NHS
University Hospitals of North Midlands
NHS Trust

Annual Report

2023/2024

Delivering Exceptional Care with Exceptional People

Welcome

Welcome to our 2023/2024 Annual Report.

As we reflect on the last twelve months, we can be very proud of our achievements delivered in what was the 75th Anniversary of the NHS. Since its inception the NHS has faced huge pressures and challenges but has always managed to deliver outstanding care to our patients.

The last twelve months amplified that commitment, and we are eternally grateful to every single member of staff who faced, and rose above the extraordinary pressures and tensions of industrial action throughout the year, coupled with the legacy backlogs of Covid and the ongoing staffing shortages. We unreservedly apologise to every patient affected by the strikes.

The increasing demands for our services are widely acknowledged and although these were seen across the country, as one of the largest hospitals in the UK we felt the impact on our services more keenly than many others. However, true to our values, our staff have pulled together and continued to improve our services for the benefit of our patients.

Our staff are our greatest asset; throughout the year we have continued our strategy of recruitment and training and have made significant investment to address staffing shortages including nursing, midwifery, obstetrics, cardiology, pharmacy, trauma and neurosciences. We were also very successful in the international nurse recruitment programme and were able to secure 360 new members into our nursing family, who have chosen UHNM as their workplace. We are very pleased to have them on board, further enhancing the rich diversity of our workforce.

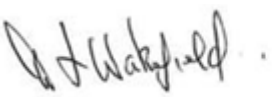
As with previous years, we have been very focussed on both developing our workforce and making our hospitals the very best places to work in. We have continued to develop and deliver our cultural awareness initiatives and our Being Kind programme.

We also signed up to adopting a zero-tolerance approach to unwanted or inappropriate behaviour as we launched the Sexual Safety Charter in addition to strengthening our Freedom to Speak Up arrangements. We were delighted to record a high level of staff engagement with the annual NHS Staff Survey and our results again highlighted the positive improvements in how staff feel about being part of UHNM with significant improvements in staff engagement and morale.

As a Board we have committed to long term investments and saw an incredible £95m invested in capital projects, bringing our total investments over the past four years to £265m. We must also acknowledge the £2.4m contribution from our UHNM Charity, and our thanks go to the many donors who helped us make essential improvements for both staff welfare and patient experience.

Many of our services received external recognition and awards including Centre of Excellence for Myeloma, NHS Pastoral Care Quality Award and the RACE Equality Kite mark to name just a few.

Having delivered financial balance for the 4th year in a row, we are very clear on the challenges ahead for us but are confident, with the support of our staff that the coming year will be another one full of improvement, success and recognition.



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 2023/2024.

An **introduction to our organisation**, covering what we do, the services we provide and our organisational structure.

An overview of **Our Strategy**, our key priorities for the future and our values.

A summary of the **key risks** we have identified and managed during 2023/2024.

A **summary of performance**, highlighting what has gone well for us, the progress we have 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

Whilst we have had another challenging year, with high demand for our services and complex operational pressures, our staff have continued to work tirelessly to deliver safe, compassionate and high-quality care to as many patients as possible.

We saw increasing numbers of patients in our Emergency Department, lengthy ambulance delays, bed shortages and a historically high level of backlogs for elective procedures. However, collectively we have made huge improvements in all areas, through a combination of improved productivity, adopting new ways of working, collaboration with other partners and a real commitment from our staff to make a difference.

We do however recognise that our waits are longer that everybody would want, and we have continued to invest in developing new schemes to manage peaks in demand and improve patient flow. We have seen progress in the length of time waiting to be seen in our Emergency Department and with ambulance delays but there is still a long way to go.

For elective procedures we have successfully worked with and invested in our clinical teams to radically improve availability for those patients waiting the longest time. Following the very lengthy backlogs due to Covid and Industrial Action we have made real strides, and our aim is to eliminate the long waits during the coming year. We were pleased to receive recognition from NHS England for the efforts made in reducing our number of over 78 week waits.

Through our continued focus on delivering improved patient care we have delivered faster triage times in maternity and our Emergency Department, reduced falls and pressure ulcers through the adoption of our continuous improvement methodology and refreshed Care Excellence Framework.

These will remain priorities for us over the coming year as patient safety and compassionate care underpin everything we do.

