PHIN

The Private Healthcare Information Network

Annual Report 2018-2019

This report refers extensively to 'the CMA Order' by which we mean the Competition & Markets Authority's (CMA) Private Healthcare Market Investigation Order 2014 (as amended). The Order was the result of an investigation by the UK's competition authority into private healthcare. During the investigation, the CMA found that there is a lack of information available to patients considering private treatment that is sufficiently serious as to create an adverse effect on competition.

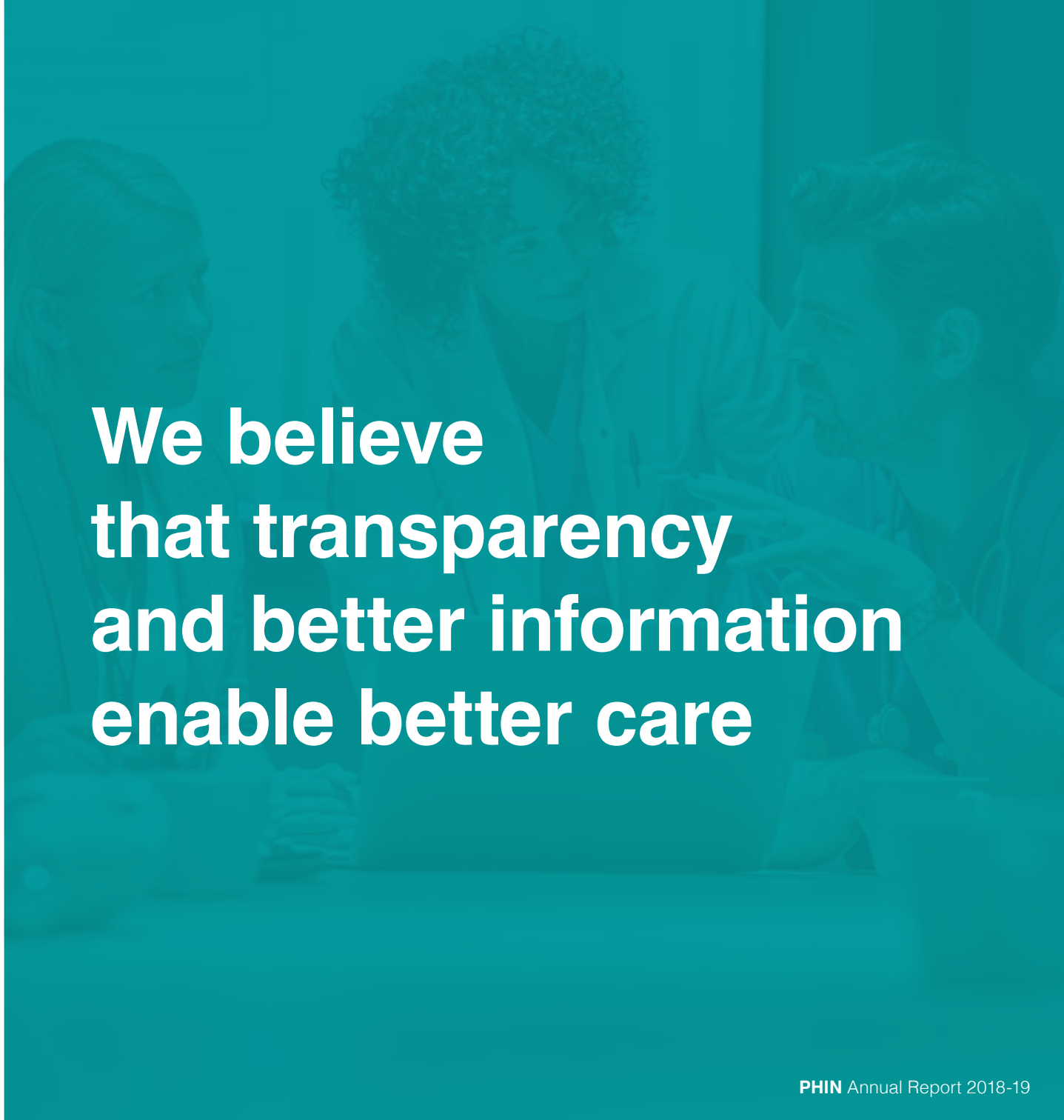
The Order created remedies for this problem, appointing an information organisation, the Private Healthcare Information Network (PHIN), and requiring that: "every operator of a private healthcare facility shall… supply the information organisation, quarterly from a date no later than 1 September 2016, with information as regards every patient episode of all private patients treated at that facility, and data which is sufficiently detailed and complete to enable the information organisation to publish [specified] performance measures by procedure at both hospital and consultant level. The information organisation shall publish performance information on its website, as specified by this Order… no later than 30 April 2017."

Further information can be found in PHIN's Strategic Plan 2015-2020 (available at www.phin.org.uk) and on the CMA website (www.gov.uk/cma-cases/private-healthcare-market-investigation).

Contents

PHIN is the independent, government-mandated source of information on privately funded healthcare in the UK. We believe that transparency and better information enable better care. We exist to support patient choice and to provide data that helps drive improvement in healthcare.

With a mandate from the Competition and Markets Authority, we are responsible for producing quality and safety data on privately funded healthcare in the UK, and publishing performance measures on our website.



We believe that transparency and better information enable better care

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was the publication of consultant fees.
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their consultation fees on the website
and nearly 5,000 their procedure fees.

Dr Andrew Vallance-Owen
Chair

I am delighted to introduce this Annual Report, the seventh since we established PHIN in 2012 and the fourth since we were appointed by the Competition and Markets Authority (CMA) to collect data from private providers and to publish information for consumers, our end customers, in April 2015.

This has been another challenging year for both providers and PHIN as we move towards completion of a unique and comprehensive data set from which we will publish accurate, high-quality information to help people make informed decisions about who and where to go to for treatment, and to add value to the wider private sector proposition.

A key achievement this year was the publication of consultant fees. Nearly 5,500 consultants now have their consultation fees on the website and nearly 5,000 their procedure fees. This information, however, is only part of the costs consumers can expect to pay for consultations and treatments. We must help them understand the whole cost of their treatment, not just the consultant's fee; we will continue to encourage hospitals to publish inclusive self-pay package prices to ensure greater transparency across the sector.

Another way we will add value for consumers is to show the positive benefit or outcome that treatments can bring as measured by patients. Patient Reported Outcome Measures (PROMs) help specialists to confirm what matters to their patients before treatment, and measure how treatment has met those needs following treatment. PROMs can also be used to enable consumers to make more informed choices about where to go to seek advice and treatment and who to see there. PHIN is developing a national PROMs programme across the private sector, including cosmetic surgery. This work will see the sector lead the way in further developing the pilot started in the NHS National PROMs Programme.

PHIN will continue to work with providers to deliver this comprehensive dataset but the task is massive, both for providers and PHIN. Our production databases already contain over 40 million events from all sources, but there is a lot more to come and the quality of data input still needs much improvement if we are to deliver the value to consumers - and the sector generally - that providers, insurers and the profession are looking for. We intend to engage more with our end-customers during 2020 to ensure we are providing a useful, consumer-friendly service.

It gives me great pleasure to thank our chief executive, Matt James, and his team for their relentless, positive engagement with hospitals and consultants; the whole team has shown real commitment to delivering this improved value proposition for the sector and its patient customers. It has also been a great privilege to work with my colleagues on PHIN's Board; Matt and I hugely appreciate the sustained support they have given to both of us and the executive team over what have been a challenging few years.

We will continue during 2020 to work positively together with providers and the medical profession, to press on with delivery of the CMA mandate and increasingly to demonstrate the added value we bring to both sector and healthcare consumers.

The past year has again brought some real and important progress in the journey towards better information for patients, both in what PHIN has published and through work done behind the scenes.

Matt James
Chief Executive

The past year has again brought some real and important progress on the journey towards better information for patients, both in what PHIN has published and through work done behind the scenes, such as hospitals working to improve their data quality.

The biggest success of the year has undoubtedly been the first publication of consultant fees information in April. We aimed for and achieved the inclusion of the first 4,500 consultants at launch, publishing self-pay fees for outpatient consultations and common procedures. This was a significant step, but it also leaves a long way to go. As we move forward, we must ensure that all consultants in private practice are fulfilling their obligations on fee transparency. PHIN will design an approach for collecting and publishing fees for insured care and will develop a solution for anaesthetic fees.

We must also find a way to encourage hospital operators to publish their self-pay fees through PHIN. All stakeholders recognise that transparency on hospital prices is essential to give patients a true picture of what they will pay, where the consultant's fee typically represents a minor part of the overall cost.

