NHS
University Hospitals of North Midlands
NHS Trust

Annual Report

2022/2023





Delivering Exceptional Care with Exceptional People

Foreword from Chairman and Chief Executive

During 2022/23 there was certainly much to be proud of although Covid had brought some new and somewhat unexpected challenges. We should immediately though recognise the extraordinary efforts and contributions of our staff in looking after our patients and dealing with some of the worst pressures ever experienced in NHS history. We are also grateful for the patience and fortitude shown by the thousands of patients who faced long waits for their treatment and the many still awaiting their procedures.

The year just gone is likely to be remembered for a long time. Right across the country Emergency Departments were engulfed with unprecedented demand in what was described as the worst winter ever in the NHS and we saw ambulance waits reach crisis point. Our teams of clinicians and support staff worked heroically in dealing with the issue and the introduction of a new initiative, Your Next Patient, improved safety for patients, released ambulances from queues and focussed our partners in the wider community and system to collaborate in new ways for the benefit of our population. We are grateful to everyone. In addition, we opened our new Enhanced Primary Care facility, which helped significantly in redirecting patients to a more appropriate setting, and we invested heavily in strengthening the Emergency Department nursing and junior doctor workforce.

We are conscious that as the year commenced, we had aspirations to eradicate all long waiting lists for medical procedures, outpatient appointments and diagnostic checks. Huge progress was made but we are aware that there is still much more to be done. The lingering presence of Covid, where we continue to see over 100 positive patients per day, the junior doctor strikes, workforce shortages and the sheer scale of our waiting list, brought about by the pandemic, means that our immediate challenge in 2023/24 is to bring about a transformational change in our capabilities and to eliminate all long waiting lists and to deliver the best possible service to our patients. Notwithstanding the pressures we face, we have not stood still. During the past year large investments have been made in our workforce across the organisation, including ward based staff, nurses, doctors, midwives, Oncology, Cardiothoracic theatre and Cardio physiology staff. We were also delighted to welcome the next cohort of our new international nurses and they have made a tremendous difference. Additionally we have invested in upgrading our Pharmacy Automated Dispensing System to improve the experience of our patients and to reduce the time taken to expedite prescriptions and shorten the time in replenishing supplies to wards. We are also excited by our investment in phase 1 of our Planned Elective Hub at County Hospital which is pivotal in our strategy to grow our capacity and to tackle the unacceptably long waiting times for patients.

We are mindful that our success is founded by the hard work and efforts of our workforce and we thank them for everything they achieved during the year. In dealing with the complex demands post Covid, they continued to go the extra mile and we were all saddened by the need for strike action and whilst we recognised and supported this, it impacted both our workforce and patients. Not surprisingly, the annual staff survey highlighted their feelings and we intend to work closely with every member of staff over the period ahead to deal with their concerns and to release the immense pressures they face through new innovations and improved ways of working. As a consequence of our Culture review in 2021, we launched our Being Kind programme and our aim is to have regular conversations with all staff members so that every voice is heard.

Over the year, we continued to focus on improving the quality of care provided to patients and we introduced a refreshed Care Excellence Framework (CEF) for wards and departments which we expect to raise the bar once again in our overall performance and quality assurance. We are mindful that recent changes in requirements and standards in maternity, following a number of national reviews, demand a new approach and we have agreed a programme of workforce investments and new models of care to meet these new requirements following a Care Quality Commission inspection visit. We are confident of meeting the new standards later in the year.

We are also proud that throughout the year we continued to invest and, once again, we spent over £63m on capital equipment, including the launch of Orbeye, which allows surgeons a 3D view of brains and spines, new CT scanners, refurbishment of wards, frontline digitalisation, Cyber Security, replacement of older medical equipment and the next phase of project STAR, our new planned multi-story car park. Over the past three years alone we have invested over £170m on capital expenditure on both replacing essential medical equipment and on innovative technologies which will both improve our services to patients and enhance our reputation as a leading teaching hospital. We must, as in previous years, highlight the magnificent contribution of £3m to these schemes received from our UHNM Charity. This level of donation makes a massive difference and we greatly appreciate the efforts of everyone involved and the donors of course!

On the financial front, we again balanced our books and delivered a breakeven position. Given the turmoil experienced during a quite exceptional year we can only say thank you to everyone involved and to those who ensured that we invested wisely. On the wider front we welcomed closer working relationships with our partners in the Integrated Care Board and we saw collaboration at its best during some very difficult periods in the winter. We will continue to foster that spirit in the coming months and to improve the pathways for every patient.

We received several external recognition awards during the year and amongst them the Royal College of Surgeons awarded UHNM the Coyler Gold Medal for our Keep Smiling initiative, which was received by Dr Karen Juggins. We were delighted to also receive the Employer of the Year Awards by Staffordshire University and it was terrific to see the work of our education team so well acknowledged. For the first time in some years we were able to hold our staff recognition event physically and we had a marvellous array of talent on display. Our congratulations go to everyone.

2023/24 marks the 75th anniversary of the foundation of one of the most iconic institutions in Britain, our beloved NHS. It has much to be proud of and everyone here at UHNM has played their part in its success. The last few years have been hard and, as we write, we are facing further disruption from national strikes, continued difficulties in attracting and retaining staff and inflation beyond our planning assumptions alongside a requirement for further improvements in productivity across the board. As ever, we will meet these challenges head on and we are confident that patients will continue to receive the best of care from a workforce we are eternally proud of.

David Wakefield
Chairman

Tracy Bullock
Chief Executive

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Part A: Performance Report

Performance Overview

In this overview, we provide you with:

- a statement from the Chief Executive, providing a summary of how we have performed during 2022/2023
- an introduction to our organisation, covering what we do, the services we provide and our organisational structure
- an overview of our 2025 Vision, our key objectives and our values
- a summary of key risks that we have identified and managed during 2022/2023
- a summary of performance highlighting what has gone well for us, the progress made towards delivering our objectives and where we need to focus our efforts to improve
- an explanation of what is meant by 'going concern' and what its adoption meant for us during the year

Statement from the Chief Executive

Tracy Bullock
Chief Executive

I joined UHNM as Chief Executive four years ago now and I cannot believe how quickly the time has gone. There is so much to be proud of and I never cease to be humbled by the dedication, commitment and compassion shown by our staff.

2022/2023 has been yet another year full of both successes and challenges for us and our staff have continued to work tirelessly to ensure we provide the highest standards of care for our patients.

During the year we have seen the Health and Social Care integration white paper *'Integration and innovation: working together to improve health and social care for all'* come into effect which, in a change to the NHS landscape, saw Integrated Care Systems (ICS's) on a statutory footing and the establishment of Integrated Care Boards (ICBs) and the Integrated Health and Care Partnership Board. Whilst at UHNM we have for many years worked in partnership with a range of other providers, the new legal framework puts much greater emphasis on the benefits to patients and service users on joined up working, including the establishment of provider collaboratives and place-based partnerships. I have found great benefit in being the lead for system provider collaboration and chair of the Provider Collaborative Board and within this report you will find some of the positive partnership arrangements we have in place.

Following an annual refresh of our six Strategic Priorities through our 'Improving Together' Quality Improvement Programme, we have made good progress during the year in the development and review of a number of our key enabling strategies, which drive the delivery of our overall aims and ambitions. In April 2022, the Board approved our Clinical Strategy, which sets out the strategic intentions for our clinical services based on the outputs of an extensive programme of service line reviews with clinical teams. Through delivering our Clinical Strategy, we have developed our County Hospital programme to further develop and deliver sustainable models of care to support our elective and non-elective pathways. This exciting programme aims to optimise our facilities and utilisation of County Hospital through substantial investment and new ways of working.

In May 2022, the Board approved our Digital Strategy which sets out how we will use digital and data insights to deliver exceptional care, including how we develop our staff to be digitally confident. Through investment, prioritisation and delivery, we have made good progress against our Digital Strategy and our Annual Report outlines just some of the strategic and operational programmes that have been completed during the year. Our Digital Strategy is ambitious and whilst we recognise that there are financial constraints, we will be working hard on a range of digital improvements throughout the coming year to ensure that we have a digital infrastructure that our staff and patients deserve.

Quality of care has always remained our highest priority and June 2022 saw the approval of our revised Quality Strategy. Here we outlined our key priorities to support the delivery of safe, high quality care and deliver a positive impact on patient outcomes and experience. The strategy has a golden thread of collaboration and partnership, where our teams, healthcare partners and our population work together to make a positive difference to those who use our services. Of the many key priorities in our Quality Strategy for 2022/23, I'm delighted with the success we have had with international nursing recruitment – we appointed 92 additional nurses from overseas and in recognition we were awarded the NHS Pastoral Care Quality Award for our high quality pastoral care for international nurses. This is important as it reflects our ability to not only recruit but retain our international nurses.

Next was our Research and Innovation Strategy refresh, which we approved in September 2022. As an organisation that values research, we inspire curiosity, high clinical standards and innovation. We offer patients the chance to take part in ground breaking studies and allow staff to fulfil their academic careers with us. During the year we have launched our Centre for Research and Education Excellence (CenREE) – the first programme of its kind which provides nurses, midwives and allied health professionals with an opportunity to develop their professional understanding and receive regular mentoring on an improvement project. I am very much looking forward to seeing this evolve over the year ahead.

Finally in December 2022, we approved our People Strategy which sets out our ambition to make UHNM a great place to work for everybody. Building on the progress we have made throughout the year with our Cultural Improvement Programme and launch of our Being Kind Framework, this strategy sets out four strategic aims and ambitions to foster a kind, positive and inclusive culture, developing our workforce to meet the increasing demands we face and recruiting and retaining a workforce that supports professional satisfaction and sustainability. Our Annual Report demonstrates the progress we have made throughout the year against our aims and ambitions and I hope that you enjoy reading it.

About Us

University Hospitals of North Midlands NHS Trust is one of the largest and most modern in the country. We have two hospitals, Royal Stoke University Hospital in Stoke-on-Trent and County Hospital in Stafford and we are very proud of both.

In our latest inspection rating by the Care Quality Commission, published in December 2021 we were rated as 'Requires Improvement' overall, broken down by domain as follows:

Safe	Requires Improvement	●
Effective	Requires Improvement	●
Caring	Outstanding	★
Responsive	Requires Improvement	●
Well Led	Well-led	●

Providing care in state of the art facilities, we offer a full range of general hospital and specialised services for approximately 3 million people. We employ around 11, 000 members of staff and we have around 1450 inpatient beds across our two sites.

We are one of the largest hospitals in the West Midlands and have one of the busiest Emergency Departments in the Country, with an average of around 14,000 patients attending each month across both of our sites. Many emergency patients are brought to us from a wide area by both helicopter and ambulance because of our Major Trauma Centre status; as we are the specialist centre for the North Midlands and North Wales.

As a University Hospital, we work very closely with our partners at Keele and Staffordshire University and we are particularly proud of our Medical School, which has an excellent reputation. We also have strong links with our local schools and colleges. As a major teaching trust, we hold a large portfolio of commercial research, which provides us with an additional source of income. Our research profile enables us to attract and retain high quality staff.

Our specialised services include cancer diagnosis and treatment, cardiothoracic surgery, neurosurgery, renal and dialysis services, neonatal intensive care, paediatric intensive care, trauma, respiratory conditions, spinal surgery, upper gastro-intestinal surgery, complex orthopaedic surgery and laparoscopic surgery.

We play a key role within the Staffordshire and Stoke-on-Trent Integrated Care System (ICS), which has partnership working at its very core as we work closely together to transform the way health care is delivered for the benefit of our population. This includes leadership and participation in partnership boards which bring together health, social care, independent and voluntary sector organisations across Staffordshire.

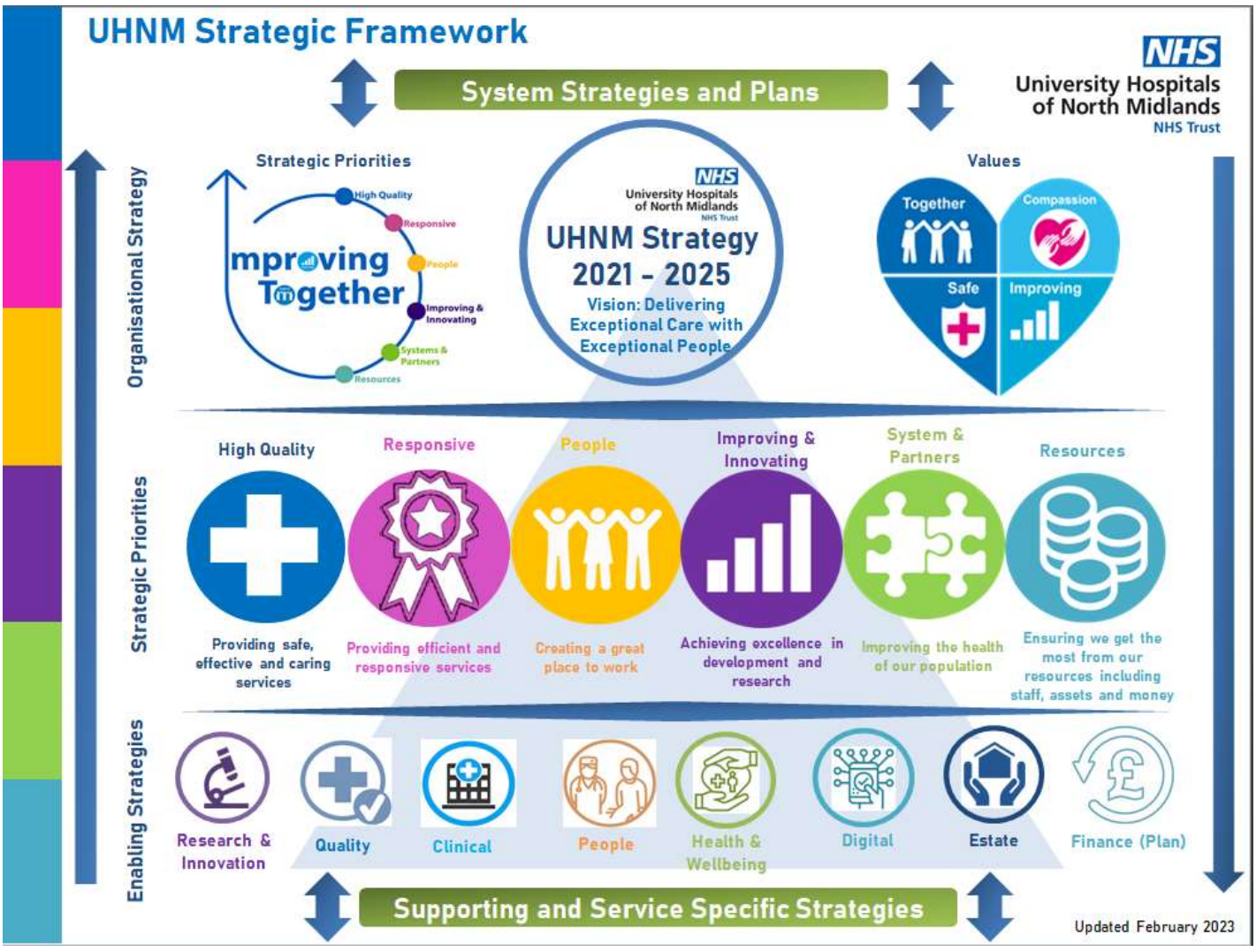
We look to involve our service users in everything we do, from providing feedback about the services we provide, to helping to share our priorities. This work is co-ordinated by our dedicated Patient Experience Team.

Our Vision, Values & Strategic Priorities

Our 2025 Vision was developed to set a clear direction for the organisation to become a world class centre of clinical and academic achievement and care. One in which our staff all work together with a common purpose to ensure the highest standard of care and the place in which the best people want to work. Put simply, our Vision is Delivering Exceptional Care with Exceptional People.

To achieve the 2025 Vision we must respond to the changing requirements of the NHS as they emerge and operate in ever more challenging times. This means that we have to think further than the here and now and continue to look beyond the boundaries of our organisation for inspiration. Our involvement in the Integrated Care System is crucial in enabling us to move towards our Vision and to become a sustainable provider of healthcare services.

We have agreed a Strategic Framework which illustrates our Strategic Priorities, Vision and Values along with the key enabling strategies we have in place to support their achievement (see below). Looking ahead to 2023/24, we will be commencing a review of our UHNM Strategy (2025 Vision) which will involve an extensive process of engagement with our staff and key stakeholders.



How we Provide Care

Our organisational structure features two non-clinical divisions and five clinical divisions including our Pathology division which is part of a network across North Midlands and Cheshire. Each clinical division is led by a Divisional Medical Director, along with a Divisional Operations Director and a Divisional Nurse Director. The non-clinical divisions are led by Executive Directors. An overview of the services provided by our Divisions is illustrated below.

Our Divisions and the Services Provided

Central Functions

Finance	Communications	Information Management & Technology	People	Nursing
Operations	Corporate Governance	Strategy & Planning	Performance & Information	Quality, Safety & Compliance
Transformation	Research & Innovation	Supplies & Procurement	Medical Examiner's Office & Bereavement Services	Undergraduate & Postgraduate Medical Education

Surgery, Theatres and Critical Care

Emergency Surgery	General Surgery	Urology	Specialised Surgery	Anaesthetics	Theatres	Critical Care	Sterile Services	Pain Management

Women's, Children's and Clinical Support Services

Pharmacy	Imaging	Obstetrics & Gynaecology	Child Health	Outpatients	Neonatal	Therapies

North Midlands and Cheshire Pathology Network

Haematology & Blood Transfusion	Biochemistry, Immunology & Point of Care Testing	Infectious Sciences	Cellular Pathology

Medicine and Urgent Care

Gastroenterology	Endoscopy	Respiratory	Infectious Diseases	Emergency Medicine	Acute Medicine
Elderly Care	Diabetes & Endocrinology	General Medicine	Renal	Therapies	

Network Services

Heart Centre (including Thoracic)	Neurosciences	Trauma	Neurosurgery	Oncology	Haematology

Estates, Facilities & PFI

Estates Operations	Estates Capital Development	Facilities Management	PFI Contract Management	Estates Governance, Compliance & Administration	Sustainability & Transformation	Clinical Technology	Land & Property

Going Concern

Our financial statements for 2022/23 have been prepared on the basis that we are a 'going concern'. When adopting the financial statements, our Board is asked to agree with the decision made by management to prepare the financial statements as a going concern. To comply with International Accounting Standards, we are required to undertake an assessment of our ability to continue as a going concern. This assessment is set out within this Annual Report for consideration of the Audit Committee.

What does 'Going Concern' mean?

Accounting standards state that financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis upon which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

Assessment Rules

NHS England and NHS Improvement (NHSEI) issued revised guidance in relation to the assessment of going concern for NHS organisations on 1 April 2021.

Criteria Assessment

Considering the criteria set out for preparation of the accounts on a going concern basis, an assessment has been made of the Trust's position against the criteria. The criteria used for the preparation of the 2022/23 financial statements is that they must be prepared on a going concern basis unless the organisation has been informed by the relevant national body or Department of Health & Social Care sponsor of the intention for dissolution without transfer of services or function to another entity.

Conclusion

The results of the assessment made of our position with regard to the above criteria, concluded that there is no criteria response which would support the accounts of UHNM not being prepared on a going concern basis. The accounts of UHNM for 2022/23 were therefore prepared on a going concern basis.

Performance Summary & Analysis

Here we provide an overview of how we measure performance in our organisation using Statistical Process Control (SPC) methods, how performance management is governed through our corporate governance structure, our headline activity, how we performed during the year against key quality, workforce, operational and financial performance indicators and our financial performance and risk.

How we measure performance

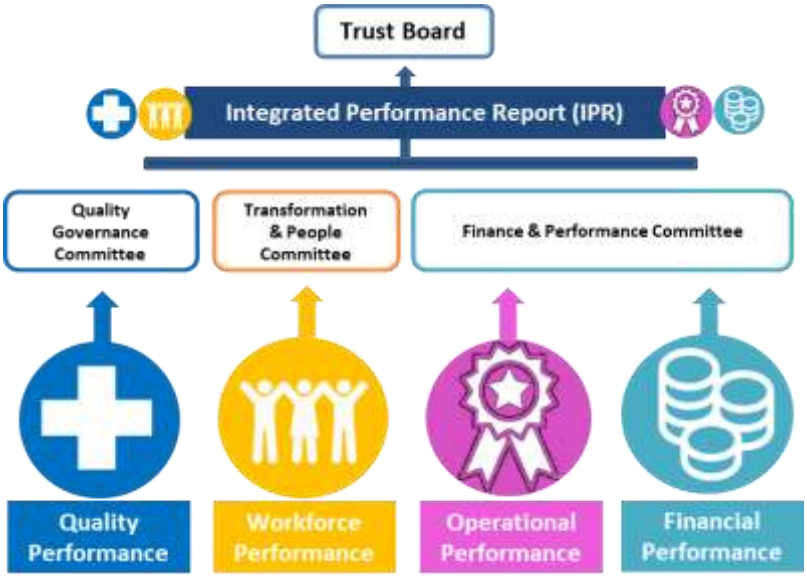
Each month, we produce an Integrated Performance Report (IPR) which is used as a key source of assurance to our Trust Board. The report covers a broad range of key performance indicators (KPI's), which are determined nationally and locally and are reviewed on an annual basis. These KPI's are broken down into four domains of Quality, Workforce, Operational and Finance, which align to our Strategic Priorities. Performance against KPI's for each domain are presented in a dashboard, supplemented with exception reports providing narrative which outlines an explanation of the data including risk, along with key actions.

We use statistical process control (SPC) methods to draw two main observations of our performance data, along with a series of icons to describe what our performance data is telling us:

Variation:	Are we seeing significant improvement, significant decline or no significant change?
Assurance:	How assured of consistently meeting the target can we be?

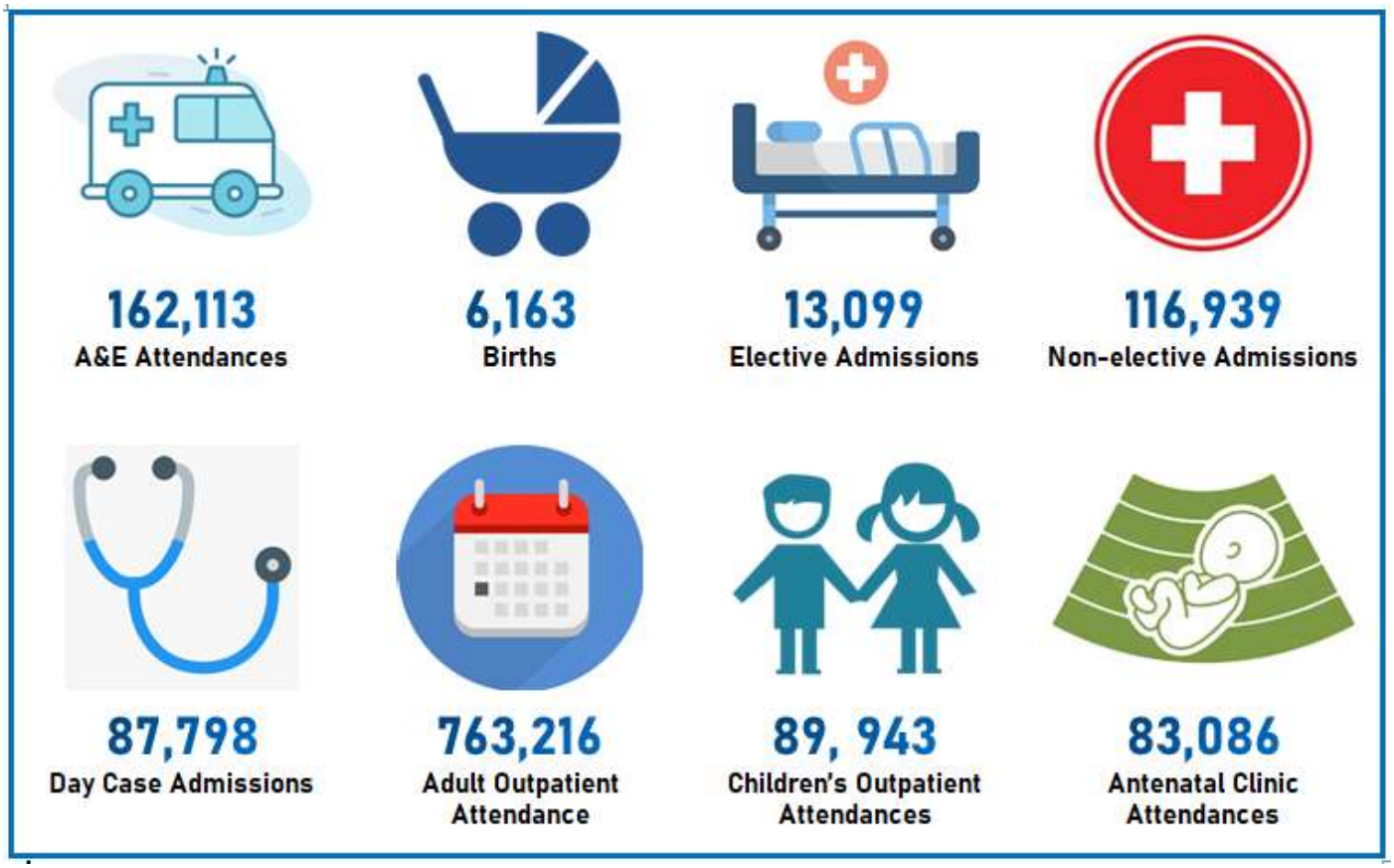
Variation		Assurance	
	Common cause – no sigificant change		Variation indicates inconsistently hitting, passing and falling short of target
	Special cause of concerning nature or higher pressure due to (H)igher or (L)ower values		Variation indicates consistently (P)assing the target
	Special cause of improving nature or lower pressure due to (H)igher or (L)ower values		Variation indicates consistently (F)alling short of the target

In addition to our Integrated Performance Report, further assurance on performance is scrutinised by Committees of the Board. These arrangements are illustrated here:



Headline Activity 2022/23

The illustration below provides an overview of our activity during 2022/23:



Performance During 2022/23

We are committed to providing safe, high quality care to our communities and we continue to focus on delivering quality improvement in all we do. Despite all of the pressures brought on by seasonal pressures, Covid and industrial action, our staff have continued to show their commitment to improve the quality, safety and experience of patients in our care. We will continue to achieve this by supporting our staff to understand and excel in their roles and empowering and equipping them towards delivering excellence every day in improved patient outcomes, staff morale, productivity and efficiency.

Our people are our greatest asset and we have continued to provide packages of support and offers of wellbeing provision as well as develop our teams by rolling out our quality improvement programme 'Improving Together', to empower and support everybody to make changes, no matter how small, to deliver better services and play a vital role in building healthier, happier, fairer lives for the people we serve – our patients, our people and our local communities.

However, workforce related risks have remained high on our risk register throughout the course of the year with sickness absence being a particular concern as a result of Covid. Our 12 month cumulative sickness rate was 5.79%, which was outside of target. Sickness absences are monitored on a daily basis, specifically to identify the level of Covid-related absence and stress related absence. We focus on addressing areas with high sickness levels with the aim of reducing long term and frequent absences.

In other workforce indicators over the year:

- Turnover rates were within target

- At 93.56%, Statutory and Mandatory Training fell just short of the 95% target
- The rate of Performance Development Reviews (PDR's) is consistently lower than the target of 95%, but it has improved from last year. The final outturn for non-medical Performance Development Review (PDR) compliance for the 12 months ending 31st March 2023 was 85.77% - higher than the previous year's figure of 75.55%. Requirements for undertaking quality PDR's with colleagues has been reinforced with managers undertaking our Enable Middle Management programme, which was delivered to 314 managers during 2022/23
- Agency costs as a percentage of pay costs were higher than the previous year at 3.99%
- Employee engagement has declined from 6.7 in 2021 to 6.6 in 2022

The downturn in our Staff Survey indicators whilst disappointing, follows a downturn nationally for acute trusts. Employee engagement remains a key focus for us both at a corporate and divisional level.

We made good progress against our quality and safety priorities during the year, including:

- 45% reduction in Category 3 Hospital Acquired pressure ulcers with 'lapses in care' in 2022/23 compared to 2021/22 totals
- Improvement in Sepsis Screening for inpatients
- Continuing to exceed the 95% national target for Harm Free Care (new harms)
- Continuing to compare well against our national peers and remaining with expected ranges for both HSMR and SHMI mortality indicators
- Sustained improvement exceeding national VTE risk assessment compliance with an average of 99%
- Reduced rate of formal complaints received during 2022/23 compared with 2021/22
- Reduced number of Never Events compared to 2021/22

We are proud of our achievements; however we recognise that there are also areas where we need to make further improvement, for example:

- Emergency Department 4 hour target and cancer performance
- Ambulance Handover delays
- Continued improvement in Sepsis screening compliance and pathway
- To reduce harm from falls
- To reduce Hospital Acquired Category 2 pressure ulcers and deep tissue injuries with lapses in care
- 78 week waiting times

During 2022/23, attendances at the Emergency Department were in excess of 162, 000 having an impact on the number of ambulance handovers transacting in a timely manner, patients seen within four hours and those waiting over 12 hours for admission into the hospital. To mitigate these delays and improve patient experience, numerous initiatives have focussed on improving flow through the hospital, the most significant of which include: Front Door Reconfiguration (to ensure sufficient physical space to appropriately handover and treat patients in the emergency department), the implementation of the Referral and Admission Policy (to ensure timely specialty input in the most appropriate environment where such expertise is required) and finally the introduction of Your Next Patient (to ensure the consistent progression of patient flow throughout the hospital at times of peak demand).

It is widely acknowledged that waiting lists continue to increase nationally following Covid, with us being no exception. We have seen an increasing amount of open Referral to Treatment pathways throughout 2022/23, at the end of the year at 77, 000 open pathways. This has resulted in an increase in patients waiting over 52 weeks for treatment. The number of patients waiting less than six weeks for a diagnostic test has improved to 78% compared to 69% in 2021/22. With waiting lists increasing, part of the recovery focus has been on improving Did Not Attend (DNA) rates, Theatre Utilisation and reducing Cancelled Operations – all of which have improved during the year.

As described earlier our Integrated Performance Report covers a broad range of KPI's which we monitor through the course of the year. Below sets out the key KPI's and our performance for 2022/23 compared to 2021/22.

