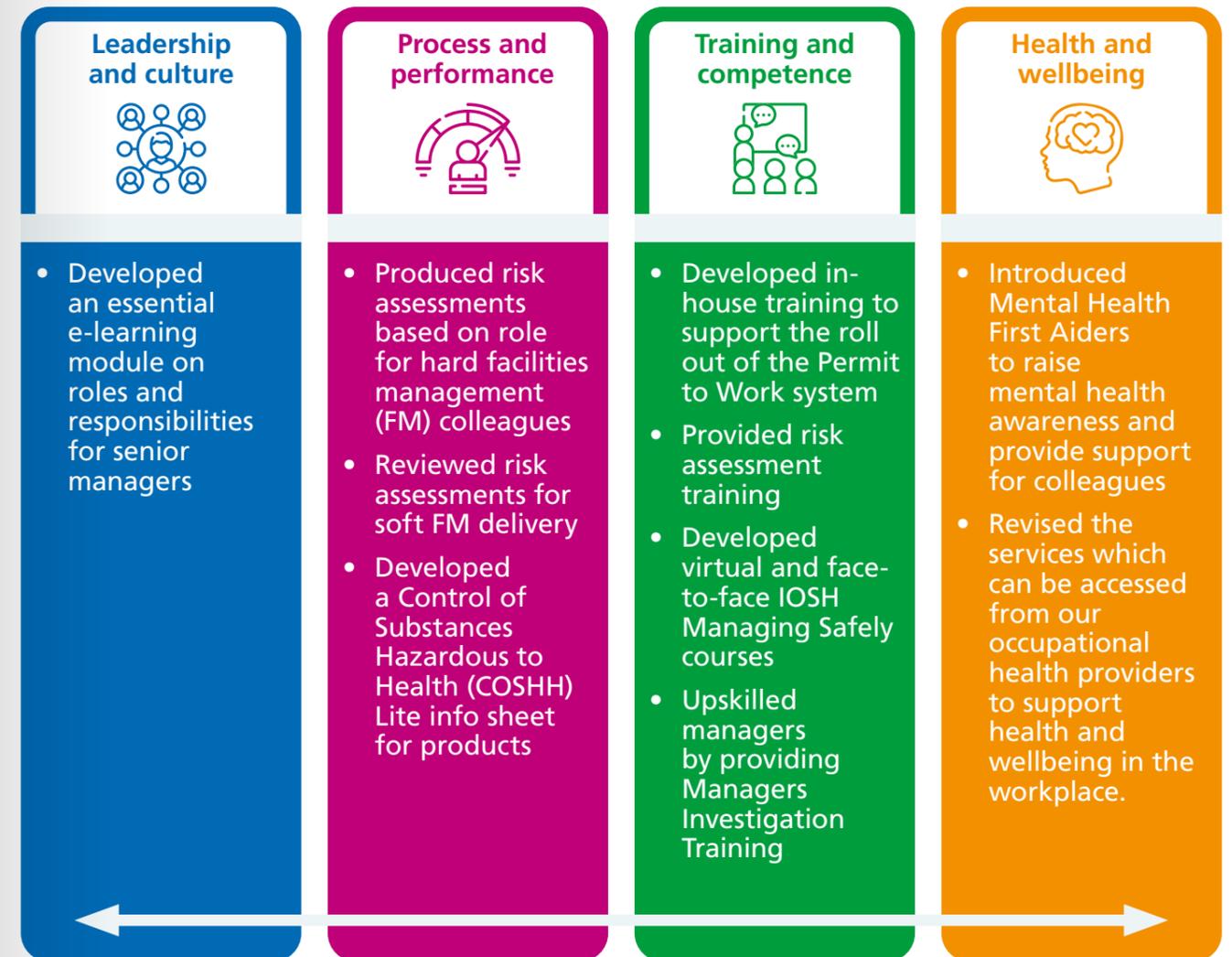
Key achievements during 2021/22 included:

- The pandemic continued to restrict the number of site visits we were able to make, but over 90% of the Health and Safety Annual Plan was delivered.
- We had 17 major incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDORS) which is a 22% decrease on last year. We also completed 39 high level investigations completed into health and safety incidents.
- We introduced safety observations as a new reporting category last year. This year, we saw a 32% increase in near miss and safety observation reports across all regions for the year, helping to improve safety at work.
- The asbestos management survey progressed well with 575 buildings having a new survey completed and 143 buildings were 're-inspected' to ensure the asbestos containing materials remain in a good state.
- With our move to smarter working, new display screen equipment (DSE) software was launched which supports a user assessment and solutioning. This takes into account the hybrid way of working and supports DSE users at both fixed bases and using 'hot desks'.
- A national framework for permits was established and national permits for working at height, hot work and work on fire safety systems were introduced.
- To support our colleagues who work alone in high-risk areas or outside normal working hours, we have introduced a 'People Safe' lone working app which is now being used by over 1,000 colleagues.
- The Institution for Occupational Safety and Health (IOSH) Managing Safely courses continued to be delivered both virtually and face to face as COVID-19 restrictions were lifted.
- With the easing of COVID-19 restrictions, we were able to complete a full year of health and safety audits across our sites where we provide services. In total our audit team completed 146 audits (exceeding the target of 130). This was also a great engagement exercise as central teams started to reconnect with front line colleagues who had delivered services throughout the pandemic.
- We strengthened the Regional Health and Safety Forums by developing regional plans to support corporate and regional initiatives. Outputs from these meetings were shared in the form of an infographic to increase engagement and provide information to colleagues where English is not their first language.
- As a first step, the Health, Safety and Wellbeing handbook was translated into Polish and work is underway to identify other languages which would bring the messaging more readily to colleagues.
- We again achieved the British Safety Council International Award with Merit and we were the sector winner in the Health and Social Care category in the British Safety Council 2021 International Safety Awards.



## Health and safety plan pillars

What we have achieved for each pillar:



## Ensuring health and safety were maintained during COVID-19

As restrictions were lifted and colleagues were allowed back into offices, the Health and Safety team continually updated the COVID-19 secure risk assessment for our offices and worked with our customers to ensure the requirements for working in clinical areas were maintained.

We fitted CO<sub>2</sub> monitors to our meeting rooms to monitor air quality and gave guidance to users on what to do if the alarm sounded. We shared this guidance with our customers to support their return to offices should they wish to implement it.

The Health and Safety team continue to review and investigate cases of severe COVID-19 infection to try and establish whether the infection was contracted during work activities, as required by the Health and Safety Executive Reporting of Occupational Disease.



## 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 2022.

### 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 employees know that they can raise concerns about how colleagues or people receiving our services are being treated, or about practices within our business or supply chain, without fear of reprisals. We collaborate with other HM Government organisations and departments on the Social Value Process, of which Modern Slavery is a key theme.

### Due diligence processes

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

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

We have a zero-tolerance attitude to slavery and human trafficking. We encourage 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.

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

### Training

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. To support this, a new mandatory training module on modern slavery and human trafficking was launched in 2021/22 to support all our colleagues across the 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

17 February 2023



## 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 2021/22 Annual Report.

### 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.

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) on the previous page.

The Accountability Report on pages 62 to 111 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 page 15.

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 88.

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 2021/22 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 page 15.

# Examples of Principal Decisions undertaken by the NHS Property Services Limited Board year ending 31 March 2022

Principal decision and s172 considerations	Supporting information
<p><b>Strategy</b></p> <p><b>Stakeholders considered:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Environment</li> <li>Shareholder</li> <li>Government and regulators</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>The Board's endorsement of 'Building a Better NHS Together' approach, articulating the updated NHS Property Services Limited corporate strategy and service offer aligning to the NHS financial year 2022/23 priorities, which also clarified NHS Property Services Limited's approach to assisting with the recovery from COVID-19 pandemic and reducing health inequalities.</li> <li>Regular reviews of the corporate risk register and risk updates were undertaken by the board in 2021/22.</li> <li>Regular reviews of Health, Safety and Wellbeing statistics and innovations where 'Living the Values' were demonstrated and a lone worker app introduced.</li> <li>Regular updates from the CEO on operational developments, including mandatory vaccinations and corporate objectives.</li> <li>Regular updates from the CFO on financial performance and Executive Members on key business area performance.</li> <li>The Board approved in March 2022 the Strategic Business Plan with strategy deep-dives taking place on a regular basis.</li> </ul>
<p><b>Governance</b></p> <p><b>Stakeholders considered:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Environment</li> <li>Shareholder</li> <li>Government and regulators</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Approval of the appointments of Adrian Belton, Nick Moberly, Mark Lomas and Caroline Wehrle.</li> <li>Approval to the appointment of Kieran Kinsella as Interim Director of Asset Management with the same delegated authority as his predecessor.</li> <li>Approval of the change of the Board Committee structure to replace the Customer and People Committee with two new Board Committees.</li> <li>Following the prior authorisation from the Shareholder, the Board approved the allotment of 2,248,618 ordinary shares of £1 following receipt by the Company of equity funded capital in the sum of £2,248,618 and the issue of the same to the Shareholder in July 2021.</li> <li>The new Chair invited colleagues from within the business to present to the Board for 'listen and understand' sessions.</li> <li>Approval of the NHS Property Services Limited Governance Code and Framework with a view to updating the document following the closing of internal and external evaluations of the Board.</li> <li>The Board approved the 2020/21 Annual Report and Accounts and Letter of Representation, taking account of the recommendation from the Audit and Governance Committee.</li> <li>Approval of the 2020/21 Modern Slavery Statement.</li> <li>The Board approved the 2022/23 Company Secretariat Governance Workplan.</li> <li>Following the prior authorisation from the Shareholder, the Board approved the allotment of 1,392,713 ordinary shares of £1 following receipt of the Company of equity funded capital in the sum of £1,392,713 and the issue of said shares to the Shareholder in March 2022.</li> <li>The Board agenda now starts with a greater focus on health and safety, focusing on reporting, compliance, best practice and initiatives.</li> </ul>