The hospitals have possibly been more focused on governance, in anticipation of the report of the Independent Inquiry into the issues raised by Paterson. PHIN welcomes the publication of the Independent Healthcare Hospitals Network's Medical Practitioners Assurance Framework (MPAF) and intends to respond positively to the proposed Consultant Information Sharing Service; this is an important endeavour to which we believe PHIN can make a unique contribution.

PHIN has continued to drive work on the Acute Data Alignment Programme (ADAPt), a partnership with NHS Digital announced by the Secretary of State for Health in June 2018, aimed at fundamentally improving the way that data is handled across private and NHS care. We believe that progress in this area is essential to addressing the issues raised by the Paterson Inquiry, and can bring significant longer-term benefits to healthcare delivery. We have agreed a proposal for the initial stages of co-operation and are waiting on Department of Health and Social Care (DHSC) to release the public consultation document.

PHIN has also supported the Independent Medicines and Medical Devices Review and the work to consider the future of national clinical audits and registries. We continue to liaise with the Getting It Right First Time Programme (GIRFT) and anticipate working more closely together in the near future. PHIN is now routinely included in national conversations about data and information strategy.

When we became the Competition and Markets Authority (CMA) Information Organisation, we published our Strategic Plan 2015-2020, and we will need to refresh that strategy over the next year. Some elements are already clear: delivering the remaining elements of the CMA's requirements must remain the priority.

However, some things must also change. We have spent the first few years in a 'data in' phase: establishing the relationships, processes, standards and systems to be able to collect data from private healthcare reliably. The next five years will shift emphasis to 'information out'. We must focus more on patients and how they receive and use our information, and we must drive use of our service. Whilst fully respecting the CMA's Order, we must not lose sight of the wider objective to produce and distribute information that helps patients and the public to understand private healthcare and make more informed choices.

Financially and organisationally, we have just delivered our seventh straight year within budget, with stronger financial and governance controls and processes in place than ever before. However, the coming year will be much tighter. We chose not to raise our subscription levels beyond inflation this summer, but I believe we will need to look again at our funding and resourcing in the near future. The reality is that where the availability of data was the principal bottleneck on progress for several years, the bottleneck now is increasingly PHIN's own capacity. In key areas we need a different approach to maintain momentum, especially as we increasingly divert resources to maintaining the service we already provide. Gradual incremental increases in funding may not suffice.

I look forward to exciting times ahead.

Key deliverables this year

January 2019

Launch of consultant fees collection for over 15,000 consultants working in private healthcare.

May 2019

Consultants' fees published for the first time for over 4,500 consultants. As of December 2019, there are now 5,500 consultants with fees published on our website.

June 2019

PHIN published our Data Maturity report - an update on the state of data reporting by hospitals of private healthcare in the UK.

December 2019

Publication of infections information and the first indicators of health improvement (PROMs) for privately funded healthcare.

Dr Jon Fistein *Chief Medical Officer*

Data Maturity report

We have seen an improvement in the completeness and quality of the data we receive from hospitals, both in anticipation of and following the publication of PHIN's Data Maturity report in May. The most successful activity in driving improvement has been the creation of detailed, bespoke maturity reports to help individual organisations to pinpoint where they can make improvements to their data submissions, and supporting them through that process.

In 2020, we aim to further improve transparency around the data we receive from hospitals and how this affects our ability to publish measures. We will develop the Data Maturity report to be more closely coupled to the specific measures we publish and the methods that underpin them, for example separating infection measures from other adverse events.

Measures methodologies

This year we have focused on producing three new hospital-level measures: infections (surgical site infections and healthcare-associated infections); health improvement measures (patient-reported outcomes) for hip and knee replacement procedures; and Never Events. These have uncovered significant practical and methodological challenges. Our top priority has been to ensure that we can stand by any information we publish.

Much of the effort in getting to publication goes into finding ways to communicate pre-existing complexities and inconsistencies in the way that healthcare works or information is produced around the system. We aim to produce information that is useful to patients, fair to hospitals and consultants, and consistent with established (usually NHS) approaches, but still achievable at the prevailing levels of data availability and quality.

Infections data

A good example of the complexity in publishing information which is consistent with NHS data is with infections. The national agenda is set by Public Health England (PHE), which publishes data but only at a provider level rather than by local hospital. PHE applies different counting methods for independent and NHS hospitals, meaning direct comparison is not possible, and they apply a minimum threshold of 50 cases in a period, excluding smaller hospitals from reporting.

Direct comparison is also inhibited because PHIN's data collection has needed to focus on privately funded activity and associated infections, in line with our mandate, where PHE's figures include (or may include) both privately funded and NHS activity. We have given careful consideration to each of these issues, working with hospitals to understand them more fully to ensure that the infections information we published in December was fair and clear.

Health improvement

For measures of health improvement, our intention was to publish the same casemix-adjusted 'average adjusted health gain' scores used in the NHS for Patient Reported Outcome Measures (PROMs). However, after careful analysis we concluded that this was not feasible. This was partly due to data quality, but more significantly because the existing NHS casemix adjustment model cannot be applied to private data.

We took the decision to publish a simpler outcomes measure showing the percentage of patients who reported an improvement in their health. This simpler type of analysis is also routinely published by the NHS. Since this approach is dependent on fewer variables in the data sent to us than are required for casemix adjustment, we were able to publish PROMs information for more hospitals than originally anticipated. This simpler approach can be extended to outcome measures for other procedures during 2020, enabling publication to begin across a broad range of activity.

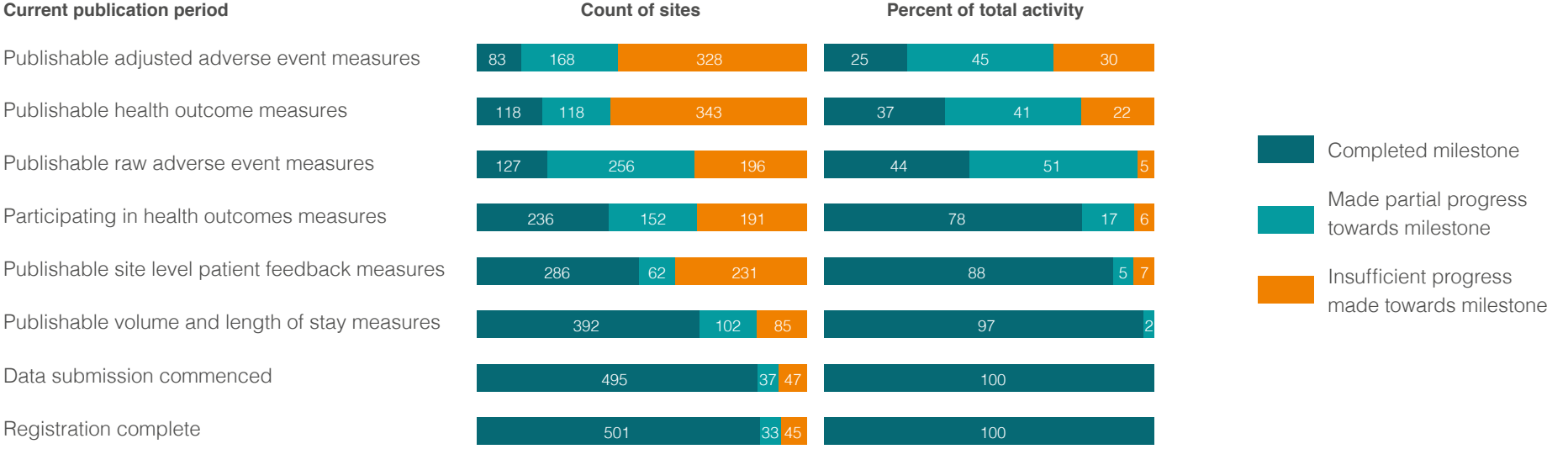
Going forward we will need to develop new statistical models that can work with both private and NHS data, which will require close collaboration with NHS authorities and the PROMs instrument owners.

Never Events

For the Never Events, we have asked hospitals to work with us and with each other to verify that they are reporting to us consistently, in line with NHS reporting standards. Given the potential sensitivity of these measures, we performed a significant amount of work to ensure that our reporting methods were valid and carefully documented. Where concerns are expressed about variation in practice we need hospital operators, or consultants, to bring forward evidence.