Quality Performance

Key Performance Indicator	Target	2022/23 Performance	2021/22 Performance
Harm Free Care (new harms)	95%	96.0%	96.2%
Patient Falls (per 1000 bed days)	5.6	5.9	5.9
Patient Falls with harm (per 1000 bed days)	1.5	1.91	1.53
Medication Errors (per 1000 bed days)	6.0	5.2	4.9
Never Events	0	4	6
Duty of Candour (verbal / formal notification)	100%	92.9%	97.8%
Duty of Candour (written within 10 days)	100%	55.9%	89.2%
Pressure Ulcers (category 2 hospital acquired with lapses in care)	96	69	56
Pressure Ulcers (category 3 hospital acquired with lapses in care)	48	12	22
Pressure Ulcers (category 4 hospital acquired with lapses in care)	0	0	0
Friends and Family Test (% A&E recommendedations)	85%	62.9%	73.0%
Friends and Family Test (% inpatient recommendations)	95%	97.3%	98.5%
Friends and Family Test (% maternity recommendations)	95%	90.2%	96.0%
Written Complaints (rate per 10,000 spells)	35	22.57	27.51
Hospital Standardised Mortality Ratio (HSMR) (rolling 12 month)	100	97.27 (01/22 – 12/22)	96.60 (02/21 – 12/21)
Standardised Hospital Mortality Indicator (SHMI) (rolling 12 months)	100	104 (11/21 – 10/22)	101 (01/21 – 01/22)
Nosocomial 'definite' Covid 19 Deaths	n/a	70	20
VTE Risk Assessment Compliance	95%	99.0%	99.3%
Reported C-Difficile	96	144	112
Avoidable MRSA Bacteraemia Cases	0	1	2
Inpatient Sepsis Screening Compliance	90%	89.7%	87.9%
Inpatient IV Antibiotics (given within 1 hour)	90%	93.4%	99.1%
Children Sepsis Screening Compliance	90%	89.7%	89.7%
Children IV Antibiotics (given within 1 hour)	90%	66.7%	100%
Emergency Portals Sepsis Screening Compliance	90%	81.8%	92.4%
Emergency Portals IV Antibiotics (given within 1 hour)	90%	63.9%	84.7%
Maternity Sepsis Screening	90%	80.6%	83.5%
Maternity IV Antibiotics (given within 1 hour)	90%	83.9%	76.4%

Operational Performance

Key Performance Indicator	Target	2023/23 Performance	2021/22 Performance
A&E 4 hours Waiting Time	95%	63.5%	66.9%
12 hour Trolley Breaches	0	9428	3854
Cancer Rapid Access (2 week wait)	93%	70.2%	65.5%
Cancer 62 days (from urgent GP referral)	85%	48.5%	60.7%
Cancer 62 days (from screening programme)	90%	65.3%	68.5%
Cancer 31 days (first treatment)	96%	86.9%	90.6%
Referral to Treatment (incomplete)	92%	54.1%	54.9%
Referral to Treatment (52+ week waits)	0	5002	4464
Diagnostic Waits (under 6 weeks)	99%	77.6%	69.5%
Did Not Attend (DNA) Rate	7%	7.9%	8.1%
Cancelled Operations (28 day standard)	150	323	365
Theatre Utilisation	85%	77.7%	74.2%
Same Day Emergency Care	30%	36%	31%
Super Stranded Patients	183	188	165
Discharges Before Midday	30%	20%	18%
Emergency Readmission Rate	8%	12.7%	13.5%
Ambulance Handover Delays (in excess of 60 minutes)	10	11506	6631

Workforce Performance

Key Performance Indicator	Target	2022/23 Performance	2021/22 Performance
Staff Sickness	3.4%	5.87%	5.73%
Staff Turnover	11%	10.00%	10.59%
Statutory and Mandatory Training Rate	95%	93.56%	94.73%
Appraisal Rate	95%	85.77%	75.55%
Agency Cost	n/a	3.99%	2.59%
Staff Family Friends Test (% recommended as a place to work – NHS Staff Survey)	>61%	-	54.6%

Financial Overview

Financial Performance

Key Performance Indicator	2022/23 Performance	2021/22 Performance
Total Income	1, 064, 132	980,348
Expenditure – Pay	635, 263	568,969
Expenditure – Non Pay	397, 840	359,468
Daycase / Elective Activity	105, 193	95,630
Non Elective Activity	96, 570	92,359
First Outpatients	203, 525	174,531
Follow up Outpatients	266, 564	232,831
Non Face to Face Outpatients	211, 069	227,010

We ended the 2022/23 financial year with a surplus of £0.047 million against a breakeven plan for the year. The surplus for 2022/23 continues to demonstrate substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls. However, it should be noted that the position relied heavily on non-recurrent Cost Improvement Programme (CIP) delivery and other one-off benefits and we will need to focus on recurrent cost control and efficiency programmes to ensure long term financial sustainability.

It is important that we recognise that we are part of a wider system with a recurrent deficit of £205m as we enter 2023/24, with further work to be done to ensure that we can deliver safe and high quality services within an affordable financial framework.

Throughout the course of the year, delivery of our financial plan has been subject to scrutiny and oversight each month via the Performance and Finance Committee and the Trust Board.

During Covid, the requirement to deliver cost improvements was significantly reduced and organisational focus was on maintaining service delivery during the pandemic. As we enter 2023/24 the focus is on Elective Recovery and the identification and delivery of recurrent CIP, continuing with the project based approach, overseen by our Programme Management Office (PMO), implemented before the pandemic.

Although a surplus has been achieved in the last four years, due to previous year's deficits we breached the requirement under Section 30 of the Local Audit and Accountability Act 2014 to achieve a breakeven on a cumulative basis. As such, our External Auditors made a referral to the Secretary of State for Health in June 2021 under Section 30 of this Act, which remained in place in 2022/23 as we still have a cumulative deficit.

We recognise that this position is set within the context of a wider sustainability gap across the local health and social care economy. To address this challenge, work remains ongoing with our system partners, via the Integrated Care Board.

Statement of Comprehensive Income Account

	2022/23		2021/22	
	£'000	%	£'000	%
Revenue from patient care activities	965,836	91%	881,968	90%
Other operating revenue	98,296	9%	98,380	10%
Total revenue	1,064,132	100%	980,348	100%
Operating expenses	(1,033,103)	98%	(928,437)	98%
Operating surplus / (deficit)	31,029	3%	51,911	6%
Other gains and losses	190	(0%)	79	(0%)
Surplus / (deficit) before interest	31,219	3%	51,990	6%
Investment revenue	2,105	(0%)	46	(0%)
Finance costs	(17,940)	2%	(16,037)	2%
Surplus / (deficit) for the financial year	15,384	2%	35,999	4%
Public dividend capital dividends payable	(9,562)	1%	(7,855)	1%
Retained surplus / (deficit) for the year	5,822		28,144	

Performance against Breakeven Duty

	2022/23	2021/22
	£'000	£'000
Retained support / (deficit) under IFRS	5,822	28,144
Impairments	(4,924)	(17,211)
Adjustments for donated asset/gov't grant reserve elimination	(799)	(2,254)
Net impact of DHSC provided inventories for Covid response	(52)	447
Adjusted financial performance surplus / (deficit)	47	9,126

Revenue Income

Income in 2022/23 totalled £1,064.1 million. The majority of our income (£965.8 million, 91%) was delivered from Clinical Commissioning Groups (CCG), Integrated Care Boards (ICB) and NHS England (NHSE) in relation to healthcare services provided to patients during the year. Other operating revenue relates to services provided to other Trusts, training and education and miscellaneous fees and charges. Also included is 'Top Up' Funding, the Elective Recovery Fund (ERF) and specific Covid response funding.

Summary of Total Income 2022/23

	2022/23	2021/22
	£m	£m
Clinical Commissioning Groups, Integrated Care Boards (ICB) and NHS England (patient care)	950.9	866.9
Other patient care income	14.9	15.1
Education, training and Research and Development income	35.9	32.4
Non patient care services to other NHS bodies	34.0	32.8
Top Up Funding and Deficit Support	5.4	15.7
Covid Response funding	0.0	2.4
Other	23.0	15.1
Total revenue	1064.1	980.3

Summary of Income from ICBs & NHSE 2022/23

	2022/23		2021/22	
	£m	%	£m	%
Specialised Commissioning / NHSE	343.3	36%	275.9	31%
Stafford and Stoke CCG's / ICB	569.7	59%	535.4	61%
Cheshire CCG / ICB	22.4	2%	20.6	2%
Other	30.4	3%	50.1	6%
Total revenue from patient care	965.8	100%	882.0	100%

	2022/23	2021/22	% Change
	£m	£m	%
Revenue from patient care activities	965.8	882.0	10%
Other revenue:			
Medical school (SIFT)	7.6	7.3	4%
Junior doctor training (MADEL)	16.3	15.0	9%
WDD funding	5.1	4.8	5%
Research and development	3.1	3.4	(7%)
Non patient care services to other NHS bodies	32.1	30.5	5%
Other Income	34.2	37.4	(9%)
Total other revenue	98.3	98.4	(0%)
Total revenue	1,064.1	980.3	9%

Operating Expenditure

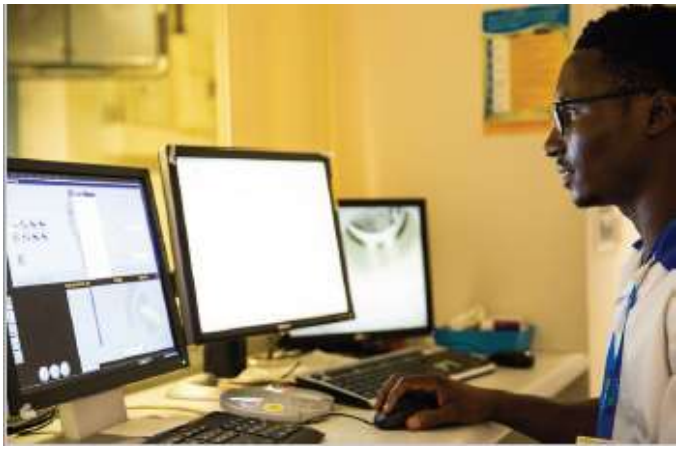
Staff costs at £625.3 million represent 61.5% of our operating expenditure with clinical supplies and services non pay costs at £215.7m representing a further 20.9%. A summary of operating expenditure is show below:

Summary of Operating Expenditure	2022/23	2021/22	% change
	£m	£m	%
Staff costs	635.3	569.0	12%
Other costs	95.3	86.9	10%
Clinical supplies and services	215.7	201.4	7%
Depreciation	35.3	32.0	10%
Premises costs	31.2	31.1	0%
Clinical negligence	25.2	25.2	(0%)
Total operating expenditure before impairments	1,038.0	945.6	10%
Impairments	(4.9)	(17.2)	
Total operating expenditure	1,033.1	928.4	11%

Capital

Of the capital funding in 2022/23, £26.1m was generated internally from the depreciation of assets and use of our cash reserves and this is predominantly allocated to the replacement of medical equipment, Information and Computer Technology (ICT) systems and the refurbishment of our buildings and estate. In addition we were awarded central capital funding totalling £16.9m for a number of investments including the purchase of diagnostic and reporting equipment, frontline digitalisation ICT projects, developments at the County site and ward refurbishment. Of the £63m spent in capital in total, the main areas of expenditure are as set out below:

Capital Spend	2022/23 £'000
Medical Assets	
Scanners CT7, CT8 and CT9	3,162
Medical Devices and Fleet Replacement	1,585
Theatre Equipment	1,003
Endoscopy Equipment	301
EEG Equipment	299
Haemodialysis Machines	229
Other Equipment	2,502
Total Medical Assets:	9,082
ICT Schemes	
ICT Infrastructure and Security	1,503
System and Equipment upgrades	1,093
Electronic Prescribing (EPMA)	708
Laboratory Information System	604
Frontline Digitalisation	597
Anaesthetic Medical Records Automation	267
Patient Portal	233
Total ICT Schemes:	5,005
Estates and General Works	
Project STAR Multi Story Car Park	8,212
Ward Refurbishment	6,803
Estates Infrastructure and Backlog Maintenance	5,883
PFI Lifecycle and Equipment (not included in other categories)	1,377
County Site Central Treatment Suite	4,117
Theatres Investment	3,789
Other Development Projects and Improvements	2,412
Total Estates & PFI Schemes:	32,594
Total	46,681



Our Risk Profile

Our Risk Management Policy sets out the framework we use to identify, assess and manage risk. This includes operational and strategic risks where there is uncertainty associated with the delivery of key performance indicators and priorities. Operational risks are reported monthly through our Risk Register; these are identified at an operational level by our Divisional and Directorate Teams and where appropriate, escalated for the attention of our Executive Team via our Executive Governance Groups and Performance Management Review process. Strategic risks are reported quarterly through our Board Assurance Framework (BAF) to the Board and its Committees.

Throughout 2022/23, we identified a total of 9 strategic risks which might compromise the achievement of our Strategic Priorities and which form our Board Assurance Framework. These risks were monitored through our Board and Committees; where details of controls, assurance and actions to reduce levels of risk were subject to scrutiny. Below provides a summary of these risks, the Strategic Priorities under threat and the levels of risk reported each quarter:

Strategic Priorities					
High Quality	Responsive	People	Improving & Innovating	System & Partners	Resources

Summary Board Assurance Framework 2022/23						
BAF No.	Summary Risk Title	Strategic Priorities Under Threat	Risk Scores by Quarter (C) Consequence / (L) Likelihood			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
BAF 1	Delivering Positive Patient Outcomes		L4xC4 Ext 16	L4xC4 Ext 16	L5xC4 Ext 20	L5xC4 Ext 20
BAF 2	Leadership, Culture & Delivery of Values		L3xC4 High 12	L3xC4 High 12	L3xC4 High 12	L3xC4 High 12
BAF 3	Sustainable Workforce		L4xC4 Ext 16	L4xC4 Ext 16	L4xC4 Ext 16	L4xC4 Ext 16
BAF 4	System Working		L3xC3 High 9	L3xC3 High 9	L3xC3 High 9	L2xC3 Mod 6
BAF 5	Delivering Responsive Patient Care		L4xC4 Ext 16	L4xC4 Ext 16	L5xC4 Ext 20	L5xC4 Ext 20
BAF 6	Delivery of IM&T Infrastructure		L3xC4 High 12	L3xC4 High 12	L3xC4 High 12	L4xC4 Ext 16
BAF 7	Compliant Estate Services		L3xC4 High 12	L3xC4 High 12	L3xC4 High 12	L3xC4 High 12
BAF 8	Financial Performance		L3xC3 High 9	L3xC3 High 9	L3xC3 High 9	L2xC2 Mod 4
BAF 9	Research & Innovation		L4xC3 High 12	L5xC3 Ext 15	L5xC3 Ext 15	L5xC3 Ext 15

Further details on risk and the Board Assurance Framework can be found later within this report, in our Annual Governance Statement.

Social Matters

We have a strong commitment to our corporate social responsibilities and continue to work with our partners within the community to create positive change for society. We recognise that our predominance within the employment market can be used to increase social mobility and spread opportunities and we have been working with our partners to ensure that we make the best use of the talent our community has to offer by providing many people with worthwhile careers that contribute to the social good.

Keep Stoke Smiling

The Keep Stoke Smiling campaign has been running since 2018 to combat the levels of tooth decay seen in young people across the region.

The campaign aims to create a 'fizz free' culture within schools in the region, by teaching children about the importance of good oral health. A series of workshops are open to children in years 2 to 6 where they are provided with a toothbrush along with diet advice so that they are empowered to make positive choices when it comes to their dental health.

Dr Karen Juggins
Consultant Orthodontist

> "What really made me decide to launch the campaign was the referral of a 10 year old boy whose dentist wanted to know if orthodontics could help close the gap that would be left when his four front teeth were to be extracted due to dental decay. He told me they drank three cans of coke a day and took a can to bed with him at night. He needed a denture to replace his extracted teeth."

Project SEARCH

Project SEARCH is a joint initiative between ourselves, Newfriars and Sodexo. The programme aims to get young people aged between 18 – 24 years with additional needs into full time work through gaining vital experience to help with future employment prospects.

In July 2022, seven of the students graduated from the programme after completing a rotation of three placements here at UHNM, with five gaining a full time job at the end.

More than 50 people attended the graduation celebration on Friday 15th July 2022 including the Deputy Lieutenant of Staffordshire, who presented each student with their award. Three special awards were also presented amongst the celebrations, including 'Overcoming Adversity, the 'Inspiring Intern' and 'Student of the Year'

> "It's obvious that the students have worked extremely hard over the past year and the staff members involved have put so much into this project. I am so glad that I was able to hear their personal stories and it was a pleasure to present the awards."

Jane Sawyer
Deputy Leiutenant of Staffordshire

Learning, Education and Widening Participation

As well as supporing our staff with advice and guidance on learning and education, our Learning, Education and Widening Participation Team play a key role within our community and work closely with education providers with a focus on future workforce.

Some particular highlights of our work during 2022/23 include:

- Pharmacy and Radiography education leads developed curriculum activities for local schools which supports their Science, Technology, Engineering and Maths education
- Support for students on pursuing the right NHS career and developing 'job ready techniques and skills for the workplace
- A number of career events at colleges and universities
- Virtual 'Step into Medicine' session to secondary school students led by some of our doctors
- Virtual 'Hospital Work Experience' with health and social care partners including live webinars, staff career talks, a live surgical procedure and activities for students to complete
- Over 200 Work Experience placements across a range of specialities
- A number of short career videos from staff with a range of specialities, helping to raise awareness

Improving the Health of our Population

Our Strategic Approach to Health and Wellbeing

We are committed to improving the health of our population and during the year we have been working with our system partners to develop our Health and Wellbeing Strategy.

This has provided us with an opportunity to better understand the health of our population and develop our vision for the future, enabling us to deliver services in a way that is responsive to the health and wellbeing needs of our local community.

Tackling Fuel Poverty and Reducing Carbon Emissions

In 2022, the 'Keep Warm Keep Well' scheme was 'Highly Commended' by the Health Service Journal (HSJ) Awards in the 'Towards Net Zero' category. This groundbreaking community energy scheme is a partnership between ourselves, Staffordshire Community Energy and Staffordshire fuel poverty charity 'Beat the Cold'. The scheme seeks to prevent readmissions of vulnerable patients whose health conditions are at risk of being worsened by living in a cold and damp home.

Through the performance of solar panels, the project accumulates an 'annual community fund' which is spent on alleviating fuel poverty in Stafforshire. This is being delivered through a unique partnership arrangement whereby Beat the Cold delivers an intervention to vulnerable patients identified by us.

We will be exploring the possibility of expanding the scheme more widely across the Staffordshire and Stoke-on-Trent Integrated Care System to allow more of our local population to benefit.

Respect for Human Rights

The Human Rights Act (1998) is the legislation which protects human rights in the UK through specific 'articles' which go beyond the nine protected characteristics to outlaw discrimination on all grounds. As a public authority we must ensure that none of our policies, procedures or strategies infringe the human rights of staff or patients. In practice this means treating individuals in line with the FREDA principles (see below), whilst also safeguarding the rights of the wider commnunity when developing policies and procedures and carrying out our functions:

- Fairness
- Respect
- Equality
- Dignity
- Autonomy

We expect our staff to work to the very highest standards, to be able to communicate openly in an organisation which respects people's views, and values individuals and teams.

Anti-corruption and Bribery

We have a zero tolerance approach to fraud and are committed to taking all necessary steps to counter fraud and bribery which includes maintaining an honest, open atmosphere, so as to best fulfil the objectives of the Trust and of the NHS. We adhere to the NHS Counter Fraud Authority Standards (NHSCFA) for Providers, other directions and procedures published by the NHSCFA in addition to adhering to the NHSCFA Anti-Fraud Manual when investigating cases and imposing sanctions.

We are committed to fully investigating any suspicion of fraud, bribery or corruption within our organisation, from the rigorous investigation of any such allegations, to taking appropriate action, including possible criminal prosecution, as well as undertaking steps to recover any assets lost as a result of fraud. To support this commitment, we have a number of key policies in place to protect against fraud and corruption, including the following:

- G16 – Standards of Business Conduct
- F01 – Standing Financial Instructions
- G18 - Anti-Bribery & Anti-Fraud Policy
- F02 – Scheme of Reservation and Delegation

We also have a nominated Local Counter Fraud Specialist (LCFS) whose role is to provide support and advice on all matters relating to fraud as well as being a point of contact for fraud reporting. The LCFS reports to our Audit Committee and is part of our Internal Audit Team, provided by RSM.

The Accountable Officer for anti-fraud is the Chief Finance Officer. There were 12 referrals made to the LCFS during 2022/23, which were reviewed and investigated where appropriate, in accordance with the Trust's policy. The LCFS work plan for 2022/23 was also aligned to meet the requirements of the Governments Functional Standard 013: Counter Fraud, and was approved by the Audit Committee in April 2022, with progress updates provided to each subsequent Audit Committee meeting.

Equality of Service Delivery

The Public Sector Equality Duty (PSED) is a duty on public authorities to consider how our policies or decisions affect people who are protected under the Equality Act. We do this through a process of impact assessment, when developing or reviewing policies, practices and decision making. This means that we can plan our services to meet the needs of our population more effectively by:

- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people from protected characteristic groups where these are different from the needs of other people
- Encouraging people from protected groups to participate in public life or other activities where their participation is disproportionately low

In addition to our impact assessment process, we undertake consultation and involvement of our staff and service users in developments so that they have opportunity to influence and contribute. We do this through our staff diversity networks and our patient user groups.

We also collect data in relation to protected characteristics as this helps us to identify priorities and measure our effectiveness although we recognise that this needs to improve in order for us to fully understand who is using our services and the needs of our workforce.

Below provides an overview of other activities undertaken to promote Equality of Service Delivery:

Diverse **Spiritual Care Team** to meet the needs of service users	**Training videos** to help staff to fully support visitors and patients who are blind, partially sighted or hearing impaired	Introduction of a **RESPECT document** to personalise end of life care	Creation of guidance for staff **in care after death** for Muslim children	Introduction of an alert system in iPortal which **identifies patients with special needs**
Introduction **of LED boards to aid communication** with patients with dementia, learning difficulties and patients with tracheostomies	**Health Literacy Training** to aid shared decision making	**Learning Disability alert flags** which are notified to our lead nurse to ensure involvement in the patient's care	Creation of a page on the Trust website for people with learning disabilities to access **blank 'hospital passports' and easy read information**	**Learning Disability e-learning package** provided to staff where this is essential to their role
Monitoring of Learning Disability deaths and readmission within 30 days **to identify lessons which can be learned** to improve care	**Monitoring of readmission of patients with dementia**, along with inappropriate transfers to identify lessons learned	**Dementia awareness training** including a focus on those providing elderly care	**Mental Health Awareness Training** available to all staff	Promotion and sharing of lessons learned following **Patient Stories at the Trust Board**

Environmental Matters

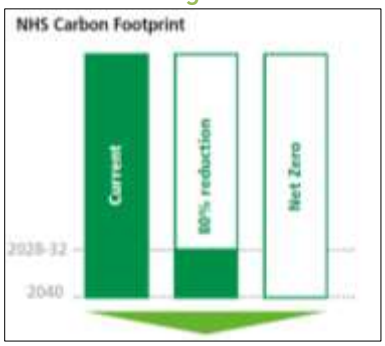
Climate change threatens the foundations of good health, with direct and immediate consequences for our patients, the public and the NHS.

In 2019, the UK became the first major economy to commit to net zero emissions by 2050 and in 2020 the NHS became the first national health system in the world to commit to net zero emissions.

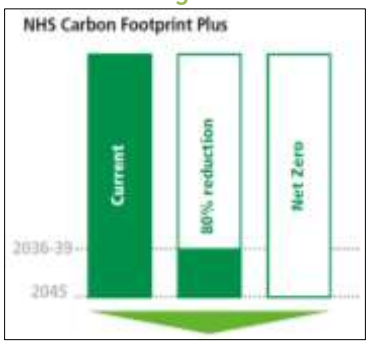
Delivering a 'Net Zero' National Health Service

Delivering a 'Net Zero' National Health Service (2020) plots an ambitious yet feasible set of actions to respond to climate change with clear targets for achieving a net zero health service for direct emissions by 2040 and indirect emissions by 2045.

Target 1



Target 2



- Target 1 NHS Carbon Footprint: for the emissions the healthcare sector control directly, net zero by 2040 with an ambition to reach 80% reduction by 2028 to 2032
- Target 2 NHS Carbon Footprint Plus: for the emissions the healthcare sector can influence, net zero by 2045 with an ambition to reach an 80% reduction by 2036 to 2039

Our Sustainability Team have produced a Green Plan 2022 – 2025 which is designed to transform the NHS Net Zero Carbon ambition into local action.

This comprehensive Green Plan works to deliver not only a reduction in carbon, but also a reduction in costs and most critically, to improve patient care. Our '10 point plan' shown on the following page summarises the main areas of action.

Ten Point Plan

Our Workforce

Vision

Empowered and motivated staff, creating green leadership within all services.

Areas of Action

- Net Zero Training
- Embed sustainability into quality & improvement
- Trust Board ownership

Our Procurement

Vision

Joint working to reduce single use plastics and packaging

Areas of Action

- Sustainable criteria & 10% weighting within tender process
- Evergreen Framework
- Understand ICS efficiencies

Our Digital

Vision

Collaborative working to align digital transformation to NHSX framework.

Areas of Action

- Benchmarking emissions
- Building resilience
- NHSX Annual Assessment

Our Food

Vision

Embed high & compliant standards for plastic packaging & food waste

Areas of Action

- Food Waste Management Plan
- Review suppliers/producers

Our Travel

Vision

Reduced CO2 emissions from vehicle travel to our sites.

Areas of Action

- Travel Plans
- Community of active commuters

Our Energy

Vision

Transition to low carbon, renewable energy and & use more efficiently

Areas of Action

- Move away from fossil fuels
- Reduce waste water
- Reduce consumption

Our Estate

Vision

Decarbonisation of the estate through a reduction in utility consumption

Areas of Action

- Make every KWh count
- Estates Strategy
- Partnership with Capital Team

Our Care

Vision

Provide quality services and systems that include sustainability as a fundamental principle

Areas of Action

- Reduce admissions and health inequalities
- Improve Keep Warm, Keep Well scheme

Our Medicines

Vision

Embed a culture that promotes sustainable prescribing and reduced waste

Areas of Action

- Review anaesthetic practice
- Reduce waste from N2O

Our Green Spaces

Vision

A bio diverse estate providing green spaces for staff, patients & visitors.

Areas of Action

- Register with NHS forest
- Partner with Councils & Trusts

Making our Commitment – Working in Partnership

We cannot achieve our ambition to deliver a net zero health service without the support of our partners and suppliers. Over the last year, much of our focus has been on collaboration across the NHS, industry and with partner organisations.

Staffordshire and Stoke-on-Trent Integrated Care System (ICS)

As well as driving the delivery of the Green Plan, our Sustainability Team support the work of the ICS Sustainability Programme Board and the delivery of the ICS Green Plan which comprises national, regional and local priorities.

Our PFI Partners – Sodexo

Our partners at Sodexo have developed their corporate strategy which commits to an immediate target to be carbon neutral in their direct operations by 2025 and a long term target of achieving a 90% reduction in greenhouse gas emissions by 2040.

We are working together to mutually deliver aspects of our Green Plan and the Sodexo 'Social Impact Pathways – Our People, Our Planet, Our Partners'.

One of our first joint initiatives is to expand our 'SWITCH to a Sustainable UHNM' campaign across the our joint workforce and to instil and empower them to make behaviour changes that support sustainability and carbon reduction.

Public Sector Decarbonisation Scheme (PSDS)

We were awarded a £5.4 million Public Sector Decarbonisation Scheme (PSDS) grant from the Department for Energy Security and Net Zero as a result of a successful bid by our Estates, Facilities and PFI team.

The PSDS provides grants for public sector bodies to fund heat decarbonisation and energy efficiency measures. This funding directly supports the attainment of mandated carbon reduction targets through providing the essential investment required to move away from fossil fuels in favour of low carbon, reliable solutions for heating and cooling systems.

The £5.4 million grant will deliver a number schemes on our Royal Stoke site which will decarbonise the heating of the estate by approximately 1, 234 tonnes of direct CO2 emissions.

Cycle Lockers (in partnership with UHNM Charity)

Our Staff Travel Survey told us that there was need to provide additional, secure cycling facilities to support and increase bicycle use. By increasing cycling, we can improve air quality and the exercise has positive benefits for physical and mental health wellbeing. In response to the Survey, our Sustainability Team partnered with our UHNM Charity to fund the provision of new cycle lockers at both the Royal Stoke as 'green cycle hubs' with quick and easy access to all aras of the site and its facilities.

For every cyclist that joins our Cycle to Work Scheme, 56kg of carbon is offset and £344 is saved on travel costs annually.

Electric Vehicle Charging Points (in partnership with APCOA parking)

The Sustainability Team have developed an Electric Vehicle Transition Strategy, in partnership with APCOA parking.

Through this, we will be significantly increasing our electric vehicle charging points (EVCP) throughout 2023/24 to future proof our esetate, improve local air quality and provide the infrastructive that will allow further expansion and connectivity to EVCP across the city and the the region.

Reducing Emissions from Medicines and Supply Chain

Responsible for 25% of the emissions in the NHS, the carbon footprint of medicines is a high priority for us. The main contributors at point of use are anaesthetic gases (2% of emissions) and inahlers (3% of emissions). The remaining 20% of emissions are primarily found in the manufacturing and freight process that are inherent of the supply chain.

We have identified a number of priority areas to focus on, where we feel we can make the biggest impact:

- To reduce the use of Desflurane (used by anaesthetists to put patients to sleep safely) to 2% or less from 2023/24, in favour of Sevoflurane as a lower carbon alternative.
- To better understand where we need to reduce Nitrous Oxide use, we are working with our Clinical Technology and Anaesthetic teams to review Automatic Gas Control (AGC) software on anaesthetic machines, with a patient data management system being installed to collect data.
- To replace, where possible, dry powder inhalers with the clinically equivalent low carbon option and working with system partners options around safe disposal and prescribing.

Culture

In April 2022, we published the findings of an organisation wide Culture Review which had been undertaken independently between July and December 2021. The review was an opportunity to listen to our staff and explored their experiences through consultation, an anonymous online survey and a series of interviews and focus groups.

We used the findings of the review to develop an extensive Cultural Improvement Programme, which captures a broad range of activities set over the short, medium and longer term and is overseen by our Transformation and People Committee. Delivery of this programme has been a key area of focus throughout 2022/23, supporting the achievement of our Strategic Priority 'Creating a Great Place to Work'. Whilst we recognise that changing culture is a long journey and our programme will take a number of years to deliver and to see benefit, we have made considerable progress during the year and we have refreshed our programme for 2023/24.

Below illustrates just some of the highlights, including the launch of our 'Being Kind' compact:

'Wellbeing Walks' structured conversations between Board members and staff

Resolution Policy approved and launched through dedicated training programme

Clinical Leadership Programme rolled out to senior clinical leaders

Enable Programme rolled out to middle managers

Behaviour Compact launched alongside our Resolution Policy

Equality, Diversity & Inclusion Strategy approved by the Board

We have developed a Cultural Heat Map so that we can monitor the impact of our improvement programme and we have undertaken a comprehensive review so that we can refresh and refocus our activities for the year ahead.

Wellbeing

Our Health and Wellbeing Plan is designed to provide our staff with a safe and healthy workplace that is compassionate and inclusive for all. Initially approved in May 2021, our Health and Wellbeing Plan includes a range of new and existing initiatives and has been designed to support our commitment to the NHS People Promise.

The Health and Wellbeing Plan is built upon the following key priorities:

	Support and endorsement by our senior leaders at Board and divisional level and visible on the frontline
	Focus on the basic needs of our staff, supporting individuals to stay safe, healthy and well
	Equipping our staff with the tools they need to look after their emotional and physiological wellbeing, further enhanced through working in partnership with others
	Promoting a compassionate and inclusive culture ensuring that staff have the correct provisions and assistance in the workplace
	Continuously reviewing where improvements are needed and planning further initiatives to support health and wellbeing

During 2022/23 delivery of our plan has been focussed around a range of initiatives, illustrated below:

Reward and Recognition

On Friday 11th November, we held our annual Staff Awards Evening 'A Night Full of Stars'. This was the first time since the pandemic that we were able to hold a live ceremony at Keele Hall. We received lots of nominations which showcased some of the excellent work of our staff and this gave our judging panels a difficult task in deciding on winners for each category. Here are our winners for 2022.

Clinical Team of the Year

Community Rapid Intervention Service (CRIS)

Improving Together

Ward 102

Leader of the Year

Dr Samavia Raza

Non-Clinical Team of the Year

Unscheduled Care Co-ordination Centre

Rising Star

Aimee Welsh

Wellbeing and Engagement Initiative

Angela Johnson

Apprentice of the Year

Rebecca Hackney

Employee of the Year

Alex Fitzmaurice and Jodie Wild

Volunteer of the Year

Stephen Dainty

UHNM Charity Award

Tamiley Morris

U·H·N·M charity

Raising funds for Royal Stoke University Hospital and County Hospital, Stafford

Tim Cliffe

Our People

One of the key enabling strategies to our Strategic Priority 'Making UHNM a Great Place to Work' is our People Strategy, which was rewritten and launched during 2022/23.

Aligned to the NHS People Plan, our strategy was developed following feedback from our staff and our Culture Review and sets out how we will achieve our 'People Priorities' between 2022 and 2025.