We have made numerous significant financial investments in areas such as workforce, medical devices, our Cancer Centre, an elective hub at County Hospital, frontline digitalisation, electronic prescribing, general and acute beds, site maintenance and the replacement of critical boilers, the completion of our new multi-storey car park and the demolition of the old Royal Infirmary site.

We have balanced the competing needs for investment into patient care with the responsibility for managing our finances and by the end of the financial year we delivered over £40m productivity improvements although we know that we must go further in the year ahead, working closely with our system partners.

We were recognised by the NHS Cancer Programme for the positive progress our teams have made in reducing our 62-day backlog and improving Faster Diagnosis performance. Since April 2023 we made a 35.4% improvement in our backlog and improved our Faster Diagnosis performance by 12%. The progress was seen as some of the most positive seen nationally.

Although this will be my last Annual Report as I retire in early 2024/25, I have no doubt that the success we have seen this year will continue to be built upon as UHNM continues be a great place to work and to receive treatment.

About Us

University Hospitals of North Midlands NHS Trust is one of the largest and most modern in the country.

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	Effective	Caring	Responsive	Well Led
Requires Improvement	Requires Improvement	Outstanding	Requires Improvement	Good

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 shape our priorities. This work is co-ordinated by our dedicated Patient Experience Team.

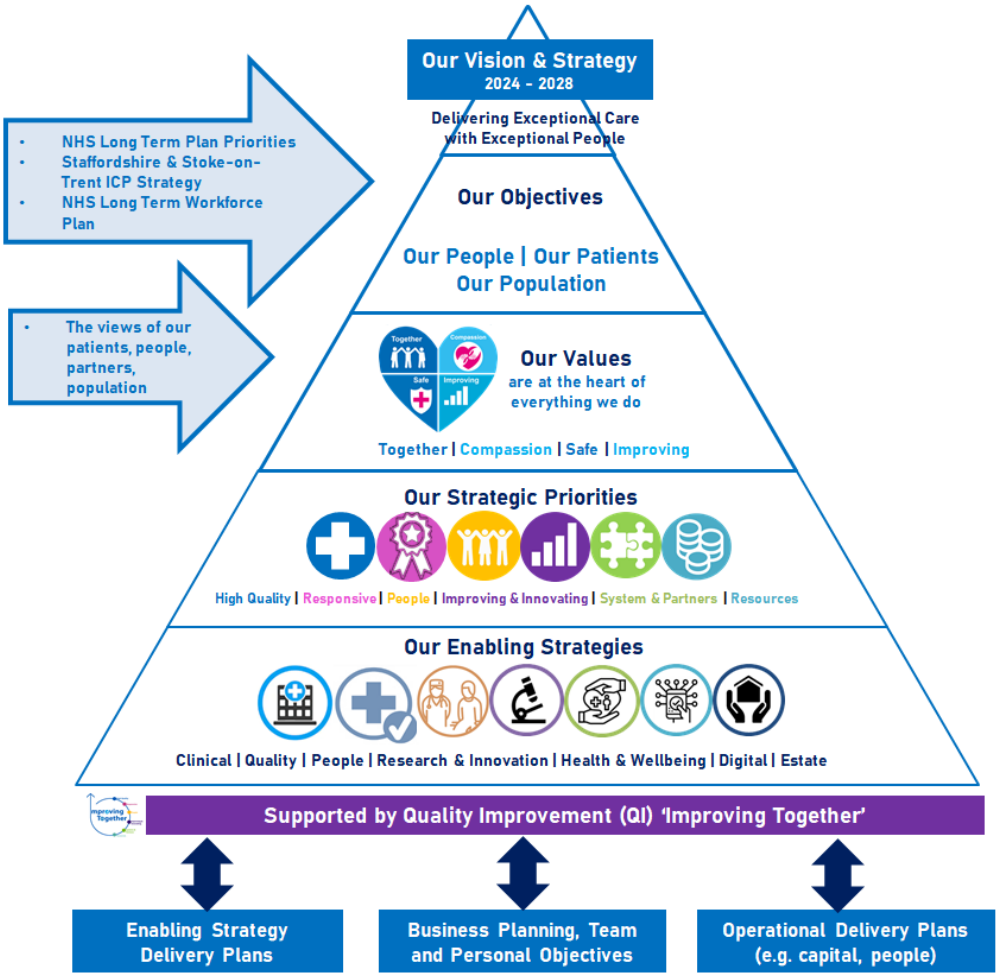
Providing care in state-of-the-art facilities, we offer a full range of general hospital and specialised services for approximately 3 million people. We employ around 12, 500 members of staff and we have around 1450 inpatient beds across our two sites.