Principal decision and s172 considerations	Supporting information
<p><b>Equality, diversity and inclusion</b></p> <p><b>Stakeholders considered:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Approval of Mark Lomas as the Chair to the new People, Culture and Diversity and Inclusion Committee.</li> <li>NHS Property Services Limited's first diversity and inclusion survey carried out in July 2021 with the results reported to the Board in October 2021.</li> <li>Mark Lomas presented to the March 2022 Board on the work of the People, Culture and Diversity and Inclusion Committee since its creation. The Chair of the Board requested, and the Board agreed to, explore full Board specific training in diversity and inclusion.</li> <li>A full Equality, Diversity and Inclusion Strategy and action plan is in development and will be launched in summer 2022.</li> </ul>
<p><b>Sustainability</b></p> <p><b>Stakeholders considered:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Environment</li> <li>Shareholder</li> <li>Government and regulators</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>The Board endorsed an NHS Property Services Limited commitment to achieving Net Carbon Zero by 2040 and approved in principle the development of a team to support delivery.</li> <li>The Board approved the 2022/23 NHS Property Services Limited budget.</li> <li>The Board noted an update from the CEO and CFO on inflationary pressures on current and future business operations.</li> <li>Implementation of the 2021/22 pay awards were presented to the Board highlighting how this also reflected our core values.</li> <li>The Board reviewed the position with regard to data assurances, ownership and accountability within NHS Property Services Limited and requested a deep dive session which was undertaken by the Audit and Governance Committee in November 2021.</li> </ul>
<p><b>Engagement</b></p> <p><b>Stakeholders considered:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Environment</li> <li>Shareholder</li> <li>Government and regulators</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Customer feedback session with the Chief Executive Lead for Provider Collaboration in the North of England (ICS) in October 2021.</li> <li>Approval of Nick Moberly as Chair to the Customer, Partnering and Relationship Development Committee.</li> <li>The Board noted and discussed the 'Your Voice' Colleague Survey.</li> <li>The Board noted the engagement with South of Tyne and Sunderland Foundation Trust by a cross-business team of local property facilities management and finance colleagues which reflected our core values.</li> <li>The Board noted the Employee Assistance Programme had been focused on supporting Ukrainian and Russian colleagues and that the business was ready to support refugees as part of wider HM Government co-ordinated effort.</li> <li>The Board noted the customer satisfaction (CSAT) and net promoter (NPS) scores from the surveys undertaken.</li> <li>Question and answer session on the new and emerging landscape of the NHS with the Chair of North West London ICS.</li> </ul>
<p><b>Investment</b></p> <p><b>Stakeholders considered:</b></p> <ul style="list-style-type: none"> <li>Customers</li> <li>Colleagues</li> <li>Community</li> <li>Environment</li> <li>Shareholder</li> <li>Government and regulators</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>The Board approved the transfer of Savernake PFI Hospital, Marlborough, Wiltshire to NHS Property Services Limited and approved delegation of the final approval for completion of the transfer in June 2021 to the Executive Committee.</li> <li>Following the endorsement of the Asset and Investment Committee the Board discussed and approved the Chiswick Health Centre Project.</li> <li>Healthy Places Programme status, updates and future programmes noted by the Board.</li> <li>The Board requested greater insight into major projects in 2022/23 with a presentation to be delivered to the May 2022 Board.</li> </ul>

# Directors' Report



## Principal activities

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

Today our portfolio is one of the largest in the UK, comprising 2,755 properties with 7,000 occupiers across England. This represents about 10% of the total NHS estate.

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

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 people are dedicated to enabling excellent patient care through better estate management.

### Our core services are:



Advising customers on how to get the most out of their property



Optimising customers' and the wider NHS estate



Providing essential facilities management services



Investing in the estate through new buildings and refurbishments



Developing new opportunities for the NHS

## Board of Directors

A list of Directors who served during the year are included below. The Corporate Governance Report on page 64 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 the Committees.

Directors of the Board	Appointment to the Board
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
Nick Moberly	4 May 2021
Caroline Wehrle	1 September 2021
Martin Steele	4 July 2017
Mark Smith	1 May 2019

Changes in year to the Board	Appointment to the Board	Resignation date
Ian Ellis	14 March 2016	Resigned as Chair on 25 March 2021 and as Non-Executive Director on 30 April 2021
Jane Kennedy	26 July 2018	Resigned as a Non-Executive Director on 26 July 2021
Martin West	26 March 2013	Resigned as a Non-Executive Director on 14 October 2021
John Westwood	6 July 2015	Resigned as an Executive Director on 21 May 2021

# 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 2021/22 to ensure NHS Property Services Limited remains in line with the changing landscape of the NHS, culminating in the Strategic Business Plan in March 2022. Outcomes from those reviews/approvals being delivered during 2021/22 and the early part of 2022/23.



## 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, as part of its internal and external evaluation, will be finalising plans in 2022/23 to review board composition, skills matrix and board knowledge and training.



## 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

With a significant number of new board members being onboarded during 2021/22, Director responsibilities and their accountabilities have been a governance focus. An updated compliance and corporate dashboard was developed to provide additional assurance to the Board to allow for the live monitoring of business-critical KPIs.



## 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 and Governance Committee ensure regular updates with regard to risk and internal controls. A Board workshop on risk is planned for 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 2021/22 with key stakeholders, particularly with the newly emerging ICSs. The Board will seek to further this engagement during 2022/23 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. The Board and Shareholder approved an increase of 3,641,331 in share capital during the financial period as detailed within the Company's s172 Statement on page 98. 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 employees to all levels in our business. We are developing a new Equality, Diversity and Inclusion (EDI) strategy which will be embedded in our culture and reflected in our ways of working, hiring, and career programmes. In 2021/22 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 staff with disabilities having full regard to their aptitude and abilities, and we also offer individual support to staff who become disabled during their employment and where appropriate, offer opportunities for retraining and redeployment. More information regarding our inclusion and diversity strategy can be found in the Our People section of the Strategic Report on page 48.

## Political and charitable contributions

There were no political or charitable contributions made by NHS Property Services Limited during the period ending 31 March 2022.

## 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 of our stakeholders.

The company 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 have carried out a number of 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. More details of which are available in the Our People section of the Strategic Report on page 48.

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 56. 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) as adopted by the European Union. Under company law, the Directors must not approve the financial statements unless they are satisfied that these give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company.

They are also responsible for ensuring that the financial statements and the remuneration report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company website. Legislation in the United Kingdom governing the preparation and dissemination of

financial statements may differ from legislation in other jurisdictions.

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

## Responsibility statements under the disclosure and transparency rules

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

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

In addition, having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the Directors are satisfied that the Annual Report and Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for the Shareholder Director to assess the Company's performance, business model and strategy.

## Disclosure of information to auditor

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

## Limitation of Scope on held over and freely cancellable lease arrangements

As at 31 March 2022, NHS Property Services Limited was party to a number of occupation arrangements which have been assessed on a portfolio basis as allowed under IFRS 16 as they share similar characteristics. NHS Property Services Limited has applied a judgement to these arrangements that they are not measurable under IFRS 16 due to them not having a non-cancellable period which can be estimated to be longer than 12 months based on the information and intelligence NHS Property Services Limited has on these arrangements. Those 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. The National Audit Office (NAO) has requested a more granular assessment of these arrangements to support our judgement that a portfolio approach is appropriate and that the recognition criteria under IFRS 16 Leases have not been met. This information requested is not currently attainable by NHS Property Services Limited and therefore this granular assessment is not considered practicable. 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

17 February 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, including 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.

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

The Remuneration Committee oversees appropriate contractual arrangements for our people. The Committee met four times during the financial year and was initially chaired by the Chair of the Board, Jane Hamilton, prior to Nick Moberly being appointed as Non-Executive Director in May 2021.

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. A pay pause was applied in 2021/22 for the Executive Team and senior managers, in line with the wider public sector approach to pay outlined by the Chancellor in November 2020.