Jane Haire
Chief People Officer

We want our staff to be happy, healthy and supported so that they can in turn support the wellbeing of the people and patients in their care. We must and will ensure our colleagues are treated fairly and everyone is recognised for the contribution they make. We will ensure that our workforce is reflective of our diverse population through developing an inclusive culture where diversity is welcomed. Our People Strategy has been developed to help us to achieve this and has been translated into a Plan on a Page, shown here:

People Strategy

Making UHNM a Great Place to Work

Our people priorities

We will look after our people by supporting our people to be healthy and well, both physically and psychologically, and when unwell ensuring they are supported.	We will create a sense of belonging where we are kind and respectful to each other by creating a positive and inclusive culture which is reinforced through our Being Kind programme.	We will grow and develop our workforce for the future by attracting, recruiting and retaining our people.	We will develop our people practices and systems by promoting and using new technologies and equipping our people with digital awareness and skills.
We will provide access to a range of wellbeing offers that support financial, physical and mental wellbeing	We will listen to and act on your feedback, celebrating the diversity of our workforce by promoting UHNM as an inclusive employer	We will ensure that you have access to development opportunities to support you to deliver the best services and care to our patients	We will develop our systems to help make your everyday tasks more efficient and provide you with relevant skills and development

Working together

- Share your views regularly by telling us about your experience so that actions and improvements can be made together
- Promote 'Being Kind' and the Trust values in all aspects of your work and appropriately remind others of these expectations and behaviours
- Actively take part in your performance and development reviews and regular conversations with your line manager/supervisor
- Tell us if you know of specific community groups, schools, locations where we could promote our vacancies and opportunities and share our vacancies with friends and family

Scan the QR code to view the people strategy

Key Areas of Progress during 2022/23
Staff Awards Ceremony in November 2022
Staff Voice monthly survey to capture real time engagement
Launch of our Enable Programme for middle managers
Launch of our Culture Improvement Programme including our Being Kind Compact
Delivery of a range of Wellbeing activities
Leadership development programme for Senior Medical Leaders

Partnership Working and Collaboration

Provider collaboration and partnership arrangements enable us to work at scale with other organisations to:

- reduce unwarranted variation in inequality and health outcomes, access to services and experience,
- improve resilience by providing and receiving mutual aid where needed
- ensure that specialisation and consolidation occur where this will provide better outcomes and value for our population

Our Chief Executive plays a key role in the Staffordshire and Stoke-on-Trent Integrated Care System as lead for system provider collaboration and is chair of the Provider Collaborative. Members of our executive team are part of or play key lead system meetings such as Place, the Provider Collaboration Board and these are regularly reported to our Trust Board, our Board Seminars, Executive Meetings and Committee meetings. We have been involved in and contributed to the development of system Strategy and Operational Plans and there are forums where system and Trust strategy developments are shared so that we can ensure alignment and ensure ongoing review.

Provider Collaboration is not new to us or the Staffordshire and Stoke-on-Trent system; we have well established relationships with a number of providers and some of these span over a decade or more. Below provides an overview of the collaborations that we are involved in or lead:

Mid Cheshire Hospitals NHS Foundation Trust						
Vascular	Renal	Cardiology	Neurology	Haematology	Cancer Services (Gynaecology, Breast, Urology & Upper GI)	Pathology Services

Shrewsbury and Telford NHS Trust								
Urology Cancer	Cardiology	Cardiothoracic Surgery	Upper GI	Physics / Medical Physics	Cystic Fibrosis Outreach	Vascular	Neurology Out of Hours	Adult Critical Care (mutual support)

Royal Wolverhampton NHS Foundation Trust					
Upper GI	Audiology	Stroke	Bariatric Surgery	Spinal Services	Cystic Fibrosis
Procurement Services provided by UHNM			Payroll Services provided to UHNM		

Midlands Partnership NHS Foundation Trust	
Community Rapid Intervention Service (CRIS)	Support for Long Term Conditions (Heart Failure, Respiratory and Diabetes)

Alder Hey Children's NHS Foundation Trust
Paediatric Support provided to UHNM

North Staffordshire Combined Healthcare NHS Foundation Trust	
Psychology and Counselling Services provided to UHNM	Pharmacy, Pathology and Transport Services provided by UHNM

University Hospitals of Derby and Burton NHS Foundation Trust
Vascular and Radiotherapy Physics provided by UHNM

The system wide Provider Collaborative Board is currently developing further collaboratives, which include:

Musculoskeletal Services	Shared Care Medicines Optimisation	Frailty	High Intensity Users	Obesity
Asthma Delivery	Safeguarding Adults and Children Provider Collaborative	Enabling Workstreams for Estates, Occupational Health and Human Resources	Greener Sustainability and Net Zero Carbon	Mental Health Services (PICU and CAHMS)

Quality Improvement

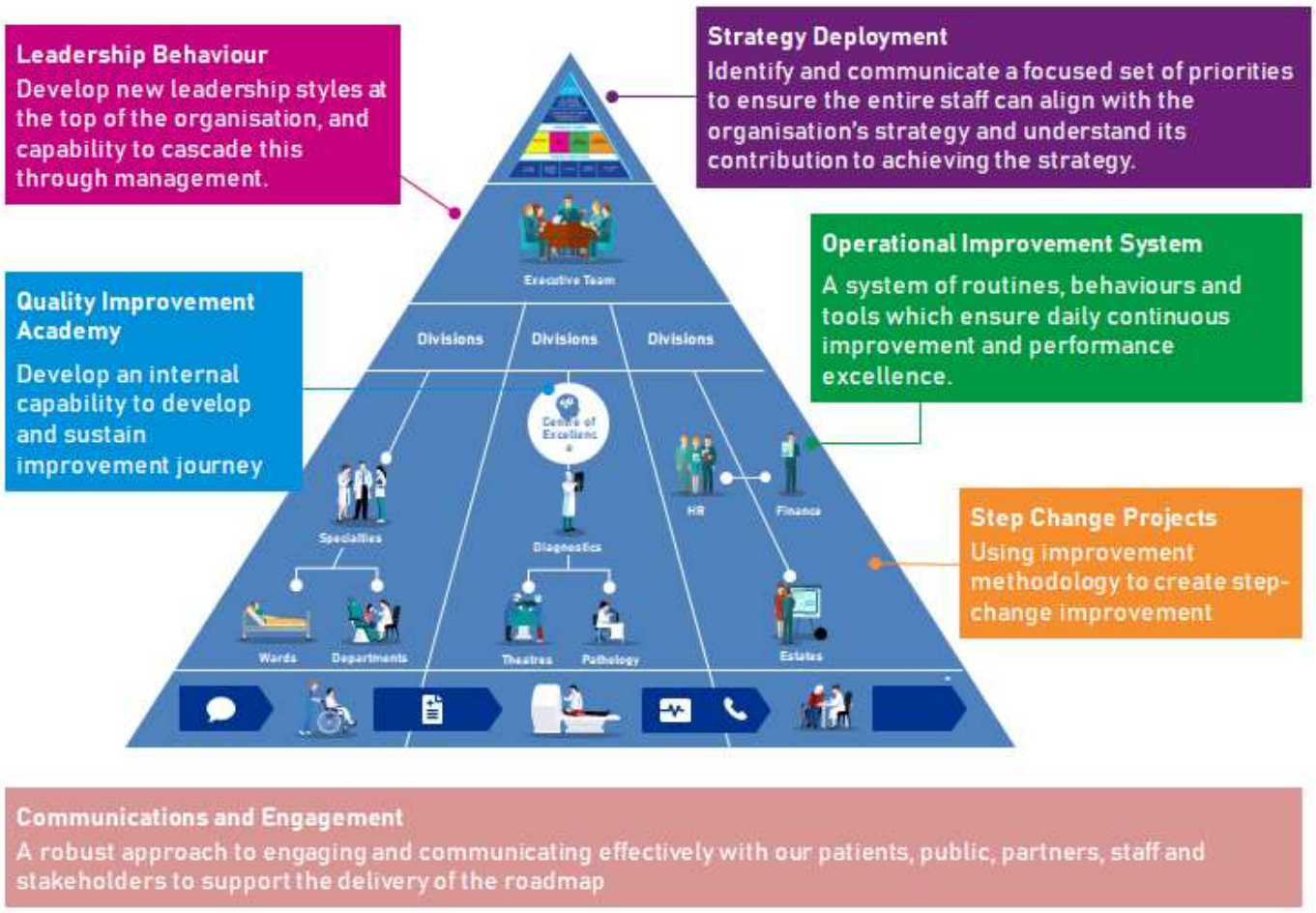
We all want to ensure that the care we give to our patients is of the highest standard – one we would be happy for our family and friends to receive and we all want to work in a place where we feel valued and can have an active part in making changes.

To help us to achieve this, we have established 'Improving Together'. This is our long term, organisation wide cultural change programme which is being implemented over a number of years so that it becomes our new way of working.

Improving Together is a tried and tested method for improving the consistent and quality of care we offer to our patients. It is based on ideas from frontline staff and nurtures us all to become better at what we do, at the same time as improving the experience for our patients. It focuses the energy and efforts of all staff on support us to achieve our Strategic Priorities.

During 2022/23 we have continued to roll out training for our staff in new skills and routines to enable them to make small changes every day which will improve quality of care. This frontline improvement activity is supported by a new Operational Improvement System which allows us to focus on key issues and deliver sustainable improvement.

Our Improving Together model is shown below:



Digital Strategy

Another key enabling strategy, supporting the delivery of our Strategic Priority 'Ensuring we get the most from our Resources including Staff, Assets and Money' is our Digital Strategy, which underwent a significant refresh and re-launch during 2022/23.

The delivery of digital technology and data driven insights can make a significant impact on patient outcomes through supporting service and pathway redesign, clinical decision support, enabling patient self-management, self-service and increased productivity.

Amy Freeman
Chief Digital Information Officer

Below illustrates the strategic and operational projects delivered in 2022/23 through our Digital Strategy:

Strategic Projects

Laboratory Information Management System (LIMS) for Microbiology	Patient and carers 'Clinical Portal' which includes appointment information	System Dashboards and Intelligence including Shrewd and additional feeds to One Health and Shared Care Record
Trust Dashboards and Intelligence including Staff Voice, Vitals Fluid, Observations & Nutrition, Patient Facing Wait Times, Safeguarding, Ambulance Overflow, Culture & Maternity Staffing	Recruitment of Chief Clinical Information Officer	Robotic Process Automation – Lung Cancer Screening, Community Rapid Intervention Service Plain Film Referral to Request, Teledermatology, Vitals Account Locks Outs, GP Referrals
'Tap and Go' printing to improve security and user experience	Speech Recognition and decommission of Winscribe	Firewall Replacement Programme

Operational Projects

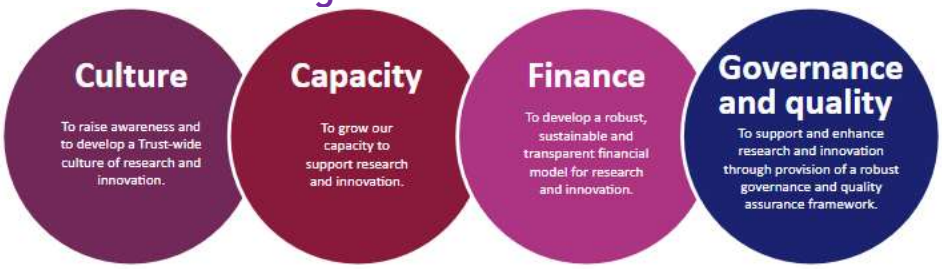
Endoscopy Netcall Appointment Reminders	Patient Connect for Appointments	Frail and Elderly Assessment Unit Clerking in Careflow	8 x 8 Replacement with Microsoft Teams
Maternity P4 Mum Portal	Attend Anywhere replacement with One Consultation	Theatre Check-In Application	Savience Kiosk Refresh

Research & Innovation Strategy

Our Research and Innovation Strategy recognises the value of clinical research as an integral part of our core values as a University Hospital. It allows us to constantly learn in order to offer better care to the population we serve and to improve clinical outcomes. It also offers patients the chance to take part in research that will help people like them in the future. Lastly, a strong reputation for Research and Innovation attracts the best clinicians to work at UHNM and to build fulfilling and beneficial careers in this trust.

Matthew Lewis
Medical Director

Our Strategic Priorities for Research



During 2023 / 2024 we have made lots of progress with implementing our Research and Innovation Strategy, below provides an overview of just some of our key successes:

- Our 'Research Engagement' project across the organisation had a significant impact on the amount of new studies being set up and opened, to enhance patient care across all specialities
- The Research & Innovation Team have worked collaboratively with our CeNREE team to support our ambition to become a world class centre of achievement
- We were top study recruiters in the Country for the Haematology study FiTNEss (Myeloma XIV)
- We were one of the top 4 recruiting sites for the Stroke 'MAPS – 2' study despite opening later than other sites
- We have prepared to randomise the first UK patient into the 'DAZALS' study
- Our Adult and Paediatric Critical Care teams have contributed to the recruitment in to the GenOMICC study with (415 patients) pre and post Covid – the generic findings will positively change future Covid treatment
- Top recruiters in the Country for the Critical Care study MARCH (Acute Respiratory Failure)
- Recruited over 25 patients in 7 months against a target of 25 patients over 3 years for the Cardiology study BHF PROTECT TAVI
- Developed and improved our research governance processes to align with the organisation's corporate governance structure
- Developing and growing the research workforce including Midwife and Paediatric Research practitioners

> *Research is so important because without this we are not able to move forward to help diagnose patients and to improve their quality of life after an illness*

Highlights of 2022/23

It has been another busy yet exciting year for us as we have continued to develop our services for the benefit of our patients, in line with our Strategic Priorities and through innovative new ways of working.

We have received national recognition and have celebrated many successes – below are just some of our many highlights of 2022/23.

Virtual Ward Benefitting COPD Patients

We launched a pilot Virtual Ward programme for patients suffering Chronic Obstructive Pulmonary Disease (COPD).

The programme allows patients to send regular readings, messages and complete questionnaires relating to their condition. The programme was funded by NHS England and makes use of digital medical devices via an easy to use app. Patients are identified by our Community Rapid Intervention Services (CRIS) and via our emergency portals or from respiratory wards and they remain on the Virtual Ward for up to 14 days, providing a safe and efficient alternative to NHS bedded care.

> "We can detect the onset of COPD flare ups and a dedicated support team will intervene early to avoid potential emergency admissions to our hospitals. This is one of our key technology enabled initiatives to improve remote patient care meaning that patients can stay at home and still receive really good and personal care. They will also have more control over their condition."

Dr Zia Din
Consultant Physician in Acute Medicine

Heart Failure Patients Benefit from 'One-Stop' Clinic

Patients referred to us for suspected heart failure now receive care in a 'One-Stop' multidisciplinary clinic.

The service, provided by a highly skilled team coming together to deliver our innovative and potentially life-saving service means that patients now receive an echocardiogram, ECG, diagnosis and treatment management plan all in one place, saving valuable time and leading to quicker and more effective care.

The clinic not only puts patients at the centre of the service but provides highly skilled specialist teams to integrate and learn together.

Centre for Research and Education Excellence (CeNREE)

In April 2022, we launched CeNREE, to provide support and opportunities for nurses, midwives and allied health professionals to engage in and lead research.

The aim of CeNREE is to create the most supportive environment so that our researchers, practitioners and learners can do what they do best – improve clinical outcomes and experience through access to clinical research for staff and patients.

Our vision is to see a significant increase in the participation of patients and staff in research activities and the creation of a clinical academic career pathway.

Virtual Reality Technology Improving Patient Care

Innovative Virtual Reality (VR) technology was introduced to enhance patient care.

Frontline healthcare staff here at UHNM and North Staffordshire Combined Healthcare were given access to VR headsets which mimic the effects of delirium, including blurred vision, strange sounds and hallucinations. This unusual method of training is helping our staff to better understand the effects of delirium and what it feels like to be a patient.

The tool forms part of a number of combined virtual reality products being pioneered to increase understanding and empathy towards those sufficient a state of sudden confusion.

Veteran Aware Accreditation

We received approval of our Veteran Aware Accreditation for another year.

The accreditation, from the Veterans Covenant Healthcare Alliance acknowledges our commitment to a number of key pledges, including:

- Ensuring the armed forces community is not disadvantaged compared to other patients
- Training staff on veteran specific needs and culture
- Raising awareness of charities or services beneficial to them
- Supporting the armed forces as an employer

> *Our Armed Forces community gives us a real insight into how we can support veterans, those currently serving and their families and we actively encourage all patients and staff to let us know if they currently serve or have ever served in the UK armed forces so that we can best support their needs.*

Matthew Lewis
Medical Director

Introduction of Professional Nurse Advocate Role

Professional Nurse Advocates perform an innovative and wide ranging role which will equip nurses to lead, support, advocate and deliver improvements to patient care and support the development and wellbeing of other nurses.

The new position was introduced by NHS England and is a world first masters level accreditatoin. Over 1500 Professional Nurse Advocates were recruited country wide and the role applies across a range of specialities. There will be additional places for international nurses and the programme will be rolled out to around 5000 nurses across the UK.

Training provides those on the programme with the skills to facilitate restorative supervison to their colleagues and teams, in nursing and beyond. The training equips them to listen and to understand challenges and demands of fellow colleagues to lead, support and deliver quality improvements in response.

Karen Griffiths Professional Nurse Advocate

> "Professional Nurse Advocates have a really special role because they're working to support other nurses and hopefully help them to develop the resilience to carry on their work. There is a need in every division at the hospital and we will work hard to ensure that there is inclusive representation."

New Heart Scanners for Children's Hospital at Royal Stoke

Our Children's Hospital at Royal Stoke celebrated the arrival of two new Heart Scanners thanks to our UNNM Charity.

The scanners are being used to pick up heart defects in patients aged from premature babies to 16 years old.

'Changing Place' Toilet Opened at County Hospital

People with profound and multiple learning disabilities benefit from a newly refurbished 'changing place' at County Hospital thanks to funding from our UHNM Charity.

Disabilities can severely limit mobility and make it difficult to use standard accessible toilets. People may be limited in their own mobility and need equipment to help them or they may need support from carers to aid them with their needs. Standard accessible toilets or 'disabled toilets' do not provide all of the equipment needed and most are too small to accommodate more than one person. The large space is equipped with changing benches and hoists providing a dignified and secure area for people and their carers to use.

State of the Art Surgical Robot Improving Cancer Care

Patients now benefit from even more precise surgery thanks to the installation of a new state of the art surgical robot.

The Intuitive da Vinci Xi dual console robotic system was funded by the Denise Coates Foundation and enables surgeons to perform advanced robotic procedures using cutting edge technology.

We have performed robotic surgery since 2017 and by the end of 2023 we aim to have all of our colorectal surgeons trained in robotic surgery.

> "There's nothing to be worried about with the surgery. I would tell anyone to go for it. I was very well looked after and everyone was lovely."

Patient Feedback

Launch of Inclusion Banner at Royal Stoke

In support of Black History Month we unveiled our new banner at Royal Stoke.

The banner shows 108 flags representing all the different nationalities that work here at UHNM. It was unveiled by our Chief Executive, Tracy Bullock and Joe Orosun, Organisational Development Consultant and members of our staff networks witnessed the unveiling which was a great opportunity to celebrate.

New X-Ray Machines Improve Patient Care and Experience

We celebrated the first of seven new x-ray machines to improve patient care and experience.

Two cutting edge Siemens Ysio X pree became fully operational after replacing older models that were installed when the hospital was built in 2014. Each new machine will carry out around 250, 000 x-rays on patients each year.

The new machines also help to improve capacity and speeding up of patient flow at Royal Stoke

New £4.3 million Respiratory Ward Opens

A new respiratory ward opened following a £4.3 million development providing state of the art facilities for patients needing advanced respiratory care.

The new 26 bed inpatient ward was funded by NHS England and provides 14 single rooms providing increased infection prevention measures, improved environment and better patient confidentially for patients typically requiring care for cystic fibrosis, COPD and asthma. The ward also contains a 10 bed Respiratory Support Unit (RSU) enabling a higher level of monitoring and respiratory intervention than a routine ward environment.

New Dedicated Thrombosis Service for Cancer Patients

Cancer patients now benefit from a dedicated service helping those at risk of venous thromboembolism to receive treatment quickly when they need it.

Developed in partnership with Staffordshire Thrombosis Anticoagulation Service and our Oncology Team, the Cancer Associated Thrombosis service provides specialist input to oncologists, clinicians, surgeons and general practitioners. This improves patient care and means that patients can access the treatment they need quickly.

First Trust in UK to Introduce New Patient Online Check In

We became the first hospital in the UK to introduce a new online check in process for patients who are scheduled for surgery.

The innovative solution allows patients to check in online three weeks before their operation and is designed to help reduce cancellations on the day of surgery which in turn will reduce delays in treatment and maximise the use of our theatres.

A link is sent by email and text message for patients to answer questions regarding their availability and changes in their health or medications. Any issues are picked up and resolved by secretaries and clinicians before the surgery.

Dr Veera Gudimetla
Consultant Anaesthetist

> "We have been working on our surgery check in project for the last four years. We sincerely hope that this will improve communication between patients, clinicians and secretarial staff and result in fewer cancellations on the day of surgery."

T Bullock

Tracy Bullock, Chief Executive
28th June 2023

Part B: Accountability Report

Corporate Governance Report

Overview

The role of the Board is to set strategy, lead the organisation, oversee operations and be accountable to stakeholders in an open and effective manner. The Trust Board therefore has a role in holding the organisation to account for delivery of the strategy as well as seeking assurance that the systems of control are robust and reliable. Corporate governance is the system by which Board led organisations are directed and controlled with Non-Executive Directors being separate from day to day operational management, which is the resposibility of the Executive Directors and the management structure they lead.

Scheme of Delegation

The Trust Board has determined the matters on which decisions are reserved to it, this includes:

Approval of a specific set of Key Corporate Policies and Corporate Governance Structure	Agreement to suspend, vary or amend Standing Orders	Ratification of any urgent decisions taken by the Chairman or Chief Executive	Receipt of Declaration of Interests of Board members
Appointment, appraisal and dismissal of Board members	Agreement of Trust strategic aims and objectives including approval of key enabling strategies	Approval of acquisitions, disposals or change of use of land and / or buildings	Approval of capital and revenue cases as per delegation approval limits
Approval of the introduction or discontinuance of significant activities / operations	Approval of the Trust's Capital Programme	Approval of arrangements regarding discharge of Corporate Trustee responsibilities	Receipt and approval of Trust Annual Report and Accounts including audit opinion
Approval of opening and closing bank accounts	Approval of the decisions regarding appointment / dismissal of the External Auditor	Approval of individual compensation payments over £25, 000	Approval of arrangements for responsibilities as a bailer for patient property

The Trust Board has also determined the certain powers to be exercised by the following standing Committees:

Audit Committee

- Support the Trust Board in their responsibilities for issues of risk control and governance by reviewing the comprehensiveness of assurances in meeting the Trust Board and Accounting Officer's assurance needs and review the reliability and integrity of these assurances
- In addition the Committee has delegated authority to review every decision to suspend Standing Orders as well as receipt of the use of the Trust seal and register of sealing

Nomination & Remuneration Committee

- Oversee and assure the Board in relation to the approach to appointment of Board members, succession planning and how these support the development of a diverse pipeline
- Advise the Trust Board regarding remuneration and terms of service for Executive Directors, in addition to monitoring and evaluating performance
- In addition the Committee will advise the Trust Board regarding composition of the Board and ensure processes are in place to review the performance of Non-Executive Directors as well as considering their appointment

Quality Governance Committee

- Assure the Trust Board of the organisation's performance against quality and research objectives
- This assurance is secured through the Assurance Framework, the Corporate Risk Register and the audit plans, which focus on the quality and research objectives of the Trust

Performance & Finance Committee

- Oversee all aspects of the Trust's financial, workforce and performance management arrangements, and provide robust assurance in these areas to the Trust Board

Transformation & People Committee

- Assure the Trust Board that strategic transformation and people matters are considered and planned into the Trust Strategy and service delivery.

Charity Committee

- Responsible for all aspects of the management of the investment of funds held in the Trust (i.e. Charitable Funds) and for the effective utilisation of those funds, ensuring Charities Commission requirements are fulfilled

The remaining powers which have not been retained as reserved by the Trust Board or delegated to a Committee are exercised on behalf of the Trust Board by the Chief Executive. The Trust's Scheme of Delegation identifies which functions they perform personally and which functions have been delegated to other Directors.

Directors Report

The Board met 13 times during the year. At the time of writing this report, the Board consists of the Chair, 5 Executive Directors including the Chief Executive and 6 Non-Executive Directors. A number of other directors also sit on the Board but do not have voting rights. Tracy Bullock is the Chief Executive and David Wakefield is Chair of the Trust.

During 2022/23 and up to the signing of the Annual Report and Accounts, the composition of the Trust Board included all Directors shown below*:

Composition of the Board

*changes to Board members during the course of the year are reflected in our remuneration report.

Board Skills, Declarations of Interest and Committee Membership

Our Standards of Business Conduct Policy defines a conflict of interest as 'a set of circumstances by which a reasonable person would consider that an individual's ability to apply judgement or act, in the context of delivering, commissioning, or assuring taxpayer funded health and care services is, or could be, impaired or influenced by another interest they hold'. A process of registration is in place which requires decision-making staff to declare any interests and is overseen by the Audit Committee. In accordance with national expectations, this information is made available publicly via our website www.uhnm.nhs.uk. Interests declared by Board members, alongside their skills, expertise and experience during 2022/23 is described below.

Board Director	Skills, Expertise & Experience	Interests Declared
David Wakefield Chair	Qualified Accountant with senior executive and non-executive experience.	Outside Employment: Non-Executive Director - Crown Commercial Service (Cabinet Office). Loyalty Interest: Director and Trustee of Pewterspear Green Trust (Charity)
Gary Crowe Vice Chair / Non-Executive Director	Professor of Innovation Leadership, with experience in senior commercial positions in strategy, business transformation and risk and financial management as a director and	Outside Employment/Loyalty Interests: • The Dudley Group of Hospitals NHS Foundation Trust (Non-Executive Director) • The Human Tissue Authority (Independent Member)

	management consultant. Qualified chartered banker.	• Stafford Railway Building Society (Non-Executive Director) • Reaseheath College (Independent Governor) Shareholdings and Ownership: • Via collective investments (i.e. personal, pensions, ISA's etc.)
Peter Akid Non-Executive Director	Chief Executive in Procurement Hub, strategic and operational positions both in private and public sector.	Nothing to declare
Sunita Toor Non-Executive Director	Professor of Human Rights and expert in social justice, equity, diversity and inclusion, criminology and research	Outside Employment: Director of Family Business – Toor's Properties Ltd.
Leigh Griffin Non-Executive Director	Consultancy practice in advice to health systems on transformation, integrated care and population health management. Experienced commissioner and a wealth of NHS experience.	Outside Employment: • Chair of the Board of Governors, Wrexham Glyndwr University • Associate Consultant, Arden and GEM Commissioning Support Unit working on support to Primary Care Networks, delegation of Pharmacy, Optometry and Dentistry to ICB's, Leadership support, Oliver McGowan autism awareness programme, workforce planning and recovery • Trustee for the Brandon Trust, providing support to people with autism and learning disabilities
Katie Maddock Non-Executive Director	Qualified Pharmacist, with extensive experience in senior university roles.	Outside Employment: Chair of Health Education England Advancing Clinical Practice Accreditation Panel Loyalty Interests: Employee of Keele University
Tanya Bowen Non-Executive Director	Data and digital technological specialist on corporate boards in the private sector.	Outside Employment: Digital Strategy consultation – Primark UK
Andrew Hassell Associate Non-Executive Director	Consultant Rheumatologist with extensive experience in senior university roles as well as the charitable sector.	Outside Employment: Keele University Loyalty Interests: Oulton Abbey Care Home
Shaista Gohir (Baroness) Associate Non-Executive Director (Left in November 2022)	Extensive experience in the BAME Civil Society sector and in governance and scrutiny including appointment to the House of Lords.	Outside Employment: • Commissioner on Policy Commission on Effective, Safe and Accessible Medicines in Pregnancy (University of Birmingham). • Women's Voice's Lead at the Royal College of Obstetricians & Gynaecologists. • Founder and Co-Chair of Nisa Global Foundation. • Co-Chair of Muslim Women's Network UK. • SNG (UK) Consultancy.
Tracy Bullock Chief Executive	Qualified Nurse with extensive clinical and managerial experience including Acute, regulatory and support for Primary Care, Ambulance, Mental Health Trusts.	Outside Employment: • Lay member of Keele University Council • Governor of Newcastle and Stafford Colleges Group
Helen Ashley Deputy Chief Executive / Director of Strategy and Transformation	Strong financial and strategic background including improvement transformation, planning experience. Significant Director level experience across Commissioning and Provider organisations including Chief Executive of Acute Trust	Loyalty Interests: Member of Derbyshire Community Health Services
Paul Bytheway Chief Operating Officer	Qualified Nurse and experienced Chief Operating Officer, with wide experience in general management.	Outside Employment: • Chair of St John Ambulance. • Trustee of Birmingham Hospice Partnership
Mark Oldham Chief Finance Officer	Qualified Accountant with extensive experience in local governance, acute and community sectors.	Nothing to declare
Ro Vaughan Chief People Officer	Human Resources management with extensive NHS experience and governor involvement in education sector.	Nothing to declare
Matthew Lewis Medical Director	Consultant Gastroenterologist with Masters in Medical Leadership; previously part time Visiting Fellow at the Kings Fund.	Outside Employment / Clinical Private Practice: • Director of Dr MJV Lewis Private Practice (not currently trading)
Mrs Ann-Marie Riley Chief Nurse	Qualified Nurse with background in critical care. Nursing leadership roles in positive practice environments on outcomes and experience.	Nothing to declare
Amy Freeman Director of Digital Transformation	Digital expert with NHS and government experience.	Nothing to declare
Lorraine Whitehead Director of Estates, Facilities & PFI	Extensive NHS career with strong administrative, senior management and estates experience.	Loyalty Interests: Son has been appointed, following a competitive interview process, to an Apprentice Engineering role with Sodexo at UHNM.
Lisa Thomson Director of Communications	Experience communications, strategy and corporate affairs director in private and public sector.	Nothing to declare
Jane Haire Chief People Officer	Extensive NHS senior level Human Resources experience with masters in Leadership. Fellow of the Charted Institute of Personnel and Development	Nothing to declare

We have a number of Committees, chaired by Non-Executive Directors, which report directly to our Trust Board through regular 'Chair's Highlight Reports', along with an Annual Report. Membership of these Committees is set out below:

Board Director		Committee Membership					
	Audit Committee	Quality Governance Committee	Maternity Quality Governance Committee	Performance & Finance Committee	Transformation & People Committee	Nomination & Remuneration Committee	Charity Committee
David Wakefield Chair				*Attends*		Chair	
Gary Crowe Vice Chair / Non-Executive Director	Chair				Chair	Member	
Peter Akid Non-Executive Director	Member up to May 22			Chair up to May 22		Member	Member up to Dec 22
Leigh Griffin Non-Executive Director	Member from May 22			Chair from May 22	Member up to Dec 22		Chair
Katie Maddock Non-Executive Director		Member	Member		Member		
Tanya Bowen Non-Executive Director	Member up to Dec 22			Member	Member		Member
Sunita Toor Non-Executive Director		Member	Member		Member		
Andrew Hassell Associate Non-Executive Director	Member from Dec 22	Chair from July 22	Chair from Nov 222				Member up to Dec 22
Shaista Gohir (left the Trust November 2022) Associate Non-Executive Director		Member	Chair		Member		
Tracy Bullock Chief Executive				Member	Member		Member
Helen Ashley Deputy Chief Executive / Director of Strategy and Transformation				Member	Member		Member
Paul Bytheway Chief Operating Officer		Member	Member	Member	Member		Member
Mark Oldham Chief Finance Officer	*Attends*			Member	*Attends*		
Ro Vaughan (left the Trust December 2022) Chief People Officer		Member	Member		Member	*Attended*	Member
Jane Haire (from January 2023) Chief People Officer		Member	Member		Member	*Attends*	Member
Matthew Lewis Medical Director		Member	Member		Member		Member
Mrs Ann-Marie Riley Chief Nurse		Member	Member		Member		Member
Amy Freeman Director of Digital Transformation					*Attends*		
Lorraine Whitehead Director of Estates, Facilities & PFI				*Attends*			
Lisa Thomson Director of Communications							Member

Personal Data Related Incidents reported to the Information Commissioner

There was one incident during 2022/23 which was reported to the Information Commissioner's Office (ICO). Details of this are provided within the Annual Governance Statement.