Our Vision, Values & Strategic Priorities

Our 2025 Vision was developed to set a clear direction 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 our 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 must 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 describes our Strategic Priorities, Vision and Values along with the key enabling strategies to support their achievement. Looking ahead to 2024/25, we will be relaunching our UHNM Strategy (2025 Vision) which has involved an extensive process of engagement with our staff and key stakeholders.

How we provide care

Our organisational structure features two non-clinical divisions and four clinical divisions. 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

Estates, Facilities & PFI

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

Central Functions

Finance | Communications | IM&T | 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 | Quality Improvement

Surgery, Theatres & Critical Care

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

Women's, Childrens & Clinical Support Services

Pharmacy | Imaging | Obstetrics & Gynaecology | Child Health | Outpatients | Neonatal

Network Services

Heart Centre (including Thoracic) Neurosciences | Trauma | Neurosurgery | Oncology | Haematology| Therapies

Medicine & Urgent Care

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

We also host the North Midlands and Cheshire Pathology Service (NMCPS), which is a networked service between ourselves, Mid Cheshire Hospitals NHS Foundation Trust and East Cheshire Trust.

This includes:

- Haematology and Blood Transfusion
- Biochemistry, Immunology and Point of Care Testing
- Infectious Diseases
- Cellular Pathology

Going Concern

Our financial statements for 2023/24 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.

Ensuring we get the most from our Resources, including staff, assets, and money

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 our ability to continue as a going concern, we must 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 it is not regarded as a going concern.

Assessment Rules

The approach for going concern is based on the requirements of ISA (UK) 570, interpreted as Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (revised 2020) and the National Audit Office's Supplementary Guidance Note 01: Going Concern – Auditors responsibilities for local public bodies.

Criteria Assessment

Question	Our Response
What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services provided will no longer continue?	Business and financial planning processes, contracting processes, financial controls and financial reporting processes
Are management aware of any factors which may mean that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
With regard to the statutory services currently provided, do we expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for UHNM to cease to exist?	Yes, we expect to continue to deliver our statutory services for the foreseeable future.
Are management satisfied that the financial reporting framework permits us to prepare are financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes, to both questions.

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 with our Strategic Priorities. Performance against KPI's for each domain are presented in a dashboard, supplemented with exception reports providing an explanation of the data including risks and key actions.