- 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 2021 based on delivery of corporate and personal objectives.

## Company structure

The Company has continued to re-structure in the last year in order 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 6 months' notice.
Mark Smith	1 May 2019 to present	n/a	Terminable by either party on giving 6 months' notice.
John Westwood	6 July 2015 to 21 May 2021	n/a	Terminable by either party on giving 6 months' notice. Resigned on 21 May 2021.
Jane Hamilton	22 March 2021 to present	1	Terminable by either party giving 3 months' notice
Ian Ellis	14 March 2016 to 30 April 2021	2	Contract extended to 30 April 2021. Either party can give one month notice. Resigned on 30 April 2021.
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.
Martin West	26 March 2013 to 14 October 2021	3	Contract extended to 1 September 2021. Either party can give 3 months' notice. Resigned on 14 October 2021.
Jane Kennedy	26 July 2018 to 26 July 2021	1	Initial period of 3 years. Either party can give 3 months' notice. Resigned on 26 July 2021.
David Godden	26 July 2018 to present	2	Contract extended to 31 July 2023. Either party can give 3 months' notice.
Adrian Belton	4 May 2021 to present	1	Initial period of 3 years. Either party can give 3 months' notice.
Nick Moberly	4 May 2021 to present	1	Initial period of 3 years. Either party can give 3 months' notice.
Mark Lomas	1 September 2021 to present	1	Initial period of 3 years. Either party can give 3 months' notice.
Caroline Wehrle	1 September 2021 to present	1	Initial period of 3 years. Either party can give 3 months' notice.

## Term details for Executive and Non-Executive Directors as at 31 March 2022

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	2021/22					2020/21				
	Salary £'000	Bonus £'000	Allowances £	Pension benefits £'000	Total remuneration £'000	Salary £'000	Bonus £'000	Allowances £	Pension benefits £'000	Total remuneration £'000
<b>Chairman and Non-Executive Directors</b>										
Jane Hamilton***	45-50	Nil	0-5	3	50-55	0-5	Nil	0-5	1	0-5
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*	10-15	Nil	Nil	Nil	10-15	25-30	Nil	Nil	Nil	25-30
Jane Kennedy*	5-10	Nil	Nil	Nil	5-10	25-30	Nil	Nil	Nil	25-30
Ian Ellis*	5-10	Nil	Nil	Nil	5-10	65-70	Nil	Nil	Nil	65-70
Nick Moberly**	20-25	Nil	Nil	Nil	20-25	Nil	Nil	Nil	Nil	Nil
Adrian Belton**	20-25	Nil	Nil	Nil	20-25	Nil	Nil	Nil	Nil	Nil
Caroline Wehrle**	15-20	Nil	Nil	1	15-20	Nil	Nil	Nil	Nil	Nil
Mark Lomas**	15-20	Nil	Nil	1	15-20	Nil	Nil	Nil	Nil	Nil
<b>Executive Directors</b>										
Mark Smith	175-180	35-40	15-20	18	245-250	175-180	30-35	5-10	7	225-230
Martin Steele	185-190	50-55	35-40	12	285-290	185-190	45-50	25-30	12	275-280
John Westwood*	25-30	0	1-5	2	30-35	175-180	40-45	5-10	11	235-240

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

Total Board Directors' remuneration for 2021/22: £756,273, (2020/21: £888,649)

Directors' bonuses reported in FY2021/22 were calculated based on 2020/21 targets and paid in June 2021.

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

Allowances for 2021/22 relate to car allowance together with a new longer term incentive provision, provided through a pension allowance, that replaced part of the annual bonus provision for all Board Directors from 1 April 2021. Martin Steele, continued to receive a responsibility allowance in his capacity as Interim CEO.

Pension benefits relate to employer contributions to the personal pension plan. Under auto enrolment Non-Executive Directors and Executive Directors may opt in or out of the Company pension scheme.

## Median Remuneration

Reporting bodies 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.

Company Directors	2021/22	2020/21
Highest paid earner's total remuneration (£)	275,000 - 280,000	260,000 - 265,000
Median total remuneration (£)	19,918	19,337
Ratio	13.9:1	13.6:1

Total remuneration includes salary, non-consolidated performance related pay, and allowances. It does not include voluntary settlements, employers pensions contributions and the cash equivalent transfer of pensions. The median calculations do not include agency workers or non-permanent staff.



**Jane Hamilton**  
Chair

NHS Property Services Limited

17 February 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 2022 which comprise NHS Property Services Limited's:

- Statement of Financial Position as at 31 March 2022;
- 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 the UK adopted International Accounting Standards. In my opinion, except for the matters described in the basis for qualified opinion, the financial statements:

- give a true and fair view of the state of NHS Property Services Limited's affairs as at 31 March 2022 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:

NHS Property Services Limited has been unable to demonstrate compliance with the Financial Reporting Framework and account for the expenditure, assets and liabilities arising from certain contracts in accordance with *IFRS 16 Leases*.

As at 31 March 2022, NHS Property Services Limited has 182 occupational arrangements, with annual payments in 2021-22 of approximately £7.7m, 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 been unable to provide supporting information in relation to these agreements to determine the substance of the arrangement. Should these arrangements

meet the IFRS 16 Lease recognition criteria, the impact on the financial statements would be driven by the assessed lease term of each contract. Since NHS Property Services Limited has been unable to demonstrate whether the recognition criteria have been met, or in turn to establish the potential lease term, 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. Consequently, I have been unable to obtain sufficient appropriate audit evidence over the Statement of Financial Position, the Statement of Comprehensive Income, and related notes: Note 3 – Direct Property Expenses; Note 10 – Right of Use Assets; Note 11 – Lease Liabilities; and Note 15 – Borrowings. My audit opinion on the financial statements as at 31 March 2022 and 31 March 2021 is modified accordingly.

## Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of*

*Financial Statements of Public Sector Entities in the United Kingdom.* 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 have also elected to apply the ethical standards relevant to listed entities. 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 director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included assessing working capital, shareholder support, profit forecast, net asset position and recoverability of debt.

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 information included in the Annual Report, but does not include the financial statements and 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.

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

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

I have nothing to report in this regard.

## Opinion on other matters 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. I

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

- the Strategic Report, the Chief Financial Officer's Report and the Directors' Report been prepared in accordance with applicable legal requirements; and
- the information given in the Strategic

Report, the Chief Financial Officer's Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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, the Chief Financial Officer's Report and the Directors' Report.

In respect solely of the limitation of my work relating to the Right of Use Assets and Borrowings (being Lease Liabilities) described in the basis for qualified opinion:

- I have not obtained all the information and explanations that I consider necessary for the purpose of my audit; and
- I am unable to determine whether adequate accounting records have been kept.

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:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the 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; or
- I have not received all of the information and explanations I require for my audit.

## Responsibilities of the directors for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as directors determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error.
- 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 intends to liquidate the entity or to cease operations, or has 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 the applicable law and International Standards on Auditing (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, we considered the following:

- the nature of the sector, control environment and operational performance including the design of NHS Property Services Limited's accounting policies, key performance indicators and performance incentives.
- inquiring of management, NHS Property Services Limited's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the NHS Property Services Limited's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged 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 the NHS Property Services Limited's compliance with the Companies Act 2006.

- discussing among the engagement team and involving relevant internal and external specialists, including property 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 also obtained an understanding of NHS Property Services Limited's framework of authority as well as other legal and regulatory frameworks in which NHS Property Services Limited operates, focusing 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 Companies Act 2006, pensions regulations and tax legislation.

## Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading and reviewing 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, testing the appropriateness of journal entries and

other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my 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 that I identify during my audit.



**Peter Morland (Senior Statutory Auditor)**

17 February 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 2022

		2022	Restated 2021
	Notes	£000	£000
Operating revenue	2	730,389	727,460
Direct property expenses	3	(676,019)	(668,801)
Administrative expenses	4	(79,587)	(78,833)
Other operating expenses	5	24,622	(15,586)
Expected credit loss allowance expense	12	(35,513)	(46,542)
<b>Operating loss</b>		<b>(36,108)</b>	<b>(82,302)</b>
Finance income	7	3,181	2,766
Finance costs	7	(60,864)	(38,346)
Gain on disposal of property, plant and equipment		11,511	9,526
<b>Loss before tax from continuing operations</b>		<b>(82,280)</b>	<b>(108,356)</b>
<b>Taxation expense</b>	8	-	-
<b>Loss for the year</b>		<b>(82,280)</b>	<b>(108,356)</b>
<b>Other comprehensive income, net of income tax</b>			
<i>Items that will not be recycled to profit and loss:</i>			
Revaluation of property, plant and equipment		162,568	1,161
<b>Other comprehensive income, net of income tax</b>		<b>162,568</b>	<b>1,161</b>
<b>Total comprehensive profit/(loss) for the year</b>		<b>80,288</b>	<b>(107,195)</b>

The above relates wholly to continuing operations.