Director's Statement

Directors have confirmed that they know of no information which would be relevant to the auditors for the purpose of their audit report and of which the auditors are not aware. Directors have taken all the steps that they ought to have taken to make themselves aware of any such information and to establish that the authors are aware of it.

Statement of Accountable Officer's Responsibilities

The Chief Executive of NHS Improvement, in exercise of powers conferred on the NHS Trust Development Authority, has designated that the Chief Executive should be the Accountable Officer of the Trust. The relevant responsibilities of Accountable Officers are set out in the NHS Trust Accountable Officer Memorandum.

These include ensuring that:

- there are effective management systems in place to safeguard public funds and assets and assist in the implementation of corporate governance
- value for money is achieved from the resources available to the trust
- the expenditure and income of the trust has been applied to the purposes intended by Parliament and conform to the authorities which govern them
- effective and sound financial management systems are in place and
- annual statutory accounts are prepared in a format directed by the Secretary of State to give a true and fair view of the state of affairs as at the end of the financial year and the income and expenditure, other items of comprehensive income and cash flows for the year.

As far as I am aware, there is no relevant audit information of which the Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in my letter of appointment as an Accountable Officer.

Tracy Bullock, Chief Executive
28th June 2023

Statement of Director's Responsibilities

The directors are required under the National Health Service Act 2006 to prepare accounts for each financial year. The Secretary of State, with the approval of HM Treasury, directs that these accounts give a true and fair view of the state of affairs of the Trust and of the income and expenditure, other items of comprehensive income and cash flows for the year.

In preparing those accounts, the directors are required to:

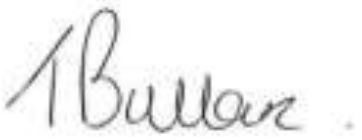
- apply on a consistent basis accounting policies laid down by the Secretary of State with the approval of the Treasury
- make judgements and estimates which are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts and
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned direction of the Secretary of State. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm to the best of their knowledge and belief they have complied with the above requirements in preparing the accounts.

The Directors confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Trust's performance, business model and strategy.

By order of the Board.



Tracy Bullock, Chief Executive
28th June 2023

Mark Oldham, Chief Finance Officer
28th June 2023

Part C: Annual Governance Statement (AGS)

Overview

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Trust Accountable Officer Memorandum*.

The Purpose and System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of University Hospitals of North Midlands NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place University Hospitals of North Midlands NHS Trust for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

Leadership of the Risk Management Process

The Trust's Risk Management policy sets out the Chief Executive's overarching responsibility for risk management, and defines key leadership roles in respect of the risk management process, including:

- Chief Executive as Executive Lead for Risk Management
- Executive Directors, responsible for identification and management of risks which may threaten the achievement of our Strategic Objectives, via the Board Assurance Framework and corporate risk register
- Associate Director of Corporate Governance, responsible for development and review of our policy, provision of education, training and expertise, facilitation of risk reporting at a corporate level including the Board Assurance Framework and monitoring compliance with risk management processes
- Divisional Medical Directors, Divisional Associate Directors and Divisional Nurse Directors (or equivalent) for leadership and implementation of risk management at a Divisional level

Training and Equipping of Staff to Manage Risk

An ongoing programme of Risk Management Training is available to all staff. Whilst open to all, this is targeted at those with specific roles in risk assessment and management.

These learning sessions walk participants through the risk management process, providing clarity on expectations for risk assessment, escalation and oversight. The programme is specifically designed to equip staff with the knowledge needed to implement the Risk Management Policy. The training programme covers:

- Background and introduction, providing context to the establishment of our risk management improvement programme, including external, regulatory and Internal Audit findings
- The Risk Management Policy, including definitions of risk, risk management and the purpose of risk registers
- Step by step guide on the risk management process, encompassing identification of risk, describing risk, scoring risk and risk appetite
- Controls, assurances and action planning
- Risk escalation and reporting

The training materials also share examples of good practice, to facilitate learning. To monitor compliance with the Risk Management Policy, a programme of regular audit is in place. The findings of these audits are shared with Divisions so that they can make any recommended improvements to their risk management processes.

The Risk and Control Framework

Key Elements of the Risk Management Policy

The Risk Management Policy provides a clear framework for the management of risk, covering a number of key elements, including:

Identification of risk via a 'dual' approach:

- Proactive risk identification focuses on our objectives and involves the consideration of any risks which may threaten their achievement
- Reactive risk identification is undertaken in the event of an adverse incident or ongoing issue which requires consideration of a related future risk (i.e. recurrence of an adverse incident)

Evaluation of risk is undertaken through utilisation of a risk scoring matrix. We use a national tool, which we have modified in respect of data security. Risk is evaluated using the following components of scoring:

- Likelihood of the event occurring
- Impact or consequence of the event occurring

Existing controls are identified as part of the risk assessment process and gaps in control are identified as part of action planning. Controls are described as any measure designed to reduce likelihood and/or impact of risk; the implementation of which should inform rescoring.

Existing assurances are identified as part of the risk assessment process. Assurances can be internal or external and when being described, we set out the source of assurance, time period to which it relates and outcome of the assurance (either positive or negative). Sources of assurance are used to inform rescoring of risk.

The Risk Appetite Statement which is used to determine target risk scores around the following key themes:

- Quality
- Regulation and Compliance
- Reputation
- Workforce
- Infrastructure
- Finance and Efficiency
- Partnerships / Collaboration
- Innovation

Levels of risk appetite are defined as follows:

LEVELS OF RISK APPETITE	
Avoid Risk Score Tolerance 0	We are not prepared to accept any risk.
Minimal Risk Score Tolerance 1 – 3	We accept that risks will not be able to be eliminated, therefore these should be reduced to the lowest levels, with ultra-safe delivery options, recognising that these may have little or no potential for reward/return.
Cautious Risk Score Tolerance 4 – 6	We are willing to accept some low levels of risk, while maintaining overall performance of safe delivery options, recognising that these may have restricted potential for reward/return.
Open Risk Score Tolerance 8 – 12	We are willing to accept all potential delivery options, recognising that these may provide an acceptable level of reward.
Seek Risk Score Tolerance 15 - 25	We are eager to be innovative, choosing options with the potential to offer higher business rewards.

The practical application of Risk Appetite and target risk scores will continue to be developed as our risk management processes continue to mature.

Quality Governance Arrangements

Our quality governance arrangements are led jointly by the Chief Nurse and Medical Director, with the Chief Nurse being responsible for safety and the Medical Director being responsible for Clinical Effectiveness. Quality Governance is integral to our broader Corporate Governance Structure; below illustrates the governance of quality matters from wards and departments through to the Trust Board.

How the Quality of Performance Information is Assessed

The quality of performance information is assessed through our internal validation processes, which vary dependent upon the indicator.

During 2022/23, we continued to utilise our 'STAR' Assurance Model. This model was developed in collaboration with Data Quality teams across a number of NHS Trusts, along with NHS Digital and the East and West Midlands Academic Health Science Networks.

The STAR model provides the following framework of 'assurance domains', with each domain having a series of questions which are used to attribute a score to the quality of data:

- S – Sign off and validation
- T – Timely and complete
- A – Audit and accuracy
- R – Robust systems and data capture

The STAR Assurance Indicator is then used to identify data which has been quality assured through this methodology. Our Internal Auditors also review the quality of our data as part of their annual programme of work. During 2022/23, their Data Quality review focussed on Annual Leave Indicators and concluded with an assessment of partial assurance. Implementation of the recommendations arising from this review will be monitored by our Transformation and People Committee and Audit Committee.

Assurance on Care Quality Commission (CQC) Registration Requirements

During 2022/23, we have established a CQC Working Group which involves a number of corporate specialist and divisional leads. The Group has focussed on scrutiny of our action plan and development of a rigorous self-assessment approach against the new CQC standards. The Working Group is the vehicle for driving our new process for self-assessment whist assurance and scrutiny of compliance, including the CQC Action Plan, sits within our existing Corporate Governance Structure.

In addition, to this our Care Excellence Framework (CEF) process involves an annual assurance visit to each ward/clinical department using a tool which is based upon Care Quality Commission Key Lines of Enquiry (KLOE's). This process has been strengthened during 2022/23 and is used to inform the way we measure progress against our CQC Action Plan and provides the ability to triangulate information and assurance from ward to board. We have also invested in the Tendable quality audit electronic system to facilitate real time quality audits at local level, which will further support the assurance process.

Our Clinical Audit team have undertaken a number of audits as part of the 2022/23 audit programme as a means of assessing compliance and providing assurance against a number of specific CQC requirements. These have been shared with the Executive Clinical Effectiveness Group and the Quality Governance Committee and action plans are overseen by the Clinical Audit Department. Our Internal Auditors reviewed our framework for Clinical Audit as part of their 2022/23 audit programme and concluded with an assessment of 'Partial Assurance', with areas for improvement being identified in relation to the creation of a Clinical Audit Protocol, consistent reporting into divisional governance structures and arrangements to follow up on progress with Clinical Audit actions.

We are fully compliant with the registration requirements of the Care Quality Commission with an overall rating of Requires Improvement and Good for Well Led. However, on 19 June 2019 the Care Quality Commission served notice to us under Section 31 of the Health and Social Care Act 2008 following an unannounced inspection at Royal Stoke between 5 and 28 June 2019. One aspect of this was removed following submission of a robust action plan. Two actions remained and we have continued to

provide assurance to the CQC in relation to these. In April 2023 we submitted evidence to the CQC to request removal of the remaining two actions and await a response from the CQC.

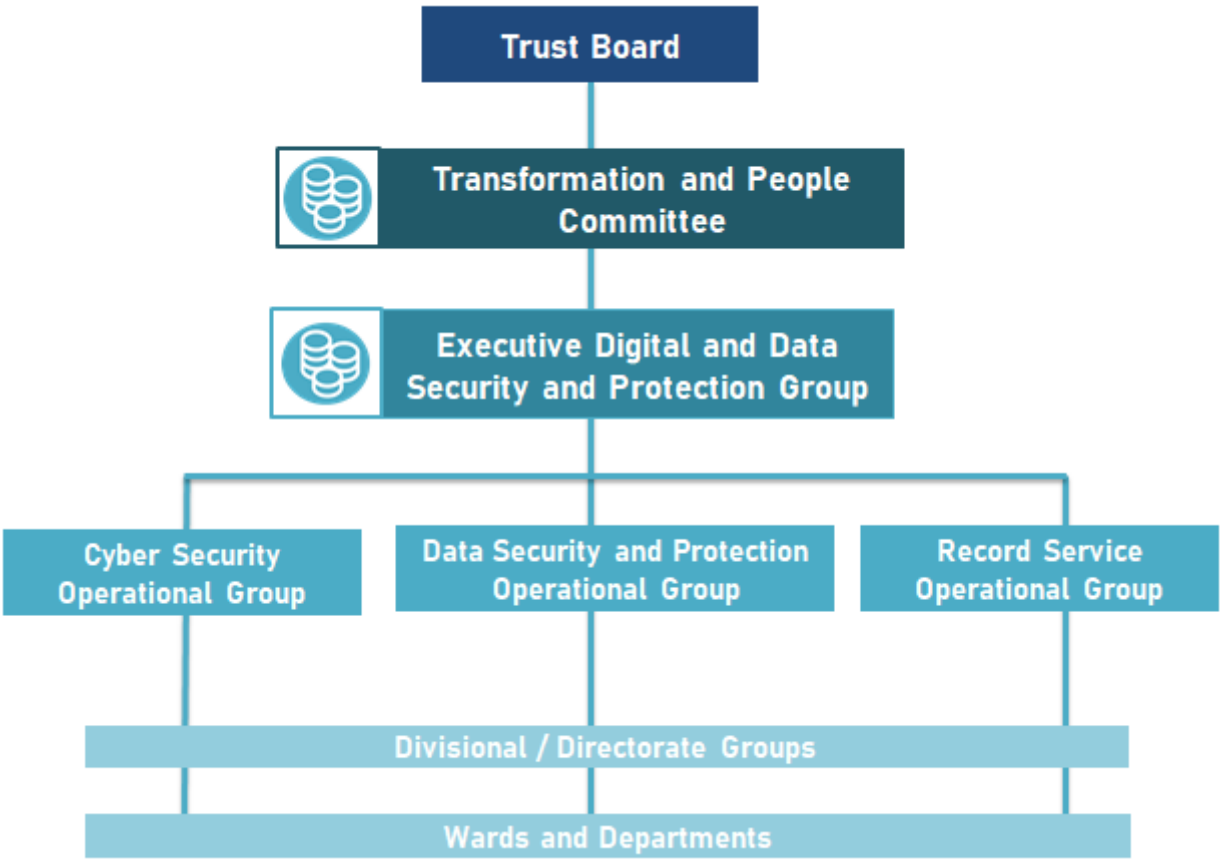
On 30 September 2021, the Care Quality Commission served notice to us under Section 29a of the Health and Social Care Act 2008 following an unannounced inspection between 24th August 2021 and 6 October 2021. This notice was in relation to the care of patients with mental health needs and our Emergency Department. We subsequently met the requirements associated with the Emergency Department however we continue to have a S29a relating to the care of patients with mental health needs and vulnerabilities for County Hospital (Medicine). We have submitted evidence to demonstrate we have met the requirements of the Section 29a and await a response from the CQC.

On 7 March 2023, the Care Quality Commission inspected the Maternity service at Royal Stoke University Hospital. On the 28 March 2023 the Care Quality Commission served notice to us under Section 29a of the Health and Social Care Act 2008 in relation to the management of delays in induction of labour, and triage times within our Maternity Assessment Unit. We are required to make the necessary improvements by 30th June 2023 although at the time of writing this report, we await the final report in relation to this inspection.

Risks to Data Security

Our Trust Policy for Data Protection, Security and Confidentiality sets out a high level framework to preserve the security of information and information systems, including confidentiality, integrity and availability. The Trust Policy for Data Protection, Security and Confidentiality is just one of a number of policies in place to ensure the governance of information.

The structure illustrated here sets out our governance arrangements for data security and protection, from wards and departments through to the Trust Board. This is integral to our broader Corporate Governance Structure.



Risks to data security are managed in accordance with our Risk Management Policy, with risks scoring 12 or above being scrutinised and monitored by the Executive Digital and Data Security and Protection Group which is chaired by the Medical Director / Caldicott Guardian, with the Senior Information Risk Officer (Director of Digital Transformation) being a key member.

Breaches in data security are classified as an adverse incident and are managed in accordance with our Incident Reporting Policy. These are also escalated through to the Executive Digital and Data Security and Protection Group. This group is also responsible for monitoring compliance with the Data Security and Protection Toolkit.

During 2022/23 our Internal Auditors have reviewed our assessment of compliance with the Data Security and Protection Toolkit and concluded with substantial assurance.

Major Risks

Through the Board Assurance Framework, we identified 9 major in-year risks which impact upon the achievement of our Strategic Priorities. These are detailed below.

Summary Board Assurance Framework 2022/23						
BAF No.	Summary Risk Title	Strategic Priorities Under Threat	Risk Scores by Quarter (C) Consequence / (L) Likelihood			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
BAF 1	**Delivering Positive Patient Outcomes**		L4xC4 Ext 16	L4xC4 Ext 16	L5xC4 Ext 20	L5xC4 Ext 20
BAF 2	**Leadership, Culture & Delivery of Values**		L3xC4 High 12	L3xC4 High 12	L3xC4 High 12	L3xC4 High 12
BAF 3	**Sustainable Workforce**		L4xC4 Ext 16	L4xC4 Ext 16	L4xC4 Ext 16	L4xC4 Ext 16
BAF 4	**System Working**		L3xC3 High 9	L3xC3 High 9	L3xC3 High 9	L2xC3 Mod 6
BAF 5	**Delivering Responsive Patient Care**		L4xC4 Ext 16	L4xC4 Ext 16	L5xC4 Ext 20	L5xC4 Ext 20
BAF 6	**Delivery of IM&T Infrastructure**		L3xC4 High 12	L3xC4 High 12	L3xC4 High 12	L4xC4 Ext 16
BAF 7	**Compliant Estate Services**		L3xC4 High 12	L3xC4 High 12	L3xC4 High 12	L3xC4 High 12
BAF 8	**Financial Performance**		L3xC3 High 9	L3xC3 High 9	L3xC3 High 9	L2xC2 Mod 4
BAF 9	**Research & Innovation**		L4xC3 High 12	L5xC3 Ext 15	L5xC3 Ext 15	L5xC3 Ext 15

Of these risks, there were 3 that are were most significant, with a risk score of Extreme. These are summarised below from our Board Assurance Framework:

BAF 1: Delivering Positive Patient Outcomes		
Description of risk	How we manage the risk	How we assess the outcome of actions
Inability to deliver optimal patient care	• Policies, procedures and processes • Risk assessment • Education and training • Designated roles and responsibilities	• Quality Governance structure • Clinical Audit • Incident reporting, investigation and learning • Internal and external accreditation and inspection • Performance against key indicator

BAF 3: Sustainable Workforce		
Description of risk	How we manage the risk	How we assess the outcome of actions
Inability to ensure we have staff with the right skills in the right place at the right time	• People strategy • Workforce planning and development • Staffing reviews • Recruitment and retention • Rota management • Temporary / bank staffing	• Culture Heat Map • Workforce performance indicators • Internal audit reviews • Staff feedback and incident reporting

BAF 8: Financial Performance		
Description of risk	How we manage the risk	How we assess the outcome of actions
Inability to deliver the system financial plan for 2022/23	• Financial planning and management • Policy, procedures and financial controls • System Chief Finance Officer collaborative working	• Performance Management Reviews • Internal and External Audit • Financial performance indicators

Risks for our 2023/24 Board Assurance Framework

In March 2023, the Board took the opportunity to consider the Strategic Risks for the Board Assurance Framework 2023/24, which are illustrated here. The main difference when compared to the 2022/23 strategic risks is BAF 4 System Working which will focus more specifically on Improving the Health of our Population.

As we move into 2023/24, the Board has determined that our top 3 risks are in relation to:

- BAF 1 / 3: Delivering Positive Patient Outcomes and Responsive Patient Care
- BAF 2: Sustainable Workforce
- BAF 3: Financial Sustainability

Well Led Framework

During the year we updated our self-assessment against the Well Led Framework and re-assessed our assurance ratings. The self-assessment process enables us to identify areas for further development and we have made a number of improvements during the year as a result.

The Well Led Self-Assessment is integral to our preparations for CQC Inspection and we were delighted that our CQC Well Led Inspection during 2021 resulted in an improvement in our rating from 'Requires Improvement' to 'Good'. In accordance with national guidance, we will be commissioning an independent Well Led Review during 2023/24.

A summary of our 2022/23 self-assessment is shown here.

NHS Provider Licence

We are legally obliged to meet certain licence conditions and NHS Improvement has directed that NHS Trusts must self-certify compliance with licence conditions 'G6 and FT4'. The Board is required to undertake a self-assessment against these conditions on an annual basis, having regard to guidance issued by NHS England and where necessary identify actions to mitigate risks to compliance. An assessment against these conditions was undertaken by the Board during 2022/23 and it was determined that compliance could be confirmed against requirements relating to:

- Principles, systems and standards of good corporate governance being in place, in addition to acting upon national guidance in relation to corporate governance
- Effective Board and Committee structures being in place with clear reporting lines to the Board from Committees and Executive Directors, in addition to clear reporting lines and accountabilities throughout the Trust
- In relation to quality of care, sufficient capability at Board level to provide effective organisational leadership; effective planning and decision-making processes; accurate, comprehensive, timely and up to date information being provided to the Board; active engagement and listening to the views of patients, staff and other stakeholders and clear accountability for escalation and resolution of quality related issues.
- Processes in place to ensure sufficient numbers of Board Members are in place in addition to obtaining assurance of their capacity and capability
- Systems and processes in place to ensure compliance with the duty to operate efficiently, economically and effectively; timely and effective scrutiny and oversight by the Board of operations; compliance with health care standards; effective financial decision-making, management and control; obtaining and disseminate accurate, comprehensive, timely and up to date information for Board and Committee decision-making; identifying and managing material risks to compliance with the conditions of the Licence; generating and monitoring delivery of business plans and ensuring compliance with all applicable legal requirements.

However, compliance could not be confirmed against the aspect related to effectively implementing systems and processes to ensure compliance with the conditions of the licence (FT4.4 and G6). Whilst financial performance improved during 2022/23, there remain major risks in relation to an anticipated deficit for 2023/24 for UHNM and the system, as well as long waiting lists, the need to demonstrate sustainable improvements in urgent care performance and outstanding Section 31 and 29a Notices from the Care Quality Commission.

Embedding Risk Management into the Activity of the Organisation

Risk management is fundamental to our organisation and is embedded into our activities, as illustrated below:

Workforce Sustainability

Short Term Workforce Strategies

We have a comprehensive colleague rostering system. For doctors, nurses, nursing assistants and a large proportion of allied healthcare professions the rostering is undertaken through our digital platform, Allocate. This platform allows us to ensure that our services are staffed in line with pre-set staffing levels, which enables us to track colleague availability/unavailability and respond to any pressure points accordingly. We have a well-established team of senior nurses (matrons) that manage the daily demand for nursing colleagues, utilising the digital systems along with our digital staffing dashboard to further assess workforce unavailability and pressure points. To support this we have a nurse bank team who manage the temporary shift demand and an expert rostering team.

For doctor availability our medical staffing/rota coordination teams manage the operational deployment of doctors through centralised rota management systems using the Allocate platform which flows through to our digital Locum on Duty platform for temporary shift management. Our Administration Services bank is also managed through the Locum on Duty platform which provides a trained pool of administrators to support services across the Trust. These platforms are managed centrally through the People Directorate.

In addition, we have a digital absence management system, Empactis. Unplanned absences are reported through this digital platform and where applicable the rosters are updated in real time through a purpose built system interface. A purpose built workflow supports line managers with timely wellbeing interventions ensuring our people are appropriately supported and can return to work as soon as possible.

Short term workforce deployment is supported by the Integrated Care System People Function, through the coordination of mutual aid, reservists and the ICS People Hub.

Medium Term Workforce Strategies

Comprehensive workforce reports are produced for the Executive Workforce Assurance Group/Transformation and People Committee to provide detailed information and assurances on workforce sustainability and strategies to address known shortage areas. Operational workforce issues are reported through to the Trust Executive Workforce Assurance Committee on a monthly basis and areas of concern are identified and monitored by way of divisional reports.

Our Medical Workforce Assurance Group focuses on workforce issues such as doctor bank rates, workforce demographics, hard to fill posts and job planning rounds. For consultants and other senior medics, annual job planning rounds take place which are aligned to the financial year to assist with activity planning and business case developments.

Our nursing teams undertake annual nurse establishment reviews and regular establishment monitoring to inform our nurse campaign management. Where appropriate, workforce risk summits are convened to provide more intensive support to challenged workforce areas.

Expert professional leads across the professions undertake comprehensive operational and strategic workforce planning, working with local system and regional leads as appropriate to develop workforce campaigns to close any gaps.

Long Term Workforce Strategies

Annual workforce planning is aligned to the annual financial and activity planning round with reporting through to the Integrated Care System and then to NHS Improvement England. The development of the annual plan has been supported by ICS. Strategic workforce plans are overseen by the Trust Board through the Transformation and People Committee. The development of the annual workforce plan was collaboratively supported by the ICS.

During 2022/23 our Internal Auditors review our Workforce Planning Framework and Bank and Agency Usage and concluded with assessments of 'Partial Assurance' with improvements identified in relation to documentation of workforce requirements to support a business case, completion of the use of project milestone action trackers and a review of workforce requirements and a number of administrative actions associated with the use of bank and agency staff.

Conflicts of Interest

We have published on our website an up-to-date register of interests, including gifts and hospitality, for decision-making staff within the past twelve months, as required by the 'Managing Conflicts of Interest in the NHS' guidance.

NHS Pensions Scheme

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Delivering a Net Zero Health Service

The trust has undertaken risk assessments and has plans in place which take account of the 'Delivering a Net Zero Health Service' report under the Greener NHS programme. We ensure that our obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

Review of Economy, Efficiency and Effectiveness of the Use of Resources

We have a range of key financial policies in place, which are designed to ensure that our financial transactions are carried out in accordance with the law and with government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness and these remained in place throughout 2023/24.

Our 7 Divisions are managed through a devolved structure, which is governed by our Scheme of Delegation, defining all key roles and responsibilities. Each Division has dedicated financial and human resources input to support delivery of their plans.

We maintain a strong focus on performance management, as a means by which clinical divisions are held to account for the delivery of financial and other performance targets. Performance against delivery of our financial plan is monitored through our monthly performance management review process, which is chaired by an Executive Director.

During 2022/23 our Internal Auditors have reviewed our key financial systems and controls in relation to expenditure and concluded with a mixture of 'substantial assurance' and 'reasonable assurance with minor improvements required'. A number of recommendations were made, which will remain a focus throughout 2023/24.

The scope of work undertaken by our External Auditors is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). They are responsible for forming and expressing an opinion on our financial statements with the oversight of our Audit Committee. They consider whether we have sufficient arrangements in place for securing economy, efficiency and effectiveness in our use of resources and whether our financial statements comply with relevant laws and that we deliver value for money, ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved. Whilst this work is undertaken by our External Auditors, it is our responsibility to ensure that proper arrangements are in place for the conduct of our business, and that public money is safeguarded and properly accounted for.

Information Governance

Data, Security and Protection breaches are reported via our incident management system. The Data, Security and Protection Team continue to monitor and review incidents to ensure these are investigated and where deemed serious, a root cause analysis is undertaken.

There was one incident during 2022/23 was reported to the Information Commissioners Office (ICO). The incident related to the theft of photography equipment which included cameras containing secure digital (SD) storage cards. These cards contained clinical images to support patient care.

The incident was reported in accordance with our Incident Reporting Policy and a Root Cause Analysis Investigation was undertaken with the findings presented to the Executive Digital and Data Security and Protection Group. An action plan was developed and agreed and follow up and assurance on completion and lessons learned forms part of our governance arrangements.

No further action was required from the Information Commissioners Office.

Data Quality and Governance

We have a Corporate Validation Team in place to conduct daily validations on elective waiting time data, with a focus on data quality flags which suggest some of the pathway data may not be accurate. The Divisional management teams also conduct validation of elective waiting time data, with a focus on tracking patients through pathway milestones. The Data Quality Team monitor several indicators pertinent to waiting times and these are discussed at monthly Divisional Operational Data Quality Groups, with cross-cutting themes discussed at the corporate Data Quality Assurance Group.

Training is offered to all staff that input data to Careflow PAS and associated systems. The Referral to Treatment (RTT) and Planned Care Team provide training on RTT rules and their application, with the Data Quality Team providing bespoke training for staff groups or those who require more in-depth detail. All data reported externally by the information team is signed off at divisional level before being signed off at executive level. The RTT Training Strategy is being refreshed, with a more diverse training prospectus offered. The Elective Care Data Quality Strategy will also look to encompass NON-RTT data. The Data Quality Dashboard also contains some key metrics to ensure quality of elective waiting time's data but is being reviewed and expanded with a view to providing failsafe mechanisms for all elective waiting patients.

Review of Effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads within the NHS trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board, the audit committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

2022 / 23 Internal Audit Programme

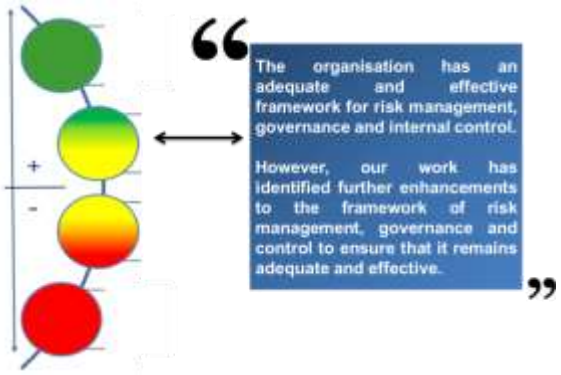
RSM UK Risk Assurance Services LLP provides our Internal Audit service. At the beginning of 2022/23, they engaged members of the Executive Team in scoping areas to be reviewed as part of the Internal Audit Plan. The plan was presented an approved by our Audit Committee and was based upon a risk analysis of our operations, aligned to our Board Assurance Framework. The plan covered an assessment of controls across a range of strategic, clinical, operational and financial areas and was designed to add value and deliver assurance required by the Audit Committee in the production of the Head of Internal Audit opinion. Upon completion, audits and their findings were reported to the Audit Committee; these are summarised as follows:

Audit Assignment	Status / Opinion Issued
Patient Property (follow up)	*Some Progress with Further Work to Improve Compliance*
Workforce Planning Framework	Partial Assurance
Capital Programme – Medical Devices and Information Management & Technology	Substantial Assurance
Financial Sustainability	*Advisory*
Bank and Agency	Partial Assurance
IT Strategy Development	*Advisory*
Framework for Clinical Audit	Partial Assurance
Cost Improvement Programme (CIP) Framework	Reasonable Assurance
Key Financial Systems (Overpayments and Empactis, Virology Stock, Requisitioning and Ordering and High Value Invoice Approval	Substantial Assurance
Care Quality Commission (CQC) Actions	Reasonable Assurance
Data Quality – Annual Leave Indicators	Partial Assurance
Board Assurance Framework and Risk Management	Substantial Assurance
Data Security and Protection Toolkit	Substantial Assurance

Head of Internal Audit Opinion

The Head of Internal Audit provides an annual internal audit opinion, based upon and limited to the work performance, on the overall adequacy and effectiveness of the organisations risk management, control and governance processes.

For the 12 months ended 31 March 2023, the Head of Internal Audit Opinion is as follows:



Conclusion

Whilst not significant internal control issues in themselves, there were some specific internal control weaknesses identified by our Internal Auditors, in relation to:

- Workforce Planning Framework
- Bank and Agency
- Framework for Clinical Audit
- Data Quality – Annual Leave Indicators

We have action plans in place to respond to the recommendations arising from these reviews and will monitor progress against these through the relevant Committees as well as the Audit Committee.

However, no significant internal control issues have been identified, as confirmed by the Head of Internal Audit in their Head of Internal Audit Opinion.

Tracy Bullock, Chief Executive
28th June 2023

Part D: Remuneration and Staff Report

Overview

Remuneration Report

Remuneration and terms of service for Executive Directors (i.e. Board voting and non-voting members), the Chief Executive and posts assigned to the Very Senior Manager (VSM) framework are agreed and kept under review by the Nominations and Remuneration Committee.

This Committee monitors and evaluates the annual performance of individual directors, with the advice of the Chief Executive.

The annual work programme for the Committee includes evidence based review and benchmarking of executive director salaries in comparison to national lower and upper quartile benchmarks. This exercise is undertaken in order to maintain awareness of arrangements in other organisations, which may of relevance and any changes to Executive Director salaries are considered by the Committee on receipt of the information.

Where there is a vacancy in a permanently established post, it is usual practice to make a permanent appointment. All senior managers have a notice period of three months and Executive Directors have a notice period of six months. Non-Executive Directors are appointed by NHS England on a fixed 'term of office' basis, which may be renewed. Compensation for early termination of Executive Directors provides payment in lieu of notice, except in cases of summary / immediate dismissal. Any termination payments which fall outside the standard provisions of the Contract of Employment must be approved internally by the Committee. Severance packages which fall outside the standard provisions of the Contract of Employment must be calculated using standard guidelines and any proposals to make payments outside of the current guidelines are subject to the approval of HM Treasury, via NHS England.

Salaries and Allowances (audited)

The table below sets out the amounts awarded to all Board members and where relevant, the link between performance and remuneration. There have been no performance pay or bonuses paid to any of the Directors in either financial year. The remuneration information disclosed in the tables below have been subject to audit.