Data maturity

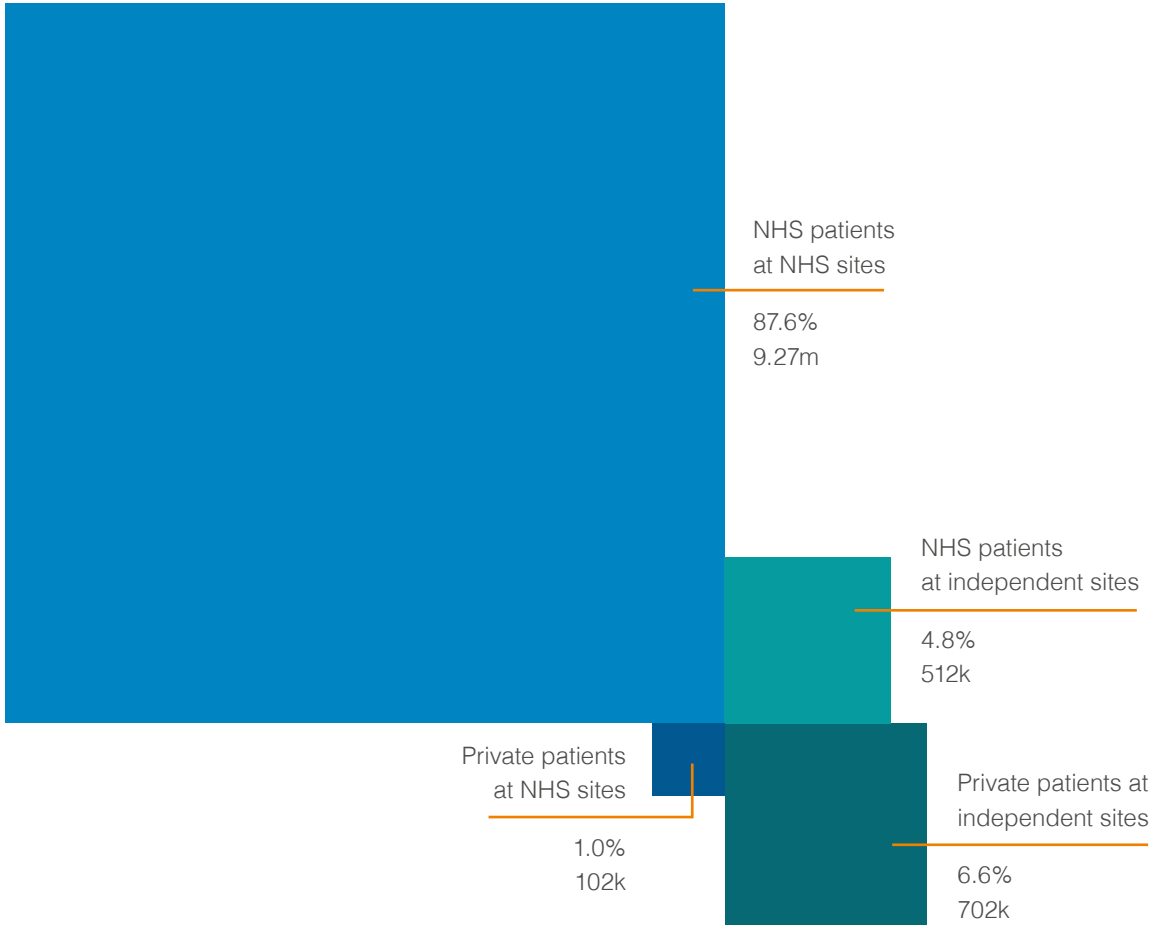
The charts below show the number of hospital sites that have met key milestones to allow PHIN to publish measures as required by the CMA Order. The charts also highlight the relative size and coverage of total activity that these sites represent.



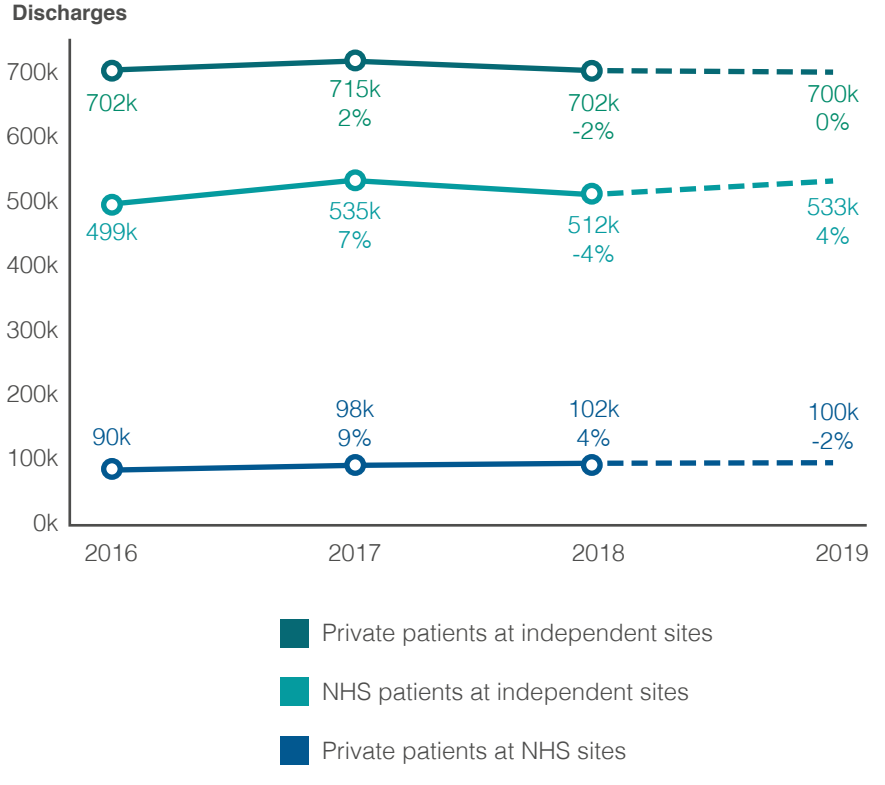
Dr Jon Fistein *Chief Medical Officer*

We now have three full years of data available. Over this period we can begin to see trends emerge and make early estimations for 2019 market activity. It appears that there has been a rise in NHS Private Patient Units (PPU) activity up to 2018, but this may now be slightly declining. There seems to have been a fluctuating level of NHS funded activity in independent hospitals, although this appears relatively flat when viewed over a longer period. We have seen an increase in self-pay funding compared to insured funding of approximately 2% year-on-year.