Notes 1 to 27 form part of these financial statements.

The prior period has been restated to reflect IFRS 16 errors in respect of prepayments on transition, lease incentives and leasehold improvements that is disclosed in Note 27 on pages 158 to 161.

# Statement of Financial Position

As at 31 March 2022

	Notes	2022 £000	Restated 2021 £000	Restated 1 April 2020 £000
<b>Non-current assets</b>				
Property, plant and equipment	9	2,942,562	2,840,022	2,916,300
Right of Use Assets	10	1,435,295	1,393,553	1,485,180
Intangibles		9,170	9,600	7,802
Trade and other receivables	12	62,338	95,174	67,356
		<b>4,449,365</b>	<b>4,338,349</b>	<b>4,476,638</b>
<b>Current assets</b>				
Trade and other receivables	12	293,622	399,895	542,721
Cash and cash equivalents		172,842	162,939	150,489
		<b>466,464</b>	<b>562,834</b>	<b>693,210</b>
Assets classified as held for sale	13	2,190	3,705	4,091
<b>Total assets</b>		<b>4,918,019</b>	<b>4,904,888</b>	<b>5,173,939</b>
<b>Current liabilities</b>				
Trade and other payables	14	155,245	118,410	152,348
Borrowings	15	101,236	196,952	261,090
Provisions	16	12,464	12,104	15,140
		<b>268,945</b>	<b>327,466</b>	<b>428,578</b>
<b>Non-current liabilities</b>				
Trade and other payables	14	14,675	9,418	8,395
Borrowings	15	992,197	1,040,148	1,099,910
Provisions	16	98,285	72,309	73,894
		<b>1,105,157</b>	<b>1,121,875</b>	<b>1,182,199</b>
<b>Total liabilities</b>		<b>1,374,102</b>	<b>1,449,341</b>	<b>1,610,777</b>
<b>Net assets</b>		<b>3,543,917</b>	<b>3,455,547</b>	<b>3,563,162</b>
<b>Equity</b>				
Share capital	18	259,841	256,200	256,200
Retained earnings		(1,237,549)	(1,172,362)	(1,075,206)
Revaluation reserve		1,488,923	1,343,448	1,353,487
Capital contribution reserve	19	3,032,702	3,028,261	3,028,681
<b>Total equity</b>		<b>3,543,917</b>	<b>3,455,547</b>	<b>3,563,162</b>

Notes 1 to 27 form part of these financial statements.

The prior period has been restated to reflect IFRS 16 errors in respect of prepayments on transition, lease incentives and leasehold improvements that is disclosed in Note 27 on pages 158 to 161.

These financial statements were approved by the Board of Directors on 17 February 2023 and signed on its behalf by:



**Mark Smith**  
Chief Financial Officer  
NHS Property Services Limited

17 February 2023

Company Registration Number: 07888110

# Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 £000	Restated 2021 £000
<b>Operating activities</b>			
Loss for the year		(82,280)	(108,356)
<b>Adjustments for non-cash transactions:</b>			
(Gain)/loss on disposal of property, plant and equipment		(11,511)	(9,526)
Depreciation and amortisation	9,10	252,803	253,133
Movement on provisions	16	28,126	(2,650)
Expected credit loss on receivables	12	35,513	46,542
Impairments of non-current assets	5	(27,673)	7,511
<b>Working Capital adjustments:</b>			
Interest received (shown below)	7	(3,181)	(2,766)
Interest paid (shown below)	7	31,411	37,756
Decrease in trade and other receivables		140,371	132,254
Increase/(decrease) in trade and other payables	14	41,889	(33,984)
Increase/(decrease) in tax payable	12, 14	2,446	(1,541)
Provisions utilised	12, 16	(38,821)	(65,954)
<b>Net cash inflow from operating activities</b>		<b>369,093</b>	<b>252,419</b>
<b>Investing activities</b>			
Interest received	7	3,181	2,766
(Payments) for property, plant and equipment		(105,625)	(66,541)
Proceeds from disposal of property, plant and equipment		26,414	22,462
<b>Net cash (outflow) from investing activities</b>		<b>(76,030)</b>	<b>(41,313)</b>
<b>Financing activities</b>			
Increase/(decrease) in loans	15	(98,000)	(62,000)
Capital element of payments in respect of leases and PFI		(157,390)	(98,900)
Interest paid	7	(31,411)	(37,756)
Share Issue	18	3,641	-
<b>Net cash (outflow) from financing activities</b>		<b>(283,160)</b>	<b>(198,656)</b>
<b>Increase in cash and cash equivalents for the year</b>		<b>9,903</b>	<b>12,450</b>
<b>Cash and cash equivalents at start of year</b>		<b>162,939</b>	<b>150,489</b>
<b>Cash and cash equivalents at end of year</b>		<b>172,842</b>	<b>162,939</b>

Notes 1 to 27 form part of these financial statements.

The prior period has been restated to reflect IFRS 16 errors in respect of prepayments on transition, lease incentives and leasehold improvements that is disclosed in Note 27 on pages 158 to 161.

# Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital	Retained earnings	Capital Contribution Reserve	Revaluation Reserve	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2021</b>	<b>256,200</b>	<b>(1,172,362)</b>	<b>3,028,261</b>	<b>1,343,448</b>	<b>3,455,547</b>
<b>Total comprehensive income for the period</b>					
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	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(65,187)</b>	<b>4,441</b>	<b>145,475</b>	<b>84,729</b>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares	3,641	-	-	-	3,641
<b>Total contributions by owners</b>	<b>3,641</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,641</b>
<b>Balance at 31 March 2022</b>	<b>259,841</b>	<b>(1,237,549)</b>	<b>3,032,702</b>	<b>1,488,923</b>	<b>3,543,917</b>

	Share capital	Retained earnings	Capital Contribution Reserve	Revaluation Reserve	Total
	£000	£000	£000	£000	£000
<b>Balance at 1 April 2020</b>	<b>256,200</b>	<b>(1,075,206)</b>	<b>3,028,681</b>	<b>1,353,487</b>	<b>3,563,162</b>
<b>Total comprehensive income for the period</b>					
Retained profit/(loss) for the year (restated)	-	(108,356)	-	-	(108,356)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-	1,161	1,161
Transfers between reserves	-	11,200	-	(11,200)	-
Transfers and adjustments	-	-	(420)	-	(420)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period (restated)</b>	<b>-</b>	<b>(97,156)</b>	<b>(420)</b>	<b>(10,039)</b>	<b>(107,615)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Issue of shares	-	-	-	-	-
<b>Total contributions by owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2021 (restated)</b>	<b>256,200</b>	<b>(1,172,362)</b>	<b>3,028,261</b>	<b>1,343,448</b>	<b>3,455,547</b>

Notes 1 to 27 form part of these financial statements.

The prior period has been restated to reflect IFRS 16 errors in respect of prepayments on transition, lease incentives and leasehold improvements that is disclosed in Note 27 on pages 158 to 161.

# 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 European Union and applied in accordance with the Companies Act 2006.

### Going concern

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

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

The Directors 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. 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 below table describes the revenue from contracts.

#### 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.

#### 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.

## Note 1: Accounting Policies (continued)

### 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, 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

## Note 1: Accounting Policies (continued)

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 5 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.

### 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

## Note 1: Accounting Policies (continued)

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 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

## Note 1: Accounting Policies (continued)

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 offset against the lease liability and depreciated for the length of the contract period.

### Liabilities

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

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

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

### Lifecycle replacement

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

### j. Financial liabilities

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

liability has been discharged, that is, the liability has been paid or has expired.

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

### Trade and other payables

Trade and other payables are recorded at their face value.

### Borrowings

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

### k. Employee benefits

#### Short-term employee benefits

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

### l. Superannuation schemes

#### Defined benefit scheme

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

## Note 1: Accounting Policies (continued)

expenditure at the time the company commits itself to the retirement, regardless of the method of payment.

### Defined contribution plan

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

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

### m. Provisions

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

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

### Restructuring

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

### n. Equity and reserves

#### Share capital

Ordinary share capital is classified as equity.

#### 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.

### 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

## Note 1: Accounting Policies (continued)

wholly within the control of the company. A contingent asset is disclosed where an inflow of economic benefits is probable.

### p. Taxation

#### Corporation tax

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

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

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

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

#### Value added tax (VAT)

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

### q. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in the key accounting

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

### Critical accounting judgements

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

### 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 1.47% 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 0.95% for the period 1st January to 31st March 2022 and 0.91% for the period 1st April to 31st December 2021. 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

98% 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 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 also 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.

	2022	2021
	£000	£000
Rental income	353,954	353,333
Facilities management and service charge income	349,416	357,636
Other fees and charges	6,477	5,413
Capital Funding Income	20,542	11,078
	<b>730,389</b>	<b>727,460</b>

	2022	2021
Revenue split by contract/non-contract	£000	£000
Revenue from Contracts with Customers	376,435	374,127
Other Revenue	353,954	353,333
	<b>730,389</b>	<b>727,460</b>

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

The balance as at 31 March 2022 of receivables from contracts with customers is £256m (2021: £296m).