	2022/23					2021/22				
Board Member (as at 31st March 2023)	Salary (bands of £5,000)	Pension Recycling Payment (taxable) (Bands of £5,000)	Expense Payments (taxable) total to nearest £000	All pension related benefits (bands of £2,500) £000	Total: (bands of £5,000) £000	Salary (bands of £5,000) £000	Pension Recycling Payment (taxable) (Bands of £5,000)	Expense Payments (taxable) total to nearest £100 £000	All pension related benefits (bands of £2,500) £000	Total: (bands of £5,000) £000
Tracy Bullock* Chief Executive	225-230	25-30			255-260	225-230				225-230
Matthew Lewis** Medical Director	205-210	25-30			230-235	100-105			87.5-90	190-195
Mark Oldham*** Chief Finance Officer	180-185	20-25			205-210	180-185		0.2	55-57.5	235-240
Ann-Marie Riley Chief Nurse	145-150			30-32.5	175-180	110-115			142.5-145	250-255
Paul Bytheway**** Chief Operating Officer	160-165			60-62.5	225-230	165-170	10-15		5-7.5	185-190
David Wakefield Chairman	60-65				60-65	60-65				60-65
Gary Crowe Non-Executive Director	15-20		0.2		15-20	10-15		0.2		15-20
Peter Akid Non-Executive Director	10-15				10-15	10-15				10-15
Leigh Griffin Non-Executive Director	10-15		0.4		15-20	10-15		0.2		10-15
Tanya Bowen Non-Executive Director	10-15				10-15	10-15		0.2		10-15
Katie Maddock Non-Executive Director	10-15				10-15	10-15				10-15
Previous Board Members:										
John Oxtoby Medical Director (until 30/09/21)						85-90				85-90
Michelle						20-25			5-7.5	30-35

	2022/23					2021/22				
Board Member (as at 31st March 2023)	Salary (bands of £5,000)	Pension Recycling Payment (taxable) (Bands of £5,000)	Expense Payments (taxable) total to nearest £000	All pension related benefits (bands of £2,500) £000	Total: (bands of £5,000) £000	Salary (bands of £5,000) £000	Pension Recycling Payment (taxable) (Bands of £5,000)	Expense Payments (taxable) total to nearest £100 £000	All pension related benefits (bands of £2,500) £000	Total: (bands of £5,000) £000
Rhodes Chief Nurse (until 31/05/21)										
Scott Malton Interim Chief Nurse (from 01/06/21 to 30/06/21)						5-10			7.5-10	15-20
Rosemary Vaughan***** Chief People Officer (until 04/01/23)	100-105				100-105	130-135			37.5-40	170-175
Sonia Belfield Non-Executive Director (until 30/06/22)	0-5				0-5	10-15				10-15
Shaista Gohir Non-Executive Director (from 01/07/22 until 31/12/22)	5-10				5-10					

- There has been no Performance pay or bonuses paid to any of the Directors in either financial year
- Pension recycling payments have been made in 2022/23 to directors who have exited the pension scheme. These are non-contractual payments and subject to annual review.
- The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being that being a member of the pension scheme could provide.
- All taxable expenses paid during the year were in relation to home to work mileage claims.

* Tracy Bullock left the NHS Pension scheme on 31/03/19 and as a result there are no pension benefits to report

** Matthew Lewis left the NHS Pension scheme on 31/03/22 and so there are no pension benefits to report for the financial year 2022/23.

*** Mark Oldham left the NHS Pension scheme on 31/03/22 and so there are no pension benefits to report for the financial year 2022/23.

**** Paul Bytheway re-entered the NHS Pension scheme on 01/01/22.

***** Rosemary Vaughan voluntarily took early retirement and drew her pension on 19/12/22. Therefore there are no pension benefits to report for the financial year 2022/23.

Pension Benefits (audited)

	2022/23						
Board Member	Real increase in pension at pension age (bands of £2,500)	Real increase in pension lump sum at pension age (bands of £2,500)	Total accrued pension at pension age at 31 March 2023 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2023 (bands of £5,000)	Cash Equivalent Transfer Value as at 1 April 2022 £000	Real increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value as at 31 March 2023 £000
Tracy Bullock Chief Executive	0	0	0	0		0	0
Matthew Lewis Medical Director	0	0	0	0		1,480	0
Mark Oldham Chief Finance Officer	0	0	0	0		1,671	0
Ann-Marie Riley Chief Nurse	2.5-5	0	40-45	75-80		755	30
Ro Vaughan Chief People Officer	0	0	60-65	180-185		1,574	0
Paul Bytheway Chief Operating Officer	2.5-5	0-2.5	50-55	100-105		782	51

- As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members.
- The pensions information disclosed in the table above has been subject to audit.

Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value is the actuarially assessed capital value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and other pension details include the value of any pension benefits in another scheme or arrangement which the individual has transferred to the NHS pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETV's are calculated within the guidelines of the framework prescribed by the Institute of Faculty and Actuaries.

Real increase in CETV reflects the increase in CETV effectively funded by the employer. This calculation does not take account of any increase due to inflation or contributions made by the employee.

Pay Multiples

We are required to disclose the relationship between the remuneration of the highest paid director in the organisation against the 25th percentile, median and 75th percentile of remuneration of the workforce. The banded remuneration of the highest paid director in the Trust in the financial year 2022/23 was £225,000 to £230,000 (2020/21: £225,000 to £230,000). The relationship to the remuneration of the organisations whole workforce is disclosed in the table below:

Year	25th Percentile Ratio	Median Ratio	75th Percentile Ratio
2022/23	9.23:1	6.59:1	4.81:1
2021/22	9.79:1	6.93:1	5.01:1

The highest paid director's salary range mid-point was £227,500 (2021/22: £227,500). This is an increase of 0.00%. The overall average remuneration of the organisation increased from £45,270 in 2021/22 to £47,381

in 2022/23. This represents a percentage increase of 4.66%. In 2022/23 11 employees (2021/22 12 employees) received remuneration in excess of the highest paid director. The range of staff remuneration during 2022/23 was £5,000 - £10,000 to £375,000 - £380,000 (2021/22 £10,000-£15,000 to £335,000-£340,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions, the cash equivalent transfer value of pensions or severance payments.

Exit Packages for Staff Leaving in 2022/23

	2022/23			2021/22		
Exit Package Cost Band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	0	28	28	1	0	1
£10,001-£25,000	0	1	1	3	0	3
£25,001-£50,000	0	0	0	1	0	1
£50,001-£100,000	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Totals	0	29	29	5	0	5
Total resource cost (£'000)	0	114	114	102	0	102

- Redundancy and other departure costs have been paid in accordance with standard NHS terms and conditions.
- This disclosure reports the number and value of exit packages agreed with staff during the year.
- The remuneration information disclosed in the tables above has been subject to audit.

Analysis of Other Departures

Type of Other Departures	Agreements Number	Total Value of Agreements £000s
Voluntary redundancies including early retirement contractual costs	0	£0
Mutually agreed resignations (MARS) contractual costs	0	£0
Early retirements in the efficiency of the service contractual costs	0	£0
Contractual payments in lieu of notice*	29	£114
Exit payments following Employment Tribunals or court orders	0	£0
Non-contractual payments requiring HMT approval**	0	£0
Total	29	£114

- Redundancy and other departure costs have been paid in accordance with standard NHS terms and conditions
- This disclosure reports the number and value of exit packages agreed with staff during the year.
- The remuneration information disclosed in the tables above (Exit Packages) have been subject to audit.

Consultancy

Expenditure on consultancy services for the year 2022/23 was £1.38m, compared to £2m in 2021/22.

Off Payroll Engagements

As part of the Treasury's Annual Reporting Guidance 2012-13, Government Departments are required to report information relating to off-payroll engagements. Therefore NHS bodies are required to include information on any such engagements allowing for consolidation.

The table below shows all off-payroll engagements as of 31 March 2023, for more than £245 per day and that last longer than six months:

Off Payroll Engagement Longer than 6 Months	Number
Number of existing engagements as of 31 March 2023	2
Of which, the number that have existed:	
for less than one year at the time of reporting	1
for between one and two years at the time of reporting	1
for between 2 and 3 years at the time of reporting	0
for between 3 and 4 years at the time of reporting	0
for 4 or more years at the time of reporting	0

Any existing off-payroll engagements have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax.

For all new off-payroll engagements between 1 April 2022 and 31 March 2023, for more than £245 per day:

New Off-payroll Engagements	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2022 and 31 March 2023	1
Of which:	
No. not subject to off-payroll legislation	0
No. subject to off payroll legislation and determined as in-scope of IR35	0
No. subject to off payroll legislation and determined as out of scope of IR35	1
No. engagement reassessed for compliance or assurance purposes during the year	0
Of which, no engagements that saw a change to IR35 status following review	0

All existing off-payroll engagements have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax, and where necessary, that assurance has been sought.

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2022 and 31 March 2023:

Board Member / Senior Official Off-payroll Engagements	Number
Number of off-payroll engagements of board members, and/or senior officers with significant financial responsibility, during the financial year	0
Total number of individuals on payroll and off-payroll that have been deemed 'board members, and/or, senior officials with significant financial responsibility', during the financial year. This figure must include both on payroll and off-payroll engagements.	1

Staff Report

As a large acute Trust we face many challenges. In order to meet those challenges and sieze opportunities for the future it is essential that we have the right people in the right jobs with the right skill mix at the right time. Our People Strategy supports all that we do to attract, recruit, develop, retain, support and reward our staff and teams to met our future goals and aspirations. The Human Resources Department has a major role in driving the people agenda but it requires each and every one of us to play our part in making our organisation a great and successful place to work.

Here we provide an analysis of our 2022/23 staff numbers and costs.

Our Workforce

At 31 March 2023, we had a workforce of 10396.11 WTE (11815 headcount). This is excluding bank workers, honorary contracts and staff out on secondment. Our staffing is made up of a variety of roles and pay scales and provides an overview of our workforce.

Senior Managers

Analysis of our senior managers is provided below:

	Headcount		WTE	
Pay Scale	Female	Male	Female	Male
Band 8a	311	105	281.11	99.35
Band 8b	74	39	69.83	38.39
Band 8c	20	13	19.49	13.00
Band 8d	10	12	10.00	12.00
Band 9	11	4	11.00	4.00
Senior Manager	3	1	3.00	1.00
Director	7	6	7.00	6.00
Total:	436	180	401.43	173.74

Staff Numbers

Staff Group	Fixed Term Temporary	Permanent	Total
Professional Scientific and Technical	4.60	246.86	251.46
Clinical Services	141.60	2183.79	2325.39
Administrative and Clerical	128.59	1768.35	1896.94
Allied Health Professionals	17.87	607.81	625.68
Estates and Ancillary	3.40	470.09	473.49
Healthcare Scientists	15.51	363.79	379.30
Medical and Dental	710.32	618.70	1329.02
Nursing and Midwifery Registered	104.65	2943.84	3048.49
Students	1.00	39.83	40.83
Total:	1127.53	9243.08	10370.60

Staff Composition

Staff Group	Part Time		Full Time		Total
	Male	Female	Male	Female	
Director	8	2	8	7	25
Senior Managers (Band 8a – 9 and Senior Manager)	15	111	159	318	603
Other employees	535	4510	1994	4142	11181
Total:	558	4623	2161	4467	11809

Sickness Absence

The sickness rate at 31 March 2023 (cumulative for the 12 months from 1 April 2022 to 31 March 2023) was 5.79% (5.73% at 31st March 2023).

Staff Turnover

The turnover rate at 31 March 2023 (cumulative for the 12 months from 1 April 2022 to 31 March 2023) was 9.33% (10.59% at 31st March 2022). This excludes junior doctors on rotation.

Staff Engagement

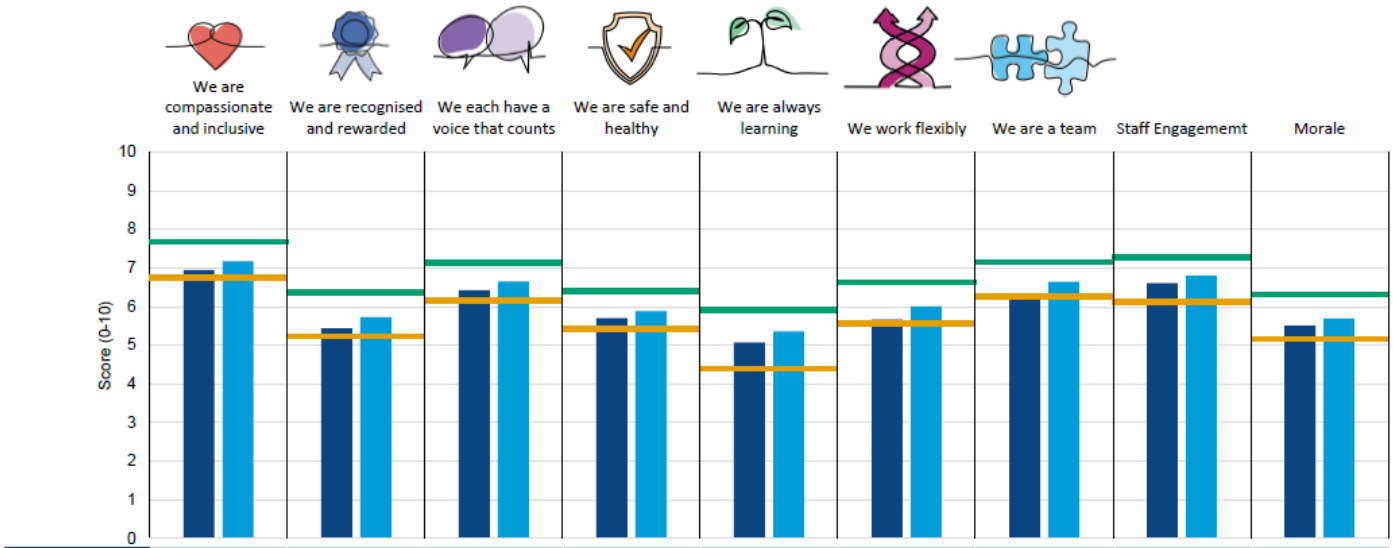
Staff engagement is measured through the annual NHS Staff Survey. At 6.6, the staff engagement score reduced slightly in 2022 and the Trust remains just below the acute trust average, which was 6.8 and this position is unchanged from the previous year.

Staff Survey

The 2022 NHS Staff Survey was carried out between September and December 2022 and our response rate was 33% (compared to 43% in 2021). The results of the survey are measured against seven People Promise elements and against two themes; 'Staff Engagement' and 'Morale'.

- At 6.6, our staff engagement score reduced slightly from 6.7. We remain just below the acute trust average of 6.8 and this position remained unchanged from the previous year.
- Staff Moral reduced to 5.5 from 5.6. Our score remained just below the acute trust average of 5.7, as it did in 2021.

The benchmarked findings are shown in the below graph:



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagememt	Morale
Your org	6.9	5.4	6.4	5.7	5.1	5.7	6.3	6.6	5.5
Best	7.7	6.4	7.1	6.4	5.9	6.6	7.1	7.3	6.3
Average	7.2	5.7	6.6	5.9	5.4	6.0	6.6	6.8	5.7
Worst	6.8	5.2	6.2	5.4	4.4	5.6	6.3	6.1	5.2
Responses	3675	3676	3650	3655	3548	3663	3671	3676	3678

Staff Policies

Our People Strategy outlines how we will make UHNM a great place to work and sets out our aims to provide a positive work environment that promotes and open, supportive and fair culture which helps our staff do their job to the best of their ability and ensure delivery of high quality care.

We have a number of policies in place to ensure that as an organisation, we fulfil our obligations under equality, diversity and human rights legislation. We want staff to work to the very highest standards, to be able to communicate openly in an organisation which respects people's views, and values individuals and teams. We encourage and recognise high performance in a results-driven environment and will support individual and team development to deliver the organisations goals.

We know that excellent staff experience leads to excellent patient experience and improved patient outcomes. The People Strategy is supported by the Trust's workforce plan, and is aligned to both the learning and education strategy and the organisational development strategy.

We operate a full suite of HR policies, covering the whole employee life cycle. These can be made available to the public and our website http://www.uhnm.nhs.uk, provides guidance on how to access them.

- HR08 Recruitment and Selection Policy: We believe that unlawful discrimination is unacceptable and we are committed to recruiting staff in accordance with our Equality and Diversity Policy. Applicants are selected solely on objective, job related criteria and their ability to do the job applied for with no discrimination on the grounds of ethnic origin, nationality, disability, gender, gender reassignment, marital status, age, sexual orientation, trade union activity or political or religious beliefs. We provide appropriate assistance to ensure equality for all.
- For Appointments Advisory Committees to recruit to permanent Consultant posts, all members of the panel are required to have received training in Equal Opportunities.
- HS17 Occupational Health Policy - The role of occupational health is to help protect and promote the health and wellbeing of staff in the workplace. Workplace Health Assessment checks are also carried out to provide advice to managers, where necessary, on employee needs or any reasonable adjustments required to the work environment or structure in accordance with the Equality Act 2010.
- Appropriate mandatory training is provided to ensure that staff and managers understand their responsibilities under the Policy. Equality, diversity and inclusion themes are integrated into other Trust learning and development programmes as appropriate.
- The principles of HR12 Equality, Diversity and Inclusion Policy are incorporated into the Trust's Corporate Induction course and included in all local induction packages for newly appointed employees. This is also included in statutory and mandatory training as outlined in Trust policy HR53 Statutory and Mandatory Training Policy. All training is recorded within staff personal records electronically.
- In 2022, we introduced our Resolution Policy to support our commitment to providing an environment that fosters a culture of positive behaviours. We recognise that it is of mutual interest that issues affecting employees are dealt with effectively in an atmosphere of mutual trust and confidence. The purpose of the Resolution Policy is to preserve and maintain the employment relationship and to work in the spirit of resolution issues within the workplace.

Diversity and Inclusion

As a major employer and health service provider we are committed to buiding an inclusive workforce which is valued and whose diversity reflects the community we serve, enabling us to deliver the best possible health care services to our patients, carers and comminities.



Our Equality, Diversity and Inclusion policy provides a framework from which strategy, policy and procedures should be developed. It sets the standards to enable us to meet our duties in line with the Equality Act (2010), Public Sector Equality Duty (PSED) and the Human Rights Act (1998), as both an employer and service provider. Implementation of our policy is fundament to the delivery of good quality patient care and ensuring a positive workplace experience for our staff, as such:

- Our policy is applied fairly and equitably to all workers
- Every member of staff has access to appropriate training and development in relation to their equality, diversity and inclusion responsibilties
- We encourage a speaking up culture to empower and enable individuals to feel safe when raising concerns in relation to the application of our policy
- The policy underpins the development of all of our policies and procedures to ensure that equalitu diversity and human rights are embedded into everything we do

We have well established Diversity Networks who meet on a regular basis to support us with all equality, diversity and inclusion related activies, these all have an Executive Sponsor and are as follows:

- Black and Minority Ethinicitys (BAME) Network
- Disability and Long Term Conditions Network
- LGBT+ Network

We have developed our Equality, Diversity and Inclusion (EDI) Strategy for the next 3 years 2022 – 2025, building upon much of the work already in place and demonstrating our commitment to diversity and inclusion for our workforce, the way we care for our patients and service users and how we deliver our business. We have aligned our strategy to our People Plan, which is supports regional and system equality, diversity and inclusion priorities driven by the NHS People Plan.

The strategy has been developed based on based on feedback from staff, service users and other stakeholders and shaped by the equality duties and data reviewed for our service user and workforce populations. As a result, we have identified seven priorities as shown below:

Equality, Diversity and Inclusion Strategy – Plan on a Page

During 2022/23, we have focussed on:

- Creating a culture of civility, respect and inclusion (through our Cultural Improvement Programme)
- Introducing our Resolution Policy to take a compassionate and supportive approach to resolving workplace conflict
- Launching our ENABLE leadership development programme, an inspirational appreciate programme mandatory for all line managers
- Expanding our Inclusion Masterclass 'Our NHS People' which delivers specific EDI awareness deisgned to create consciously inclusive leaders
- Increasing our number of internal Workplace Mediators, Staff Experience Champions, Wellbeing Champions and Employee Support Advisors
- Created a new peer support service for new starters and colleagues with a disability or long term health condition, with Disability Champions led by our Disability Staff Network
- Celebrated our cultural calendar of events such as Black History Month, Disability History Month and Show Racism the Red Card
- A range of webinars to support women in the workplace, such as International Women's Day, celebration and menopause café's
- Introducing our Staff Voice dashboard to ensure an inclusive and transparent approach to staff engagement
- Introduced wellbeing walks in July 2022 as an opportunity for members of the Board to listen directly from staff around three key areas of workplace experience
- Creating a Culture Heat Map, to raise awareness and monitor cultural indicators across the Trust
- Participating in the RACE Equality Code assessment process and developing an action plan to address inequality in senior leadership representation

Trade Unions

The following table provides an overview of our Trade Union activity over the yearm in accordance with the Trade Union Facility Time Reporting Requirements:

Employees in Organisation	10,000 and above
Number of TU Representatives	31
FTE of TU Representatives	28.7
Number of TU representatives that spend 0% working hours	5
Number of TU representatives that spend 1-50% working hours	23
Number of TU representatives that spend 51-99% working hours	1
Number of TU representatives that spend 100% working hours	2
Total pay bill	589,993,000.00
Total cost of facility time	169646.02
Percentage of pay spent on facility time	0.03
Percentage of hours spent on TU activities	0

Other Employee Matters

We have a formal agreement in place between ourselves and the Trade Unions representing our workforce, which is set out in our Trust Policy Recognition and Local Collective Bargaining Arrangements. This sets out our commitment to develop local collective bargaining machinery and agreeing a range of industrial relations policies. We work in partnership with our Trade Unions and recognise our Joint Staff Side as the main body through which all local industrial relations matters are considered. In addition to this, all matters that affect the contract of employment or terms and conditions for medical staff of all grades are dealt with through the Local Negotiating Committee (LNC).

Tracy Bullock, Chief Executive
28th June 2023

Part E: Financial Statements

Overview

A commentary on our financial position is included earlier in this report in our headline finances. The following pages are our Summary Financial Statements.

The Statement of Comprehensive Income shows how much money we earned and how we spent it.

The main source of our income is from Integrated Care Systems (ICS), with which we have agreements to provide services for our patients.

Our biggest expense is on the salaries and wages of our staff. On average during this year we employed the equivalent of 10,371 full-time staff (9,957 21/22). The actual number of people working for the Trust is more because some staff work part-time (therefore, the full-time equivalent is less).

We buy clinical and general supplies, maintain our premises, some of the costs of which are payable to our PFI partner, and pay for gas and electricity, rent and rates. We also allow for depreciation, the wearing out of buildings and equipment which need to be replaced.

Our Statement of Financial Position summarises our assets and liabilities. It tells us the value of the land, buildings and equipment we own and of supplies we hold for the day to day running of the hospital. It also shows money owed to us and the money we owe to others, mainly for goods and services received but not yet paid for. Under International Financial Reporting Standards it also shows buildings and equipment that are legally owned by our PFI partner and related borrowings which will be settled through the unitary payments we make over the term of the PFI contracts.

In accordance with the requirement to ensure that the carrying value of land and buildings are not materially misstated the Trust commissioned an independent valuer to carry out a full valuation exercise as at March 2022. At 31 March 2023 an interim valuation was undertaken of the Trust's operational land and buildings along with a full valuation of surplus land at the Royal Stoke Infirmary and Central Outpatient Department (COPD) sites. This resulted in an increase in value of £68.9m in the carrying value of the assets at 31 March 2023 and reflects an increase in the Modern Equivalent Asset (MEA) Beacon costs, the impact of significant capital schemes carried out in 2021/22 and 2022/23 along with a reduced adjustment for functional obsolescence as a result of improvements to the Trust properties.

At the end of 2022/23 we identified that the floor areas of several of our buildings had been calculated incorrectly, and this error dated back to 2019/20. To correct the error we have made a prior period adjustment in our accounts, which has not impacted on our reported financial performance. To disclose these adjustments we have added new columns into the Statement of Comprehensive Income and Statement of Financial Performance. We have also made changes in the relevant notes to the accounts relating to our property, plant & equipment and reserves.

The Better Payment Practice Code shows how quickly we pay our bills.

Statement of Comprehensive Income for the Year Ended 31 March 2023

	2022/23 £000	2021/22 £000
Operating income from patient care activities	965,836	881,968
Other operating income	98,296	98,380
Operating expenses	(1,032,594)	(928,386)
Operating surplus/(deficit) from continuing operations	31,538	51,962
Finance income	2,105	46
Finance expenses	(17,940)	(16,037)
Public dividend capital dividends payable	(9,562)	(7,855)
Net finance costs	(25,397)	(23,846)
Other gains / (losses)	190	79
Surplus/(deficit) for the year	6,331	28,195
Other Comprehensive Income		
Impairments	0	(1,080)
Revaluations	55,145	22,278
Total comprehensive income / (expense) for the period	61,476	49,393
Financial Performance for the year		
Surplus/(deficit) for the year		
Add back I&E impairments	6,331	28,195
Adjustments for donated asset/government grant reserve elimination	(5,433)	(17,262)
Net impact of DHSC provided inventories for Covid response	(799)	(2,254)
Reported NHS financial position	(52)	447

Statement of Financial Position as at 31 March 2023

	2022/23 £000	2020/21 £000 restated	2020/21 £000 restated
Non-current assets:			
Property, plant and equipment	627,572	555,350	511,566
Intangible assets	18,393	20,685	22,817
Right of use assets	18,766	-	-
Trade and other receivables	1,361	1,448	452
Total non-current assets	666,092	577,483	534,835
Current assets:			
Inventories	16,835	16,342	15,019
Trade and other receivables	57,857	41,299	47,410
Cash and cash equivalents	84,001	87,596	55,783
Total current assets	158,693	145,237	118,212
Total assets	824,785	722,720	653,047
Current liabilities			
Trade and other payables	(133,976)	(116,279)	(98,476)
Provisions	(5,603)	(2,513)	(3,633)
Borrowings	(13,969)	(10,720)	(8,340)
Total current liabilities	(153,548)	(129,512)	(110,449)
Total assets less current liabilities	671,237	593,208	542,598
Non-current liabilities			
Provisions	(2,650)	(3,866)	(2,189)
Borrowings	(256,840)	(257,778)	(268,548)
Total non-current liabilities	(259,490)	(261,644)	(270,737)
Total Assets Employed:	411,747	331,564	271,861
FINANCED BY:			

	2022/23 £000	2020/21 £000 restated	2020/21 £000 restated
Public Dividend Capital	665,039	648,171	637,861
Income and expenditure reserve	(427,495)	(435,855)	(464,222)
Revaluation reserve	174,203	119,248	98,222
Total Taxpayers' Equity:	411,747	331,564	271,861

Statement of Cash Flows for the Year Ended 31 March 2023

	2022/23 £000	2021/22 £000
Cash Flows from Operating Activities		
Operating surplus/ (deficit)	31,538	51,962
Non-cash income and expense:		
Depreciation and amortisation	35,318	31,999
Net impairments / (reversal of impairments)	(5,433)	(17,262)
Income recognised in respect of capital donations	(2,466)	(3,688)
(Increase)/decrease in inventories	(493)	(1,323)
(Increase)/decrease in receivables and other assets	(17,120)	6,374
Increase/(decrease) in payables and other liabilities	19,428	17,451
Increase/(decrease) in provisions	1,851	557
Net cash generated from / (used in) operating activities	62,623	86,070
Cash flows from investing activities		
Interest received	2,105	46
Purchase of intangible assets	(1,257)	(3,749)
Purchase of property, plant and equipment	(45,671)	(32,833)
Sales of property, plant and equipment	289	103
Receipt of capital donations to purchase capital assets	2,466	3,688
Net Cash Inflow/(Outflow) from Investing Activities	(42,068)	(32,745)
Cash flows from financing activities		
Public dividend capital received	16,868	11,518
Public dividend capital repaid	0	(1,208)
Movement on other loans	0	(36)
Capital element of finance lease rental payments	(3,755)	(621)
Capital element of PFI	(10,231)	(8,484)
Interest paid on finance lease liabilities	(164)	(217)
Interest paid on PFI	(17,753)	(15,820)
PDC dividend (paid) / refunded	(9,115)	(6,644)
Net cash generated from / (used in) financing activities	(24,150)	(21,512)
Increase / (decrease) in cash and cash equivalents	(3,595)	31,813
Cash and cash equivalents at 1 April - brought forward	87,596	55,783
Cash and cash equivalents at 31 March	84,001	87,596

Statement of Changes in Taxpayers Equity for the year ended 31 March 2023

	Pubic Dividend Capital (PDC) £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers equity at 1 April 2022 - brought forward	648,171	119,248	(435,855)	331,564
Implementation of IFRS 16 on 1 April 2022			1,839	1,839
Surplus/(deficit) for the year			6,331	6,331
Revaluations		55,145		55,145
Transfer to retained earnings on disposal of assets		(190)	190	0
Public dividend capital received	16,868			16,868

	Pubic Dividend Capital (PDC) £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers equity at 31 March 2023	665,039	174,203	(427,495)	411,747

Better Payment Practice Code

Measure of Compliance	2022/23		2021/22	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	126,894	590,077	118,791	520,493
Total non NHS trade invoices paid within target	124,884	583,095	113,479	497,973
Percentage of non NHS trade invoices paid within target	98.4%	98.8%	95.5%	95.7%
Total NHS trade invoices in the year	2,375	20,478	2,696	21,935
Total NHS trade invoices paid within target	2,153	18,368	2,355	18,379
Percentage of NHS trade invoices paid within target	90.7%	89.7%	87.4%	83.8%

The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

We have not signed up to the Prompt Payments Code.

Cumulative Breakeven Position

Year	Turnover	Surplus / (Deficit)
1997/98	152,393	(1,199)
1998/99	165,535	(1,246)
1999/00	182,744	1,279
2000/01	193,823	1,225
2001/02	212,576	18
2002/03	235,801	4
2003/04	257,641	3
2004/05	295,327	41
2005/06	299,619	(15,059)
2006/07	333,855	311
2007/08	393,915	3,990
2008/09	371,299	3,008
2009/10	408,938	5,312
2010/11	418,078	4,141
2011/12	426,319	1,050
2012/13	473,558	235
2013/14	475,330	(19,301)
2014/15	623,395	3,782
2015/16	702,917	(26,936)
2016/17	739,279	(27,773)
2017/18	696,630	(69,717)
2018/19	713,838	(63,607)
2019/20	840,636	5,231
2020/21	915,076	7,085
2021/22	980,348	9,126
2022/23	1,064,132	47
Cumulative Breakeven Position:		(178,950)

Our External Auditor

To demonstrate that we are running our organisation properly we are required to publish a number of statements which are signed by our Chief Executive on behalf of our Trust Board. These statements cover our financial affairs as well as a number of other aspects of managing our Trust.

Our external auditor also checks our accounts and other aspects of our work and we are required to publish statements from them confirming that they are satisfied with what we have done. These formal statements are reproduced on these pages.

Our accounts are externally audited by Grant Thornton UK LLP to meet the statutory requirements of the Department of Health. They have received fees of £198k.

Pension Costs

Past and present employees are covered by the provisions of the NHS Pension Scheme. The scheme is an unfunded defined benefit scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the secretary of State, in England and Wales. As a consequence it is not possible for our Trust to identify our share of the underlying scheme assets and liabilities. Therefore the scheme is accounted for as a defined contribution scheme and the cost of the scheme is equal to the contributions payable to the scheme for the accounting period.

Full Accounts

A full set of audited accounts for University Hospitals of North Midlands NHS Trust is available on request or can be viewed and downloaded on our website www.uhnm.nhs.uk.

Tracy Bullock, Chief Executive
28th June 2023

Certification on Summarisation Schedules

Trust Accounts Consolidation (TAC) Summarisation Schedules for University Hospitals of North Midlands NHS Trust.

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2022/23 have been completed and this certificate accompanies them.

Finance Director Certificate

1. I certify that the attached TAC schedules have been compiled and are in accordance with:
   - the financial records maintained by the NHS Trust
   - accounting standards and policies which comply with the Department of Health and Social Care's Group Accounting Manual and
   - the template accounting policies for NHS trusts issued by NHS Improvement, or any deviation from these policies has been fully explained in the Confirmation questions in the TAC schedules.