Breakdown of elective care in the UK 2018

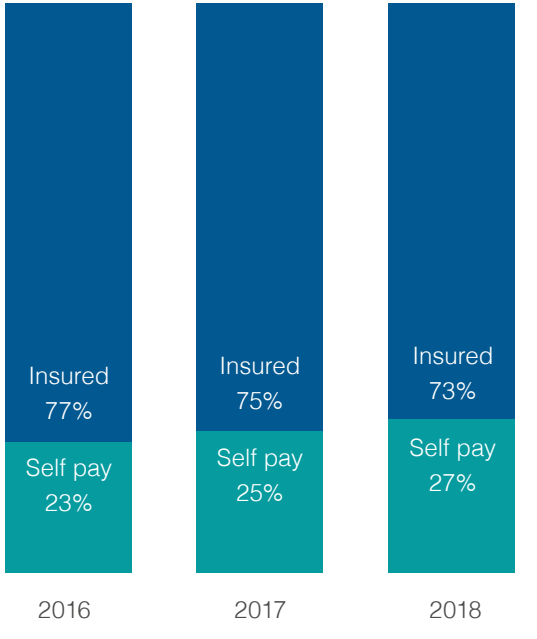


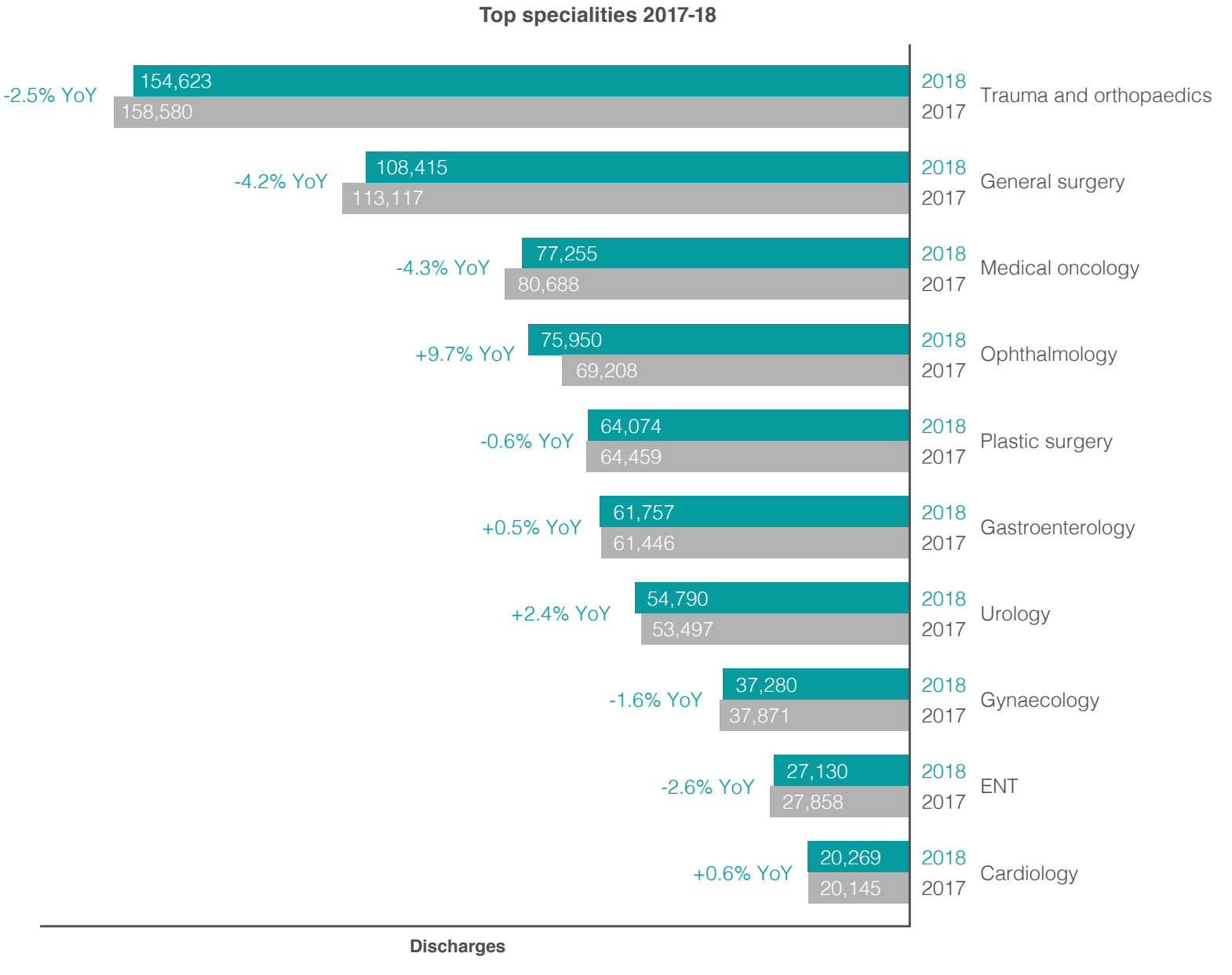
Year-on-year market trends



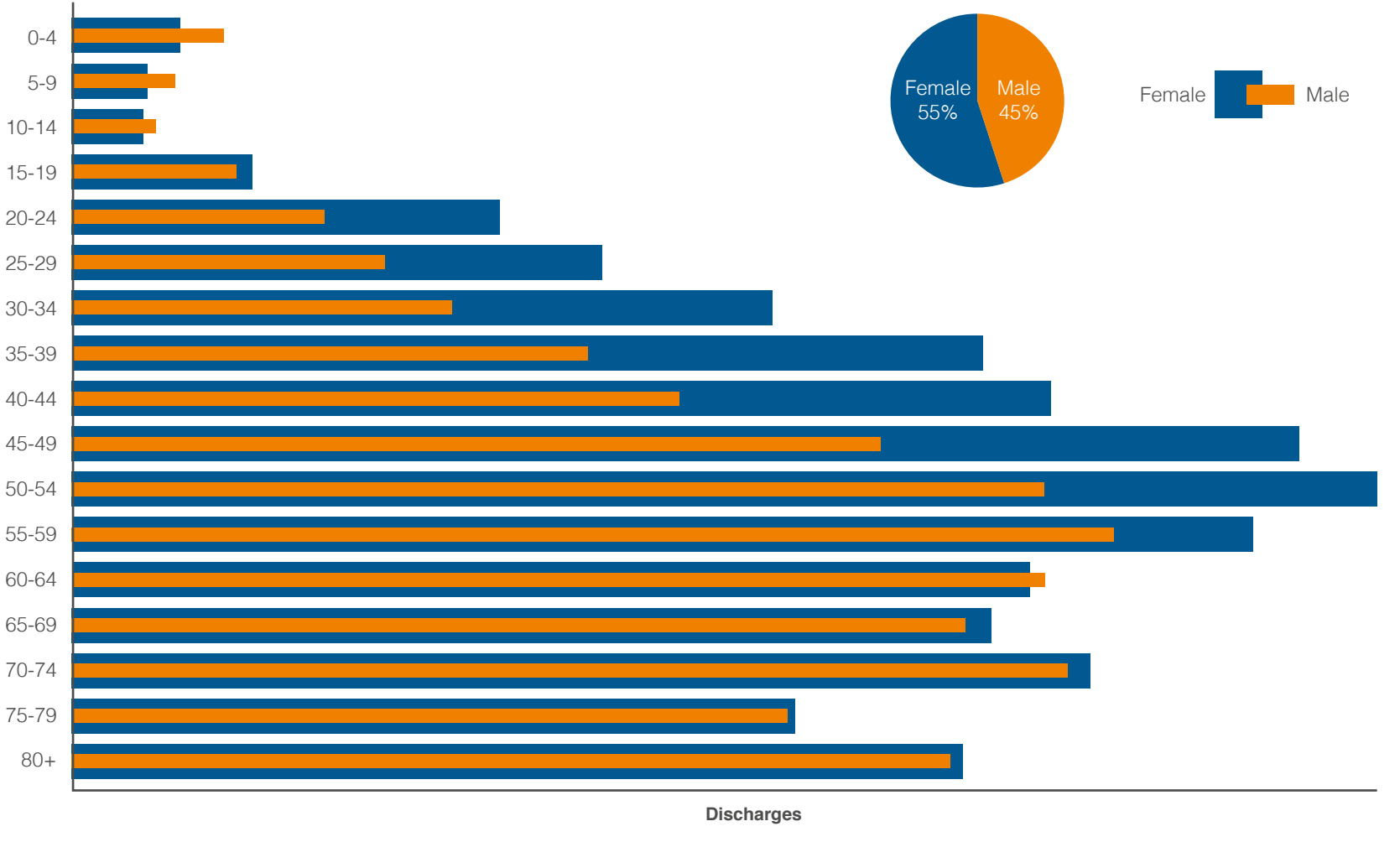
2019 yearly total estimated on 2019 Q1 and Q2 discharges

Private care by funder




Top specialities 2017-18
-2.5% YoY
154,623
158,580
2018
2017
Trauma and orthopaedics
-4.2% YoY
108,415
113,117
2018
2017
General surgery
-4.3% YoY
77,255
80,688
2018
2017
Medical oncology
+9.7% YoY
75,950
69,208
2018
2017
Ophthalmology
-0.6% YoY
64,074
64,459
2018
2017
Plastic surgery
+0.5% YoY
61,757
61,446
2018
2017
Gastroenterology
+2.4% YoY
54,790
53,497
2018
2017
Urology
-1.6% YoY
37,280
37,871
2018
2017
Gynaecology
-2.6% YoY
27,130
27,858
2018
2017
ENT
+0.6% YoY
20,269
20,145
2018
2017
Cardiology
Discharges