## Note 3: Direct Property Expenses

		2022	Restated 2021
	Note	£000	£000
Depreciation of property, plant and equipment	9	141,212	148,170
Depreciation of right of use assets	10	105,317	100,638
Amortisation		4,941	3,161
Rental expense		20,657	24,490
Lease contingent rent expense		12,044	9,643
PFI contingent rent expense		17,365	15,232
Facilities management		144,105	155,182
Utilities		45,540	44,750
Rates		43,093	41,276
Repairs, maintenance and insurance		20,055	16,326
External construction costs		20,836	12,517
Staff Costs	6	98,882	94,761
Legal and Professional		1,972	2,655
		<b>676,019</b>	<b>668,801</b>

Please see note 27 for further information on restatement.

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. Prior year restatement relates to this reclassification.

## Note 4: Administrative Expenses

		2022	Restated 2021
	Note	£000	£000
Staff costs	6	57,045	57,421
Legal and professional fees		8,519	5,327
Chairman and non-executive directors' costs		208	175
External audit fees		498	562
Internal audit fees		207	376
Other professional fees		110	-
Depreciation of property, plant and equipment	9	912	709
Amortisation		421	455
Office Costs		5,955	5,191
Software, Systems and Maintenance		5,040	6,070
Other administrative expenses		672	2,547
		<b>79,587</b>	<b>78,833</b>

The external audit fees relate solely to the statutory audit. The 2022 expense includes an under accrual of £16k relating to 2021 (2021: £115k under accrual relating to 2020).

External construction costs have been reallocated from Note 4, Legal and professional fees to Note 3 External construction costs. These have been reclassified based on a review of cost allocation related to customer construction costs. Prior year restatement relates to this reclassification.

Please see note 27 for further information on restatement.

## Note 5: Other Operating Expenses

	2022	2021
	£000	£000
Impairment of property, plant and equipment	(27,673)	7,511
Dilapidations movements	(2,075)	(4,177)
Doubtful Debt expense	5,344	12,802
Low Value Leases Expense	-	785
Other	(218)	(1,335)
	<b>(24,622)</b>	<b>15,586</b>

In the current year the low value lease expense is included as part of software, system and maintenance within Note 4 - Administrative expenses.

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

The expected credit loss charge is now a separate line on the Statement of Comprehensive Income, whereas previously it was included within the Doubtful Debt expense as part of Other Operating Expenses.

## Note 6: Staff Costs

	2022	Restated 2021
	£000	£000
Wages and salaries	133,476	127,163
Agency staff costs	1,335	5,296
Social security costs	11,877	10,958
Contributions to defined contribution plans	9,239	8,765
	<b>155,927</b>	<b>152,182</b>

Directors remuneration is disclosed in the remuneration report on page 110.

Staff costs is included in both Direct Property Expenses £98,882k (2021: £94,761k) and Administrative Expenses £57,045k (2021: £57,421k).

Employee pension costs have been reclassified to wages and salaries from contributions to defined contribution plans. Prior year restatement relates to this reclassification.

Please see note 27 for further information on restatement.

### Average Number

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

	Headcount 2022	Headcount 2021
Permanent staff	5,822	5,619
Contractor staff	27	30
	<b>5,849</b>	<b>5,649</b>

## Note 7: Finance Income and Costs

	2022	Restated 2021
	£000	£000
<b>Finance income</b>		
Interest on Leases	3,167	2,766
Interest income	14	-
	<b>3,181</b>	<b>2,766</b>
<b>Finance costs</b>		
Interest on loans	100	320
Interest on obligations under PFI contracts and Leases	31,311	37,436
Unwinding of discounts on provision	29,453	590
	<b>60,864</b>	<b>38,346</b>

Please see note 27 for further information on restatement.

## Note 8: Corporate Tax

	2022	Restated 2021
	£000	£000
<b>Recognised in the statement of comprehensive income</b>		
<b>Current tax expense</b>		
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:

<b>Reconciliation of effective tax rate</b>		
Loss before tax from continuing operations	(82,280)	(108,356)
Corporation tax expense calculated at 19% (2021:19%)	(15,633)	(20,588)
Effect of income that is exempt from taxation	(2,187)	(1,810)
Effect of expenses that are not deductible in determining taxable profits	20,203	25,053
Unutilised losses for which no deferred tax asset has been provided	(2,383)	(2,655)
	-	-

As at 31 March 2022, the company has a corporation tax receivable of £2,500k (2021: £2,486k). The company has unrecognised deferred tax assets of £14,980k (2021: £13,140k).

Please see note 27 for further information on restatement.

## 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
<b>Cost as at 1 April 2021</b>	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 assets held for sale	(16,388)	(27,717)	20,765	-	-	-	(23,340)
<b>As at 31 March 2022</b>	<b>1,134,342</b>	<b>1,492,056</b>	<b>243,047</b>	<b>175,550</b>	<b>7,022</b>	<b>1,737</b>	<b>3,053,754</b>
<b>Depreciation as at 1 April 2021</b>	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)
Reclassifications to/from assets held for sale	-	-	-	-	-	-	-
<b>As at 31 March 2022</b>	<b>9</b>	<b>3,508</b>	<b>100,964</b>	<b>-</b>	<b>5,049</b>	<b>1,662</b>	<b>111,192</b>
<b>Net book value as at 31 March 2022</b>	<b>1,134,333</b>	<b>1,488,548</b>	<b>142,083</b>	<b>175,550</b>	<b>1,973</b>	<b>75</b>	<b>2,942,562</b>

Depreciation of property plant and equipment is included in both direct property expenses £141,212k (2021: £148,170k) and Administrative Expenses £912k (2021: £709k).

## Note 9: Property, Plant and Equipment (continued)

	Land £000	Buildings £000	Leasehold improvements £000	Assets under construction £000	Plant and equipment £000	Furniture and fittings £000	Total £000
<b>Cost as at 1 April 2020 (restated)</b>	1,154,449	1,522,187	217,899	100,096	6,417	1,624	3,002,672
Reclassifications	12	72,982	-	(73,188)	13	-	(181)
Additions	455	1,355	1,174	104,247	1,054	-	108,285
Revaluation increase	13,426	25,185	-	-	-	-	38,611
Disposals	-	(15)	-	(752)	(4)	-	(771)
In year transfer to/from other bodies and other transfers	(247)	(205)	-	-	-	-	(452)
Impairment	(15,951)	(83,387)	(5,046)	(2,734)	(407)	113	(107,412)
Reclassifications to/from assets held for sale	(15,575)	(21,541)	14,670	-	-	-	(22,446)
<b>As at 31 March 2021 (restated)</b>	<b>1,136,569</b>	<b>1,516,561</b>	<b>228,697</b>	<b>127,669</b>	<b>7,073</b>	<b>1,737</b>	<b>3,018,306</b>
<b>Depreciation as at 1 April 2020 (restated)</b>	(11)	1,857	80,250	-	2,797	1,479	86,372
Charged during the year	-	133,241	14,367	-	1,212	59	148,879
Revaluation	-	(45,378)	-	-	-	-	(45,378)
In year transfer to/from other bodies and other transfers	-	(32)	-	-	-	-	(32)
Impairment	20	(8,656)	(2,729)	-	(270)	78	(11,557)
<b>As at 31 March 2021 (restated)</b>	<b>9</b>	<b>81,032</b>	<b>91,888</b>	<b>-</b>	<b>3,739</b>	<b>1,616</b>	<b>178,284</b>
<b>Net book value as at 31 March 2021 (restated)</b>	<b>1,136,560</b>	<b>1,435,529</b>	<b>136,809</b>	<b>127,669</b>	<b>3,334</b>	<b>121</b>	<b>2,840,022</b>

In the year ended 31 March 2022 42% 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 2022.

Total impairment charge in the year per Note 5 is £(27,673)k (2021: £7,511k), due to revaluation upwards £47,583k (2021: £33,765k) and revaluation downwards £19,562, (2021: £41,276k).

Please see note 27 for further information on restatement.

## Note 9: Property, Plant and Equipment (continued)

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 2022 would have been £812m for Land (2021: £819m) and £1,584m for Buildings (2021: £1,658m).

### Fair value hierarchy

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

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

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

Where land and buildings are considered to be non-specialised, level 2 inputs are used to calculate Existing Use Value. The determination of fair value is primarily based on market values for comparable properties, if they were to be sold between two parties, without compulsion, but with a view that they would remain in their current (existing) use;

or, when this is not appropriate for buildings, the income approach is used.

Where buildings are considered to be specialised by their nature, level 3 inputs are used as there is little or no market data available for valuation inputs. The determination of fair value is based on the current cost of replacing the asset with its modern equivalent asset (depreciated replacement cost), less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

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

### Unobservable inputs

BCIS Indices which provide the "mean UK new build figures per sq. ft." The Indices are broken down across various building types and provide an accurate average figure across the UK.

