



South West London

Annual Accounts April 2025 to March 2026

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**Statement of Comprehensive Net Expenditure for the year ended
31 March 2026**

	2025-26	2024-25
Note	£'000	£'000
Income from sale of goods and services	2 (50,710)	(44,585)
Other operating income	2 (5,536)	(4,338)
Total operating income	(56,246)	(48,923)
Staff costs	4 78,939	64,107
Purchase of goods and services	5 4,422,354	3,732,075
Depreciation and impairment charges	5 392	612
Provision expense	5 14,098	397
Other operating expenditure	5 1,387	(188)
Total operating expenditure	4,517,170	3,797,004
Net Operating Expenditure	4,460,924	3,748,081
Finance expense	8 205	136
Net expenditure for the Financial Year	4,461,129	3,748,217

**Statement of Financial Position as at
31 March 2026**

	2025-26	2024-25
Note	£'000	£'000
Non-current assets:		
Right-of-use assets	9.1 <u>3,198</u>	<u>3,589</u>
Total non-current assets	<u>3,198</u>	<u>3,589</u>
Current assets:		
Trade and other receivables	10.1 20,761	17,663
Cash and cash equivalents	11 <u>1,612</u>	<u>443</u>
Total current assets	<u>22,373</u>	<u>18,106</u>
Total assets	<u>25,571</u>	<u>21,696</u>
Current liabilities		
Trade and other payables	12 (267,464)	(226,848)
Lease liabilities	9.3 (374)	(100)
Provisions	13 <u>(11,043)</u>	<u>(4,687)</u>
Total current liabilities	<u>(278,882)</u>	<u>(231,635)</u>
Non-Current Assets plus/less Net Current Assets/Liabilities	<u>(253,311)</u>	<u>(209,940)</u>
Non-current liabilities		
Lease liabilities	9.3 (3,000)	(3,374)
Provisions	13 <u>(9,798)</u>	<u>(2,904)</u>
Total non-current liabilities	<u>(12,798)</u>	<u>(6,278)</u>
Assets less Liabilities	<u>(266,109)</u>	<u>(216,218)</u>
Financed by Taxpayers' Equity		
General fund	<u>(266,109)</u>	<u>(216,218)</u>
Total taxpayers' equity:	<u>(266,109)</u>	<u>(216,218)</u>

The notes on pages 6 to 29 form part of this statement

The financial statements on pages 1 to 29 were approved by the Board on 9th June and signed on its behalf by:

Chief Accountable Officer
Andrew Bland



16th June 2026

**Statement of Changes In Taxpayers' Equity for the year ended
31 March 2026**

	General fund £'000	Total reserves £'000
Changes in taxpayers' equity for 2025-26		
Balance at 01 April 2025	(216,218)	(216,218)
Changes in NHS Integrated Care Board taxpayers' equity for 2025-26		
Net operating expenditure for the financial year	(4,461,129)	(4,461,129)
Net funding	4,411,238	4,411,238
Balance at 31 March 2026	<u>(266,109)</u>	<u>(266,109)</u>

	General fund £'000	Total reserves £'000
Changes in taxpayers' equity for 2024-25		
Balance at 01 April 2024	(217,836)	(217,836)
Net operating costs for the financial year	(3,748,217)	(3,748,217)
Net funding	3,749,835	3,749,835
Balance at 31 March 2025	<u>(216,218)</u>	<u>(216,218)</u>

The notes on pages 6 to 29 form part of this statement

**Statement of Cash Flows for the year ended
31 March 2026**

	Note	2025-26 £'000	2024-25 £'000
Cash Flows from Operating Activities			
Net operating expenditure for the financial year		(4,461,129)	(3,748,217)
Depreciation and amortisation	5	392	612
Interest paid		161	136
(Increase)/decrease in trade & other receivables	10.1	(3,098)	2,768
Increase/(decrease) in trade & other payables	12	40,616	3,185
Provisions utilised	13	(849)	(4,289)
Increase/(decrease) in provisions	13	14,098	397
Net Cash Inflow (Outflow) from Operating Activities		(4,409,808)	(3,745,407)
Cash Flows from Financing Activities			
Grant in Aid Funding Received		4,411,238	3,749,835
Repayment of lease liabilities		(261)	(680)
Net Cash Inflow (Outflow) from Financing Activities		4,410,977	3,749,155
Net Increase (Decrease) in Cash & Cash Equivalents	11	1,169	3,748
Cash & Cash Equivalents at the Beginning of the Financial Year		443	(3,305)
Cash & Cash Equivalents (including bank overdrafts) at the End of the Financial Year		1,612	443

The notes on pages 6 to 29 form part of this statement

Notes to the financial statements

1 Accounting Policies

NHS England has directed that the financial statements of Integrated Care Boards (ICBs) shall meet the accounting requirements of the Group Accounting Manual issued by the Department of Health and Social Care. Consequently, the following financial statements have been prepared in accordance with the Group Accounting Manual 2025-26 issued by the Department of Health and Social Care. The accounting policies contained in the Group Accounting Manual follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to Integrated Care Boards, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the Group Accounting Manual permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the ICB for the purpose of giving a true and fair view has been selected. The particular policies adopted by the ICB are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Going Concern

On 13 March 2025 the government announced NHS England and the Department for Health and Social Care will increasingly merge functions, ultimately leading to NHS England being fully integrated into the Department. The legal status of ICBs is currently unchanged. Public sector bodies are assumed to be going concerns where the continuation of the provision of a service in the future is anticipated. If services will continue to be provided in the public sector the financial statements should be prepared on the going concern basis. The statement of financial position has therefore been drawn up at 31 March 2026, on a going concern basis.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, inventories and certain financial assets and financial liabilities.

1.3 Pooled Budgets

South West London ICB has entered into pooled budget arrangements under Section 75 of the National Health Service Act 2006 with 6 of the Local London Boroughs (Croydon, Kingston, Merton, Richmond, Sutton and Wandsworth), relating to the commissioning of health and social care services within the Better Care Fund. The ICB accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget arrangement. The Section 75 agreements clearly sets out the accounting, risk share and governance arrangements.

The accountable bodies for the Better Care Fund are the Local Authorities who hold the funds apart from Croydon where the ICB holds the fund. They are managed through a joint management committee.