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

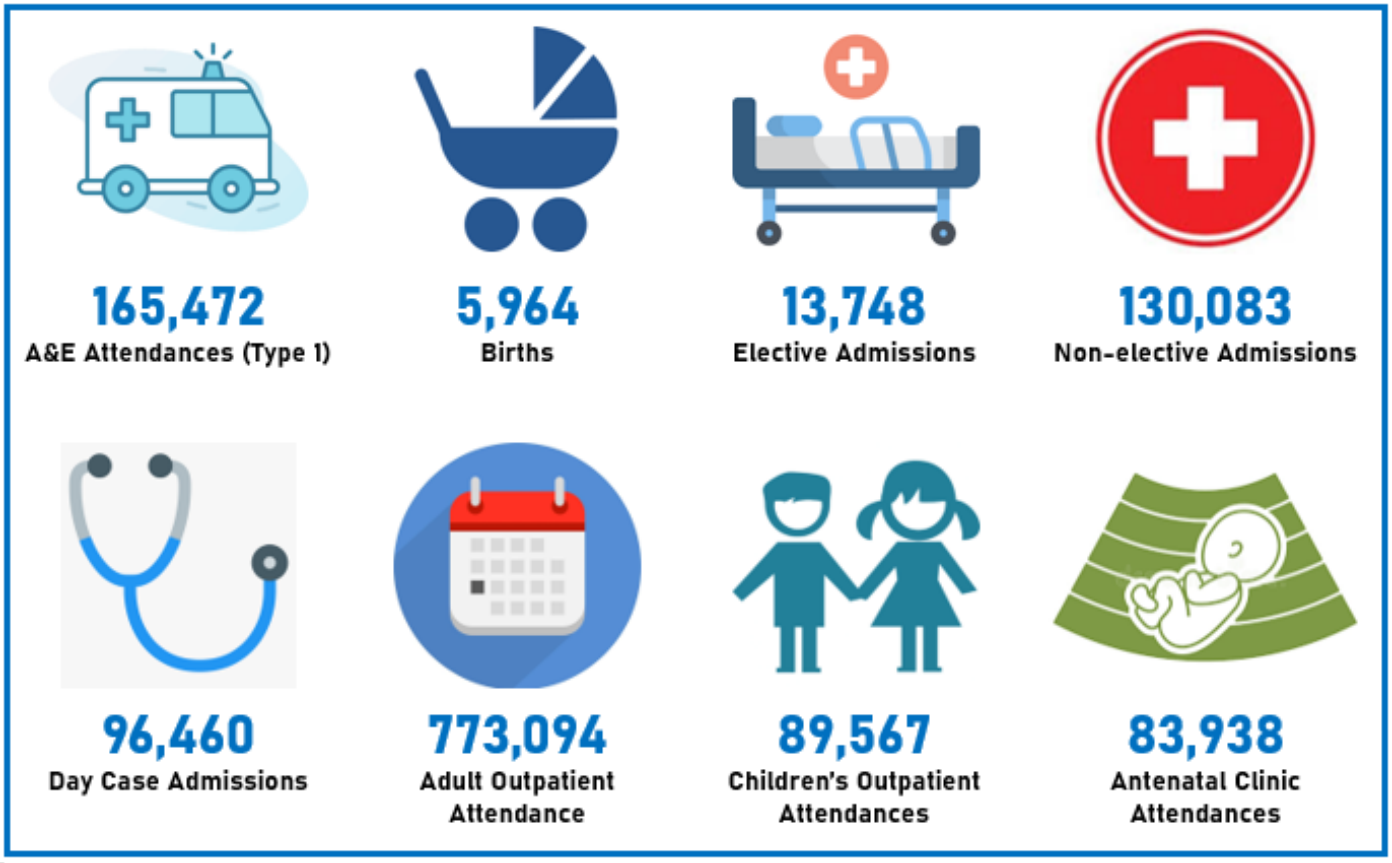
Variation:	Are we seeing significant improvement, significant decline or no significant change?
Assurance:	How assured of consistently meeting the target can we be?

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, our Executive Groups and our Committees each have an Annual Business Cycle which include a broad range of reports which are designed to provide assurance against specific areas of performance.

Headline Activity 2023 / 2024

The illustration below provides an overview of our activity during 2023/24:



Performance During 2023 / 2024

We are committed to providing safe, high-quality care to our patients and continue to focus on delivering quality improvement in all we do. Despite facing many operational challenges, our staff have continued to show their commitment to improve the quality, safety and experience of our patients. We have continued to support our staff to understand and excel in their roles, empowering and equipping them to deliver excellence every day, positive patient outcomes and staff morale, productivity and efficiency.

In our commitment to our people, we have continued to provide comprehensive support packages and prioritise their wellbeing. Through initiatives like our quality improvement programme, 'Improving Together', we empower our teams to drive positive changes, ensuring better services and contributing to healthier, happier, and fairer lives for our patients, staff, and communities.

Despite challenges, our dedication to monitoring and addressing workforce-related risks has driven improvement. Our 12-month cumulative sickness rate, though initially outside target, has improved over the year to 5.21%. We actively monitor sickness absences daily, aiming to reduce long-term and frequent absences.

In other workforce indicators over the year:

- **Turnover** rates have performed well with an end position being 7.84% against the target of 11%.
- At 93.71%, **Statutory and Mandatory** Training fell just short of the 95% target.
- The rate of **Performance Development Reviews (PDR's)** is lower than the target of 95% and has remained static. The final position for non-medical Performance Development Review (PDR) compliance for the 12 months ending 31st March 2024 was 85.70% with Medical PDR compliance reaching 80.14%; improving this position will be a key focus in the coming year.
- **Agency costs** as a percentage of pay costs was an average of 4.20% over the course of the last financial year 2023/24 compared to 3.5% in the previous financial year 2022/23.
- **Employee engagement** has improved from 6.6 in 2023 to 6.8 in 2023.