BCIS location weighting the construction costs. This weighting reflects regional differences in build costs.

### Assumptions

The construction of the replacement buildings are assumed to be undertaken on a cleared site, ready for development, and an 'instant build' basis. As such, there is no allowance for site clearance and preparation, or for finance on the build costs.

The replacement buildings would be constructed at the date of valuation without phasing or lead in periods.

The replacement buildings will be constructed in compliance with current building standards and requirements which are likely to differ in appearance and construction type from those buildings that presently exist on site(s).

The replacement buildings being of the same floor area as those existing and offering the same service potential.

There is a minimum ten-year residual useful life for all assets subject to revaluation.

## Note 9: Property, Plant and Equipment (continued)

### Movement in level 2 and level 3 assets

	Level 2 EUV £000	Level 3 DRC £000	Total £000
<b>Net book value as at 1 April 2021</b>	70,438	2,651,864	2,722,302
Reclassifications	473	82,860	83,333
Additions	-	2,742	2,742
Charged during the year	(890)	(140,121)	(141,011)
Revaluations	6,100	175,042	181,142
Disposals	-	(32)	(32)
In year transfer to/ from other bodies and other transfers	-	(5,521)	(5,521)
Impairment	(9,755)	(31,809)	(41,564)
Reclassifications to/ from assets held for sale	(6,325)	(17,015)	(23,340)
<b>Net book value as at 31 March 2022</b>	<b>60,041</b>	<b>2,718,010</b>	<b>2,778,051</b>
<b>Net book value as at 1 April 2020</b>	70,986	2,755,170	2,826,156
Reclassifications	2,230	70,764	72,994
Additions	16	2,968	2,984
Charged during the year	(2,652)	(145,269)	(147,921)
Revaluations	140	83,938	84,078
Disposals	-	(15)	(15)
In year transfer to/ from other bodies and other transfers	-	(420)	(420)
Impairment	(12)	(93,096)	(93,108)
Reclassifications to/ from assets held for sale	(270)	(22,176)	(22,446)
<b>Net book value as at 31 March 2021</b>	<b>70,438</b>	<b>2,651,864</b>	<b>2,722,302</b>

## Note 10: Right of use assets

	ROU £000	Peppercorn £000	PFI £000	Total £000
<b>Cost as at 1 April 2021</b>	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)
<b>As at March 2022</b>	<b>1,083,959</b>	<b>81,805</b>	<b>595,783</b>	<b>1,761,547</b>
<b>Depreciation as at 1 April 2021</b>	222,272	15,160	10,942	248,374
Charged during the year	84,499	2,336	18,482	105,317
Remeasurement	-	-	(27,249)	(27,249)
Impairment	-	(190)	-	(190)
<b>As at 31 March 2022</b>	<b>306,771</b>	<b>17,306</b>	<b>2,175</b>	<b>326,252</b>
<b>Net book value as at 31 March 2022</b>	<b>777,188</b>	<b>64,499</b>	<b>593,608</b>	<b>1,435,295</b>

	Restated ROU £000	Restated Peppercorn £000	Restated PFI £000	Restated Total £000
<b>Cost as at 1 April 2020</b>	996,802	84,804	561,529	1,643,135
Additions	44,436	-	196	44,632
Disposals	(50,053)	-	-	(50,053)
Revaluation	-	-	(1,168)	(1,168)
Remeasurement	8,726	-	-	8,726
Impairment	-	(1,788)	(1,738)	(3,526)
Reclassification	-	-	181	181
<b>As at March 2021</b>	<b>999,911</b>	<b>83,016</b>	<b>559,000</b>	<b>1,641,927</b>
<b>Depreciation as at 1 April 2020</b>	140,599	15,944	1,412	157,955
Charged during the year	81,673	828	18,137	100,638
Revaluation	-	-	(7,611)	(7,611)
Impairment	-	(1,612)	(996)	(2,608)
<b>As at 31 March 2021</b>	<b>222,272</b>	<b>15,160</b>	<b>10,942</b>	<b>248,374</b>
<b>Net book value as at 31 March 2021</b>	<b>777,639</b>	<b>67,856</b>	<b>548,058</b>	<b>1,393,553</b>

Please see note 27 for further information on restatement.

## Note 11: Lease Liabilities

		2022	Restated 2021	Restated 1 April 2020
Lease Liabilities	Note	£000	£000	£000
<b>Current</b>				
Lease Liabilities	15	101,236	98,952	101,090
<b>Non-Current</b>				
Lease Liabilities	15	992,197	1,040,148	1,099,910
<b>Total lease liabilities</b>		<b>1,093,433</b>	<b>1,139,100</b>	<b>1,201,000</b>
<b>Undiscounted lease payments to be received</b>				
Less than one Year		123,130	122,336	124,190
One to Five years		462,436	470,986	490,691
More than Five years		786,650	869,884	954,428
Discount		(278,783)	(324,106)	(368,309)
		<b>1,093,433</b>	<b>1,139,100</b>	<b>1,201,000</b>

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

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

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

There are 6 leases at 31/03/2022 with a lease liability value of £16.4m where the company judges it is likely to exercise the break; and savings of £20.1m 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:

	2022	Restated 2021
	£000	£000
Short-term leases	20,657	24,490
Leases of low value assets	137	921
<b>Total</b>	<b>20,794</b>	<b>25,411</b>

Total cash outflow for leases for the year ended 31 March 2022 was £128,766k (2021: £144,374k).

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

Refer to note 7 for interest expense on lease liabilities.

Short-term leases has been restated to apply the updated calculation method.

Please see note 27 for further information on restatement.

## Note 12: Trade and Other Receivables

	Note	Current		Non-Current	
		2022	Restated 2021	2022	Restated 2021
		£000	£000	£000	£000
Trade Receivables		436,540	531,396	-	-
Less: Expected Credit Loss Allowance		(200,365)	(201,883)	-	-
Capital receivables		5,230	3,040	-	-
Other receivables		7,105	8,195	2,400	3,200
Accrued income		14,155	23,687	-	-
Prepayments		17,825	17,764	-	-
VAT Receivables		-	2,460	-	-
Tax		2,500	2,486	-	-
Lease receivables	20	10,632	12,750	59,938	91,974
		<b>293,622</b>	<b>399,895</b>	<b>62,338</b>	<b>95,174</b>

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

Please see note 27 for further information on restatement.

## Note 12: Trade and Other Receivables (continued)

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

	Current		Non-Current	
	2022 £000	2021 £000	2022 £000	2021 £000
Contract Receivables	255,837	295,567	-	-
Rent Receivables	180,703	235,829	-	-
	<b>436,540</b>	<b>531,396</b>	-	-

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.

	Not past due		Past due	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade receivables	28,647	36,088	407,893	495,308
Expected credit loss allowance	(4,636)	(4,067)	(195,729)	(197,816)
	<b>24,011</b>	<b>32,021</b>	<b>212,164</b>	<b>297,492</b>

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:

	2022 £000	2021 £000
<b>As at 1 April</b>	201,883	219,324
Increase in provision	35,513	46,542
Amounts written off during the year	(37,031)	(63,983)
<b>As at 31 March</b>	<b>200,365</b>	<b>201,883</b>

Sensitivity analysis shows if all customers were rated high risk the expected credit loss allowance would be £229m (2021: £242m) and if all customers were rated low risk the expected credit loss allowance would be £156m (2021: £143m).

## Note 13: Assets Held for Sale

	Land	Buildings	Total
	£000	£000	£000
<b>As at 1 April 2021</b>	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)
<b>As at 31 March 2022</b>	<b>1,705</b>	<b>485</b>	<b>2,190</b>
<b>As at 1 April 2020</b>	2,570	1,521	4,091
Plus: assets classified as held for sale in the year	15,575	6,871	22,446
Less: assets sold in the year	(15,110)	(7,712)	(22,822)
Less: impairment of assets held for sale	-	(10)	(10)
<b>As at 31 March 2021</b>	<b>3,035</b>	<b>670</b>	<b>3,705</b>

The company has 4 properties (2021: 9 properties) held for sale. The decision as to whether one of the company's properties is surplus to NHS operational requirements resides with the commissioners, i.e. NHS England or a Clinical Commissioning Group. A property will only be released for disposal once commissioners have confirmed that it is no longer required for the delivery of NHS services. The disposals are planned to take place at various dates during the next financial year.