Section 75 of the NHS Act 2006 allows partners (NHS Bodies and Councils) to contribute to a common fund which can be used to commission health or social care related services. This power allows a local authority to commission health services and NHS Commissioners to commission social care.

1.4 Critical Accounting Judgements & Key Sources of Estimation Uncertainty

In the application of the ICB's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. No critical accounting judgements were made in the year and where estimates were made, they had no material impact on the financial results of the ICB.

1.5 Operating Segments

Income and expenditure are analysed in the Operating Segments note and are reported in line with management information used within the ICB.

1.6 Revenue

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

- As per paragraph 121 of the Standard, the ICB will not disclose information regarding performance obligations part of a contract that has an original expected duration of one year or less,
- The ICB is to similarly not disclose information where revenue is recognised in line with the practical expedient offered in paragraph B16 of the Standard where the right to consideration corresponds directly with value of the performance completed to date.
- The FR&M has mandated the exercise of the practical expedient offered in C7(a) of the Standard that requires the ICB to reflect the aggregate effect of all contracts modified before the date of initial application.

The main source of funding for the ICBs is from NHS England. This is drawn down and credited to the general fund. Funding is recognised in the period in which it is received.

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

Where income is received for a specific performance obligation that is to be satisfied in the following year, that income is deferred.

Payment terms are standard reflecting cross government principles. Significant terms require that 95% of undisputed, valid invoices should be paid within 30 days.

1.7.0 Employee Benefits

1.7.1 Short-term Employee Benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, including bonuses earned but not yet taken.

The cost of leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

1.7.2 Retirement Benefit Costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. 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.

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

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

Notes to the financial statements

1.8 Other Expenses

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

1.9 Leases

A lease is a contract, or part of a contract, that conveys the right to control the use of an asset for a period of time in exchange for consideration. The ICB assesses whether a contract is or contains a lease, at inception of the contract.

1.9.1 The ICB as Lessee

A right-of-use asset and a corresponding lease liability are recognised at commencement of the lease.

The lease liability is initially measured at the present value of the future lease payments, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the prescribed HM Treasury discount rates are used as the incremental borrowing rate to discount future lease payments.

The lease liability is subsequently measured by increasing the carrying amount for interest incurred using the effective interest method and decreasing the carrying amount to reflect the lease payments made. The lease liability is remeasured, with a corresponding adjustment to the right-of-use asset, to reflect any reassessment of or modification made to the lease.

The right-of-use asset is initially measured at an amount equal to the initial lease liability adjusted for any lease prepayments or incentives, initial direct costs or an estimate of any dismantling, removal or restoring costs relating to either restoring the location of the asset or restoring the underlying asset itself, unless costs are incurred to produce inventories.

The subsequent measurement of the right-of-use asset is consistent with the principles for subsequent measurement of property, plant and equipment. Accordingly, right-of-use assets that are held for their service potential and are in use are subsequently measured at their current value in existing use.

Right-of-use assets for leases that are low value or short term and for which current value in use is not expected to fluctuate significantly due to changes in market prices and conditions are valued at depreciated historical cost as a proxy for current value in existing use.

Other than leases for assets under construction and investment property, the right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. The right-of-use asset is tested for impairment if there are any indicators of impairment and impairment losses are accounted for as described in the 'Depreciation, amortisation and impairments' policy.

Leases of low value assets (value when new less than £5,000) and short-term leases of 12 months or less are recognised as an expense on a straight-line basis over the term of the lease.

1.10 Cash & Cash Equivalents

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

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the ICB's cash management.

1.11 Provisions

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

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

- A nominal short-term rate of 3.64% (2024-25: 4.03%) for inflation adjusted expected cash flows up to and including 5 years from Statement of Financial Position date.
- A nominal medium-term rate of 4.22% (2024-25: 4.07%) for inflation adjusted expected cash flows over 5 years up to and including 10 years from the Statement of Financial Position date.
- A nominal long-term rate of 5.32% (2024-25: 4.81%) for inflation adjusted expected cash flows over 10 years and up to and including 40 years from the Statement of Financial Position date.
- A nominal very long-term rate of 5.07% (2024-25: 4.55%) for inflation adjusted expected cash flows exceeding 40 years from the Statement of Financial Position date.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursements will be received and the amount of the receivable can be measured reliably.

A restructuring provision is recognised when the ICB 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 on-going activities of the entity.

1.12 Clinical Negligence Costs

NHS Resolution operates a risk pooling scheme under which the ICB pays an annual contribution to NHS Resolution, which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with ICB.

1.13 Non-clinical Risk Pooling

The ICB participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the ICB pays an annual contribution to the NHS Resolution and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

1.14 Contingent liabilities and contingent assets

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 ICB, or a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably. A contingent liability is disclosed unless the possibility of a payment is remote.

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

Where the time value of money is material, contingent liabilities and contingent assets are disclosed at their present value.

Notes to the financial statements

1.15 Financial Assets

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

Financial assets are classified into the following categories:

- Financial assets at amortised cost;
- Financial assets at fair value through other comprehensive income and ;
- Financial assets at fair value through profit and loss.

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

1.15.1 Financial Assets at Amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is achieved by collecting contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables and other simple debt instruments. After initial recognition these financial assets are measured at amortised cost using the effective interest method less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

1.15.2 Impairment of financial assets

For all financial assets measured at amortised cost or at fair value through other comprehensive income (except equity instruments designated at fair value through other comprehensive income), lease receivables and contract assets or assets measured at fair value through other comprehensive income, the ICB recognises a loss allowance representing the expected credit losses on the financial asset.

The ICB adopts the simplified approach to impairment in accordance with IFRS 9, and measures the loss allowance for trade receivables, lease receivables and contract assets at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to lifetime expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition (stage 2) and otherwise at an amount equal to 12 month expected credit losses (stage 1).

HM Treasury has ruled that central government bodies may not recognise stage 1 or stage 2 impairments against other government departments, their executive agencies, the Bank of England, Exchequer Funds and Exchequer Funds assets where repayment is ensured by primary legislation. The ICB therefore does not recognise loss allowances for stage 1 or stage 2 impairments against these bodies. Additionally Department of Health and Social Care provides a guarantee of last resort against the debts of its arm's lengths bodies and NHS bodies and the ICB does not recognise allowances for stage 1 or stage 2 impairments against these bodies.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

1.16 Financial Liabilities

Financial liabilities are recognised on the statement of financial position when the ICB 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 de-recognised when the liability has been discharged, that is, the liability has been paid or has expired.