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

- 11% reduction in total **patient falls per 1000 bed days** and 15% reduction in **falls resulting in any harm to patients per 1000 bed days** in 2023/24 compared to 2022/23.
- Category 3 **Hospital Acquired pressure ulcers** with 'lapses in care' reduced in 2023/24 compared to 2022/23 totals.
- Continued improvement in **Sepsis Screening and IV antibiotics** for inpatients, Emergency portals and Children.
- Continuing to compare well against our national peers and remaining with expected ranges for both **HSMR and SHMI mortality** indicators.
- Continuing to exceed national **VTE risk assessment** compliance over 95%.
- Introduction of the new national Patient Safety Incident Response Framework (PSIRF) and approach to responding to incidents.
- 12% reduction in the number of Serious Incidents reported (prior to adoption of PSIRF in December 2023) compared to same period in 2022/23.
- Continuing to exceed the national Friends and Family Test recommendation benchmark of 95% for Inpatients and Maternity Services.

We are proud of our achievements; however, we recognise that there are also areas where we need to continue 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 further reduce harm from falls
- The recording of Timely Observations using our electronic system Vitalpac
- To reduce Hospital Acquired Category 2 pressure ulcers and deep tissue injuries with lapses in care
- To reduce the number of C Difficile cases

Our Emergency Department saw both improvements and challenges during 2023/24 compared to the previous year. The number of ambulance handovers within a timely manner and the number of patients seen within four hours improved. However, this had an impact on the number of patients waiting over 12 hours, and required us to introduce a risk assessment process called 'Your Next Patient' where wards could safely take additional patients to relieve pressure within the Emergency Department. To improve these areas of shortfall, four workstreams were implemented; Acute Care at Home to prevent unnecessary admissions by providing care directly in patients homes, Non-Admitted performance focussing on maximising the use of capacity for patients not requiring admission to support efficient ambulance handovers, Winter Preparation targeting the reduction of outlying patients and Standard Works to improve the efficiency of ward discharges to ensure beds are available more quickly for incoming patients.

Recognising the mismatch between capacity and demand, investment was made from NHS England to fund the development of a new bedded Acute Medical Receiving Area service. Our Operational Performance indicators in the next section illustrate both the challenges and successes in managing patient wait times and treatment efficiency across various healthcare pathways during the year. The overall waiting list on the Referral to Treatment pathway has grown by 5% year over year, now exceeding 80,000 patients. Despite the increase in the overall waiting lists, the number of patients waiting over 52 weeks for treatment hasn't increased. The ongoing issue with patients waiting over 78 weeks has necessitated weekly 'Tier 1' meetings with NHS England. These meetings aim to ensure accountability and progress towards eliminating extreme wait times. The percentage of patients waiting less than 6 weeks for a diagnostic test has declined from 78% to 70%, with Endoscopy services highlighted as a significant contributor. Specific initiatives have been identified to address the underperformance, extending into 2024/25.

Patients on a cancer pathway have remained a key area of focus with improvements in performance across most metrics, with Rapid Access improving from 80% in 2022/23 to 94% in 2023/24.

Quality Performance

Key Performance Indicator	Target	2023/24 Performance	2022/23 Performance
Patient Falls (per 1000 bed days)	5.6	5.3	5.9
Patient Falls with harm (per 1000 bed days)	1.5	1.8	1.91
Medication Errors (per 1000 bed days)	6.0	6.7	5.2
Never Events	0	7	4
Duty of Candour (verbal / formal notification)	100%	96%	92.9%
Duty of Candour (written within 10 days)	100%	80.2%	55.9%
Pressure Ulcers (category 2 hospital acquired with lapses in care)	96	91	69
Pressure Ulcers (category 3 hospital acquired with lapses in care)	48	12	12
Pressure Ulcers (category 4 hospital acquired with lapses in care)	0	0	0
Friends and Family Test (% A&E recommendations)	85%	70.2%	62.9%
Friends and Family Test (% inpatient recommendations)	95%	91.1%	97.3%
Friends and Family Test (% maternity recommendations)	95%	91.1%	90.2%
Written Complaints (rate per 10,000 spells)	35	27.82	22.57
Hospital Standardised Mortality Ratio (HSMR) (rolling 12 month)	100	95.03 (01/23 – 12/23)	97.27 (01/22 – 12/22)
Standardised Hospital Mortality Indicator (SHMI) (rolling 12 months)	100	98.50 (01/23 – 12/23)	104 (11/21 – 10/22)
VTE Risk Assessment Compliance	95%	95.2%	99.0%
Reported C-Difficile	96	180	144
Avoidable MRSA Bacteraemia Cases	0	3	1
Inpatient Sepsis Screening Compliance	90%	95.1%	89.7%
Inpatient IV Antibiotics (given within 1 hour)	90%	98.6%	93.4%
Children Sepsis Screening Compliance	90%	89.7%	89.7%
Children IV Antibiotics (given within 1 hour)	90%	100%	66.7%
Emergency Portals Sepsis Screening Compliance	90%	82.3%	81.8%
Emergency Portals IV Antibiotics (given within 1 hour)	90%	75.8%	63.9%
Maternity Sepsis Screening	90%	71.1%	80.6%
Maternity IV Antibiotics (given within 1 hour)	90%	85.5%	83.9%