## Note 14: Trade and Other Payables

	Current		Non-current	
	2022 £000	2021 £000	2022 £000	2021 £000
Trade payables	30,490	22,643	-	-
Capital payables	3,788	3,586	-	-
Other payables	6,594	3,081	-	-
VAT payables	4,500	-	-	-
Accruals	99,066	87,795	-	-
Deferred income	7,674	1,305	14,675	9,418
Social security costs	3,133	-	-	-
	<b>155,245</b>	<b>118,410</b>	<b>14,675</b>	<b>9,418</b>

## Note 15: Borrowings

Note	Current			Non-Current			
	2022	Restated	Restated	2022	Restated	Restated	
	£000	2021 £000	1 April 2020 £000	£000	2021 £000	1 April 2020 £000	
Loans	-	98,000	160,000	-	-	-	
PFI liabilities	11, 21	14,744	12,110	12,975	263,899	274,884	287,015
Lease liabilities	11	86,492	86,842	88,115	728,298	765,264	812,895
		<b>101,236</b>	<b>196,952</b>	<b>261,090</b>	<b>992,197</b>	<b>1,040,148</b>	<b>1,099,910</b>

The loan is a working capital facility that is due to expire 1 April 2024 and was repaid in full in year.

Please see note 27 for further information on restatement.

## Note 16: Provisions

	Dilapidations	Restructuring	Legal claims	Total
	£000	£000	£000	£000
<b>As at 1 April 2021</b>	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
<b>As at 31 March 2022</b>	<b>110,238</b>	<b>24</b>	<b>487</b>	<b>110,749</b>
Current	11,953	24	487	12,464
Non-current	98,285	-	-	98,285
<b>As at 31 March 2022</b>	<b>110,238</b>	<b>24</b>	<b>487</b>	<b>110,749</b>
<b>As at 1 April 2020</b>	88,393	-	641	89,034
Arising during the year	1,175	684	262	2,121
Utilised during the year	(1,265)	(636)	(70)	(1,971)
Reversed unused	(5,015)	(48)	(298)	(5,361)
Unwinding of discounts on provision	590	-	-	590
<b>As at 31 March 2021</b>	<b>83,878</b>	-	<b>535</b>	<b>84,413</b>
Current	11,569	-	535	12,104
Non-current	72,309	-	-	72,309
<b>As at 31 March 2021</b>	<b>83,878</b>	-	<b>535</b>	<b>84,413</b>

Please see note 27 for further information on restatement.

## 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 £11.0m.

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 (FRM) requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

### Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period and are accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2022, is based on valuation data as at 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FRM interpretations, and the discount rate prescribed by HM Treasury have also been used.

## Note 17: Employee Benefits (continued)

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

### Full actuarial (funding) valuation

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

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

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 2023 are £4.4m (2022: £4.6m). 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

	2022	2021
	£000	£000
<b>Issued during the year to 31 March</b>	3,641	-
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	259,841	256,200
Shares classified as liabilities	-	-
Shares classified in shareholders' funds	259,841	256,200

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

The company issued 3,641,331 £1 ordinary shares in the period (2021: £nil).

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

### Dividends

The company has not paid dividends this period and after the Statement of Financial Position date no dividends were proposed by the Directors (2021: £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.

	2022	2021
	£000	£000
<b>Balance at 1 April</b>	<b>3,028,261</b>	<b>3,028,681</b>
Transfers and adjustments	4,441	(420)
<b>Balance at 31 March</b>	<b>3,032,702</b>	<b>3,028,261</b>

## Note 20: Lease Obligations

### Lease obligations as lessor

The company leases 115 (2021: 151) properties under lease arrangements.

	Minimum lease payments		Present value of minimum lease payments	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Amounts receivable under finance leases (Buildings)</b>				
Within one year	11,290	13,861	10,632	12,750
1-2 years	9,895	12,946	8,694	11,720
2-3 years	8,719	11,658	7,649	10,245
3-4 years	8,115	10,049	7,112	8,750
4-5 years	7,277	9,260	6,366	7,960
After five years	47,740	77,603	30,117	53,299
Less: future finance charges	(22,466)	(30,653)	-	-
	<b>70,570</b>	<b>104,724</b>	<b>70,570</b>	<b>104,724</b>

Included in	Note	2022	2021
		£000	£000
Current finance lease receivables	12	10,632	12,750
Non-current finance lease receivables	12	59,938	91,974
		<b>70,570</b>	<b>104,724</b>

	2022	2021
	£000	£000
<b>Amounts receivable under operating leases</b>		
Within one year	59,713	56,964
1-2 years	51,454	53,720
2-3 years	46,333	44,655
3-4 years	43,283	40,431
4-5 years	40,739	37,341
After five years	322,744	325,206
	<b>564,266</b>	<b>558,317</b>

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 2021/22 for all occupations will continue to remain similar in 2022/23.

## Note 21: Private Finance Initiatives

The company is party to 28 (2021: 27) Private Finance Initiative (PFI) arrangements, where the company controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. These arrangements are treated as service concession arrangements and are accounted for in accordance with IFRIC 12 service concession arrangements (IFRIC 12).

The company therefore recognises PFI assets as items of right of use assets, 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

## Note 21: Private Finance Initiatives (continued)

		2022	2021
	Note	£000	£000
Service element charged to in-year operating expenses		31,268	33,135
<b>Total obligations for PFI contracts due:</b>			
Within one year		30,858	28,867
Between one and five years		117,512	117,653
After five years		271,216	297,114
Less: future finance charges		(140,943)	(156,640)
		<b>278,643</b>	<b>286,994</b>
<b>Payments committed to in respect of the service element:</b>			
Within one year		31,894	31,635
Between one and five years		138,539	134,939
After five years		397,466	441,926
		<b>567,899</b>	<b>608,500</b>
<b>Included in:</b>			
Current borrowings	15	14,744	12,110
Non-current borrowings	15	263,899	274,884
		<b>278,643</b>	<b>286,994</b>

The amounts 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 will vary depending on the actual rate issued.

Please see note 27 for further information on restatement.

## 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.

## Note 22: Financial Instruments (continued)

	2022	Restated 2021
	£000	£000
<b>Categories of financial assets and liabilities</b>		
<b>Financial assets measured at amortised cost</b>		
Trade and other receivables	335,635	472,359
Cash and cash equivalent	172,842	162,939
	<b>508,477</b>	<b>635,298</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade and other payables	139,938	117,105
Loans	-	98,000
PFI and finance lease liabilities	1,093,433	1,139,099
	<b>1,233,371</b>	<b>1,354,204</b>

Please see note 27 for further information on restatement.

### a. Fair value of financial instruments

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

### b. Credit risk

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

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

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

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

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

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

### c. Liquidity risk

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

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding.

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

## Contractual maturity analysis of financial liabilities

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

	Carrying amount	Contractual cash flow	Within 1 year	1-5 years	After five years
	£000	£000	£000	£000	£000
<b>2022</b>					
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
	<b>1,233,371</b>	<b>1,512,154</b>	<b>263,069</b>	<b>462,436</b>	<b>786,649</b>
<b>2021 (restated)</b>					
Trade and other payables	117,105	117,105	117,105	-	-
Leases	852,107	1,019,572	93,469	353,333	572,770
PFI	286,994	443,634	28,867	117,653	297,114
Loans	98,000	98,000	98,000	-	-
	<b>1,354,206</b>	<b>1,678,311</b>	<b>337,441</b>	<b>470,986</b>	<b>869,884</b>
<b>1 April 2020 (restated)</b>					
Trade and other payables	146,601	146,601	146,601	-	-
Leases	901,010	1,093,238	94,514	372,622	626,102
PFI	299,990	474,020	29,676	118,163	326,181
Loans	160,000	160,000	160,000	-	-
	<b>1,507,601</b>	<b>1,873,859</b>	<b>430,791</b>	<b>490,785</b>	<b>952,283</b>

### 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 83 to 95 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.

As at 31 March 2022, the company owed the Department of Health and Social Care £nil (2021: £98m) in respect of the flexible loan facility. Refer to note 15 for further information on the loan.

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

Details of related party transactions are as follows:

Director	Organisation	Purchases from related party	Sales to related party	Amounts owed to related party	Amounts due from related party
		£000	£000	£000	£000
<b>2022</b>					
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	-
		<b>1,700</b>	<b>26</b>	<b>1,643</b>	<b>28</b>
<b>2021</b>					
Ian Ellis	Telereal Trillium Limited	409	-	4	-
Ben Masterson	NHS Shared Business Services	54	-	-	-
		<b>463</b>	<b>-</b>	<b>4</b>	<b>-</b>

In relation to related parties, the company has a provision of doubtful debts of £nil (2021: £nil) of which the expense recognised in 2022 is £nil (2021: £nil). In 2022, the company has also written off £nil (2021: £nil) of the debt outstanding related to the previous year.

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

Details of the remuneration paid to Board members can be found in the Remuneration Report on page 110.