1.17 Value Added Tax

Most of the activities of the ICB are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

1.18 Losses & Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis, including losses which would have been made good through insurance cover had the ICB not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

1.19 Adoption of new standards

IFRS 17 Insurance Contracts was adopted by the NHS during the year, however no ICB contracts were identified where this would be applicable.

1.20 New and revised IFRS Standards in issue but not yet effective

- IFRS 18 Presentation and Disclosure in Financial Statements - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted
- IFRS 19 Subsidiaries without Public Accountability: Disclosures - The Standard is effective for accounting periods beginning on or after 1 January 2027. The Standard is not yet UK endorsed and not yet adopted by the FReM. Early adoption is not permitted.

2 Other Operating Revenue

	2025-26	2024-25
	Total	Total
	£'000	£'000
Income from sale of goods and services (contracts)		
Education, training and research	50	-
Non-patient care services to other bodies	13,399	10,742
Prescription fees and charges	15,767	15,637
Dental fees and charges	15,965	14,158
Other Contract income	5,528	4,047
Total Income from sale of goods and services	<u>50,710</u>	<u>44,585</u>
Other operating income		
Other non contract revenue	5,536	4,338
Total Other operating income	<u>5,536</u>	<u>4,338</u>
Total Operating Income	<u>56,246</u>	<u>48,923</u>

3.1 Disaggregation of Income - Income from sale of good and services (contracts)

						31 March 2026
	Education, training and research £'000	Non-patient care services to other bodies £'000	Prescription fees and charges £'000	Dental fees and charges £'000	Other Contract income £'000	Total £'000
Source of Revenue						
NHS	-	2,572	-	-	4	2,576
Non NHS	50	10,827	15,767	15,965	5,524	48,133
Total	50	13,399	15,767	15,965	5,528	50,709
	Education, training and research £'000	Non-patient care services to other bodies £'000	Prescription fees and charges £'000	Dental fees and charges £'000	Other Contract income £'000	Total £'000
Timing of Revenue						
Point in time	50	13,399	15,767	15,965	5,528	50,709
Over time	-	-	-	-	-	-
Total	50	13,399	15,767	15,965	5,528	50,709
						31 March 2025
	Education, training and research £'000	Non-patient care services to other bodies £'000	Prescription fees and charges £'000	Dental fees and charges £'000	Other Contract income £'000	Total £'000
Source of Revenue						
NHS	-	405	-	-	328	733
Non NHS	-	10,338	15,637	14,158	3,719	43,852
Total	-	10,743	15,637	14,158	4,047	44,585
	Education, training and research £'000	Non-patient care services to other bodies £'000	Prescription fees and charges £'000	Dental fees and charges £'000	Other Contract income £'000	Total £'000
Timing of Revenue						
Point in time	-	10,743	15,637	14,158	4,047	44,585
Over time	-	-	-	-	-	-
Total	-	10,743	15,637	14,158	4,047	44,585

3.2 Cost allocation and setting of Dental and Prescription charges

31 March 2026			
Manually input values	Income £'000	Full cost £'000	Deficit £'000
Dental	15,965	(127,956)	(111,991)
Prescription	15,767	(54,835)	(39,068)
Total fees & charges	<u>31,732</u>	<u>(182,791)</u>	<u>(151,059)</u>

31 March 2025			
	Income £000s	Full cost £000s	Deficit £000s
Dental	14,158	(124,989)	(110,831)
Prescription	15,637	(44,458)	(28,821)
Total fees & charges	<u>29,795</u>	<u>(169,447)</u>	<u>(139,652)</u>

The fees and charges information in this note is provided in accordance with section 3.2.1 of the Government Financial Reporting Manual. It is provided for fees and charges purposes and not for IFRS 8 purposes. The financial objective of prescription and dental charges is to collect charges only from those patients that are eligible to pay.

Prescription charges are a contribution to the cost of pharmaceutical services including the supply of drugs. In 2025/26, the NHS prescription charge for each medicine or appliance dispensed was £9.90 (2024/25 £9.90). However, around 95% of prescription items are dispensed free each year where patients are exempt from charges. In addition, patients who were eligible to pay charges could purchase pre-payment certificates at £32.05 (2024/25 £32.05) for three months or £114.50 (2024/25 £114.50) for a year. A number of other charges were payable for wigs and fabric supports.

NHS Dental charges are payable for those who are not eligible for exemption, which fall into three bands depending on the level and complexity of care provided. In 2025/26, the charge for Band 1 treatments was £27.40 (2024/25 £26.80), for Band 2 was £75.30 (2024/25 £73.50) and for Band 3 was £326.70 (2024/25 £319.10).

4. Employee benefits and staff numbers

4.1.1 Employee benefits

	Total		2025-26
	Permanent Employees £'000	Other £'000	Total £'000
Employee Benefits			
Salaries and wages	43,752	4,359	48,112
Social security costs	6,004	-	6,004
Employer Contributions to NHS Pension scheme	9,331	-	9,331
Apprenticeship Levy	202	-	202
Termination benefits	15,290	-	15,290
Gross employee benefits expenditure	74,579	4,359	78,939
Less recoveries in respect of employee benefits	-	-	-
Total - Net admin employee benefits including capitalised costs	74,579	4,359	78,939
Less: Employee costs capitalised	-	-	-
Net employee benefits excluding capitalised costs	74,579	4,359	78,939

4.1.1 Employee benefits

	Total		2024-25
	Permanent Employees £'000	Other £'000	Total £'000
Employee Benefits			
Salaries and wages	41,626	8,269	49,895
Social security costs	4,830	-	4,830
Employer Contributions to NHS Pension scheme	8,709	-	8,709
Apprenticeship Levy	193	-	193
Termination benefits	480	-	480
Gross employee benefits expenditure	55,838	8,269	64,107
Less recoveries in respect of employee benefits	-	-	-
Total - Net admin employee benefits including capitalised costs	55,838	8,269	64,107
Less: Employee costs capitalised	-	-	-
Net employee benefits excluding capitalised costs	55,838	8,269	64,107

4.2 Average number of people employed

	2025-26			2024-25		
	Permanently employed Number	Other* Number	Total Number	Permanently employed Number	Other* Number	Total Number
Total	622	41	663	582	65	647

*Other staff mainly comprises people employed under agency contracts.