2. I certify that the TAC schedules are internally consistent and that there are no validation errors.

3. I certify that the information in the TAC schedules is consistent with the financial statements of the NHS Trust.

Mark Oldham, Chief Finance Officer
28th June 2023

Chief Executive Certificate

1. I acknowledge the attached TAC schedules, which have been prepared and certified by the Chief Finance Officer, as the TAC schedules which the Trust is required to submit to NHS Improvement.

2. I have reviewed the schedules and agree the statements made by the Chief Finance Officer above.

Tracy Bullock, Chief Executive
28th June 2023

University Hospitals of North Midlands NHS Trust

Annual accounts for the year ended 31 March 2023

Statement of Comprehensive Income for the year ended 31 March 2023

	Note	2022/23 £000	2021/22 £000 Restated
Operating income from patient care activities	3	965,836	881,968
Other operating income	4	98,296	98,380
Operating expenses	6, 8	(1,032,594)	(928,386)
Operating surplus from continuing operations		**31,538**	**51,962**
Finance income	11	2,105	46
Finance expenses	12	(17,940)	(16,037)
PDC dividends payable		(9,562)	(7,855)
Net finance costs		**(25,397)**	**(23,846)**
Other gains	13	190	79
Surplus for the year from continuing operations		**6,331**	**28,195**
Surplus for the year		**6,331**	**28,195**
Other comprehensive income[1]			
Will not be reclassified to income and expenditure:			
Impairments	7	-	(1,080)
Revaluations	17	55,145	22,278
Total comprehensive income for the period		**61,476**	**49,393**

[1] Other Comprehensive Income shows other non-cash net gains/(losses) that are not included as either operating revenue or expenditure, and as such does not impact on the financial outturn of the Trust.

The notes on pages 6 to 65 form part of this account.

Adjusted financial performance (control total basis):

This section does not form part of the main Statement of Comprehensive Income. The items included in the note, totalling £6.284 million, are not considered to be within the scope of NHS financial performance measured against the Trust's control total. We exclude these items to give an adjusted surplus against our control total of £0.047 million, and this surplus is used to measure us against the breakeven duty as shown in Notes 39 and 40.

	2022/23 £000	2021/22 £000 Restated
Surplus for the period	6,331	28,195
Remove net impairments not scoring to the Departmental expenditure limit[2]	(5,433)	(17,262)
Remove I&E impact of capital grants and donations[3]	(799)	(2,254)
Remove net impact of inventories received from DHSC group bodies for COVID response[4]	(52)	447
Adjusted financial performance surplus	**47**	**9,126**

[2] In 2022/23 the Trust reversed impairments of £5.433 million previously charged to the SOCI following the interim valuation of the Trust's estate as at the 31st March 2023, which resulted in the significant increase in value of land and buildings.

[3] During the 2022/23 financial year the Trust has received £1.778 million of donated assets from UHNM Charity and £0.688 million of government granted assets. The total of £2.466 million is offset by depreciation expenditure on donated and granted assets of £1.667 million which results in the £0.799 million net I&E impact.

[4] The Trust receives consumables donated by DHSC for clinical supplies and services as part of the response to the Covid pandemic. In 2022/23 the Trust received £2.162 million of these consumables, used £2.081 million and wrote down £0.029 million as an expense. £0.329 million of these consumables were held within inventories as at 31st March 2022 and £0.380 million were held at the 31st March 2023. The net impact of £0.052 million is the movement between the opening inventories balance and closing balance of £0.380 million.

Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £000	31 March 2022 £000	1 April 2021 £000
Non-current assets			Restated	Restated
Intangible assets	14	18,393	20,685	22,817
Property, plant and equipment	15	627,572	555,350	511,566
Right of use assets	18	18,766	-	-
Receivables	20	1,361	1,448	452
Total non-current assets		**666,092**	**577,483**	**534,835**
Current assets				
Inventories	19	16,835	16,342	15,019
Receivables	20	57,857	41,299	47,410
Cash and cash equivalents	22	84,001	87,596	55,783
Total current assets		**158,693**	**145,237**	**118,212**
Current liabilities				
Trade and other payables	23	(118,365)	(102,829)	(90,648)
Borrowings	25	(13,969)	(10,720)	(8,340)
Provisions	26	(5,603)	(2,513)	(3,633)
Other liabilities	24	(15,611)	(13,450)	(7,828)
Total current liabilities		**(153,548)**	**(129,512)**	**(110,449)**
Total assets less current liabilities		**671,237**	**593,208**	**542,598**
Non-current liabilities				
Borrowings	25	(256,840)	(257,778)	(268,548)
Provisions	26	(2,650)	(3,866)	(2,189)
Total non-current liabilities		**(259,490)**	**(261,644)**	**(270,737)**
Total assets employed		**411,747**	**331,564**	**271,861**
Financed by				
Public dividend capital		665,039	648,171	637,861
Revaluation reserve		174,203	119,248	98,222
Income and expenditure reserve		(427,495)	(435,855)	(464,222)
Total taxpayers' equity		**411,747**	**331,564**	**271,861**

The notes on pages 6 to 65 form part of this account.

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Tracy Bullock, Chief Executive

Date: 28th June 2023

Statement of Changes in Equity for the year ended 31 March 2023

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2022 - brought forward	**648,171**	**119,248**	**(435,855)**	**331,564**
Implementation of IFRS 16 on 1 April 2022	**-**	**-**	**1,839**	**1,839**
Surplus for the year	-	-	6,331	**6,331**
Revaluations	-	55,145	-	**55,145**
Transfer to retained earnings on disposal of assets	-	(190)	190	**-**
Public dividend capital received[1]	16,868	-	-	**16,868**
Taxpayers' and others' equity at 31 March 2023	**665,039**	**174,203**	**(427,495)**	**411,747**

[1]The increase in Public Dividend Capital of £16.868 million in 2022/23 relates to capital funding received for a number of schemes, including:

- £6.755 million STP Wave 4b funding, for the Lower Trent Ward redevelopment and other estates strategic works
- £4.593 million Targeted Investment Fund for Elective Recovery funding for CTS Phase 1
- £1.495 million Diagnostic Imaging Capacity funding for CT Scanner 8
- £1.216 million Targeted Lung Health Check Programme funding for CT Scanner 9
- £1.200 million Front Line Digitisation funding for the EPR system
- £0.730 million funding for the Endoscopy - Increasing Capacity Programme
- £0.583 million Diagnostic Digital Capability Programme funding for MRI upgrades and the i-Refer system

Statement of Changes in Equity for the year ended 31 March 2022

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**637,861**	**118,941**	**(465,267)**	**291,535**
Prior period adjustment	-	(20,719)	1,045	**(19,674)**
Taxpayers' and others' equity at 1 April 2021 - restated	**637,861**	**98,222**	**(464,222)**	**271,861**
Surplus for the year	-	-	28,195	**28,195**
Impairments	-	(1,080)	-	**(1,080)**
Revaluations	-	22,278	-	**22,278**
Transfer to retained earnings on disposal of assets	-	(172)	172	**-**
Public dividend capital received	11,518	-	-	**11,518**
Public dividend capital repaid	(1,208)	-	-	**(1,208)**
Taxpayers' and others' equity at 31 March 2022	**648,171**	**119,248**	**(435,855)**	**331,564**

Information on reserves

Public dividend capital
Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. Additional PDC may also be issued to Trusts by the Department of Health and Social Care. A charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health as the public dividend capital dividend.

Revaluation reserve
Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are recognised in operating income. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential.

Income and expenditure reserve
The balance of this reserve is the accumulated surpluses and deficits of the Trust.

Statement of Cash Flows for the year ended 31 March 2023

	Note	2022/23 £000	2021/22 £000 Restated
Cash flows from operating activities			
Operating surplus		31,538	51,962
Non-cash income and expense:			
Depreciation and amortisation	6.1	35,318	31,999
Net impairments	7	(5,433)	(17,262)
Income recognised in respect of capital donations	4	(2,466)	(3,688)
(Increase) / decrease in receivables and other assets		(17,120)	6,374
(Increase) / decrease in inventories		(493)	(1,323)
Increase / (decrease) in payables and other liabilities		19,428	17,451
Increase / (decrease) in provisions		1,851	557
Net cash flows from / (used in) operating activities		**62,623**	**86,070**
Cash flows from investing activities			
Interest received		2,105	46
Purchase of intangible assets		(1,257)	(3,749)
Purchase of PPE and investment property		(45,671)	(32,833)
Sales of PPE and investment property		289	103
Receipt of cash donations to purchase assets		2,466	3,688
Net cash flows from / (used in) investing activities		**(42,068)**	**(32,745)**
Cash flows from financing activities			
Public dividend capital received		16,868	11,518
Public dividend capital repaid		-	(1,208)
Movement on other loans		-	(36)
Capital element of lease liability repayments		(3,755)	(621)
Capital element of PFI service concession payments		(10,231)	(8,484)
Interest element of lease liability repayments		(164)	(217)
Interest paid on PFI service concession obligations		(17,753)	(15,820)
PDC dividend (paid) / refunded		(9,115)	(6,644)
Net cash flows from / (used in) financing activities		**(24,150)**	**(21,512)**
Increase / (decrease) in cash and cash equivalents		**(3,595)**	**31,813**
Cash and cash equivalents at 1 April - brought forward		**87,596**	**55,783**
Cash and cash equivalents at 31 March	22.1	**84,001**	**87,596**

Cash flows from financing activities includes £16.868 million PDC received (2021/22: £11.518 million). The Trust no longer holds loans with the DHSC as these were extinguished in 2020/21.

Notes to the Accounts

Note 1 Accounting policies and other information

Note 1.1 Basis of preparation

The Department of Health and Social Care has directed that the financial statements of the Trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2022/23 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

Accounting convention

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

Note 1.2 Going concern

The Trust's annual report and accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the entity’s services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

Note 1.3 Interests in other entities

The divergence from the Government Financial Reporting Manual (FReM) that NHS Charitable Funds are not consolidated with NHS Trust's own financial statements has been removed. Under the provisions of IFRS 10 Consolidated Financial Statements, those Charitable Funds that fall under common control with NHS bodies should be consolidated within the entity's financial statements. The Trust has a Charitable Fund, the 'UHNM Charity' that falls under the definition of common control. Common control is defined within IFRS 10 as "the power to govern the financial and operational policies of an entity so as to obtain benefits from its activities". Control is presumed to exist where a parent owns directly or indirectly more than half of the voting power of an entity, including where a body acts as a corporate Trustee. The Trustees of the Charitable Fund are all members of the Trust Board. The purpose of an NHS Charity is to assist NHS patients, and HM Treasury view this as the "benefit" link as per the IFRS 10 guidance. The Trust has reviewed the financial statements of the 'UHNM Charity' and it is deemed that the income, expenditure, assets and liabilities of the Charitable Fund are not material. IAS 1 Presentation of Financial Statements states that specific disclosure requirements set out in individual standards or interpretations need not be satisfied if the information is not material. The consolidation of the Charitable Fund would not have a material impact on the financial statements of the Trust and has therefore not been consolidated into the Trust's financial statements.

Note 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the Trust's income is earned from NHS commissioners in the form of fixed payments to fund an agreed level of activity.

In 2022/23 fixed payments are set at a level assuming the achievement of elective activity targets. These are termed 'aligned payment and incentive' contracts.

Elective recovery funding provides additional funding for the delivery of elective services. In 2022/23 elective recovery funding was included within the aligned payment and incentive contracts. In 2021/22 income earned by the system based on achievement of elective recovery targets was distributed between individual entities by local agreement and income earned from the fund was accounted for as variable consideration.

The Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner. In 2022/23 payment under these schemes is included in fixed payments from commissioners based on assumed achievement of criteria.

Revenue from research contracts

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of IAS 20 for government grants.

NHS injury cost recovery scheme

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

Education and Training

The Trust receives income from Health Education England (HEE) in relation to medical and non medical trainees. Revenue is in respect of training provided and is recognised when performance obligations are satisfied when training has been performed. All performance obligations are undertaken within the financial year and is agreed and invoiced to HEE. Where training occurs across financial years the income is deferred to match the expenditure.

Note 1.5 Other forms of income

Grants and donations

Government grants are grants from government bodies other than income from commissioners or Trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grants is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

Apprenticeship service income

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement 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.

Pension costs

NHS Pension Scheme

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the Trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as and when they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the Trust 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.

Note 1.7 Expenditure on other goods and services

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.

Note 1.8 Property, plant and equipment

Recognition

Property, plant and equipment is capitalised where:

• it is held for use in delivering services or for administrative purposes
• it is probable that future economic benefits will flow to, or service potential be provided to, the Trust
• it is expected to be used for more than one financial year
• the cost of the item can be measured reliably
• the item has cost of at least £5,000, or
• collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg, plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

Subsequent expenditure

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Statement of Comprehensive Income in the period in which it is incurred.

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and meeting the location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the Trust’s Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

All land (including surplus land) and buildings, are restated to current value using independent professional valuations in accordance with IAS16 at least every five years, with interim revaluations carried out annually also by independent professional valuers. The full asset valuation includes a full site inspection by the professional valuer whilst interim valuations only include a site inspection where deemed necessary due to significant changes in the year. A full asset valuation was undertaken as at 31st March 2022. An interim valuation was undertaken at 31st March 2023 including a site visit where 2022/23 capital expenditure had resulted in a significant change.

A separate, full asset valuation was undertaken of the surplus land at the Royal Infirmary and Central Outpatient Department sites as at 31st March 2023. We are not yet categorising this land as held for sale

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual.

The MEA approach incorporates the Building Cost Information Service Index to determine an increase or decrease in building costs which impact on the asset valuation. Additional alternative Open Market Value figures have only been supplied for operational assets scheduled for imminent closure and subsequent disposal.

The carrying values of PPE are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Items of property, plant and equipment and intangible assets are depreciated/amortised over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful life unless the Trust expects to acquire the asset at the end of the lease term, in which case the asset is depreciated in the same manner as for owned assets.

Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which has been reclassified as ‘held for sale’ cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

Revaluation gains and losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of ‘other comprehensive income’.

Impairments

At each financial year end, the Trust checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss.

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.
Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at current value in existing use, if they are held for service potential otherwise for their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

This includes assets donated to the Trust by the Department of Health and Social Care or NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, the Trust applies the principle of donated asset accounting to assets that the Trust controls and is obtaining economic benefits from at the year end.

De-recognition

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

Private Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as a finance cost as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

The lifecycle replacement element of the Unitary payment is capitalised where this meets the definition of capital expenditure as set out in 1.8

PFI Asset

The PFI assets are recognised as property, plant and equipment, when they come into use. The assets are measured initially at fair value or, if lower, at the present value of the minimum lease payments, in accordance with the principles of IAS 17. Subsequently, the assets are measured at current value in existing use.

PFI liability

A PFI liability is recognised at the same time as the PFI assets are recognised. It is measured initially at the same amount as the initial value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IAS 17.

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

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

An element of the annual unitary payment increase due to cumulative indexation is allocated to the finance lease. In accordance with IAS 17, this amount is not included in the minimum lease payments, but is instead treated as contingent rent and is expensed as incurred. In substance, this amount is a finance cost in respect of the liability and the expense is presented as a contingent finance cost in the Statement of Comprehensive Income.

Lifecycle replacement

Components of the asset replaced by the operator during the contract ('lifecycle replacement') are capitalised where they meet the NHS Trust's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

The element of the annual unitary payment allocated to lifecycle replacement is pre-determined for each year of the contract from the operator's planned programme of lifecycle replacement. Where the lifecycle component is provided earlier or later than expected, a short-term accrual or prepayment is recognised respectively.

Where the fair value of the lifecycle component is less than the amount determined in the contract, the difference is recognised as an expense when the replacement is provided. If the fair value is greater than the amount determined in the contract, the difference is treated as a 'free' asset and a deferred income balance is recognised. The deferred income is released to operating income over the shorter of the remaining contract period or the useful economic life of the replacement component.

Assets contributed by the NHS Trust to the operator for use in the scheme

Assets contributed for use in the scheme continue to be recognised as items of property, plant and equipment in the NHS Trust's Statement of Financial Position.

Other assets contributed by the NHS Trust to the operator

Assets contributed (e.g. cash payments, surplus property) by the NHS Trust to the operator before the asset is brought into use, which are intended to defray the operator's capital costs, are recognised initially as prepayments during the construction phase of the contract. Subsequently, when the asset is made available to the NHS Trust, the prepayment is treated as an initial payment towards the finance lease liability and is set against the carrying value of the liability.

Useful lives of property, plant and equipment

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life	**Max life**
	Years	**Years**
Buildings, excluding dwellings	15	80
Dwellings	20	80
Plant & machinery	5	20
Transport equipment	4	7
Information technology	3	10
Furniture & fittings	5	15

Note 1.9 Intangible assets

Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the Trust and where the cost of the asset can be measured reliably; and where the cost is at least £5,000.

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

Internally generated intangible assets

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised. Expenditure on development is capitalised where it meets the requirements set out in IAS 38.

Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:
- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and use it and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of amortised replacement cost and the value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

	Min life Years	**Max life Years**
Software licences	2	15

Note 1.10 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method. This is considered to be a reasonable approximation to the fair value due to the high turnover of stocks.

The Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

Note 1.11 Cash and 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 Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

Note 1.12 Financial assets and financial liabilities

Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through leasing arrangements are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense.

Impairment of financial assets

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

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 estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

Derecognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

Note 1.13 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The Trust does not apply lease accounting to new contracts for the use of intangible assets.

IFRS 16 Leases is effective across public sector from 1 April 2022. The transition to IFRS 16 has been completed in accordance with paragraph C5 (b) of the Standard, applying IFRS 16 requirements retrospectively recognising the cumulative effects at the date of initial application.

The Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the Trust is reasonably certain to exercise.

The Trust as a lessee

Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, the Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 0.95% applied to new leases commencing in 2022 and 3.51% to new leases commencing in 2023.

The Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Irrecoverable VAT on lease payments is expensed as it falls due.

Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, the Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

The Trust as a lessor

The Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

Finance leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

Operating leases

Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Initial application of IFRS 16

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations.

The standard has been applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 have only been applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments have not been revisited.

The Trust as lessee

For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.

No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets has a value below £5,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor

Leases of owned assets where the Trust is lessor were unaffected by initial application of IFRS 16. For existing arrangements where the Trust is an intermediate lessor, classification of all continuing sublease arrangements has been reassessed with reference to the right of use asset.

2021/22 comparatives

Comparatives for leasing transactions in these accounts have not been restated on an IFRS 16 basis. Under IAS 17 the classification of leases as operating or finance leases still applicable to lessors under IFRS 16 also applied to lessees. In 2021/22 lease payments made by the Trust in respect of leases previously classified as operating leases were charged to expenditure on a straight line basis.

Note 1.14 Provisions

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2023:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	3.27%	0.47%
Medium-term	After 5 years up to 10 years	3.20%	0.70%
Long-term	After 10 years up to 40 years	3.51%	0.95%
Very long-term	Exceeding 40 years	3.00%	0.66%

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2023:

	Inflation rate	Prior year rate
Year 1	7.40%	4.00%
Year 2	0.60%	2.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of 1.70% in real terms (prior year: minus 1.30%).

Clinical negligence costs

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 26 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to 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 when the liability arises.

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 27 where an inflow of economic benefits is probable.
Contingent liabilities are not recognised, but are disclosed in note 27, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or

• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

Note 1.16 Public dividend capital

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined by the Department of Health and Social Care. Those mainly applicable to the Trust are;

- donated and grant funded assets; and
- average daily cash balances held with the Government Banking Service (GBS)

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the “pre-audit” version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

Note 1.17 Value added tax

Most of the activities of the Trust 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.

Note 1.18 Climate change levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

Note 1.19 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

Note 1.20 Losses and 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.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

Note 1.21 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

Note 1.22 Transfers of functions to / from other NHS bodies

For functions that have been transferred to the Trust from another NHS body, the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts using the book value as at the date of transfer. The assets and liabilities are not adjusted to fair value prior to recognition.

For property, plant and equipment assets and intangible assets, the cost and accumulated depreciation / amortisation balances from the transferring entity's accounts are preserved on recognition in the Trust's accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the Trust makes a transfer from its income and expenditure reserve to its revaluation reserve to maintain transparency within public sector accounts.

Note 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2022/23.

Note 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 16 Leases - application of liability measurement principles to PFI and other service concession arrangements

From 1 April 2023, the measurement principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Such remeasurements will be recognised as a financing cost. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred.

Initial application of these principles will be on 1 April 2023 using a modified retrospective approach with the cumulative impact taken to reserves. This is expected to result in an increased PFI liability on the statement of financial position. The effect of this has not yet been quantified.

Note 1.25 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Estate Valuation

The Trust's management and the external valuer have elected to have an interim valuation of the Trust's operational land and buildings as at 31 March 2023, following a full valuation as at 31 March 2022. The Trust's valuation approach is to have a full valuation including a full site inspection every 5 years with interim "desk top" valuations on an annual basis.

The value of the Trust's Land, buildings and dwellings as at 31 March 2023 (including surplus land held at the Royal Stoke Infirmary and Central Outpatients Department sites) is £568.046 million. If the Trust's management had not revalued the estate at 31 March 2023 the value of Land, Buildings and Dwellings would have been £506.772 million.

The Trust's valuation adopts a Modern Equivalent Asset (MEA) approach for its DRC valuations rather than the identical replacement method. The MEA approach used to value the property is based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of functional obsolescence.

Functional obsolescence examines a building's design or specification and whether it may no longer fulfil the function for which it was originally designed or whether it may be much more basic than the MEA. The asset will still be capable of use but at a lower level of efficiency than the MEA, or may be capable of modification to bring it up to a current specification. Other common causes of functional obsolescence include advances in technology or legislative change. The obsolescence adjustment will reflect either the cost of upgrading, or if this is not possible, the financial consequences of the reduced efficiency compared with the modern equivalent.

The Trust has made the judgement that the modern equivalent asset would be based around the use of an "optimised alternative site" in that all services would be based at a single site at Royal Stoke. The overall size of the modern equivalent asset includes an examination of building design or specification and makes assumptions around efficiencies. The resulting judgement is that under this approach a number of clinical and administrative areas would be combined into a "notional building" and would result in efficiencies in the overall footprint of the site. As a result the overall footprint provided to the valuer is lower than it would have been on a direct replacement basis.

The Trust obtains valuations for its land, buildings and dwellings from a qualified independent valuer. These valuations are performed at a point in time and take into account conditions and circumstances relevant to that date. In future years, conditions may change resulting in uplifts or impairments being required to the value of land, buildings and dwellings. The valuation has been completed based on the depreciated replacement cost and the remaining useful economic life of the assets.

A number of judgements have been made in this valuation and our valuer has applied the following factors into the 2022/23 valuation:

1. An increase due to a review of MEA Beacon costs. A range of MEA NHS Beacon Properties, each with MEA costings reflecting the range of properties across the NHS Estate provides valuers with the costings data which feeds into the valuation. Reflective of MEA building specifications changing over time, the District Valuer's building surveyors have recently carried out a review of the MEA beacon base costings to ensure that they remain up to date, valid and reflective of the relative elemental costs inherent in constructing the modern equivalent asset.

2. Significant capital schemes carried out for 2022/2023 (including the addition of a new modular building) which affected the ages and lives of individual building elements.

3. Inclusion of cumulative effects from previous years capital works that were insufficient in themselves to warrant a change in individual database inputs, without having a disproportionate effect on previous years' valuations. However the accumulated change has had an impact on the 2022/23 valuation.

4 When the Trust first adopted the MEA approach in 2016/17, an element of functional obsolescence was applied to the optimised MEA due to it containing several blocks which had the potential for further optimisation. As the Trust site has improved and rationalised over time the adjustment for functional obsolescence can be reduced and for 2022/23 it has been reduced by 1% resulting in an increase to the MEA Buildings and Externals works valuation.

Royal Stoke Infirmary and Central Outpatient Department surplus land valuation

The Trust obtained a full valuation of surplus land at the Royal Stoke Infirmary and Central Outpatient Department sites as at 31 March 2023. The valuation was based on the plan that the Trust would be making an unconditional disposal of this land to a developer, primarily for residential use. This assumes that the Trust will obtain appropriate outline planning consent prior to marketing the land for sale.

We consider that this:
• is consistent with Accounting Standards (IFRS13) in that it reflects the highest and best use, taking into account the most advantageous market available for these assets;
• is consistent with the Trust's decision, with the Trust in control of the planning process;
• represents best value; and
• is the most likely outcome, given the previous history of the Trust obtaining planning consent for the same land.

The valuation took into account the fact that planning consent has not yet been received but has been granted to the Trust in the past, and the Trust will be progressing an application for outline planning consent with its submission expected in April 2024. The land is valued as vacant possession.

Annual Leave Accrual

The Trust has made a critical judgement in calculating the value of the accrual to be included in the accounts for annual leave entitlements earned but not taken during 2022/23. The cost of annual leave entitlement 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. Previously the Trust has calculated this taking into account the fact the workforce plans could not accommodate it without disruption to service. The value of the accrual therefore included costs related to the need to employ temporary cover. The Trust now uses an alternative interpretation, where the unused entitlement element relates to the individual, rather than a substitution of costs as a result of having to employ someone else.

The total value of the annual leave accrual is £12.021 million (2021/22: £14.986 million). The impact of enhancements and premiums on the accrual are set out below:

• accrual without enhancements or premiums: £11.191 million
• accrual with enhancements: £12.021 million

Project star multi storey car park

Asset under construction includes £15.031 million in relation to capital expenditure on the car park structure and land at Grindley Hill Court (purchased by the Trust on 25 March 2021) which is reclassified as assets under construction. The closing cost is consistent with a Quantity Surveyor's assessment as at the 31st March. At the balance sheet date the land is held at the purchase price of £5.350 million as a proxy for current value, and this value is unchanged from the prior year.

PFI Assets

The Trust's PFI scheme is deemed under International Financial Reporting Standards to be classed as on Statement of Financial Position on the basis that the asset is under the control of the Trust and all risks and rewards sit with the Trust. This is deemed to be a critical judgement that impacts on the financial statements.

The Trust's PFI assets have been valued using the modern equivalent asset method at depreciated replacement cost excluding VAT. By excluding VAT the Trust is accurately reflecting the depreciated replacement cost of the PFI assets. Our judgement based on the assumption that any replacement assets would be funded by PFI provider which is a requirement under the PFI project contract agreement. In these circumstances, by the nature of the contract, VAT would be recoverable by the Trust.

Operating leases/finance leases

The Trust has arrangements where it acts as lessor for areas of buildings within the Trust estate with entities outside of the NHS for clinical education and the retail outlets within the Trust. The Trust acts as lessee for areas within buildings with entities both within and outside of the NHS. From a lessor point of view there are no changes to the accounting judgement following the implementation of IFRS 16.

Where the Trust acts as lessor in relation to leasing areas of the Trust's estate to a third party, the Trust has deemed that this is an operating lease where the risks and rewards of the asset remain with the Trust, and as such are recognised on the Trust's Statement of Financial Position as assets. This is a critical judgement due to the fact that if Trust deemed the transaction to be a finance lease the assets would not be reflected in the Statement of Financial Position. As a consequence the property, plant and equipment balance would be £9.409 million lower.

Where the Trust is lessee of a building or part of a building an assessment is made of the arrangement under IFRS 16. If the arrangement is deemed to be covered by IFRS 16 a right of use asset and associated lease liability is accounted for. In terms of the valuation of the Right of Use asset; if the lease arrangement includes a periodic reassessment of the lease payments in line with indices/inflation this will result in a reassessment of the value of the Right of Use asset and will be used as a proxy for revaluation. If the lease arrangement is with another NHS body where a peppercorn rent is charged the value of the Right of Use asset will be considered in line with the Trust's MEA notional asset and valuation movements applied appropriately to ensure the valuation is up to date.

Note 1.26 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Estates valuation

Note 1.25 sets out the key judgements that impact on the estate valuation provided by the external valuer. Within the external valuation provided by the valuer the major sources of estimation uncertainty are around building indices and the location factor which form part of the overall valuation of assets.

A 1% movement in the BCIS cost indices or location factor for Staffordshire would have an impact of increasing or reducing the valuation of the Trust's estate by £5.680 million based on an overall valuation of building assets of £568.046 million.

PFI

The Trust uses appropriate estimations to allocate the annual unitary payment into the relevant component parts. The Trust obtained professional advice at the beginning of the PFI contract to review and allocate the payments appropriately as set out in note 29.

Annual leave accrual

As set out in note 1.25 the Trust has included in the accounts an accrual of £12.021 million for annual leave entitlements earned but not taking during 2022/23. The cost of annual leave entitlement 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. Previously the Trust has calculated this taking into account the fact the workforce plans could not accommodate it without disruption to service. The value of the accrual therefore included costs related to the need to employ temporary cover. The Trust now uses an alternative interpretation, where the unused entitlement element relates to the individual, rather than a substitution of costs as a result of having to employ someone else.

The key sources of estimation uncertainty within this calculation are the number of days annual leave untaken and the cost of enhancements and premiums;

- the accrual is based on an estimate of the annual leave untaken at 31 March 2023. If the actual annual leave untaken was 1 day higher the accrual would increase by £2.533 million or reduce by £2.533 million if actual annual leave untaken was 1 day lower than the estimate:

- the annual leave accrual includes £0.829 million for enhanced rates based on current rates payable at the time of the assessment. If the actual enhanced rates were 50% lower than this, then the value of the accrual would reduce by £0.415 million.

Note 1.27 Prior Period Adjustment

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error under International Accounting Standard 8 (IAS8) Accounting Policies, Changes in Accounting Estimates and Errors. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policy are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions of the Trust's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

As set out in note 1.8 (property, plant and equipment), the Trust is required to carry out revaluations of property, plant and equipment with sufficient regularity to ensure that the carrying values are not materially different from those that would be determined at the end of the reporting period. Specialised buildings (such as certain Trust buildings) are held at depreciated replacement cost on a Modern Equivalent Asset (MEA) basis with a full or interim valuation provided each year by an independent professional valuer. A full valuation was carried out at 31 March 2022 with an interim valuation carried out at 31 March 2023.

To support the valuation process the Trust provides information to the valuer which includes the Gross Internal Area (GIA) in square metres of the Trust's buildings. The floor areas provided to the valuer for the valuations accounted for in 2019/20, 2020/21 and 2021/22 included an error relating to a number of buildings including the PFI, maternity and oncology buildings.

The GIA data is exported from the property management system, which is a live database of the Trust's property and is regularly updated to reflect changes and works across the Trust. In February 2020 the Trust updated the GIA of the PFI building following work to create additional bed capacity. An error was made on the system in relation to the drawing of boundary lines whereby courtyard areas that were contained within the overall boundary of the building were incorrectly included as being part of the actual GIA of the building. Prior to this update the courtyards had been correctly excluded from the overall GIA of the building as they are not part of the building itself. The same error also occurred for the maternity and oncology buildings and as a result the GIAs provided to the external valuer for all three buildings were overstated in the 2019/20 financial year and each of the subsequent years to date.

The impact of the change in GIA is estimated to decrease the valuation of the Trust's building assets by £18.909 million as at the 31 March 2020. We need to make a prior period adjustment for this error as it relates to information that was available prior to the approval of the 2019/20 accounts, and the error's value is material. The prior period adjustment will impact the 2019/20 financial year and each of the subsequent years to date. The impact is an £18.909 million reduction in the value of property, plant and equipment with a corresponding reduction in the revaluation reserve and income of £20.212 million partly offset by an impairment adjustment of (£1.303 million) to the income and expenditure reserve. The full impact of the prior period adjustment is set out in note 1.28.

The impact of the error on the 2022/23 accounts is summarised as follows:

· £22.542 million cumulative reduction in the value of property, plant and equipment;
· £0.509 million reversal of impairments previously charged to I&E in 2022/23; and
· £24.147 million cumulative reduction in the revaluation reserve partly offset by a cumulative impairment reversal of £1.605 million to the income and expenditure reserve. These two entries net off to £22.542.