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

## Note 23: Related Party Transactions (continued)

Organisation	Purchases from related party	Sales to related party	Amounts owed to related party	Amounts due from related party
	£000	£000	£000	£000
<b>2022</b>				
Department of Health and Social Care	100	55	96	7,423
Health Education England	54	4,607	19	750
Public Health England	-	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
	<b>19,452</b>	<b>504,755</b>	<b>11,109</b>	<b>181,932</b>
<b>2021</b>				
Department of Health and Social Care	719	93	98,011	4,779
Health Education England	-	6,545	-	252
Public Health England	-	903	-	602
Special Health Authorities	184	-	101	-
NHS England	1,501	204,343	769	111,561
NHS Trusts	2,634	82,623	2,091	46,643
NHS Foundation Trusts	20,842	221,622	5,732	96,159
Other Group Bodies	42	2,061	-	351
	<b>25,922</b>	<b>518,190</b>	<b>106,704</b>	<b>260,347</b>

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:

	2022	2021
	£000	£000
Property, plant and equipment	21,372	22,812
	<b>21,372</b>	<b>22,812</b>
No later than one year	16,530	22,382
Between one and five years	4,842	430
After five years	-	-
	<b>21,372</b>	<b>22,812</b>

## Note 25: Contingencies

### a. Quantifiable contingencies

	2022	2021
	£000	£000
<b>Contingent liabilities</b>		
Legal claims	22	23
	<b>22</b>	<b>23</b>
<b>Contingent assets</b>		
Legal claims	71	62
	<b>71</b>	<b>62</b>

### 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 17 February 2023.

## Note 27: Prior Period Restatement

Management identified IFRS 16 errors in respect of prepayments on transition, lease incentives and leasehold improvements that impacted the prior year financial statements. These have been restated as required by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The opening position at 1 April 2020 has been restated across several lines, taken together with the restatement at 31 March 2021, there was an impact on operating loss for the restated 2020/21 financial year of £2.8m.

The expected credit loss allowance expense adjustment is a reclassification from other operating expenses.

The £12.5m adjustment to administrative expenses is a reclassification of external construction to direct property expenses, in line with the current year.

The impact of the restatement to the 2020/21 financial statements are as follows:

### Impact to the Statement of Comprehensive Income

	Notes	Per signed accounts 2021 £000	Adjustment £000	Restated £000
Operating revenue	2	727,460	-	727,460
Direct property expenses	3	(653,835)	(14,966)	(668,801)
Administrative expenses	4	(91,350)	12,517	(78,833)
Other operating expenses	5	(62,128)	46,542	(15,586)
Expected credit loss allowance expense		-	(46,542)	(46,542)
<b>Operating loss</b>		<b>(79,853)</b>	<b>(2,449)</b>	<b>(82,302)</b>
Finance income	7	2,766	-	2,766
Finance costs	7	(38,039)	(307)	(38,346)
Gain on disposal of property, plant and equipment		9,526	-	9,526
<b>Loss before tax from continuing operations</b>		<b>(105,600)</b>	<b>(2,756)</b>	<b>(108,356)</b>
<b>Taxation expense</b>	8	-	-	-
<b>Loss for the year</b>		<b>(105,600)</b>	<b>(2,756)</b>	<b>(108,356)</b>
<b>Other comprehensive income, net of income tax</b>				
<i>Items that will not be recycled to profit and loss:</i>				
Revaluation of property, plant and equipment		1,161	-	1,161
<b>Other comprehensive income, net of income tax</b>		<b>1,161</b>	-	<b>1,161</b>
<b>Total comprehensive income for the year</b>		<b>(104,439)</b>	<b>(2,756)</b>	<b>(107,195)</b>

## Note 27: Prior Period Restatement (continued)

### Impact to the Statement of Financial Position

	Notes	Per signed accounts 2021 £000	Adjustment		Restated 2021 £000
			1 April 2020	31 March 2021	
<b>Non-current assets</b>					
Property, plant and equipment	9	2,853,428	(13,718)	312	2,840,022
Right of Use	10	1,331,211	41,800	20,542	1,393,553
Intangibles		9,600	-	-	9,600
Trade and other receivables	12	95,174	-	-	95,174
		<b>4,289,413</b>	<b>28,082</b>	<b>20,854</b>	<b>4,338,349</b>
<b>Current assets</b>					
Trade and other receivables	12	416,306	(16,411)	-	399,895
Cash and cash equivalents		162,939	-	-	162,939
		<b>579,245</b>	<b>(16,411)</b>	-	<b>562,834</b>
Assets classified as held for sale	13	3,705	-	-	3,705
<b>Total assets</b>		<b>4,872,363</b>	<b>11,671</b>	<b>20,854</b>	<b>4,904,888</b>
<b>Current liabilities</b>					
Trade and other payables	14	118,410	-	-	118,410
Borrowings	15	196,757	45	150	196,952
Provisions	16	12,104	-	-	12,104
		<b>327,271</b>	<b>45</b>	<b>150</b>	<b>327,466</b>
<b>Non-current liabilities</b>					
Trade and other payables	14	9,418	-	-	9,418
Borrowings	15	1,005,062	11,626	23,460	1,040,148
Provisions	16	72,309	-	-	72,309
		<b>1,086,789</b>	<b>11,626</b>	<b>23,460</b>	<b>1,121,875</b>
<b>Total liabilities</b>		<b>1,414,060</b>	<b>11,671</b>	<b>23,610</b>	<b>1,449,341</b>
<b>Net assets</b>		<b>3,458,303</b>	-	<b>(2,756)</b>	<b>3,455,547</b>
<b>Equity</b>					
Share capital	18	256,200	-	-	256,200
Retained earnings		(1,169,606)	-	(2,756)	(1,172,362)
Revaluation reserve		1,343,448	-	-	1,343,448
Capital contribution reserve	19	3,028,261	-	-	3,028,261
<b>Total equity</b>		<b>3,458,303</b>	-	<b>(2,756)</b>	<b>3,455,547</b>

## Note 27: Prior Period Restatement (continued)

### Impact to the Statement of Cash Flows

	Notes	Per signed accounts 2021 £000	Adjustment £000	Restated £000
<b>Operating activities</b>				
Loss for the year		(105,600)	(2,756)	(108,356)
<b>Adjustments for non-cash transactions:</b>				
(Gain)/loss on disposal of property, plant and equipment		(9,526)	-	(9,526)
Depreciation and amortisation	9,10	249,293	3,840	253,133
Movement on provisions	16	(2,650)	-	(2,650)
Expected credit loss on receivables	12	46,542	-	46,542
Impairments of non-current assets	5	7,511	-	7,511
<b>Working Capital adjustments:</b>				
Interest received (shown below)	7	(2,766)	-	(2,766)
Interest paid (shown below)	7	37,449	307	37,756
Decrease in trade and other receivables		132,253	1	132,254
Increase/(decrease) in trade and other payables	14	(33,984)	-	(33,984)
Increase/(decrease) in tax payable	12, 14	(1,541)	-	(1,541)
Provisions utilised	12, 16	(65,954)	-	(65,954)
<b>Net cash inflow from operating activities</b>		<b>251,027</b>	<b>1,392</b>	<b>252,419</b>
<b>Investing activities</b>				
Interest received	7	2,766	-	2,766
(Payments) for property, plant and equipment		(41,845)	(24,696)	(66,541)
Proceeds from disposal of property, plant and equipment		22,462	-	22,462
<b>Net cash (outflow) from investing activities</b>		<b>(16,617)</b>	<b>(24,696)</b>	<b>(41,313)</b>
<b>Financing activities</b>				
Proceeds from the issue of share capital	16	-	-	-
Increase/(decrease) in loans	15	(62,000)	-	(62,000)
Capital element of payments in respect of leases and PFI		(122,511)	23,611	(98,900)
Interest paid	7	(37,449)	(307)	(37,756)
<b>Net cash (outflow) from financing activities</b>		<b>(221,960)</b>	<b>23,304</b>	<b>(198,656)</b>
<b>Increase in cash and cash equivalents for the year</b>		<b>12,450</b>	<b>-</b>	<b>12,450</b>
<b>Cash and cash equivalents at start of year</b>		<b>150,489</b>	<b>-</b>	<b>150,489</b>
<b>Cash and cash equivalents at end of year</b>		<b>162,939</b>	<b>-</b>	<b>162,939</b>

## Note 27: Prior Period Restatement (continued)

### Impact to the Statement of Changes in Equity

	Per signed accounts 2021 Retained earnings £000	Adjustment £000	Restated Retained earnings £000
<b>Balance at 1 April 2020</b>	<b>(1,075,206)</b>	<b>-</b>	<b>(1,075,206)</b>
<b>Total comprehensive income for the period</b>			
Retained profit/(loss) for the year	(105,600)	(2,756)	(108,356)
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-
Transfers between reserves	11,200	-	11,200
Transfers and adjustments	-	-	-
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>(94,400)</b>	<b>(2,756)</b>	<b>(97,156)</b>
<b>Transactions with owners, recorded directly in equity</b>			
Issue of shares	-	-	-
<b>Total contributions by owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 March 2021</b>	<b>(1,169,606)</b>	<b>(2,756)</b>	<b>(1,172,362)</b>

# Appendix

## Corporate advisors 2021/22

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