4.3 Exit packages agreed in the financial year

	2025-26		2025-26		2025-26	
	Compulsory redundancies Number	£	Other agreed departures Number	£	Total Number	£
Less than £10,000	1	1,259	4	31,161	5	32,420
£10,001 to £25,000	1	12,998	11	189,292	12	202,290
£25,001 to £50,000	-	-	34	1,267,243	34	1,267,243
£50,001 to £100,000	-	-	45	3,407,346	45	3,407,346
£100,001 to £150,000	1	137,292	38	4,697,005	39	4,834,298
£150,001 to £200,000	2	359,000	31	5,187,204	33	5,546,204
Over £200,001	-	-	-	-	-	-
Total	5	510,550	163	14,779,251	168	15,289,800

	2024-25		2024-25		2024-25	
	Compulsory redundancies Number	£	Other agreed departures Number	£	Total Number	£
Less than £10,000	23	51,211	-	-	23	51,211
£10,001 to £25,000	6	104,252	-	-	6	104,252
£25,001 to £50,000	10	304,933	-	-	10	304,933
£50,001 to £100,000	19	1,280,625	-	-	19	1,280,625
£100,001 to £150,000	11	1,438,572	-	-	11	1,438,572
£150,001 to £200,000	6	1,063,152	-	-	6	1,063,152
Over £200,001	-	-	-	-	-	-
Total	75	4,242,744	-	-	75	4,242,744

Analysis of Other Agreed Departures

	2025-26		2024-25	
	Other agreed departures Number	£	Other agreed departures Number	£
Voluntary redundancies including early retirement contractual costs	163	14,779,251	-	-
Total	163	14,779,251	-	-

The ICB commenced an organisation wide restructure in March 2026 and the process will continue through 2026-27. The exit costs incurred are reported in the tables above.

Exit costs are accounted for in accordance with relevant accounting standards and at the latest in full in the year of departure.

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

4.5 Pension costs

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years".

An outline of these follows:

4.5.1 Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2026, is based on valuation data as at 31 March 2024, updated to 31 March 2026 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

4.5.2 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 (considering recent demographic experience), and to recommend the contribution rate payable by employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from 1 April 2024 to 23.7% of pensionable pay. The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

The 2024 actuarial valuation is currently being prepared and will be published before new contribution rates are implemented from April 2027.

5. Operating expenses

	2025-26	2024-25
	Total	Total
	£'000	£'000
Purchase of goods and services		
Services from other ICBs and NHS England	783	780
Services from foundation trusts	1,871,286	1,354,527
Services from other NHS trusts	1,355,147	1,247,390
Purchase of healthcare from non-NHS bodies	339,137	354,114
Purchase of social care	16,739	13,307
General Dental services and personal dental services	86,491	88,341
Prescribing costs	217,400	214,347
Pharmaceutical services	53,525	44,223
General Ophthalmic services	13,231	12,702
GPMS/APMS and PCTMS	365,515	340,261
Supplies and services – clinical	2,320	2,474
Supplies and services – general	75,175	37,223
Consultancy services	83	252
Establishment	6,426	6,963
Transport	219	169
Premises	13,275	11,700
Audit fees	286	278
Other non statutory audit expenditure		
· Internal audit services	136	136
· Other services	45	43
Other professional fees	3,849	953
Legal fees	762	835
Education, training and conferences	524	1,057
Total Purchase of goods and services	4,422,354	3,732,075
Depreciation and impairment charges		
Depreciation	392	612
Total Depreciation and impairment charges	392	612
Provision expense		
Provisions	14,098	397
Total Provision expense	14,098	397
Other Operating Expenditure		
Chair and Non Executive Members	141	145
Expected credit loss on receivables	26	(464)
Other expenditure	1,220	130
Total Other Operating Expenditure	1,387	(188)
Total operating expenditure	4,438,231	3,732,897

Limitation on auditor's liability - In accordance with the terms of engagement with the ICB's external auditors, Grant Thornton UK LLP, its members, partners and staff (whether contract, negligence or otherwise) in respect of services provided in connection with or arising out of the audit shall in no circumstances exceed £2million in the aggregate in respect of all such services.

To note that Grant Thornton UK LLP do not provide Internal audit services for the ICB.

Audit Fees are £239k exclusive of VAT

Other services are in respect of the Mental Health Investment Standard Returns and were £37k exclusive of VAT. This fee relates to 2024/25. There is no separate MHIS audit regime for 2025/26.

6 Payment Compliance Reporting

6.1 Better Payment Practice Code

Measure of compliance	2025-26 Number	2025-26 £'000	2024-25 Number	2024-25 £'000
Non-NHS Payables				
Total Non-NHS Trade invoices paid in the Year	72,703	835,990	71,686	780,592
Total Non-NHS Trade Invoices paid within target	71,868	814,656	70,877	769,864
Percentage of Non-NHS Trade invoices paid within target	98.85%	97.45%	98.87%	98.63%
NHS Payables				
Total NHS Trade Invoices Paid in the Year	2,621	3,214,704	1,738	2,629,693
Total NHS Trade Invoices Paid within target	2,595	3,214,302	1,708	2,629,012
Percentage of NHS Trade Invoices paid within target	99.01%	99.99%	98.27%	99.97%

7 The Late Payment of Commercial Debts (Interest) Act 1998

	2025-26 £'000	2024-25 £'000
Amounts included in finance costs from claims made under this legislation	44	-
Compensation paid to cover debt recovery costs under this legislation	-	-
Total	44	-

8 Finance costs

	2025-26 £'000	2024-25 £'000
Interest		
Interest on loans and overdrafts	161	136
Interest on late payment of commercial debt	44	-
Other interest expense	-	-
Total finance costs	205	136