Operational Performance

Key Performance Indicator	Target	2023/24 Performance	2022/23 Performance
A&E 4 hours Waiting Time	95%	67.4%	63.5%
12 hour Trolley Breaches	0	10132	9428
Cancer Rapid Access (2 week wait)	93%	93.6%	70.2%
Cancer 62 days (from urgent GP referral)	85%	54.9%	48.5%
Cancer 62 days (from screening programme)	90%	57.0%	65.3%
Cancer 31 days (first treatment)	96%	88.4%	86.9%
Referral to Treatment (incomplete)	92%	50.6%	54.1%
Referral to Treatment (52+ week waits)	0	5016	5002
Diagnostic Waits (under 6 weeks)	99%	70.8%	77.6%
Did Not Attend (DNA) Rate	7%	7.11%	7.9%
Cancelled Operations (28 day standard)	150	318	323
Theatre Utilisation	85%	81%	77.7%
Same Day Emergency Care	30%	38%	36%
Super Stranded Patients	183	171	188
Discharges Before Midday	30%	19.4%	20%
Emergency Readmission Rate	8%	15.2%	12.7%
Ambulance Handover Delays (in excess of 60 minutes)	10	10525	11506

Workforce Performance

Key Performance Indicator	Target	2023/24 Performance	2022/23 Performance
Staff Sickness	3.4%	5.21%	5.87%
Staff Turnover	11%	7.84%	10.00%
Statutory and Mandatory Training Rate	95%	93.90%	93.56%
Appraisal Rate	95%	83.00%	85.77%
Agency Cost	n/a	4.20%	3.99%
Staff Survey (% recommended as a place to work – NHS Staff Survey)	>61%	57.9%	-

Financial Overview

Financial Performance

Key Performance Indicator	2023/24 Performance	2022/23 Performance
Total Income	**1,151,805**	**1, 064, 132**
Expenditure – Pay	**692,877**	**635, 263**
Expenditure – Non Pay	**437,315**	**397, 840**
Daycase / Elective Activity	**111,932**	**105, 193**
Non Elective Activity	**106,068**	**96, 570**
First Outpatients	**216,639**	**203, 525**
Follow up Outpatients	**272,937**	**266, 564**
Non Face to Face Outpatients	**189,856**	**211, 069**

We ended the 2023/24 financial year with a deficit of £50,974 million against a breakeven plan for the year; the adjusted financial position included the impact of bringing the accounting for the Private Finance Inititiave (PFI) in line with IFRS16. We achieved an adjusted financial surplus of £0,229 million for the year, and this was further adjusted to an £8.375 million deficit for the year against the breakeven duty in-year financial performance. It should be noted that the position relied heavily on non-recurrent Cost Improvement Programme (CIP) delivery and other one-off benefits that 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 £252 million as we enter 2024/25 and whilst this has reduced to £139 million at the draft plan submission stage, there is 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 by the Performance and Finance Committee and the Trust Board.

As we enter into 2024/25, our 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 management reviews at an executive level with board level oversight and scrutiny through the Performance and Finance Committee.