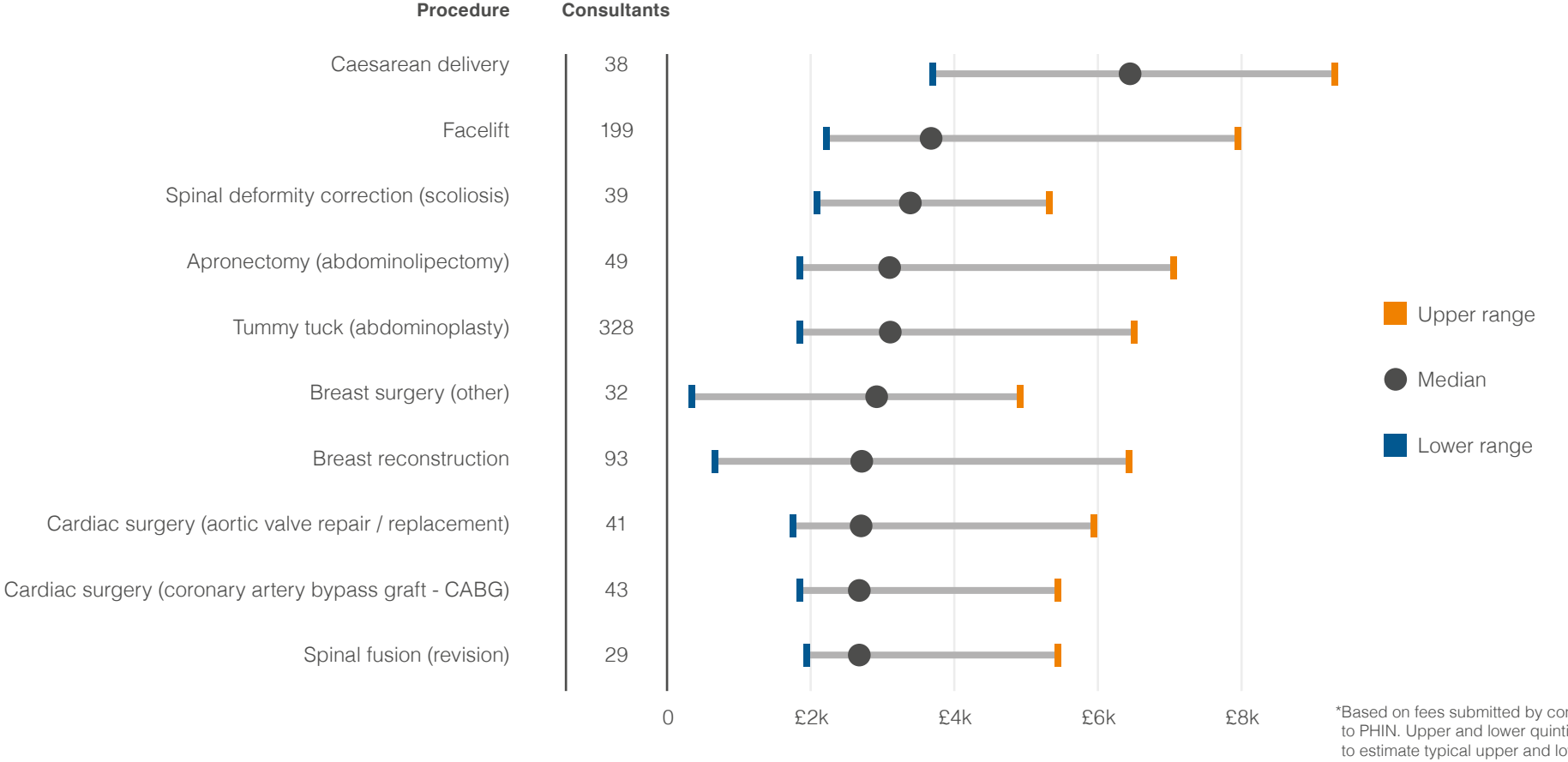
Private care by patient age and sex



Consultant fees

In May 2019 we published consultant self-pay fees for the first time on our website. We published the fees of over 4,500 consultants, and we now have over 5,500 consultants with published fees on the website. This was a significant step forward but it does leave a long way to go.

The graph below shows the most expensive fees by procedure.



*Based on fees submitted by consultants to PHIN. Upper and lower quintiles excluded to estimate typical upper and lower ranges.

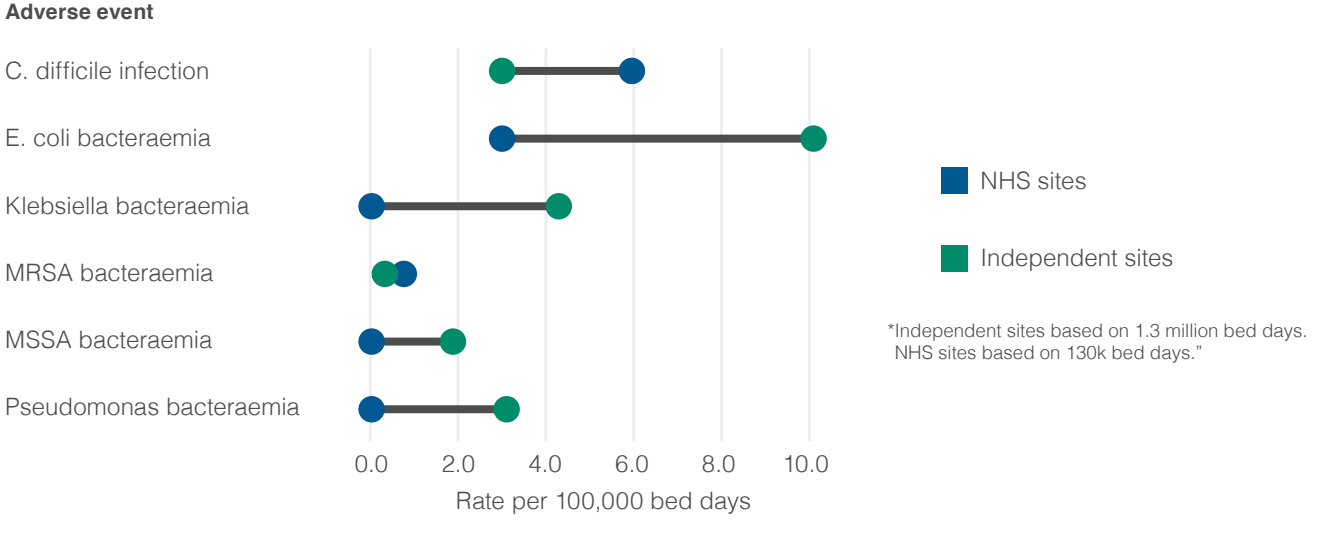
Infections

In December 2019 we published Infections data for 282 hospitals, accounting for around 85% of the private healthcare market in the UK.

The graph below shows infection rates for independent hospitals and NHS Private Patient Units for each HCAI, for privately funded care.

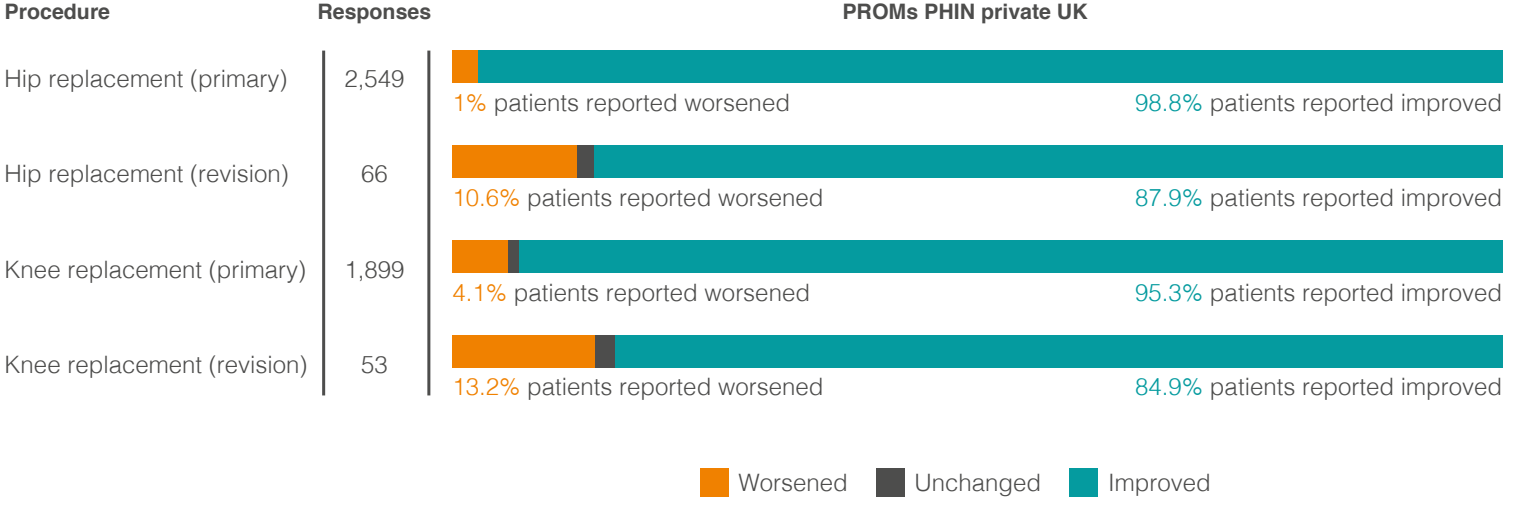
The rate used is per 100,000 bed days, as used by Public Health England.