9 Leases

9.1 Right-of-use assets

2025-26	Buildings excluding dwellings £'000	Total £'000	Of which: leased from DHSC group bodies £000
Cost or valuation at 01 April 2025	3,916	3,916	3,916
Cost/Valuation at 31 March 2026	<u>3,916</u>	<u>3,916</u>	<u>3,916</u>
Depreciation 01 April 2025	326	326	326
Charged during the year	392	392	392
Depreciation at 31 March 2026	<u>718</u>	<u>718</u>	<u>718</u>
Net Book Value at 31 March 2026	<u>3,198</u>	<u>3,198</u>	<u>3,198</u>

NBV by counterparty

Leased from the NHS England Group

Net Book Value at 31 March 2026 3,198

2024-25	Buildings excluding dwellings £'000	Total £'000	Of which: leased from DHSC group bodies £000
Cost or valuation at 01 April 2024	2,406	2,406	2,290
Additions	3,730	3,730	3,730
ROU Dilapidations	186	186	186
Disposals on expiry of lease term	(2,406)	(2,406)	(2,290)
Cost/Valuation at 31 March 2025	<u>3,916</u>	<u>3,916</u>	<u>3,916</u>
Depreciation 01 April 2024	2,120	2,120	2,037
Charged during the year	612	612	612
Disposals on expiry of lease term	(2,406)	(2,406)	(2,323)
Depreciation at 31 March 2025	<u>326</u>	<u>326</u>	<u>326</u>
Net Book Value at 31 March 2025	<u>3,589</u>	<u>3,589</u>	<u>3,589</u>

Note: For the carrying value of right of use assets entities must disclose the split between material counterparty segments.

NBV by counterparty

Leased from the NHS England Group

Net Book Value at 31 March 2025 3,589

9 Leases cont'd

9.2 Lease liabilities

2025-26	2025-26 £'000	2024-25 £'000
Lease liabilities at 01 April 2025	(3,474)	(289)
Additions purchased	-	(3,730)
Interest expense relating to lease liabilities	(161)	(136)
Repayment of lease liabilities (including interest)	261	680
Lease liabilities at 31 March 2026	<u>(3,374)</u>	<u>(3,474)</u>

9.3 Lease liabilities - Maturity analysis of undiscounted future lease payments

	2025-26 £'000	Of which: leased from DHSC group bodies £000	2024-25 £'000	Of which: leased from DHSC group bodies £000
Within one year	(374)	(374)	(100)	(100)
Between one and five years	(1,540)	(1,540)	(1,470)	(1,470)
After five years	(1,460)	(1,460)	(1,904)	(1,904)
Balance at 31 March 2026	<u>(3,374)</u>	<u>(3,374)</u>	<u>(3,474)</u>	<u>(3,474)</u>
Balance by counterparty				
Leased from the NHS England Group		(3,374)		(3,474)
Balance as at 31 March 2026		<u>(3,374)</u>		<u>(3,474)</u>

9 Leases cont'd

9.4 Amounts recognised in Statement of Comprehensive Net Expenditure

2025-26	2025-26	2024-25
	£'000	£'000
Depreciation expense on right-of-use assets	392	612
Interest expense on lease liabilities	161	136

9.5 Amounts recognised in Statement of Cash Flows

	2025-26	2024-25
	£'000	£'000
Total cash outflow on leases under IFRS 16	261	680

10.1 Trade and other receivables

	Current 2025-26 £'000	Current 2024-25 £'000
NHS receivables: Revenue	3,473	7,976
NHS accrued income	202	668
Non-NHS and Other WGA receivables: Revenue	4,353	934
Non-NHS and Other WGA prepayments	5,326	3,090
Non-NHS and Other WGA accrued income	6,725	3,461
Expected credit loss allowance-receivables	(58)	(32)
VAT	738	1,558
Other receivables and accruals	1	9
Total Trade & other receivables	20,761	17,663
Total current and non current	20,761	17,663

Included above:

Prepaid pensions contributions

- -

10.2 Receivables past their due date but not impaired

	2025-26 DHSC Group Bodies £'000	2025-26 Non DHSC Group Bodies £'000	2024-25 DHSC Group Bodies £'000	2024-25 Non DHSC Group Bodies £'000
By up to three months	404	10	96	150
By three to six months	2,597	-	-	-
By more than six months	417	2,313	162	286
Total	3,419	2,324	258	436

10.3 Loss allowance on asset classes

	31 March 2026 £'000	31 March 2025 £'000
Balance at 01 April 2022	(32)	(496)
Lifetime expected credit losses on trade and other receivables-Stage 2	(26)	464
Total	(58)	(32)

11 Cash and cash equivalents

	2025-26	2024-25
	£'000	£'000
Balance at 01 April 2025	443	(3,305)
Net change in year	1,169	3,748
Balance at 31 March 2026	<u>1,612</u>	<u>443</u>
Made up of:		
Cash with the Government Banking Service	1,612	443
Balance at 31 March 2026	<u>1,612</u>	<u>443</u>

12 Trade and other payables	Current 2025-26 £'000	Current 2024-25 £'000
Interest payable	-	-
NHS payables: Revenue	4,426	7,224
NHS accruals	35,314	12,972
Non-NHS and Other WGA payables: Revenue	41,843	44,694
Non-NHS and Other WGA accruals	180,171	144,305
Non-NHS and Other WGA deferred income	700	3,653
Social security costs	676	576
Tax	734	667
Other payables and accruals	3,600	12,757
Total Trade & Other Payables	267,464	226,849
Total current and non-current	267,464	226,849

Other payables include £3,127,319 outstanding pension contributions at 31 March 2026 (£3,088,677 - 31 March 2025)

13 Provisions

	Current 2025-26 £'000	Non-current 2025-26 £'000	Current 2024-25 £'000	Non-current 2024-25 £'000
Redundancy	10,963	-	-	-
Legal claims	80	2,368	-	2,718
Continuing care	-	6,627	4,687	-
Other	-	802	-	186
Total	11,043	9,798	4,687	2,904
Total current and non-current	20,841		7,591	

	Redundancy £'000	Legal Claims £'000	Continuing Care £'000	Other £'000	Total £'000
Balance at 01 April 2025	-	2,718	4,687	186	7,591
Arising during the year	10,963	350	6,627	616	18,557
Utilised during the year	-	(270)	(579)	-	(849)
Reversed unused	-	(350)	(4,109)	-	(4,459)
Balance at 31 March 2026	10,963	2,448	6,627	802	20,841
Expected timing of cash flows:					
Within one year	10,963	80	-	-	11,043
Between one and five years	-	2,368	6,627	616	9,612
After five years	-	-	-	186	186
Balance at 31 March 2026	10,963	2,448	6,627	802	20,841