Note 1.28 Prior Period Adjustment

	2019/20 Restated £000s	2019/20 £000s	Movement £000s	2020/21 Restated £000s	2020/21 £000s	Movement £000s	2021/22 Restated £000s	2021/22 £000s	Movement £000s
Effect on the statement of comprehensive income:									
Statement of Comprehensive Income									
Impairment	(16,360)	(15,057)	(1,303)	243	(15)	258	17,262	17,211	(51)
Surplus/(deficit) for the year	(8,524)	(9,827)	1,303	10,697	10,955	(258)	28,195	28,144	51
Other comprehensive income									
Revaluations	(6,150)	14,062	(20,212)	5,499	6,006	(507)	21,198	22,649	(1,451)
Total comprehensive income/(expense) for the period	**(14,674)**	**4,235**	**(18,909)**	**16,196**	**16,961**	**(765)**	**49,393**	**50,793**	**(1,400)**
Effect on the statement of financial position:									
Statement of Financial Position									
Non current assets									
Property, plant and Equipment	480,160	499,069	(18,909)	511,566	531,240	(19,674)	555,350	576,424	(21,074)
Total net current assets	**505,034**	**523,943**	**(18,909)**	**534,835**	**554,509**	**(19,674)**	**577,483**	**598,557**	**(21,074)**
Total assets less current liabilities	**305,099**	**324,008**	**(18,909)**	**542,598**	**562,272**	**(19,674)**	**593,209**	**614,283**	**(21,074)**
Total assets employed	**27,457**	**46,366**	**(18,909)**	**271,861**	**291,535**	**(19,674)**	**331,564**	**352,638**	**(21,074)**
Financed by:									
Income and expenditure reserve	(474,918)	(476,222)	1,303	(464,222)	(465,267)	1,045	(435,855)	(436,951)	1,096
Revaluation reserve	92,722	112,935	(20,212)	98,222	118,941	(20,719)	119,248	141,418	(22,170)
Total taxpayers equity	**27,457**	**46,366**	**(18,909)**	**271,861**	**291,535**	**(19,674)**	**331,564**	**352,638**	**(21,074)**
Effect on the statement of changes in equity:									
Statement of changes in equity									
Revaluation reserve brought forward	98,873	98,873	-	92,723	112,935	(20,212)	98,222	118,941	(20,719)
Revaluations in year	(6,150)	14,062	(20,212)	5,499	6,006	(507)	21,198	22,649	(1,451)
Total revaluation reserve at 31 March	**92,723**	**112,935**	**(20,212)**	**98,222**	**118,941**	**(20,719)**	**119,248**	**141,418**	**(22,170)**
Statement of changes in equity									
Income and expenditure reserve brought forward	(466,935)	(466,935)		(475,459)	(476,762)	1,303	(464,762)	(465,807)	1,045
Surplus/(deficit) for the year	(8,524)	(9,827)	1,303	10,697	10,955	(258)	28,195	28,144	51
Total income and expenditure reserve at 31 March	**(475,459)**	**(476,762)**	**1,303**	**(464,762)**	**(465,807)**	**1,045**	**(438,855)**	**(439,951)**	**1,096**
Tax payers and other equity at 31 March	**27,457**	**46,366**	**(18,909)**	**271,861**	**291,535**	**(19,674)**	**331,564**	**352,638**	**(21,074)**
Effect on Property, plant and equipment note:									
Property, plant and equipment - buildings									
Valuation at 1 April									
Revaluations	(12,179)	8,033	(20,212)	(30,987)	(10,268)	(20,719)	(5,544)	16,626	(22,170)
Impairments/reversal of impairment	(18,859)	(20,162)	1,303	9,271	8,226	1,045	11,772	10,676	1,096
Valuation cost at 31 March	**398,629**	**417,538**	**(18,909)**	**418,048**	**437,722**	**(19,674)**	**454,891**	**475,965**	**(21,074)**
Net book value at 31 March	**398,629**	**417,538**	**(18,909)**	**418,048**	**437,722**	**(19,674)**	**454,891**	**475,965**	**(21,074)**

Note 2 Operating Segments

IFRS 8 requires reporting entities to separate out the financial performance of each segment of the business, on the basis reported to the Chief Operating Decision Maker (CODM). The Trust considers that the Trust Board is the CODM of the organisation. The Trust Board receives financial performance data for the Trust as one 'healthcare' segment and makes decisions on this basis.

	Healthcare Per SOCI		Healthcare Reported to Trust Board		Healthcare Variance	
	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000	2022/23 £000	2021/22 £000
Income	1,061,799	980,348	1,062,565	975,483	(766)	4,865
Pay costs	(635,263)	(568,969)	(635,263)	(568,969)	0	0
Non pay costs	(426,489)	(402,253)	(427,255)	(397,835)	766	(4,418)
Reported breakeven performance	47	9,126	47	8,679	0	447
Net Assets:						
Segment net assets	434,289	352,638	434,289	352,638	0	0

The financial performance of the Trust is reported to Board on a breakeven basis. A reconciliation of the Trust's breakeven performance to the retained surplus/(deficit) is reported in the adjusted financial performance footnote below the Statement of Comprehensive Income.

The 2022/23 difference of £0.766 million income (2021/22: £4.865 million) and £0.766 million non pay costs (2021/22: £4.418 million) above relate to the notional income and expenditure impact of the apprenticeship fund of £1.397 million (2021/22: £1.177 million) and the impact of consumables donated by DHSC for clinical supplies and services (£2.162 million) as part of the response to COVID as detailed on the SOCI.

Note 3 Operating income from patient care activities

All income from patient care activities relates to contract income recognised in line with accounting policy 1.4

Note 3.1 Income from patient care activities (by nature)	2022/23	2021/22
	£000	£000
Acute services		
Income from commissioners under API contracts[1]	832,495	766,276
High cost drugs income from commissioners (excluding pass-through costs)	68,064	79,671
Other NHS clinical income	4,500	3,796
All services		
Private patient income	1,022	1,245
Elective recovery fund	16,968	8,710
Agenda for change pay award central funding[2]	19,191	-
Additional pension contribution central funding[3]	23,596	22,270
Total income from activities	**965,836**	**881,968**

[1]Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in the 2022/23 National Tariff payments system documents.
https://www.england.nhs.uk/publication/past-national-tariffs-documents-and-policies/

[2]In March 2023 the government announced an additional pay offer for 2022/23, in addition to the pay award earlier in the year. Additional funding was made available by NHS England for implementing this pay offer for 2022/23 and the income and expenditure has been included in these accounts as guided by the Department of Health and Social Care and NHS England. In May 2023 the government confirmed this offer will be implemented as a further pay award in respect of 2022/23 based on individuals in employment at 31 March 2023

[3]The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

Note 3.2 Income from patient care activities (by source)

	2022/23	2021/22
Income from patient care activities received from:	**£000**	**£000**
NHS England	343,341	298,659
Clinical commissioning groups	145,092	568,214
Integrated care boards	462,468	-
NHS other	2	121
Non-NHS: private patients	1,022	1,245
Non-NHS: overseas patients (chargeable to patient)	1,477	534
Injury cost recovery scheme	3,021	3,141
Non NHS: other	9,413	10,054
Total income from activities	**965,836**	**881,968**
Of which:		
Related to continuing operations	965,836	881,968

Income from NHS England includes £23.596 million (2021/22: £22.270 million) in respect of central funding of additional pension contributions and £19.191 million (2021/22 £0) in relation to the Agenda for Change pay offer for 2022/23.

Clinical commissioning groups (CCGs) were dissolved and replaced by Integrated care boards (ICBs) during 2022/23. The above note shows the part year income of £145.092 million received from CCGs and £462.468 million received from ICBs in 2022/23. The total combined income of £607.560 million is comparable to the £568.214 million from CCGs in 2021/22.

Non NHS: Other revenue mainly relates to income received from NHS bodies within Wales which are classified as non NHS as such bodies are outside NHS England.

Note 3.3 Overseas visitors (relating to patients charged directly by the provider)

	2022/23	2021/22
	£000	£000
Income recognised this year	1,477	534
Cash payments received in-year	222	94
Amounts added to provision for impairment of receivables	1,371	571

Note 4 Other operating income

	2022/23			2021/22		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	3,138	-	**3,138**	3,364	-	**3,364**
Education and training	31,347	1,397	**32,744**	27,864	1,177	**29,041**
Non-patient care services to other bodies	34,040	-	**34,040**	32,750	-	**32,750**
Reimbursement and top up funding	5,410	-	**5,410**	5,792	-	**5,792**
Receipt of capital grants and donations and peppercorn leases[1]	-	2,466	**2,466**	-	3,688	**3,688**
Charitable and other contributions to expenditure	-	2,374	**2,374**	-	2,590	**2,590**
Support from the Department of Health and Social Care for mergers[2]	-	-	**-**	-	9,900	**9,900**
Revenue from operating leases	-	778	**778**	-	787	**787**
Other income[3]	17,346	-	**17,346**	10,468	-	**10,468**
Total other operating income	**91,281**	**7,015**	**98,296**	**80,238**	**18,142**	**98,380**
Of which:						
Related to continuing operations			98,296			98,380

[1]Receipt of capital grants and donations in 2022/23 includes £1.778 million (2021/22: £2.508 million) received from the UHNM Charity to support the Trust's capital expenditure and £0.688 million of Government Granted assets acquired in 2022/23 (2021/22: £1.180 million).

[2]Support from the Department of Health and Social Care for mergers relates to additional income received as transitional support for the Mid Staffordshire NHS Foundation Trust integration. The funding received is £9.900 million for the full 2021/22 year. 2021/22 was the final year that the Trust received this funding.

[3]A breakdown of other income is shown in note 4.1.

Note 4.1 Analysis of Other Contract Income	2022/23	2021/22
	£000	£000
Car Parking charges	2,754	1,574
Catering	166	149
Pharmacy sales	60	57
Staff accommodation rental	512	608
Clinical Excellence Awards	360	445
Cancer transformation funding	3,435	-
Digital pathology funding	992	-
Walsall procurement network	708	-
National remote care funding	517	-
Other income not identified above	7,842	7,635
Total other contract income	**17,346**	**10,468**

Note 5.1 Fees and charges

HM Treasury requires disclosure of fees and charges income. The following disclosure is of income from charges to service users where income from that service exceeds £1.000 million and is presented as the aggregate of such income. The cost associated with the service that generated the income is also disclosed.

	2022/23	2021/22
Fees and charges relating to car parking	**£000**	**£000**
Income	2,754	1,574
Full cost	(2,876)	(2,181)
Surplus / (deficit)	**(122)**	**(607)**

The increase in income of £1.180 million is due to the Trust reinstating car parking charges for staff on 1st July 2022 after the COVID 19 pandemic.

Note 6.1 Operating expenses

	2022/23	2021/22
	£000	£000
		Restated
Purchase of healthcare from NHS and DHSC bodies	10,691	10,254
Purchase of healthcare from non-NHS and non-DHSC bodies	12,461	11,230
Staff and executive directors costs	632,590	566,443
Remuneration of non-executive directors	184	183
Supplies and services - clinical (excluding drugs costs)	101,966	93,195
Supplies and services - general	7,632	7,584
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	113,721	108,212
Inventories written down	701	608
Consultancy costs	1,385	2,008
Establishment	6,906	5,706
Premises	31,248	31,100
Transport (including patient travel)	4,840	4,230
Depreciation on property, plant and equipment and right of use assets	30,702	25,765
Amortisation on intangible assets	4,616	6,234
Net impairments	(5,433)	(17,262)
Movement in credit loss allowance: contract receivables / contract assets	1,651	948
Change in provisions discount rate(s)	8	-
Fees payable to the external auditor:		
- audit services- statutory audit	198	135
Internal audit costs	136	148
Clinical negligence	25,165	25,227
Legal fees	55	54
Insurance	99	94
Research and development	2,673	2,526
Education and training	3,834	2,940
Expenditure on short term leases (current year only)	584	-
Operating lease expenditure (comparative only)	-	1,725
Charges to operating expenditure for on-SoFP IFRIC 12 PFI scheme	39,539	36,827
Car parking & security	672	660
Hospitality	70	46
Payroll	623	606
Other	3,077	960
Total	**1,032,594**	**928,386**
Of which:		
Related to continuing operations	1,032,594	928,386

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Staff and executive directors costs include £23.596 million (2021/22: £22.270 million) in respect of central funding of additional pension contributions and £20.622 million (2021/22 £0) in relation to the funding of the Agenda for Change pay offer for 2022/23.

Other operating expenditure includes a net £1.874 million increase in provisions charged to expenditure in the year. The breakdown is included in Note 26.1.

Note 6.2 Other auditor remuneration

The Trust did not incur any other audit costs.

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2021/22: £2 million).

Note 7 Impairment of assets

	2022/23	2021/22
	£000	£000
Net impairments charged to operating surplus / deficit resulting from:		
Unforeseen obsolescence	45	-
Changes in market price	(5,478)	(16,923)
Other	-	(339)
Total net impairments charged to operating surplus / deficit	**(5,433)**	**(17,262)**
Impairments charged to the revaluation reserve	-	1,080
Total net impairments	**(5,433)**	**(16,182)**

Changes in market price in the above table represents the reversal of impairments of £5.478 million (net of impairment of £0.514 million) relates to the impact of the valuations of the Trusts land and building assets at 31 March 2023. The reversal of impairments is due to an increase in the valuation of assets, where there has been a previous reduction in value that has been charged to the SOCI. The increase in value of building assets is due to an increase in price indices, the increase in the valuation of Beacon valuations and the impact of capital work undertaken by the Trust included in the valuation at the end of the 2022/23 financial year.

Buildings
The main impairment reversal is for £4.371 million and relates to the PFI treatment centre and external works where we had previously charged an impairment to the SOCI for these assets. Following the revaluation as at 31st March 2023 the value of this asset has increased by £4.528 million meaning that we have reversed the previous impairment charge in full for external works, and created a revaluation reserve balance of £0.157 million. For the PFI treatment centre following the reversal of the impairment a reserve of £4.495 million remains at 31st March 2023.

Land
The reversal of impairments for land relates to the main Royal Stoke site of £0.345 million and £0.876 million in relation to the Royal Infirmary surplus land. For the Royal Infirmary surplus land valued by an external valuer at 31st March 2023 as set out in note 1.27 resulted in an increase in value of £1.069 million. The impairment reserve of £0.876 million at 1 April 2022 reflected the remaining impact of demolition works carried out in 2020/21 and 2021/22. Following a partial reversal of impairment in 2021/22. All impairments previously accounted for in relation to Royal Infirmary surplus land have now been reversed and a revaluation reserve of £0.193 million has been created at 31st March 2023.

Note 8 Employee benefits

	2022/23 Total £000	2021/22 Total £000
Salaries and wages	488,442	434,582
Social security costs	48,065	42,072
Apprenticeship levy	2,279	2,121
Employer's contributions to NHS pensions	76,922	72,812
Pension cost - other	160	121
Temporary staff (including agency)	20,905	18,478
Total staff costs	**636,773**	**570,186**
Of which		
Costs capitalised as part of assets	1,510	1,217

The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts and the value included above for this contribution is £23.596 million (2021/22: £22.270 million). Salaries and wages also includes £20.622 million (2021/22 £0) in relation to the funding of the Agenda for Change pay offer for 2022/23.

The employee benefit costs above include an annual leave accrual of £12.021 million (2021/22: £14.986 million). The Trust has a policy to require employees to take annual leave within the financial year, however due to the exceptional circumstances of the Covid pandemic and in line with guidance from NHS England and NHS Improvement employees were allowed to carry forward annual leave in the 2020/21 and 2021/22 financial years to the following years. The Trust is aiming to move back to compliance with its policy however it recognises that due to operational pressures this has not been possible to achieve in the 2022/23 financial year.

Note 8.1 Retirements due to ill-health

During 2022/23 there were 5 early retirements from the Trust agreed on the grounds of ill-health (6 in the year ended 31 March 2022). The estimated additional pension liabilities of these ill-health retirements is £458k (£329k in 2021/22).

These estimated costs are calculated on an average basis and will be borne by the NHS Pension Scheme.

Note 9 Pension 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 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:

a) 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 2023, is based on valuation data as at 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 at 20.6% of pensionable pay.

The actuarial valuation as at 31 March 2020 is currently underway and will set the new employer contribution rate due to be implemented from April 2024.

b) Full actuarial (funding) valuation

The Trust offers an additional defined contribution workplace pension scheme - the National Employment Savings Scheme (NEST). This is not material.

Note 10 Operating leases - University Hospitals of North Midlands NHS Trust as lessor

This note discloses income generated in operating lease agreements where University Hospitals of North Midlands NHS Trust is the lessor.

The Trust has applied IFRS 16 to account for lease arrangements from 1 April 2022 without restatement of comparatives. Comparative disclosures in this note are presented on an IAS 17 basis. This includes a different maturity analysis of future minimum lease receipts under IAS 17 compared to IFRS 16.

The Trust receives rental income from commercial retail outlets within the Hospital reception areas and from rental of buildings owned by the Trust.

Note 10.1 Operating lease income

	2022/23	2021/22
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	778	787
Total in-year operating lease income	**778**	**787**

Note 10.2 Future lease receipts

This note discloses costs and commitments incurred in operating lease arrangements where University Hospitals of North Midlands NHS Trust is the lessee.

	31 March 2023
	£000
Future minimum lease receipts due at 31 March 2023:	
- not later than one year	424
- later than one year and not later than two years	311
- later than two years and not later than three years	311
- later than three years and not later than four years	311
- later than four years and not later than five years	223
- later than five years	274
Total	**1,854**

	31 March 2022
	£000
Future minimum lease receipts due at 31 March 2022:	
- not later than one year;	448
- later than one year and not later than five years;	981
- later than five years.	429
Total	**1,858**

Note 11 Finance income

Finance income represents interest received on assets and investments in the period.

	2022/23	2021/22
	£000	£000
Interest on bank accounts	2,105	46
Total finance income	**2,105**	**46**

The increase of £2.059 million in interest on bank accounts is mainly due to the increase in the Bank of England interest rates over the course of the 2022/23 financial year.

Note 12.1 Finance expenditure

Finance expenditure represents interest and other charges involved in the borrowing of money or asset financing.

	2022/23	2021/22
	£000	£000
Interest expense:		
Interest on lease obligations	164	217
Main finance costs on PFI schemes obligations	6,867	7,101
Contingent finance costs on PFI scheme obligations	10,886	8,719
Total interest expense	**17,917**	**16,037**
Unwinding of discount on provisions	23	-
Total finance costs	**17,940**	**16,037**

Note 12.2 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2022/23	2021/22
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	2	1

Note 13 Other gains / (losses)

	2022/23	2021/22
	£000	£000
Gains on disposal of assets	190	79
Total gains / (losses) on disposal of assets	**190**	**79**
Total other gains / (losses)	**190**	**79**

Note 14.1 Intangible assets - 2022/23

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2022 - brought forward	**46,353**	**4,360**	**50,713**
Additions	2,804	285	**3,089**
Reclassifications	3,461	(4,226)	**(765)**
Valuation / gross cost at 31 March 2023	**52,618**	**419**	**53,037**
Amortisation at 1 April 2022 - brought forward	**30,028**	**-**	**30,028**
Provided during the year	4,616	-	**4,616**
Amortisation at 31 March 2023	**34,644**	**-**	**34,644**
Net book value at 31 March 2023	**17,974**	**419**	**18,393**
Net book value at 1 April 2022	**16,325**	**4,360**	**20,685**

Information and technology assets are the only category of intangible asset held by the Trust.

Intangible assets are not subject to a formal revaluation as amortised historic cost is deemed to be a reasonable proxy for fair value. In previous years the Trust has re-assessed the on-going benefit to the Trust of the health records intangible asset and accounted for this as a revaluation.

For 2022/23 the Trust has assessed that there have not been any changes to the on-going benefit to the Trust of these assets and therefore there have been no revaluation or impairment entries.

Note 14.2 Intangible assets - 2021/22

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2021	**48,798**	**1,917**	**50,715**
Additions	1,195	2,554	**3,749**
Reclassifications	465	(111)	**354**
Disposals / derecognition	(4,105)	-	**(4,105)**
Valuation / gross cost at 31 March 2022	**46,353**	**4,360**	**50,713**
Amortisation at 1 April 2021	**27,898**	**-**	**27,898**
Provided during the year	6,234	-	**6,234**
Reclassifications	1	-	**1**
Disposals / derecognition	(4,105)	-	**(4,105)**
Amortisation at 31 March 2022	**30,028**	**-**	**30,028**
Net book value at 31 March 2022	**16,325**	**4,360**	**20,685**
Net book value at 1 April 2021	**20,900**	**1,917**	**22,817**

Note 15.1 Property, plant and equipment - 2022/23

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2022 - brought forward	**21,741**	**454,891**	**2,382**	**11,928**	**138,552**	**701**	**16,604**	**8,635**	**655,434**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	(2,382)	-	(3,254)	-	(650)	-	**(6,286)**
Additions	3	18,984	-	9,953	11,548	-	1,630	192	**42,310**
Impairments	-	(562)	-	-	(150)	-	-	-	**(712)**
Reversals of impairments	1,221	3,631	-	-	-	-	-	-	**4,852**
Revaluations	2,945	39,589	-	-	-	-	-	-	**42,534**
Reclassifications	-	3,159	-	(5,061)	1,285	-	1,351	31	**765**
Transfers to / from assets held for sale	-	-	-	-	-	-	-	-	**-**
Disposals / derecognition	-	(98)	-	-	(5,575)	-	-	(68)	**(5,741)**
Valuation/gross cost at 31 March 2023	**25,910**	**519,594**	**-**	**16,820**	**142,406**	**701**	**18,935**	**8,790**	**733,156**
Accumulated depreciation at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**83,560**	**701**	**8,961**	**6,862**	**100,084**
IFRS 16 implementation - reclassification of existing finance leased assets to right of use assets	-	-	-	-	(2,746)	-	(3)	-	**(2,749)**
Provided during the year	-	12,982	-	-	10,917	-	2,723	356	**26,978**
Impairments	-	(48)	-	-	(105)	-	-	-	**(153)**
Reversals of impairments	-	(1,140)	-	-	-	-	-	-	**(1,140)**
Revaluations	-	(11,794)	-	-	-	-	-	-	**(11,794)**
Disposals / derecognition	-	-	-	-	(5,574)	-	-	(68)	**(5,642)**
Accumulated depreciation at 31 March 2023	**-**	**-**	**-**	**-**	**86,052**	**701**	**11,681**	**7,150**	**105,584**
Net book value at 31 March 2023	**25,910**	**519,594**		**16,820**	**56,354**	**-**	**7,254**	**1,640**	**627,572**
Net book value at 1 April 2022	**21,741**	**454,891**	**2,382**	**11,928**	**54,992**	**-**	**7,643**	**1,773**	**555,350**

Included within the land value of £25.910 million are the following items:

- £15.220 million (2021/22: £14.863 million) which is the land element of the MEA single site and land at Sharman Close

- £7.950 million (2021/22: £6.878 million) surplus land at the Royal Infirmary site. The Trust has deemed the Royal Infirmary site should be accounted for as a surplus asset following an assessment under Para 4.108 of the GAM. In line with the GAM the land is valued on the basis of Fair value in accordance with IFRS 13 – highest and best use. A full valuation was undertaken of this site as at the 31st March 2023. This is a change from 2021/22 where we accounted for the asset at cost plus demolition costs of £1.429 million which we included as they met the definition of capital expenditure under IAS16.

- £2.740 million (2021/22: £0) surplus land at the Central Outpatient Department (COPD) site. The Trust has deemed this site should be accounted for as a surplus asset following an assessment under Para 4.108 of the GAM. In line with the GAM the land is valued on the basis of Fair value in accordance with IFRS 13 – highest and best use. A full valuation was undertaken of this site as at the 31st March 2023.

Land at Grindley Hill Court (purchased by the Trust on 25 March 2021) is classified as assets under construction. At the balance sheet date the land is held at the purchase price of £5.350 million as a proxy for current value, and this value is unchanged from the prior year

Note 15.2 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation / gross cost at 1 April 2021	**23,835**	**437,722**	**2,155**	**5,957**	**138,002**	**701**	**20,580**	**9,115**	**638,067**
Prior period adjustments	-	(19,674)	-	-	-	-	-	-	**(19,674)**
Valuation / gross cost at 1 April 2021 - restated	**23,835**	**418,048**	**2,155**	**5,957**	**138,002**	**701**	**20,580**	**9,115**	**618,393**
Additions	1,283	10,855	-	5,996	11,409	-	1,860	63	**31,466**
Impairments	-	(1,345)	-	-	(30)	-	-	-	**(1,375)**
Reversals of impairments	1,803	10,727	-	-	-	-	-	-	**12,530**
Revaluations	24	15,175	227	-	-	-	-	-	**15,426**
Reclassifications	(5,204)	1,431	-	(25)	1,575	-	1,869	-	**(354)**
Disposals / derecognition	-	-	-	-	(12,404)	-	(7,705)	(543)	**(20,652)**
Valuation/gross cost at 31 March 2022	**21,741**	**454,891**	**2,382**	**11,928**	**138,552**	**701**	**16,604**	**8,635**	**655,434**
Accumulated depreciation at 1 April 2021	**-**	**-**	**-**	**-**	**84,821**	**701**	**14,261**	**7,044**	**106,827**
Provided during the year	-	11,843	37	-	11,119	-	2,405	361	**25,765**
Impairments	-	(77)	-	-	-	-	-	-	**(77)**
Reversals of impairments	-	(4,950)	-	-	-	-	-	-	**(4,950)**
Revaluations	-	(6,815)	(37)	-	-	-	-	-	**(6,852)**
Reclassifications	-	(1)	-	-	-	-	-	-	**(1)**
Disposals / derecognition	-	-	-	-	(12,380)	-	(7,705)	(543)	**(20,628)**
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**83,560**	**701**	**8,961**	**6,862**	**100,084**
Net book value at 31 March 2022	**21,741**	**454,891**	**2,382**	**11,928**	**54,992**	**-**	**7,643**	**1,773**	**555,350**
Net book value at 1 April 2021	**23,835**	**418,048**	**2,155**	**5,957**	**53,181**	**-**	**6,319**	**2,071**	**511,566**

Note 15.3 Property, plant and equipment financing - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	25,910	265,055	-	16,660	40,852	6,345	1,608	**356,430**
On-SoFP PFI contracts	-	250,566	-	-	7,111	492	-	**258,169**
Owned - donated/granted	-	3,973	-	160	8,391	417	32	**12,973**
Total net book value at 31 March 2023	**25,910**	**519,594**	**-**	**16,820**	**56,354**	**7,254**	**1,640**	**627,572**

Note 15.4 Property, plant and equipment financing - 31 March 2022

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	21,741	218,819	-	10,591	40,077	6,363	1,737	**299,328**
Finance leased	-	-	2,382	637	508	11	-	**3,538**
On-SoFP PFI contracts	-	232,681	-	-	7,410	773	-	**240,864**
Owned - donated/granted	-	3,391	-	700	6,997	496	36	**11,620**
Total net book value at 31 March 2022	**21,741**	**454,891**	**2,382**	**11,928**	**54,992**	**7,643**	**1,773**	**555,350**

Note 15.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor) - 31 March 2023

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Subject to an operating lease	-	9,409	-	-	-	-	-	**9,409**
Not subject to an operating lease	25,910	510,185	-	16,820	56,354	7,254	1,640	**618,163**
Total net book value at 31 March 2023	**25,910**	**519,594**	**-**	**16,820**	**56,354**	**7,254**	**1,640**	**627,572**

Note 16 Donations of property, plant and equipment

The UHNM Charity donated £1.778 million to the Trust in 2022/23 (2021/22: £2.508 million) in respect of assets acquired in the financial year. The Trust has acquired £0.688 million of Government Granted assets in 2022/23 (2021/22: £1.180 million).

Note 17 Revaluations of property, plant and equipment

Valuations are carried out by professionally qualified valuers in accordance with the Royal Institute of Chartered Surveyors (RICS) Appraisal and Valuation Manual. The valuation as at 31 March 2023 in relation to our operational land and buildings was carried out by a qualified independent valuer from the District Valuation Service. The valuation of our surplus land at the Royal Stoke Infirmary and the Central Outpatient Department (COPD) sites as at the 31st March 2023 was undertaken by a qualified independent valuer from Savills.

Valuation approach
As set out in the accounting policies the Department of Health has adopted the Modern Equivalent Asset (MEA) approach for its Depreciated Replacement Cost (DRC) valuations rather than the previous identical replacement method. The MEA approach used to value the property will normally be based on the cost of a modern equivalent asset that has the same service potential as the existing asset and then adjusted to take account of obsolescence.

The MEA approach incorporates the Building Cost Information Service Index to determine an increase or decrease in building costs which impact on the asset valuation. The Trust's land and building valuation was carried out by the Trust's current valuer (District Valuer), on a MEA "Optimised Alternative Site" method valuation.

The valuation has been undertaken having regard to IFRS as applied to the UK public sector and in accordance with HM Treasury guidance.

All land and buildings are restated to current value using independent professional valuations in accordance with IAS16 at least every five years, with interim revaluations carried out annually also by independent professional valuers. The full asset valuation includes a full site inspection by the professional valuer whilst interim valuations only include a site inspection where deemed necessary due to significant changes in the year. An interim valuation was undertaken of our operational land and buildings as at 31st March 2023 and the last full valuation of these assets was as at 31st March 2022. A full valuation of our surplus land at the Royal Stoke Infirmary and COPD sites, including site visits, was undertaken as at 31st March 2023.

The value of land, buildings and dwelling assets provided by the District Valuer at 31 March 2023 and after the Prior Period Adjustment outlined in note 1.27 was £534.494 million (2021/22: £481.547 million). The valuation is reflected in note 15.1 which also includes the valuations of the Royal Infirmary site surplus land (£7.950 million); COPD site surplus land (£2.740 million); both carried out by Savills plc; and Wilfred Place (£0.320 million) to give a total PPE value of £545.504 million. This reflects an increase of £68.872 million from the previous full valuation at 31 March 2022 of £476.632 million. The District Valuer has also provided a valuation for Sharman Close (£2.619 million) which is now a Right Of Use asset.

Further information is provided in Note 7 to explain the net £5.478 million reversal of prior impairments resulting from the increase in the valuation.

The useful economic life of an asset is determined individually for each asset, but generally falls within the following range:

	Min Life Years	Max Life Years
Buildings	15	80
Dwellings	20	80
Plant & Machinery	5	20
Transport Equipment	4	7
Information Technology	3	10
Furniture & Fittings	5	15

The asset life relating to buildings and dwellings are provided as part of the independent valuation of the Trusts assets by the external valuer.

Note 18.1 Right of use assets - 2022/23

	Property (land and buildings)	Plant & machinery	Transport equipment	Information technology	Total	Of which: leased from DHSC group bodies
	£000	£000	£000	£000	£000	£000
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	2,382	3,254	-	650	**6,286**	-
IFRS 16 implementation - adjustments for existing operating leases / subleases	7,216	7,616	30	1,149	**16,011**	1,839
Additions	2,222	271	136	-	**2,629**	-
Remeasurements of the lease liability	140	-	10	-	**150**	-
Revaluations	711	-	-	-	**711**	473
Disposals / derecognition	(1,061)	-	-	-	**(1,061)**	-
Valuation/gross cost at 31 March 2023	**11,610**	**11,141**	**176**	**1,799**	**24,726**	**2,312**
IFRS 16 implementation - reclassification of existing finance leased assets from PPE or intangible assets	-	2,746	-	3	**2,749**	-
Provided during the year	1,321	1,752	32	619	**3,724**	65
Revaluations	(106)	-	-	-	**(106)**	(65)
Disposals / derecognition	(407)	-	-	-	**(407)**	-
Accumulated depreciation at 31 March 2023	**808**	**4,498**	**32**	**622**	**5,960**	**-**
Net book value at 31 March 2023	**10,802**	**6,643**	**144**	**1,177**	**18,766**	**2,312**
Net book value of right of use assets leased from other NHS providers						2,312

Note 18.2 Revaluations of right of use assets

The Trust has applied the revaluation model in IAS 16 and revalued several right of use assets in 2022/23 including Sharman Close; peppercorn leases; and areas leased at other Trusts relating to the pathology service. An overall valuation increase of £0.817 million is broken down as £0.538 million relating to property leased from other NHS providers and £0.279 million relating to other property leases.