Healthcare Associated Infection (HCAI) rates for private care

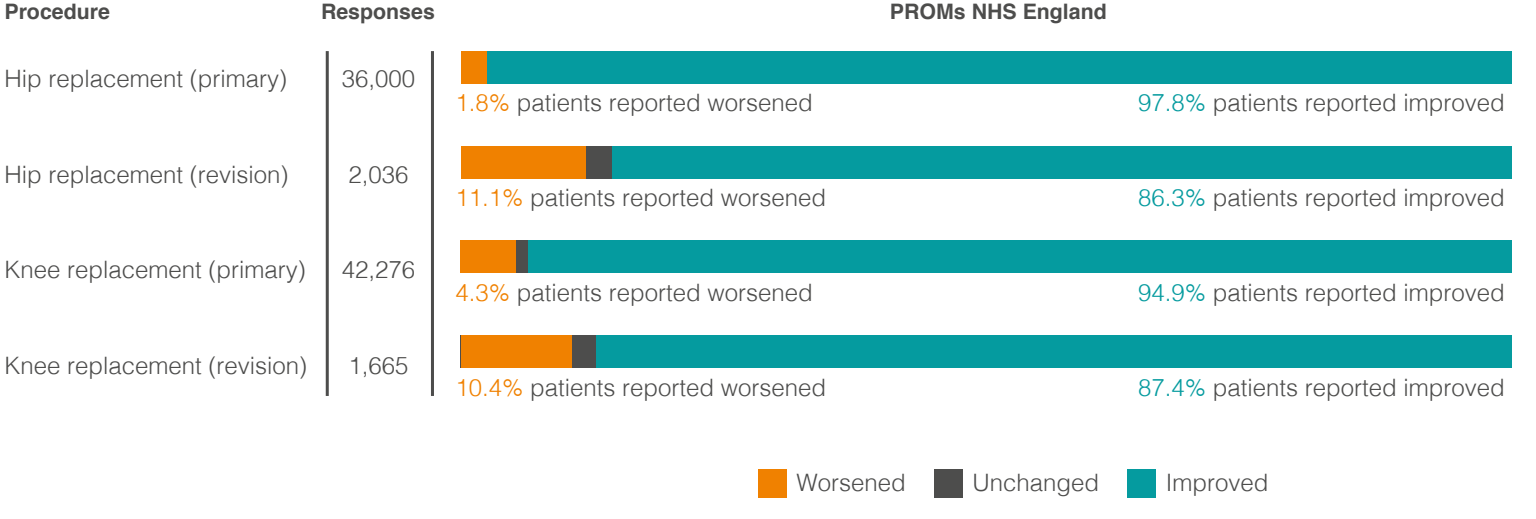


Health outcomes

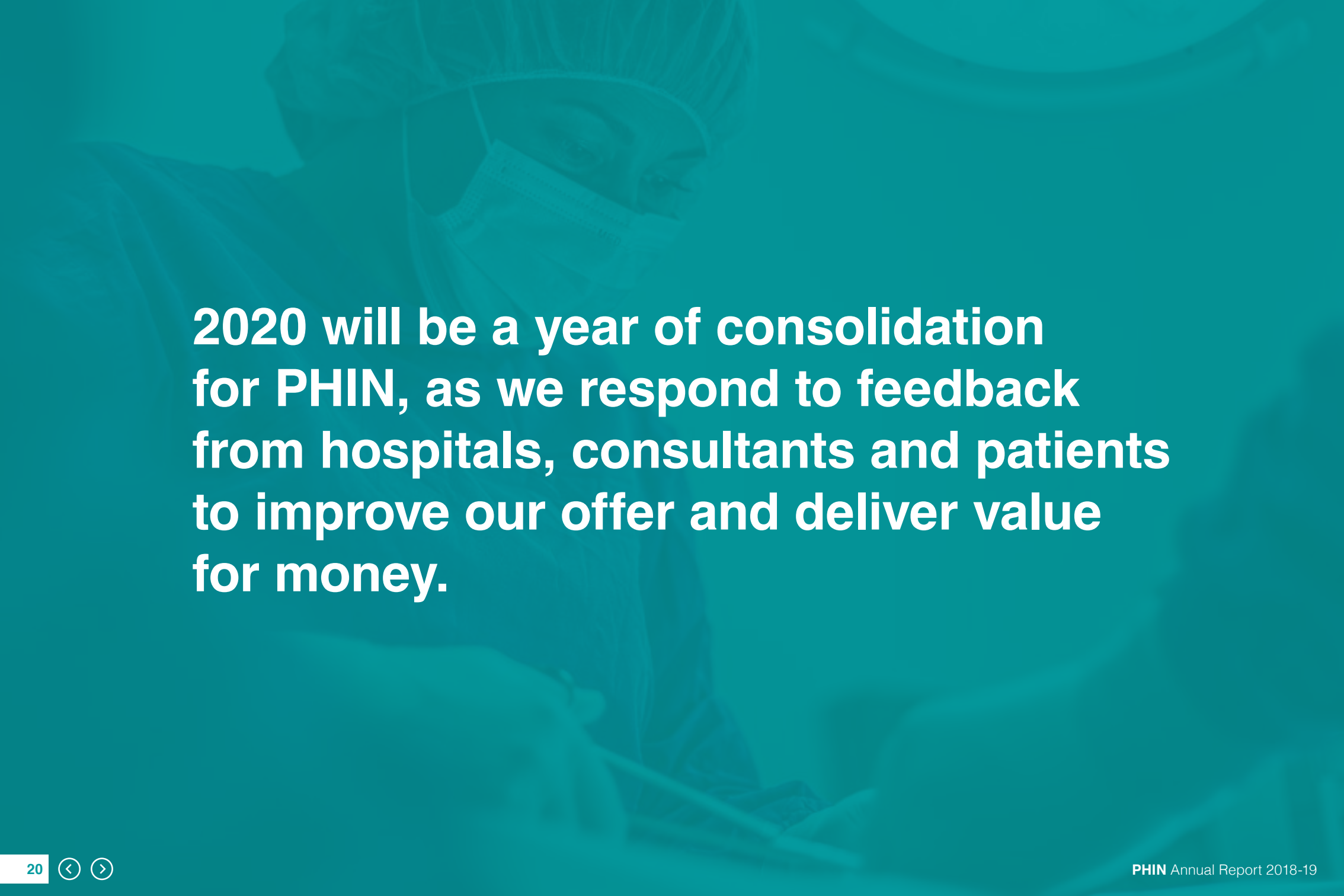
In December we published information about Patient Reported Outcome Measures (PROMs) for hip and knee replacement surgery. We expect the data we receive from providers to further mature in terms of volume and quality that will enable us to publish more sophisticated measures in the future. We have started by reporting a simple measure of the percentage of patients who have reported an improvement after surgery. Broadly, the data show that the industry has very similar rates of improvement as the NHS.



*Percentage of patients who reported an improvement in the outcomes following treatment. Privately funded rates based on UK discharges between July 2017 and June 2018.



*Percentage patients who reported an improvement in the outcomes following treatment. NHS rates based on England discharges between April 2017 and March 2018 as published by NHS Digital.



2020 will be a year of consolidation for PHIN, as we respond to feedback from hospitals, consultants and patients to improve our offer and deliver value for money.

2020 Priorities

1. **Continue to deliver on the CMA Order, publishing further measures to support patient choice**

   Where the publication of consultants' fees has brought greater transparency to the overall price of treatment for self-pay patients, we aim to bring greater clarity to the likely overall cost of treatment. Responding to feedback from consultants, and acknowledging advice from the CMA, we will update the fees submission process for consultants to allow them to indicate their package prices, while continuing to encourage hospitals to submit these directly. In the second half of next year we will look towards the publication of further and enhanced measures outlined in the CMA Order.

2. **Respond to feedback from patients, consultants and hospitals to improve our products**

   One of our core values is to be responsive - considering the needs of patients, stakeholders and our members as we strive to improve our services. Much of the last few years have been devoted to creating systems and technology. Over the next year we will be making gradual improvements to our website, the portal login process and information reports, data infrastructure and the data submission process. We want to make working with us simple and cost-effective for members, and support patients using our website.

3. **Refresh our approach to engagement with key stakeholder audiences**

   We have always tried to be inclusive and responsive in our engagement with key stakeholders and members. As we move towards the publication of the more complex performance measures we appreciate the need to continually evolve how we work with our partners. Over the next year we will begin looking at new structures for engaging with medical leads at different provider organisations, develop training modules and opportunities, and continue to develop our data clinics. We believe in working positively with our members and stakeholders to make sure that the right data is coming in and the measures are a fair reflection of the quality of care.

4. **Continue to be a positive voice influencing system change**

   PHIN has a unique position in the UK health system, and we will continue to use our experience, knowledge and voice to support change that benefits patients. We expect to see the ADAPt programme move into its next phase, as we work with NHS Digital to consolidate and improve the data reporting systems and flows across the UK. We will actively support any recommendations coming from the Paterson Inquiry and Independent Medicines and Medical Devices Safety Review (IMMDSR), as well as initiatives including the Getting It Right First Time Programme (GIRFT) and the joint initiative between the Independent Healthcare Providers Network (IHPN) and Health Quality Improvement Partnership (HQIP) to ensure that independent hospitals can contribute to relevant national registries and audits. We also welcome the Medical Practitioners Assurance Framework and will explore how we can support this initiative and the Consultant Information Sharing System.

5. **Produce PHIN's strategy for the next five years**

   In 2020 we will work to produce a strategy that sets out the organisation's direction for the next five years. It will include our fully delivering on the CMA Order to genuinely help patients make better choices for their care and creating value for all our stakeholders. We will also articulate how we can respond to emerging opportunities across the independent sector and contribute to the call for greater transparency, data sharing and alignment of standards.