South-West London ICB is undertaking a management change programme aimed at reducing staffing and related costs to approximately £19 per head of the population for which they are responsible. Estimated staff termination costs of this programme fall into two categories, voluntary redundancy and compulsory redundancy. The ICB has calculated a £15.289m commitment for agreed voluntary and compulsory redundancies with a further £3.395m set aside for notice periods and legal fees. These values have been reflected as accruals in the accounts and are recognised within the employee benefits note (4) and operating expenses note (5). At the point the financial statements were being drafted, compulsory redundancies could not be assigned to individual members of staff and were calculated as an estimated headcount reduction at an ICB costed average and this forms the basis of the £10,963m shown in the table above.

The legal claims provision relates to potential costs for patients claiming under Deprivation of Liberty Safeguards (DoLS). The Liberty Protection Safeguards (LPS) public consultation launch has been delayed until the first half of 2026, therefore the ICB continues to hold this provision as a Deprivation of Liberty Safeguards (DoLS) provision until such time that the Liberty Protection Safeguards system(LPS) replaces it.

The Continuing Healthcare Provision relates to a potential 161 restitution claims against the ICB that are expected to be settled within the next five years.

Other Provisions are £616k for GP Practice claims against care home coding and £186k for property dilapidation costs.

Legal claims are calculated from the number of claims currently lodged with NHS Resolution and probabilities provided by them. £0 is included in the provisions of NHS Resolution as at 31st March 2026 in respect of employer liabilities of NHS South West London ICB (2025 - £0)

14 Financial instruments

14.1 Financial risk management

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.

Because NHS South West London ICB is financed through parliamentary funding, it is not exposed to the degree of financial risk faced by business entities. Also, financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The ICB has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the ICB in undertaking its activities.

Treasury management operations are carried out by the finance department, within parameters defined formally within the ICB standing financial instructions and policies agreed by the Board. Treasury activity is subject to review by the ICB and internal auditors.

14.1.1 Currency risk

The ICB is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The ICB has no overseas operations. The ICB therefore has low exposure to currency rate fluctuations.

14.1.2 Interest rate risk

The ICB borrows from government for capital expenditure, subject to affordability as confirmed by NHS England. The borrowings are for 1 to 25 years, in line with the life of the associated assets, and interest is charged at the National Loans Fund rate, fixed for the life of the loan. The ICB therefore has low exposure to interest rate fluctuations.

14.1.3 Credit risk

Because the majority of the ICB funding comes parliamentary funding, the ICB has low exposure to credit risk. The maximum exposures as at the end of the financial year are in receivables from customers, as disclosed in the trade and other receivables note.

14.1.4 Liquidity risk

The ICB is required to operate within revenue and capital resource limits, which are financed from resources voted annually by Parliament. The ICB draws down cash to cover expenditure, as the need arises. The ICB is not, therefore, exposed to significant liquidity risks.

14.1.5 Financial Instruments

As the cash requirements of NHS England are met through the Estimate process, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with NHS England's expected purchase and usage requirements and NHS England is therefore exposed to little credit, liquidity or market risk.

15 Financial instruments cont'd

15.1 Financial assets

	Financial Assets measured at amortised cost 31 March 2026 £'000	Total 31 March 2026 £'000	Financial Assets measured at amortised cost 31 March 2025 £'000
Trade and other receivables with NHSE bodies	3,162	3,162	7,358
Trade and other receivables with other DHSC group bodies	513	513	1,286
Trade and other receivables with external bodies	11,079	11,079	4,371
Cash and cash equivalents	1,612	1,612	443
Total at 31 March 2026	16,366	16,366	13,458

Financial assets reconciliation

Per IFRS 7 not all trade and other receivables are categorised as financial assets. The reconciliation below shows the receivables not meeting the definition and therefore excluded from the values reported above.

	31 March 2026 £'000	31 March 2025 £'000
Trade and other receivables per note 10.1	20,761	17,663
Cash and cash equivalents per note 11	1,612	443
	<u>22,373</u>	<u>18,106</u>
Adjustments for items not categorised as financial assets		
VAT	738	(1,558)
Prepayments	(5,269)	(3,090)
Total Financial Assets 31 March 2024	17,842	13,458

15.2 Financial liabilities

	Financial Liabilities measured at amortised cost 31 March 2026 £'000	Total 31 March 2026 £'000	Financial Liabilities measured at amortised cost 31 March 2025 £'000
Trade and other payables with NHSE bodies	2,012	2,012	2,791
Trade and other payables with other DHSC group bodies	37,728	37,728	18,174
Trade and other payables with external bodies	207,021	207,021	200,987
Private Finance Initiative and finance lease obligations	3,374	3,374	3,474
Total at 31 March 2026	250,135	250,135	225,426

Financial liabilities reconciliation

Per IFRS 7 not all trade and other payables are categorised as financial liabilities. The reconciliation below shows the payables not meeting the definition and therefore excluded from the values reported above.

	31 March 2026 £'000	31 March 2025 £'000
Trade and other payables per note 12	267,464	226,848
Adjustments for items not included in trade and other payables		
Social security costs	(676)	(576)
Tax	(734)	(667)
Non-NHS and Other WGA deferred income	(700)	(3,653)
Redundancy Accrual	(18,593)	
Total Financial Liabilities 31 March 2026	246,761	221,952

Broken down as:

Trade and other payables with other DHSC group bodies	4,426	2,791
Trade and other payables with external bodies	26,823	18,174
Other financial liabilities	215,512	200,987
Total Financial Liabilities 31 March 2026	246,761	221,952

16 Operating segments

The ICB has just one operating segment which is the commissioning of Healthcare.

17 Joint arrangements - interests in joint operations

South West London ICB hosts a Better Care Fund pooled budget with the London Borough of Croydon. Under these arrangements funds are pooled under section 75 of the NHS Act 2006. NHS South West London ICB contributes to the pool for the services delivered as a provider of healthcare. Members to the BCF pool account for transactions and balances directly with providers. Subject to the requirements of National Guidance and the Better Care Fund plan the agreed risk share is in the following proportions: ICB 70%; Council 30%.