Note 18.3 Reconciliation of the carrying value of lease liabilities

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 25.1.

	2022/23
	£000
Carrying value at 31 March 2022	**1,541**
IFRS 16 implementation - adjustments for existing operating leases	14,172
Total lease liabilities under IFRS 16 as at 1st April 2022	**15,713**
Lease additions	2,629
Lease liability remeasurements	150
Interest charge arising in year	164
Early terminations	(654)
Lease payments (cash outflows)	(3,919)
Carrying value at 31 March 2023	**14,083**

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 6.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 18.4 Maturity analysis of future lease payments at 31 March 2023

	Total
	31 March 2023
	£000
Undiscounted future lease payments payable in:	
- not later than one year;	3,408
- later than one year and not later than five years;	7,995
- later than five years.	3,257
Total gross future lease payments	**14,660**
Finance charges allocated to future periods	(577)
Net lease liabilities at 31 March 2023	**14,083**

Note 18.5 Maturity analysis of finance lease liabilities at 31 March 2022 (IAS 17 basis)

The following table details the maturity of obligations under leases the Trust previously determined to be finance leases under IAS 17 at 31 March 2022.

	31 March 2022
	£000
Undiscounted future lease payments payable in:	
- not later than one year;	506
- later than one year and not later than five years;	1,085
- later than five years.	15
Total gross future lease payments	**1,606**
Finance charges allocated to future periods	(65)
Net finance lease liabilities at 31 March 2022	**1,541**
of which payable:	
- not later than one year;	472
- later than one year and not later than five years;	1,069

Note 18.6 Commitments in respect of operating leases at 31 March 2022 (IAS 17 basis)

This note discloses costs incurred in 2021/22 and commitments as at 31 March 2022 for leases the Trust previously determined to be operating leases under IAS 17.

	2021/22
	£000
Operating lease expense	
Minimum lease payments	1,725
Total	**1,725**

	31 March 2022
	£000
Future minimum lease payments due:	
- not later than one year;	1,721
- later than one year and not later than five years;	4,730
Total	**6,452**

Note 18.7 Initial application of IFRS 16 on 1 April 2022

IFRS 16 as adapted and interpreted for the public sector by HM Treasury has been applied to leases in these financial statements with an initial application date of 1 April 2022.

The standard has been applied using a modified retrospective approach without the restatement of comparatives. Practical expedients applied by the Trust on initial application are detailed in the leases accounting policy in note 1.13.

Lease liabilities created for existing operating leases on 1 April 2022 were discounted using the weighted average incremental borrowing rate determined by HM Treasury as 0.95%.

Reconciliation of operating lease commitments as at 31 March 2022 to lease liabilities under IFRS 16 as at 1 April 2022

	1 April 2022
	£000
Operating lease commitments under IAS 17 at 31 March 2022	**6,452**
Impact of discounting at the incremental borrowing rate	(201)
IAS 17 operating lease commitment discounted at incremental borrowing rate	**6,251**
Less:	
Commitments for short term leases	(17)
Commitments for leases of low value assets	(1)
Irrecoverable VAT previously included in IAS 17 commitment	(454)
Other adjustments:	
Differences in the assessment of the lease term	901
Amounts payable under residual value guarantees	453
Finance lease liabilities under IAS 17 as at 31 March 2022	2,584
Other adjustments	5,996
Total lease liabilities under IFRS 16 as at 1 April 2022	**15,713**

Other adjustments in the table above relate to leases which now form part of the IFRS 16 disclosures from 1st April 2022 including; leases which we had not identified as at 31st March 2022; arrangements which previously did not qualify as leases under the previous accounting standard; and changed contract terms and prices for some arrangements which now mean they qualify as lease arrangements under IFRS 16.

Note 19 Inventories

	31 March 2023	31 March 2022
	£000	£000
Drugs	4,906	4,758
Consumables	11,761	11,339
Energy	168	245
Total inventories	**16,835**	**16,342**

Inventories recognised in expenses for the year were £217,660k (2021/22: £204,452k). Write-down of inventories recognised as expenses for the year were £701k (2021/22: £608k).

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2022/23 the Trust received £2,162k of items purchased by DHSC (2021/22: £2,389k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses disclosed above.

The deemed cost of these inventories was charged directly to expenditure on receipt with the corresponding benefit recognised in income.

Note 20.1 Receivables

	31 March 2023 £000	31 March 2022 £000
Current		
Contract receivables	50,362	28,916
Allowance for impaired contract receivables / assets	(5,997)	(4,385)
Prepayments (non-PFI)	6,891	10,953
PFI lifecycle prepayments	1,646	2,295
VAT receivable	4,941	3,520
Other receivables	14	-
Total current receivables	**57,857**	**41,299**
Non-current		
Other receivables	1,361	1,448
Total non-current receivables	**1,361**	**1,448**
Of which receivable from NHS and DHSC group bodies:		
Current	32,708	12,160
Non-current	1,361	1,444

Current and non current other receivables relate to the clinician pension tax provision reimbursement funding receivable from NHS England.

Following the application of IFRS 15 from 1 April 2018, the Trust's entitlements to consideration for work performed under contracts with customers are shown separately as contract receivables and contract assets. This replaces the previous analysis into trade receivables and accrued income.

Contract receivables includes £19.191 million in relation to funding for the cost of the national pay award for Agenda For Change staff relating to the 2022/23 financial year.

Note 20.2 Allowances for credit losses

	2022/23 Contract receivables and contract assets	2021/22 Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**4,385**	**3,437**
New allowances arising	2,905	2,486
Changes in existing allowances	98	115
Reversals of allowances	(1,352)	(1,653)
Utilisation of allowances (write offs)	(39)	-
Allowances as at 31 Mar 2023	**5,997**	**4,385**

In line with IFRS 9 the Trust has reviewed the likelihood non receipt of income for, overseas patients, private patients, payroll reclaims and other commercial income and has agreed the probability to use for the recognition of doubtful debts. For RTA accruals the Trust has used the prescribed rate of 24.86% (2020/21: 23.76%). The Trust's management considers that this is a reasonable estimate of the value of asset.

The increase or decrease for allowance for credit losses is reviewed on a monthly basis and increased or decreased dependent upon the Trusts view receivables deemed to be potentially at risk of being collected in full.

Note 20.3 Exposure to credit risk

Because the majority of the Trust’s revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2023 are in receivables from customers, as disclosed in the trade and other receivables note.

Note 21 Finance leases (University Hospitals of North Midlands NHS Trust as a lessor)

The Trust has no finance leases where it acts as lessor.

Note 22.1 Cash and cash equivalents movements

Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value.

	2022/23	2021/22
	£000	£000
At 1 April 2022	**87,596**	**55,783**
Net change in year	(3,595)	31,813
At 31 March 2023	**84,001**	**87,596**
Broken down into:		
Cash at commercial banks and in hand	7	7
Cash with the Government Banking Service	83,994	87,589
Total cash and cash equivalents as in SoFP	**84,001**	**87,596**
Total cash and cash equivalents as in SoCF	**84,001**	**87,596**

Note 22.2 Third party assets held by the Trust

University Hospitals of North Midlands NHS Trust held cash and cash equivalents which relate to monies held by the Trust on behalf of patients or other parties and in which the Trust has no beneficial interest. This has been excluded from the cash and cash equivalents figure reported in the accounts.

	31 March 2023	31 March 2022
	£000	£000
Bank balances	9	10
Total third party assets	**9**	**10**

Note 23.1 Trade and other payables

	31 March 2023 £000	31 March 2022 £000
Current		
Trade payables	1,030	6,962
Capital payables	10,671	12,849
Accruals	85,034	63,274
Social security costs	13,469	12,578
PDC dividend payable	622	175
Pension contributions payable	7,539	6,991
Total current trade and other payables	**118,365**	**102,829**

The Trust had no non-current trade and other payables.

The total for accruals above includes an annual leave accrual of £12.021 million (2021/22: £14.986 million) plus an accrual of £20.622 million for the cost of the national pay award for Agenda For Change staff relating to the 2022/23 financial year.

	31 March 2023 £000	31 March 2022 £000
Of which payables from NHS and DHSC group bodies:		
Current	5,714	3,520

Note 24 Other liabilities

	31 March 2023	31 March 2022
	£000	£000
Current		
Deferred income: contract liabilities	15,611	13,450
Total other current liabilities	**15,611**	**13,450**

The Trust had no other non-current liabilities.

Note 25.1 Borrowings

	31 March 2023	31 March 2022
	£000	£000
Current		
Lease liabilities*	3,234	472
Obligations under PFI service concession contracts	10,735	10,248
Total current borrowings	**13,969**	**10,720**
Non-current		
Lease liabilities*	10,849	1,069
Obligations under PFI service concession contracts	245,991	256,709
Total non-current borrowings	**256,840**	**257,778**

* The Trust has applied IFRS 16 to lease arrangements within these accounts from 1 April 2022 without restatement of comparatives. More information about leases and the impact of this change in accounting policy can be found in note 18.

Note 25.2 Reconciliation of liabilities arising from financing activities - 2022/23

	Other loans	Lease Liability	PFI schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2022	**-**	**1,541**	**266,957**	**268,498**
Cash movements:				
Financing cash flows - payments and receipts of principal	-	(3,755)	(10,231)	**(13,986)**
Financing cash flows - payments of interest	-	(164)	(6,867)	**(7,031)**
Non-cash movements:				
Impact of implementing IFRS 16 on 1 April 2022	-	14,172	-	**14,172**
Additions	-	2,629	-	**2,629**
Lease liability remeasurements	-	150	-	**150**
Application of effective interest rate	-	164	6,867	**7,031**
Early terminations	-	(654)	-	**(654)**
Carrying value at 31 March 2023	**-**	**14,083**	**256,726**	**270,809**

The Trust no longer has any loans from the DHSC as these were extinguished in 2020/21.

Note 25.3 Reconciliation of liabilities arising from financing activities - 2021/22

	Other loans	Lease Liability	PFI schemes	Total
	£000	£000	£000	£000
Carrying value at 1 April 2021	**36**	**2,454**	**274,398**	**276,888**
Cash movements:				
Financing cash flows - payments and receipts of principal	(36)	(621)	(8,484)	**(9,141)**
Financing cash flows - payments of interest	-	(75)	(7,101)	**(7,176)**
Non-cash movements:				
Additions	-	751	-	**751**
Application of effective interest rate	-	75	7,101	**7,176**
Other changes[1]	-	(1,043)	1,043	**-**
Carrying value at 31 March 2022	**-**	**1,541**	**266,957**	**268,498**

The Trust has no other financial liabilities.

[1]Other changes relate to the reclassification of a PFI contract variation incorrectly classified as a finance lease in the prior year

Note 26.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Equal Pay (including Agenda for Change)	Other	Total
	£000	£000	£000	£000	£000	£000
At 1 April 2022	**266**	**1,186**	**457**	**835**	**3,635**	**6,379**
Change in the discount rate	10	(2)	-	-	(1,210)	**(1,202)**
Arising during the year	-	-	4,586	-	1,129	**5,715**
Utilised during the year	(34)	(62)	(218)	-	(16)	**(330)**
Reversed unused	(1)	-	(88)	(835)	(1,436)	**(2,360)**
Unwinding of discount	4	19	-	-	28	**51**
At 31 March 2023	**245**	**1,141**	**4,737**	**-**	**2,130**	**8,253**
Expected timing of cash flows:						
- not later than one year;	34	63	4,737	-	769	**5,603**
- later than one year and not later than five years;	131	241	-	-	31	**403**
- later than five years.	80	837	0	-	1,330	**2,247**
Total	**245**	**1,141**	**4,737**	**-**	**2,130**	**8,253**

The Trust has provided £1.386 million (2021/22: £1.452 million) in respect of post employment pension obligations for 22 former employees (2021/22: 22). The Trust has reassessed these provisions during 2022/23 and updated the assumptions around the calculation of the provision in line with up to date life expectancy tables. The Trust has also applied the applicable discount rate for 2022/23.

The Trust has provided £4.737 million (2021/22: £0.457 million) in respect of legal cases. Of this £0.185 million relates to current employment legal cases and £0.252 million relates to the insurance excess on public and employer liability cases being administered by the NHS Litigation Authority.

The Trust has provided for several significant legal cases in the year totalling £4.300 million.

In all cases the timing and the value of the payments are uncertain and the Trust has provided based on the advice provided by legal advisors and the NHS Litigation Authority.

Other provisions includes lease dilapidations £0.755 million (2021/22 £0.755 million) and the clinicians' pension reimbursement £1.375 million (2021/22 £1.444 million). Lease dilapidations are the works estimated to be required to put back a property at the end of the lease into the same condition it was when the lease commenced. The clinicians' pension reimbursement provision covers the estimated costs of reimbursing clinicians who face a tax charge in respect of their NHS pension benefits.

Note 26.2 Clinical negligence liabilities

At 31 March 2023, £339,604k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of North Midlands NHS Trust (31 March 2022: £462,080k).

Note 27 Contingent assets and liabilities

	31 March 2023	31 March 2022
	£000	£000
Value of contingent liabilities		
Other	(60)	(77)
Gross value of contingent liabilities	**(60)**	**(77)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(60)**	**(77)**

The Trust had no contingent assets as at 31 March 2023.

The above relates to the member contingent liability relating to the excess due on clinical negligence cases covered by the NHS Litigation Authority.

Note 28 Contractual capital commitments

	31 March 2023	31 March 2022
	£000	£000
Property, plant and equipment	24,240	5,817
Intangible assets	-	72
Total	**24,240**	**5,889**

The property, plant and equipment capital commitments relates mainly to the Project Star car park development totalling £20.331 million and £3.740 million in relation to a 10-year contract for the fleet replacement of patient monitoring devices throughout the Trust.

Note 29 On-SoFP PFI service concession arrangements

The scheme covers the redevelopment of the Royal Stoke (formerly City General) site, facilities management services, PACS equipment, a managed equipment service and network and communications equipment

The Trust retains its existing estate at the Royal Stoke (formerly City General) site in addition to new buildings covered by the PFI scheme.

The main PFI contract ends in August 2044. A monthly unitary payment will be paid up to that point. Historically, bullet payments have been made to reduce the monthly unitary payment. The unitary payment is subject to annual increases in line with RPI. Services are subject to market testing every 7 years. The arrangement requires the operator to deliver services to the Trust in accordance with the service delivery specification. Non delivery of quality or performance can lead to a reduction in the service charge being paid by the Trust. The Trust retains step in rights should the contractor fail to meet minimum standards as set out within the contract. Under IFRIC 12 the asset is treated as an asset of the Trust. The substance of the contract is that the Trust has a financial lease and payments comprise 2 elements – imputed finance lease charges and service charges. Details of the imputed finance lease charges are included within the table below.

Note 29.1 On-SoFP PFI service concession arrangement obligations

The following obligations in respect of the PFI, LIFT or other service concession arrangements are recognised in the statement of financial position:

	31 March 2023 £000	31 March 2022 £000
Gross PFI, LIFT or other service concession liabilities	**338,415**	**355,527**
Of which liabilities are due		
- not later than one year;	17,351	16,326
- later than one year and not later than five years;	61,462	64,199
- later than five years.	259,602	275,002
Finance charges allocated to future periods	(81,689)	(88,570)
Net PFI, LIFT or other service concession arrangement obligation	**256,726**	**266,957**
- not later than one year;	10,735	10,248
- later than one year and not later than five years;	37,553	38,982
- later than five years.	208,438	217,727

Note 29.2 Total on-SoFP PFI and other service concession arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2023	31 March 2022
	£000	£000
Total future payments committed in respect of the PFI service concession arrangements	**1,946,386**	**1,989,950**
Of which payments are due:		
- not later than one year;	69,529	67,037
- later than one year and not later than five years;	295,926	285,331
- later than five years.	1,580,931	1,637,582

Of the total future commitments £120.168 million (2021/22: £123.374 million) are in relation to the lifecycle and equipment elements of PFI schemes. The future obligations discloses the total payments the Trust is committed to paying in respect of the on SOFP PFI, the future payments are inflated at the inflation rate included within the operators model. The actual payments may change as they are based on actual inflation.

The future obligations disclosed are based on the judgement that a number of change orders where the operator provides additional equipment are likely to be required for the duration of the contract.

Note 29.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the amounts payable to the service concession operator:

	2022/23	2021/22
	£000	£000
Unitary payment payable to service concession operator	**70,855**	**65,923**
Consisting of:		
- Interest charge	6,867	7,101
- Repayment of balance sheet obligation	10,268	8,485
- Service element and other charges to operating expenditure	39,539	36,827
- Capital lifecycle maintenance	2,213	2,496
- Contingent rent	10,886	8,719
- Addition to lifecycle prepayment	1,082	2,295
Other amounts paid to operator due to a commitment under the service concession contract but not part of the unitary payment	-	-
Total amount paid to service concession operator	**70,855**	**65,923**

Note 30 Financial instruments

Note 30.1 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 of the continuing service provider relationship that the NHS Trust has with ICBs and the way those ICBs are financed, the NHS Trust 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 NHS Trust 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 NHS Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

Currency risk

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

Interest rate risk

The Trust may borrow from government for revenue financing subject to approval by NHS Improvement at rates set by the Department of Health (the lender).

Credit risk

Because the majority of the Trust's revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2023 are in receivables from customers, as disclosed in the trade and other receivables note.

Liquidity risk

The Trust's operating costs are incurred under contracts with ICBs, which are financed from resources voted annually by Parliament . The Trust funds its capital expenditure from funds obtained within its prudential borrowing limit. The Trust is not, therefore, exposed to significant liquidity risks.

Note 30.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	44,410	**44,410**
Cash and cash equivalents	84,001	**84,001**
Total at 31 March 2023	**128,411**	**128,411**

Carrying values of financial assets as at 31 March 2022	Held at fair value through I&E	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	25,979	**25,979**
Cash and cash equivalents	87,596	**87,596**
Total at 31 March 2022	**113,575**	**113,575**

The carrying value for financial assets in the table above are judged to be a reasonable approximation of the fair value.

Note 30.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2023	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	14,083	**14,083**
Obligations under PFI service concession contract	256,726	**256,726**
Trade and other payables excluding non financial liabilities	84,714	**84,714**
Total at 31 March 2023	**355,523**	**355,523**

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	1,541	**1,541**
Obligations under PFI service concession contract	266,957	**266,957**
Trade and other payables excluding non financial liabilities	71,561	**71,561**
Total at 31 March 2022	**340,059**	**340,059**

The carrying value for financial liabilities in the table above are judged to be a reasonable approximation of the fair value.

Note 30.4 Maturity of financial liabilities

The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

	31 March 2023	31 March 2022
	£000	£000
In one year or less	105,473	88,393
In more than one year but not more than five years	69,457	65,284
In more than five years	262,859	275,017
Total	**437,789**	**428,694**

Note 30.5 Fair values of financial assets and liabilities

The Trust has assessed its financial assets and liabilities in line with the requirements of IFRS 7 and for financial assets and liabilities that fall within the scope the Trust has deemed that book value (carrying value) is a reasonable approximation of fair value.

Note 31 Losses and special payments

	2022/23		2021/22	
	Total number of cases	Total value of cases	Total number of cases	Total value of cases
	Number	£000	Number	£000
Losses				
Cash losses	2	2	-	-
Stores losses and damage to property	6	755	5	609
Total losses	**8**	**757**	**5**	**609**
Special payments				
Ex-gratia payments	48	15	45	21
Total special payments	**48**	**15**	**45**	**21**
Total losses and special payments	**56**	**772**	**50**	**630**

No compensation payments were received by the Trust in relation to the above cases.

Note 32 Related parties

The Trust makes the disclosures below to demonstrate the impact on its financial position and profit or loss by the transactions and outstanding balances with related parties.

UHNM Charity

We are required to disclose the UHNM Charity as a related party under IAS 24 (payments, receipts, income and expenditure).

The Trust received revenue and capital payments from the UHNM Charity during 2022/23, and all of the Trustees are also members of the Trust board. In 2022/23 the total amount received from the UHNM Charity was £1.895 million (2021/22: £3.688 million). At the end of the year £0.944 million (2021/22: £2.096 million) was outstanding and is included within trade and other receivables. The income received relates mainly to the purchase by the UHNM Charity of equipment that enhances the service provided by the Trust. For practical purposes these purchases are administered via the Trust's established ordering and payment procedures with the UHNM Charity reimbursing the cost to the Trust. The charitable and other contributions to revenue expenditure income disclosed in Note 4 relates to services provided by the Trust to the UHNM Charity, i.e. the running of the Appeals Dept.

Department of Health and Social Care (DHSC)

The Department of Health and Social Care (DHSC) is regarded as a related party as it is our governing body. During the year the Trust has had a significant number of material transactions with the DHSC and with other entities for which the DHSC is also regarded as the governing body - including NHS England; other NHS Trusts; NHS Foundation Trusts; and Clinical Commissioning Groups (CCGs).

Collectively significant DHSC transactions

The Trust received total NHS income of £1,011.417 million in 2022/23.

The majority of this income was received from Integrated Care Boards (£469.548 million); NHS England (£327.268 million); Demised CCG's (£146.010 million); Health Education England (£32.310 million); NHS Foundation Trusts (£24.076 million); and NHS Trusts (£11.618 million).

Individually significant DHSC transactions

Individually significant transactions took place between the Trust and the following organisations for which the DHSC is also the governing body:

NHS Staffordshire and Stoke-on-Trent ICB	£441.938 million income
NHS England - Midlands Regional Office	£272.920 million income
NHS Stafford and Surrounds CCG (demised 01/07/22)	£53.200 million income
NHS Stoke on Trent CCG (demised 01/07/22)	£46.196 million income
NHS North Staffordshire CCG (demised 01/07/22)	£30.381 million income
NHS England - Central Specialised Commissioning Hub	£27.360 million income
NHS England Core	£25.830 million income
NHS Resolution	£25.181 million expenditure
NHS England Core	£22.099 million receivable
NHS Cheshire and Merseyside ICB	£16.888 million income
Mid Cheshire Hospitals NHS Foundation Trust	£16.142 million income

Other government departments

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. The majority of these transactions have been with HM Revenue and Customs (£50,344 million expenditure; £13.469 million payables); and the NHS Pension scheme (£76,922 million expenditure; £7.539 million payables).

Other related party transactions

The Trust's Register of Interests shows that a number of individuals employed or contracted by the Trust in roles of significant influence are also employed or contracted in roles of significant influence by other organisations. Details of related party transactions with such parties are detailed below:

	2022/23			
Related party	**Payments to Related Party**	**Receipts from Related Party**	**Payables**	**Receivables**
Name	**£'000**	**£'000**	**£'000**	**£'000**
Health Education England	-	32,310	1,938	156
Human Tissue Authority	25	-	-	-
Keele University	1,743	737	286	770
The Dudley Group NHS Foundation Trust	-	63	-	12
Midlands Partnership NHS Foundation Trust	3,950	6,571	1,122	704

	2021/22			
Related party	**Payments to Related Party**	**Receipts from Related Party**	**Payables**	**Receivables**
Name	**£'000**	**£'000**	**£'000**	**£'000**
Crown Commercial Service - Cabinet Office	14	-	-	-
Human Tissue Authority	24	-	-	-
The Dudley Group NHS Foundation Trust	16	84	-	9
Arden & GEM CSU	30	-	-	-
Keele University	1,241	982	17	307
Midlands Partnership NHS Foundation Trust	3,473	7,579	241	125
Haywood Rheumatism Research & Development Foundation	-	5	-	-
University of Birmingham	82	-	-	-

Note 33 Transfers by absorption

The Trust has not identified any transfers that require disclosure.

Note 34 Prior period adjustments

The Trust has identified a prior period adjustment in relation to the valuation of its property, plant and equipment. This is detailed in notes 1.27 and 1.28.

Note 35 Events after the reporting date

The Trust has not identified any major events that require disclosure.

Note 36 Better Payment Practice code

	2022/23	2022/23	2021/22	2021/22
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	126,894	590,077	118,791	520,493
Total non-NHS trade invoices paid within target	124,884	583,095	113,479	497,973
Percentage of non-NHS trade invoices paid within target	98.4%	98.8%	95.5%	95.7%
NHS Payables				
Total NHS trade invoices paid in the year	2,375	20,478	2,696	21,935
Total NHS trade invoices paid within target	2,153	18,368	2,355	18,379
Percentage of NHS trade invoices paid within target	90.7%	89.7%	87.4%	83.8%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 37 External financing limit

The Trust is given an external financing limit against which it is permitted to underspend.

	2022/23	2021/22
	£000	**£000**
Cash flow financing	6,477	30,644
External financing requirement	**6,477**	**30,644**
External financing limit (EFL)	6,477	30,644
Underspend against EFL	**-**	**-**

Note 38 Capital Resource Limit

	2022/23	2021/22
	£000	**£000**
Gross capital expenditure	48,178	35,215
Less: Disposals	(753)	(24)
Less: Donated and granted capital additions	(2,466)	(3,688)
Charge against Capital Resource Limit	**44,959**	**31,503**
Capital Resource Limit	44,959	35,544
Underspend against CRL	**0**	**4,041**

Note 39 Breakeven duty financial performance

	2022/23
	£000
Adjusted financial performance surplus (control total basis)	47
Breakeven duty financial performance surplus / (deficit)	**47**

Note 40 Breakeven duty rolling assessment

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		5,312	4,141	1,050	235	(19,301)	3,782	(26,936)
Breakeven duty cumulative position	(7,625)	(2,313)	1,828	2,878	3,113	(16,188)	(12,406)	(39,342)
Operating income		408,938	418,078	426,319	473,558	475,330	623,835	702,917
Cumulative breakeven position as a percentage of operating income		(0.6%)	0.4%	0.7%	0.7%	(3.4%)	(2.0%)	(5.6%)

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(27,773)	(69,717)	(63,607)	5,231	7,085	9,126	47
Breakeven duty cumulative position	(67,115)	(136,832)	(200,439)	(195,208)	(188,123)	(178,997)	(178,950)
Operating income	739,279	696,630	713,838	840,636	915,076	980,348	1,064,132
Cumulative breakeven position as a percentage of operating income	(9.1%)	(19.6%)	(28.1%)	(23.2%)	(20.6%)	(18.3%)	(16.8%)

The Trust has a statutory duty to break even on a cumulative basis.

Due to the significant deterioration in the Trust's financial performance and forecast position, the Trust's auditors issued a section 30 referral to the Secretary of State for Health on 22 May 2017 reporting that the Trust's expenditure is likely to continue to exceed income for the foreseeable future. A further referral was made for 2022/23 on the 8th June 2023 as the Trust remains in deficit on a cumulative basis.

2022/23 Financial Performance

The Trust ended the 2022/23 financial year with a surplus of £0.047 million against a breakeven plan for the year. The surplus for 2022/23 continues to demonstrate that substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls. However it should be noted that the position relied heavily on non-recurrent CIP delivery and other one-off benefits and the Trust will need to focus on recurrent cost control and efficiency programmes to ensure long term financial sustainability.

It is important that we recognise that we are part of a wider system with a recurrent deficit of £205 million as we enter 2023/24 with further work to be done to ensure that we can deliver safe and high quality services within an affordable financial framework.

Throughout the course of the year, delivery of our financial plan has been subject to scrutiny and oversight each month via the Performance and Finance Committee and the Trust Board.

We have a range of key financial policies in place, which are designed to ensure that the Trust's financial transactions are carried out in accordance with the law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness; these remained in place throughout the year.

Our services are organised into 7 Divisions (increased from 6 to reflect the North Midlands and Cheshire Pathology Network as a hosted function within UHNM's governance structure) and are managed through a devolved structure, which is governed by our Scheme of Delegation, defining all key roles and responsibilities. Each Division has dedicated financial and human resources input to support delivery of their plans.

We maintain a strong focus on performance management, as a means by which clinical Divisions are held to account for the delivery of financial and other performance targets. Performance is monitored through our monthly performance management review process, which is chaired by an Executive Director.

During the COVID pandemic the requirement to deliver cost improvements was significantly reduced and organisational focus was on maintaining service delivery during the pandemic. As we enter 2023/24 the focus is on Elective Recovery and the identification and delivery of recurrent CIP continuing with the project based approach, overseen by our Programme Management Office implemented before the pandemic. In order to ensure delivery of our Financial Plan, our governance structure includes Monthly Divisional Performance Reviews at an executive level with board level oversight and scrutiny via the Performance and Finance Committee.

During 2022/23, our Internal Auditors have reviewed our key financial systems and controls in relation to expenditure and concluded with a mixture of 'substantial and reasonable assurance with minor improvements required'. A number of recommendations were made, which will remain a focus throughout 2023/24.

Our External Auditors give an expert and independent opinion on whether our financial statements are a true and fair view of the Trust's financial position at the end of the financial year. They also provide an expert and independent opinion on whether the financial statements comply with relevant laws. In carrying out their audit, they must have regard to aspects of corporate governance and securing economy, efficiency and effective use of resources.

Although a surplus has been achieved in the last four years, due to previous years deficits we breached the requirement under section 30 of the Local Audit and Accountability Act 2014 to achieve break-even on a cumulative basis. As such, our External Auditors made a referral to the Secretary of State for Health in June 2021 which remains in place in 2022/23 as we still have a cumulative deficit. This referral was made under Section 30 of the 2014 Act.

We recognise that this position is set within the context of a wider sustainability gap across the local health and social care economy. To address this challenge, work remains on-going with our system partners, via the Integrated Care Board.

2021/22 Financial Performance

The Trust achieved a surplus of £9.126 million for 2021/22 (2020/21: £7.085 million) against a planned surplus of £5.147 million.

As a result of the changed funding arrangements the requirement to deliver cost improvements was significantly reduced with a total requirement of £4.76 million for 2021/22 which was delivered in full. Under the temporary funding arrangements for the NHS the Trust was required to submit a plan for the first 6 months of the year ("H1"); this plan was for an £8.256 million surplus driven by additional income earned under the Elective Recovery Fund; an actual surplus of £13.691 million was delivered for H1. The Trust was allowed to carry forward this surplus into the second half of the year ("H2") and set a deficit plan of £13.691 million for H2 delivering a breakeven plan for the year which was subsequently amended to a £5.147 million surplus reflecting income earned under the revised ERF for H2. The planned surplus of £5.147 million for 2021/22 continues to demonstrate that substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls. It is important that we recognise that we are part of a wider system with a recurrent deficit of £133 million for 22/23 with further work to be done to ensure that we can deliver safe and high quality services within an affordable financial framework.

Although a surplus has been achieved in the last three years, due to previous years deficits we breached the requirement under section 30 of the Local Audit and Accountability Act 2014 to achieve break-even taking one year against another over a three year rolling period. As such, our External Auditors made a referral to the Secretary of State for Health in May 2017 which remains in place in 2021/22. This referral was made under Section 30 of the 2014 Act.

We recognise that this position is set within the context of a wider sustainability gap across the local health and social care economy. To address this challenge, work remains on-going with our system partners, via the Integrated Care Board.

Independent auditor's report to the directors of University Hospitals of North Midlands NHS Trust

In our auditor's report issued on 30 June 2023, we explained that we could not formally conclude the audit and issue an audit certificate for the Trust for the year ended 31 March 2023, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- Completed our work on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.

- Completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2023. We have now completed this work.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2023 issued on 30 June 2023 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2023 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 2022-23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

No matters have come to our attention since 30 June 2023 that would have a material impact on the financial statements on which we gave this opinion.

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

Matter on which we are required to report by exception – the Trust'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 Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

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

Responsibilities of the Accountable Officer

The Chief Executive, as Accountable Officer, is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of the Trust's resources.

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

We are required under section 21(2A)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Trust 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 Trust'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 January 2023. 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 Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust 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 Trust 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 – Audit certificate

We certify that we have completed the audit of University Hospitals of North Midlands NHS Trust for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the directors of the Trust, 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 Trust's directors 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 Trust and the Trust's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson

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

Birmingham

7 September 2023