Improving data quality has been one of the major topics over the last 12 months, and an important contributor aid this has been consulting on and publishing a hospitals Data Maturity report.

Jonathan Finney
Director of Member Services

Jonathan Finney *Director of Member Services*

Our overall approach to engagement

PHIN has continued our engagement with consultants and hospitals on key developments in the last 12 months, for example, the process for collecting and publishing consultant fees and the publication of the first patient safety measures for hospitals. We have also remained responsive to a wide range of stakeholders' questions and issues.

We have also listened to feedback from hospitals and consultants about improving our services, such as their experience of submitting data and using the PHIN Portal. As a result, we're updating the infrastructure supporting the Portal and improving the login process, navigation to reports and help information. We will launch the new Portal early in 2020.

The team has been out and about across the country this year, visiting members and speaking at conferences. For example, we recently presented at IHPN's member meetings in Scotland and Wales. We've also presented at a large number of professional association meetings for consultants and at hospital MAC events.

Engaging consultants

Whilst we've continued to engage with consultants to verify and publish activity measures, the focus this year has been on collecting and publishing fees. We began inviting consultants to submit their consultation and procedure fees in January 2019. The response to the email campaign was very positive. By the May publication date 4,500 had submitted fees across a broad range of specialties.

During that time, a number of consultants expressed concern about submitting fees for procedures they undertake as part of 'inclusive packages' which are billed by hospitals. This scenario is not covered specifically in the CMA Order. However, PHIN has created the ability for hospitals to submit package prices on a voluntary basis and then enabled these prices to be shown on the website for patients.

Lately, we began conversations with the Association of Anaesthetists to explore a way of including anaesthetic fees with procedure fees.

Engaging hospitals

We have had an encouraging year in our engagement with hospital members. We continued to host the monthly Implementation Forum working collaboratively with the larger independent hospital groups and NHS PPUs on new developments, including the patient safety measures.

We have sought input from our wider members through our regular newsletter, the Member Update.

We recently hosted a series of seminars for hospitals' staff new to the PHIN data collection and publication process. The 'Introduction to PHIN' seminar attracted more than 60 delegates from independent hospitals and PPUs. Since then, we've extended the series to include a 'How To Submit Data' seminar and there will be more in future. We've also added some 'how-to' videos on key topics which are proving very popular.

Improving data quality has been one of the major topics over the last 12 months, and an important contribution this has been consulting on and publishing the Data Maturity report for hospitals. Its publication has resulted in a significant improvement in the range of measures that PHIN can publish for patients.

Engaging patients

One of the key areas where we feel it is important to include patients is in the design and use of our website. This year we sought input from patients in the creation of both the fees information and the first safety measures before publication. We then made significant changes in response to their feedback. In 2020 we plan to involve patients in our work to refresh the website and listen to their views on the information that supports their journey when making choices about their care. We also plan to explore partnerships that will help us reach patients and hear their views on PHIN's work more widely.

Key stats

The number of hospitals required to participate with PHIN fluctuates a little with sites closing and opening, but hovers at around 570. More than 425 of those are displayed on our website. Another 58 have started submitting data, while 92 are yet to do so. The last figure includes newly identified or opening facilities.

Of the 15,000 consultants we have engaged with, more than 8,000 have visited the PHIN Portal and 5,500 have now published their fees.

For the year to date our small team has responded to 2,500 queries from hospitals and 10,700 queries from consultants.

The Order is now five years old, and the Competition and Markets Authority is more determined than ever to see it fully realised. PHIN will continue to support hospitals and consultants in achieving compliance so that patients have the necessary information to make informed choices about their private care.

Jonathan Finney
Director of Member Services

Over the last year, PHIN has been very grateful for the huge support provided by the remedies team at the Competition and Markets Authority (CMA).

Acknowledging progress

We have continued to send regular progress reports for the 570 hospitals required to participate and submit 'sufficiently detailed and complete information' so that we can publish a specified range of performance measures. In May we published the Data Maturity report, which outlines what measures can be published for patients based on data submissions by hospitals.

The CMA has since adopted the maturity scores for its monitoring of hospitals' compliance and provided the basis for a series of meetings with the largest hospital groups. At those meetings the CMA acknowledged the huge amount of work involved in reaching differing maturity levels, but also sought detailed plans from hospitals for submitted data to support the full range of performance measures. Those meetings and the action plans that follow them were, on the whole, very positive.

Consultants fees

In the earlier part of the year our engagement with the CMA focused on the first steps towards publishing consultants' fees information and to bring greater transparency to fees and charges for patients.

Since we started publishing fees in May, the CMA has written to many of the consultant professional associations seeking their help in prompting more consultants to provide fees and meet their legal obligations. Feedback from the associations has been broadly positive with a number of articles appearing in member newsletters.

The CMA has also written to all consultants with a larger private practice reminding them of their obligations to provide fees and have their performance measures published on the PHIN website.

A supportive relationship

The Order is now five years old, and the CMA is more determined than ever to see it fully realised. PHIN will continue to support hospitals in achieving compliance so that patients have the necessary information to make informed choices about their private care.

> Increasingly, the conversation around service improvement is considering all of the touchpoints patients have with healthcare providers, regardless of where that care is received and how it is paid for.
>
> ***Jonathan Evans***
> *Communications and External Affairs Manager*

Private healthcare has been kept at arm's length by many national clinical improvement programmes such as registries and audits. Increasingly, the conversation around service improvement is considering all of the touchpoints patients have with healthcare, regardless of where that care is received and how it is paid for. PHIN is playing an ever more important role as the public discussion around transparency and patient safety continues to evolve.

This year we have continued to foster relationships with key stakeholder bodies and regulators and contribute to national initiatives aiming to protect patients and improve care.

Supporting public inquiries and reviews

Following on from the evidence we provided to the Inquiry into Ian Paterson, we were pleased to be asked to provide further support this year. Many of the questions being asked of the Inquiry look at processes, safety and risk, particularly as patients move between the NHS and private healthcare. We believe that a joined-up approach to collecting better data will play a vital role in beginning to address these questions. Earlier this year we were delighted to welcome members of the Inquiry team to our offices to give a practical sense of our work, the data we collect.

Within the last year we have also devoted time to supporting the Independent Medicines and Medical Devices Safety Review, led by Chair Baroness Cumberlege and Vice-Chair Professor Sir Cyril Chantler, who is also a Non-Executive Director of PHIN. We provided evidence at two oral evidence sessions along with our published written evidence.