Royal Borough of Kingston hosts a Better Care Fund pooled budget for the Borough. Under these arrangements funds are pooled under section 75 of the NHS Act 2006. NHS South West London ICB contributes to the pool for the services delivered as a provider of healthcare. Members to the BCF pool account for transactions and balances directly with providers. Partners are solely liable for any overspends to services commissioned exercise of their statutory functions.

London Borough of Merton hosts a Better Care Fund (including community equipment) pooled budget for the Borough. Under these arrangements funds are pooled under section 75 of the NHS Act 2006. NHS South West London ICB contributes to the pool for the services delivered as a provider of healthcare. Members to the BCF pool account for transactions and balances directly with providers. Partners are solely liable for any overspends to services commissioned exercise of their statutory functions.

London Borough of Richmond hosts a Better Care Fund pooled budget for the Borough. Under these arrangements funds are pooled under section 75 of the NHS Act 2006. NHS South West London ICB contributes to the pool for the services delivered as a provider of healthcare. Members to the BCF pool account for transactions and balances directly with providers. Partners are solely liable for any overspends to services commissioned exercise of their statutory functions.

London Borough of Sutton hosts a Better Care Fund pooled budget for the Borough. Under these arrangements funds are pooled under section 75 of the NHS Act 2006. NHS South West London ICB contributes to the pool for the services delivered as a provider of healthcare. Members to the BCF pool account for transactions and balances directly with providers. Under the section 75 financial risk is shared on the basis of the financial contribution to the BCF total fund.

London Borough of Wandsworth hosts a Better Care Fund pooled budget for the Borough. Under these arrangements funds are pooled under section 75 of the NHS Act 2006. NHS South West London ICB contributes to the pool for the services delivered as a provider of healthcare. Members to the BCF pool account for transactions and balances directly with providers. Partners are solely liable for any overspends to services commissioned exercise of their statutory functions.

NHS South West London ICB's shares of assets/liabilities and income and expenditure handled by the pooled budgets in the financial year were:

Name of arrangement	Parties to the arrangement	Description of principal activities	2025-26				2024-25			
			Assets	Liabilities	Income	Expenditure	Assets	Liabilities	Income	Expenditure
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Better Care Fund	South West London ICB & London Borough of Croydon	Provision of Health & Social Care	-	-	-	36,420	-	-	-	35,868
Better Care Fund	South West London ICB & Royal Borough of Kingston	Provision of Health & Social Care	-	-	-	16,108	-	-	-	15,771
Better Care Fund	South West London ICB & London Borough of Merton	Community Health and Social Care services	-	-	(42)	18,950	-	-	-	18,379
Better Care Fund	South West London ICB & London Borough of Richmond upon Thames	Community Health and Social Care services	-	-	-	17,226	-	-	-	16,813
Better Care Fund	South West London ICB & London Borough of Sutton	Community Health and Social Care services	-	-	-	19,089	-	-	-	18,128
Better Care Fund	South West London ICB & London Borough of Wandsworth	Community Health and Social Care services	-	-	(307)	32,274	-	-	(307)	32,443

18 Related party transactions

Details of related party transactions with individuals are as follows:

St George's University Hospitals NHS Foundation Trust
Epsom & St Helier University Hospitals NHS Trust
Croydon Health Services NHS Trust
Kingston and Richmond Hospital NHS Foundation Trust
South West London & St George's Mental Health NHS Trust
Chelsea & Westminster NHS Hospitals Foundation Trust
The Royal Marsden NHS Foundation Trust
Guys & St Thomas NHS Foundation Trust
South London and Maudsley NHS Foundation Trust
London Ambulance Services NHS Trust
King's College Hospital NHS Foundation Trust
Moorfields Eye Hospital NHS Foundation Trust
Imperial College Healthcare NHS Trust
NHS South East London ICB

Local Authorities

London Borough of Wandsworth
London Borough Of Sutton
London Borough of Croydon
Royal Borough of Kingston upon Thames
London Borough of Merton
London Borough of Richmond upon Thames

Other

HMRC
NHS Pensions

The Department of Health and Social Care is regarded as a related party. During the period, NHS South West London ICB has had a significant number of material transactions with NHS entities for which the Department is regarded as the parent Department.

The materiality level set for these transactions is £44m which is 1% of the ICB total operating expenses for the year.

19 Contingent Liabilities

As noted in in last year’s financial statements legal proceedings were issued against the ICB, along with 21 other ICBs (together, the “ICBs”) in relation to the outcome of a joint procurement for Primary Care Clinical Waste Collection and Disposal services which was carried out during 2024. That litigation continues following the Court ordering that the ICBs could each proceed to enter into a contract with their preferred bidder for those services. The Court has given directions leading up to a trial, which has been listed to begin in October 2027.

As the contracts have now been entered into, the remedy sought by the claimant is that of damages. However, only very recently has the claimant attempted to quantify those damages and it has acknowledged that any figure will need to be revisited prior to trial. Given that this is the case, and given that the ICB has not yet had the opportunity to properly interrogate the figures advanced by the claimant, it is not possible to estimate the financial impact of the claim being successful with any level of certainty. It is also not possible, at this stage, to accurately determine the probability of success by the claimant. Given the uncertainty of both of these key components, the ICB is classifying this claim as a contingent liability.

20 Events after the end of the reporting period

On 13 March 2025 the government announced NHS England and the Department for Health and Social Care will increasingly merge functions, ultimately leading to NHS England being fully integrated into the Department. The legal status of ICBs is currently unchanged but they have been tasked with significant reductions in their cost base.

As explained in note 13, these changes require a significant reduction in staff costs and this reduction is to be achieved via both voluntary and compulsory redundancy programmes. The first part of the voluntary redundancy scheme was launched in February 2026. The second part ran in parallel with the commencement of the formal consultation process that began in March 2026. The details of staff numbers and costs relating to voluntary schemes are disclosed in note 4.3. At the time of finalising the financial statements the details of the compulsory redundancies are unknown, but costs estimated at £10.96m have been reported under provisions in note 13.

ICBs are currently being asked to complete implementing the plans during quarter 4 of the 2026/27 financial year.

21 Losses and special payments

	2025-26 £'000	2024-25 £'000
Ex Gratia Payments	4	-
	<u>4</u>	<u>-</u>

This payment was made to facilitate resolution of an employee contractual issue.

22 Mental Health Expenditure

	2025-26 £'000	2024-25 £'000
Minimum expenditure in mental health to meet the Mental Health Investment Standard as notified by NHS England	363,134	319,667
Eligible Mental Health Expenditure	<u>363,376</u>	<u>319,700</u>
Mental Health Expenditure above/below minimum investment required	<u>242</u>	<u>33</u>

Mental Health Expenditure as a proportion of total expenditure	8.0%	8.4%
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The NHS requires every Integrated Care Board to spend at least a set minimum amount on mental health services each year. This is known as the **Mental Health Investment Standard (MHIS)**. The minimum is 10% of eligible spend based on how much the ICB’s overall funding has grown.

During 2025/26 the ICB was required to increase its Mental Health Investment Standard (MHIS) spending on specific services by 4.93% over the value spent in 2024/25. In addition, Mental Health expenditure previously funded from non-recurrent System Development Funding (£27.7m) was included within MHIS spend from 2025/26. The MHIS spend for 2024/25 was £319.7m and therefore the target set for 2025/26 was £363.1m. The ICB spent £363.4m on MHIS services for 2025/26 and therefore achieved the target.

Eligible spending only includes services that meet NHS England’s rules for mental health investment. Some areas, such as learning disability and autism services or certain non-recurrent items, are not counted in this calculation.

23 Financial performance targets

NHS Integrated Care Board have a number of financial duties under the NHS Act 2006 (as amended).

NHS Integrated Care Board performance against those duties was as follows:

	2025-26	2025-26		2024-25	2024-25	
	Target	Performance		Target	Performance	
Expenditure not to exceed income	4,517,459	4,517,375	Pass	3,800,267	3,797,139	Pass
Capital resource use does not exceed the amount specified in Directions	-	-		4,646	3,916	Pass
Revenue resource use does not exceed the amount specified in Directions	4,461,213	4,461,129	Pass	3,751,344	3,748,217	Pass
Revenue administration resource use does not exceed the amount specified in Directions	49,621	46,945	Pass	30,460	30,460	Pass

Independent auditor's report to the members of the Board of NHS South West London Integrated Care Board

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of NHS South West London Integrated Care Board (the 'ICB') for the year ended 31 March 2026, which comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Changes in Taxpayers' Equity, the Cash Flow Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of Schedule 1B of the National Health Service Act 2006, as amended by the Health and Care Act 2022 and interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2025-26.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the ICB as at 31 March 2026 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with international accounting standards as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2025-26; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006, as amended by the Health and Care Act 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the ICB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Accountable Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ICB's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the ICB to cease to continue as a going concern.

In our evaluation of the Accountable Officer's conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2025-26 that the ICB's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services currently provided by the ICB. In doing so we had regard to the guidance provided in Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the ICB and the ICB's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Accountable Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the ICB'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.

Our responsibilities and the responsibilities of the Accountable Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Accountable Officer is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Governance Statement does not comply with the requirements of the Department of Health and Social Care Group Accounting Manual 2025-26 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2025-26; and
- based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the annual report for the period for which the financial statements are prepared is consistent with the financial statements.

Opinion on regularity of income and expenditure required by the Code of Audit Practice

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

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we refer a matter to the Secretary of State under Section 30 of the Local Audit and Accountability Act 2014 because we have reason to believe that the ICB, or an officer of the ICB, is about to make, or has made, a decision which involves or would involve the body incurring unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency; or
- we make a written recommendation to the ICB under Section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Accountable Officer

As explained more fully in the Statement of Accountable Officer's responsibilities, the Accountable Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for assessing the ICB'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 they have been informed by the relevant national body of the intention to dissolve the ICB without the transfer of its services to another public sector entity.

The Accountable Officer is responsible for ensuring the regularity of expenditure and income in the financial statements.

Auditor's responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

We are also responsible for giving an opinion on the regularity of expenditure and income in the financial statements in accordance with the Code of Audit Practice.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the ICB and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as amended by the Health and Care Act 2022 and interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2025-26).
- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to international accounting standards and National Health Service Act 2006, as amended by the Health and Care Act 2022 and interpreted and adapted by the Department of Health and Social Care Group Accounts Manual 2025-26
- We enquired of management and the audit and risk committee, concerning the ICB's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the audit and risk committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the ICB's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls.
- We determined that the principal risks were in relation to:
 - High risk journals which were identified based on consideration of closing entries, entries posted after year end, manual journals and journals that have a material impact on reported outturn along with several other risk factors. We considered whether there was any potential management bias in accounting estimates or any significant transactions with related parties which could give rise to an indication of management override;
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, on unusual journal entries using criteria based on our knowledge of the entity and the risk factors identified
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of prescribing accruals
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from

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error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including potential for fraud as a result of management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the health sector and economy in which the ICB operates
 - understanding of the legal and regulatory requirements specific to the ICB including:
 - the provisions of the applicable legislation
 - NHS England's rules and related guidance
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The ICB's operations, including the nature of its other operating revenue and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The ICB's control environment, including the policies and procedures implemented by the ICB to ensure compliance with the requirements of the financial reporting framework.

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

Report on other legal and regulatory requirements – the ICB's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the ICB's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the ICB has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026.

We have nothing to report in respect of the above matter.

Responsibilities of the Accountable Officer

As explained in the Governance Statement, the Accountable Officer is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the ICB's resources.

Auditor's responsibilities for the review of the ICB's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 21(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the ICB has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the ICB's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in March 2026. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the ICB plans and manages its resources to ensure it can continue to deliver its services;

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- Governance: how the ICB ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the ICB uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the ICB has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for NHS South West London Integrated Care Board for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to the ICB's consolidation schedules and we have received confirmation from the National Audit Office that the audit of the NHS group consolidation is complete for the year ended 31 March 2026. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Use of our report

This report is made solely to the members of the Board of the ICB, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Board of the ICB those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the ICB and the members of the Board of the ICB as a body, for our audit work, for this report, or for the opinions we have formed.

Sarah I Ironmonger

Sarah Ironmonger, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

London
16 June 2026