Delivering system change

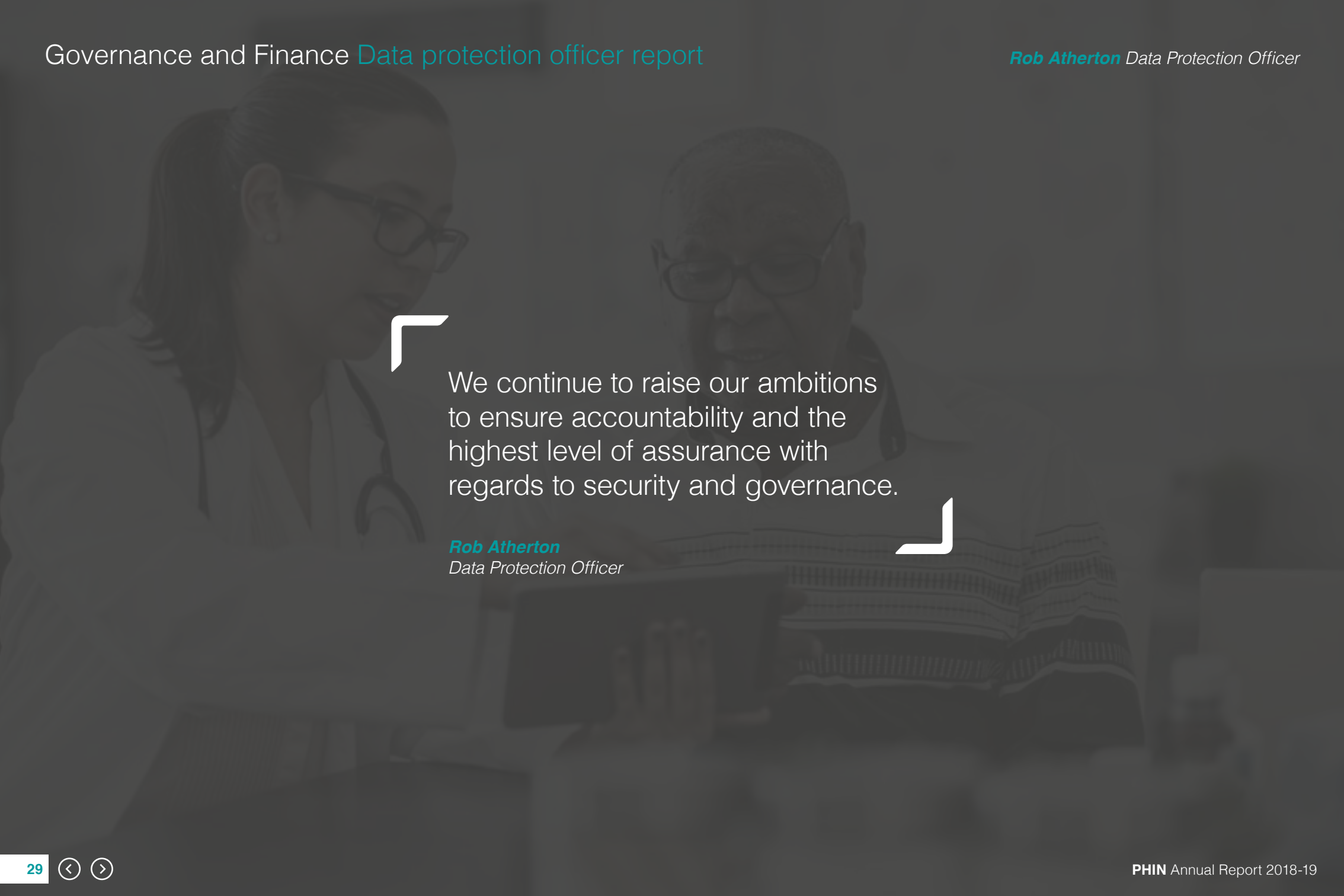
This year we have continued to cement our partnership with NHS Digital through the Acute Data Alignment Programme (ADAPt). Through this partnership we are proposing and piloting significant changes to healthcare monitoring in the UK which would see greater interoperability of information across the UK health economy. This will not only reduce the administrative burden on hospitals but support better regulation and service improvement by providing better data and information across the healthcare economy in the UK. A consultation on the changes proposed by the programme will be launched in the new year and we'd encourage patients, consultants, and hospitals to respond.

Stakeholders and the media

We have continued to see our influence in the media grow, particularly following the successful publication of consultants fees in May. Alongside the industry media which has consistently covered our work, we are starting to attract interest from consumer media such as Which?

Elsewhere, our relationships with influencers including the Care Quality Commission, Royal College of Surgeons and our partners of the ADAPt programme continue to grow. We have also started working in closer collaboration with organisations including the Patients Association and the Independent Sector Complaints Adjudication Service (ISCAS) to review and improve the information we provide to patients on our website.

Earlier this year we also launched PHIN's patient-facing blog and guides. Moving forwards this will become an increasingly important part of our work as we look to give patients clear, easy to understand information to help inform their healthcare choices.



> We continue to raise our ambitions to ensure accountability and the highest level of assurance with regards to security and governance.
>
> ***Rob Atherton***
> *Data Protection Officer*

This year PHIN has improved and streamlined its security and governance processes.

Accreditation and assessments

In August 2019 we successfully completed our three-year recertification for ISO 27001:2013, the internationally recognised information security standard. Our ISMS is subject to an ongoing programme of internal audit and supervisory assessments every six months by the accreditation body, Certification Europe.

We also successfully submitted our NHS Data Security and Protection Toolkit in March 2019, with all requirements met.

Incidents in 2018-19

One incident occurred that was reported to the Information Commissioner's Office (ICO) in July 2019. This incident involved a compromised email account and resulted in spam emails being sent from this account. We took the decision to notify the ICO who advised that they did not consider any further actions to be required. The amount of personal data that was compromised was minimal with five email addresses of website users at risk. We notified these individuals and posted details on our website to ensure complete transparency. No other mailboxes or systems were affected, and all patient data and consultant information is held on different systems that were unaffected.

On the back of this incident we reviewed our security processes to limit the risk of similar incidents happening again in the future.

There were no other incidents involving personal data that have been or that would be required to be reported to the Information Commissioner's Office within the last year.

Risk reporting and management

With a change in personnel we appointed a new Senior Information Risk Owner (SIRO), our Director of People and Process Mona Shah. We have also re-visited our SIRO, Caldicott and Information Asset Owner training and have introduced specialist training to ensure that these key roles are fully supported.

Our information governance continues to be closely monitored by the Information Security Management Team, with regular reports into our Board and Audit and Risk Committee. We continue to raise our ambitions to ensure accountability and the highest level of assurance with regards to security and governance.

2018/19 represented another strong financial year for PHIN, exceeding the prior year surplus which has contributed to increased reserves.

Jack Griffin
Finance and Commercial Director

The figures that are included on the following pages represent PHIN's signed, audited accounts.

Income and expenditure

2018/19 represented another strong financial year for PHIN, exceeding the prior year surplus which has contributed to increased reserves. Cost control has remained a priority, with various initiatives implemented and ongoing to maintain a reasonable and efficient cost base.

Our overall surplus at the end of the financial year was £248k which is nearly double the 2017/18 figure. This was largely driven by the recruitment lag for new staff, vacancies and savings made in our operating costs.

Our retained earnings increased to £1.5m, providing 5.6 months cover which is slightly below the governance target we have set ourselves of 6 months of working capital.

PHIN's income for the year was £3.3m which was up over 20% on the previous financial year. This increase was largely due to the increase in subscription fees in early 2018/19. All our income in the year came via member subscription payments.

Our overall expenditure of £3.1m was also nearly 20% higher than 2017/18, predominantly due to our headcount and people-related spend increasing during the year, reflecting investment across all teams in order to deliver PHIN's objectives.

Other areas such as marketing and legal costs made savings in-year. Furthermore, we transitioned to a new IT platform which is more efficient and cost effective over the long term, and have brought PR services in-house, resulting in further savings.

2019/20 forecast

Looking forward to 2019/20, the financial picture becomes more challenging for PHIN as increases in full-year staffing and other costs put pressure on our target to break even and achieve our target of a reserves balance of six month's working capital. Whilst we are currently forecasting a deficit position for 2019/20, remedial actions are being put in place to rectify the situation.

Debt recovery

Most of the older debt relates to NHS hospitals and smaller private hospitals. We continue to work alongside our third-party debt management company to collect outstanding subscriptions and improved processes have been put in place for the chasing of aged debt internally.

The growth in underlying trade debtors is largely due to the temporary resourcing constraints in the PHIN Corporate and Finance teams for the first half of 2019 which impacted on our debt collection capabilities.

We hold a provision for bad debt, and we identified a relatively small number of debts that were written off against that as part of the audit review. These mostly reflect NHS organisations that have recently declared that they do not undertake private practice, companies in administration and NHS hospitals that have merged over the year.

Subscriptions fees

Our subscription fees in 2018/19 of £3.96 per admitted patient record were uplifted by 3% to £4.08 for 2019/20.

Finance statement

Detailed Profit & Loss Account for the year ended 31 July 2019

	2019	2018
Turnover	3,347,826	2,731,328
Employment costs		
Wages and salaries	(1,332,531)	(1,091,072)
Staff NIC (Employers)	(176,870)	(148,682)
Directors renumeration	(291,833)	(295,168)
Staff pensions	(229,288)	(180,528)
Contract staff	(73,120)	(77,309)
Recruitment and related costs	(149,364)	(142,316)
	(2,253,006)	(1,935,075)
Establishment costs		
Rent and rates	(160,082)	(114,551)
Room hire and catering	(22,711)	(22,173)
Insurance	(21,393)	(21,532)
	(204,186)	(158,256)
General administrative expenses		
Data management & IT expenses	(255,109)	(196,872)
Office equipment and sundries	(28,818)	(9,914)
Travel and subsistence	(12,035)	(13,601)
Marketing	(30,587)	(53,473)
Auditor's remuneration	(6,000)	(6,000)
Legal and professional fees	(282,659)	(231,387)
	(615,208)	(511,247)
Finance charges	(10,940)	8,318
Depreciation	(16,925)	(11,592)
Total costs	(3,100,265)	(2,607,852)
Surplus before tax	247,561	123,476

Finance statement *continued*

Statement of Financial Position as at 31 July 2019

	2019	2018
Fixed assets		
Tangible assets	33,019	20,955
Current assets		
Debtors	307,661	171,537
Cash at bank and in hand	1,503,074	1,327,656
	1,810,735	1,499,193
Creditors: Amounts falling due within one year	(392,328)	(316,283)
Net current assets	1,418,407	1,182,910
Net assets	1,451,426	1,203,865
Capital and reserves		
Profit and Loss account	1,451,426	1,203,865
Total equity	1,451,426	1,203,865