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

	2023/24		2022/23	
	£'000	%	£'000	%
Revenue from patient care activities	1,055,578	92%	965,836	91%
Other operating revenue	96,227	8%	98,296	9%
Total revenue	**1,151,805**	100%	**1,064,132**	100%
Operating expenses	(1,130,192)	98%	(1,033,103)	98%
Operating surplus / (deficit)	**21,613**	2%	**31,029**	3%
Other gains and losses	(78)	0%	190	(0%)
Surplus / (deficit) before interest	**21,535**	2%	**31,219**	3%
Investment revenue	5,780	1%	2,105	(0%)
Finance costs	(75,118)	7%	(17,940)	2%
Surplus / (deficit) for the financial year	**(47,803)**	-4%	**15,384**	2%
Public dividend capital dividends payable	(3,171)	0%	(9,562)	1%
Retained surplus / (deficit) for the year	**(50,974)**		**5,822**	

Performance against Breakeven Duty

	2023/24	2022/23
	£'000	£'000
Surplus / (deficit) for the period	(50,974)	6,331
Impairments not scoring to Department of Health limit	7,026	(5,433)
Income and Expenditure impact of capital grants and donations	(2,300)	(799)
Impact of IFRS 16 on IFRIC 12 schemes	46,189	0
Net impact of DHSC provided inventories for Covid response	288	(52)
Adjusted financial performance surplus	**229**	**47**
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24	(46,189)	0
IFRIC 12 breakeven adjustment	37,585	0
Breakeven duty financial performance deficit	**(8,375)**	**0**

Revenue Income

Income in 2023/24 totalled £1,151.8 million. The majority of our income (£1040.1 million, 90%) was delivered from 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, and Elective Recovery Fund (ERF) funding.

Summary of Total Income 2023/24

	2023/24	2022/23
	£m	£m
Integrated Care Boards (ICB) and NHS England (patient care)	1040.1	950.9
Other patient care income	15.5	14.9
Education, training and Research and Development income	40.0	35.9
Non patient care services to other NHS bodies	36.8	34.0
Top Up Funding and Deficit Support	0.0	5.4
Other	19.4	23.0
Total revenue	**1151.8**	**1064.1**

Summary of Income from ICBs and NHSE 2023/24

	2023/24		2022/23	
	£m	%	£m	%
Specialised Commissioning / NHSE	343.0	32%	343.3	36%
Stafford and Stoke ICB	656.1	62%	569.7	59%
Cheshire ICB	23.8	2%	22.4	2%
Other	32.7	3%	30.4	3%
Total revenue from patient care	**1,055.6**	**100%**	**965.8**	**100%**

	2023/24	2022/23	Change
	£m	£m	%
Revenue from patient care activities	**1055.6**	**965.8**	**9%**
Other revenue:			
Medical school (SIFT)	8.1	7.6	7%
Junior doctor training (MADEL)	18.8	16.3	15%
WDD funding	6.4	5.1	26%
Research and development	3.2	3.1	2%
Non patient care services to other NHS bodies	34.1	32.1	6%
Other Income	25.6	34.2	(25%)
Total other revenue	**96.2**	**98.3**	**(2%)**
Total revenue	**1,151.8**	**1,064.1**	**8%**

Operating Expenditure

Staff costs at £692.9 million represent 61.3% of our operating expenditure with clinical supplies and services non pay costs at £239.0 million representing a further 21.2%. A summary of operating expenditure is show below:

	2023/24	2022/23	Change
	£m	£m	%
Staff costs	692.9	635.3	9%
Other costs	94.8	95.3	(1%)
Clinical supplies and services	239.0	215.7	11%
Depreciation	37.7	35.3	7%
Premises costs	33.3	31.2	7%
Clinical negligence	25.5	25.2	1%
Total operating expenditure before impairments	**1,123.2**	**1,038.0**	**8%**
Impairments	7.0	(5.4)	
Total operating expenditure	**1,130.2**	**1,032.6**	**9%**

Capital

Of the capital funding in 2023/24, £29.1m 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 £31.3m for numerous investments including the creation of additional patient beds, ICT projects including the development of an Electronic Patient Record (EPR) system, developments at the County site, replacement boilers and initial work on a Community Diagnostics Centre.

The main areas of expenditure are as set out below:

Capital Spend	2023/24 £'000
Medical Assets	1,579
Haemodialysis machines	1,249
Pathology equipment	1,216
Medical Devices fleet replacement	477
Theatre equipment	396
Cardiac monitors and equipment	2,114
Other equipment	1,579
Total Medical Assets:	**7,031**
ICT Schemes	
System and equipment upgrades	2,252
Frontline digitalisation EPR development	1,486
Laboratory Information System	1,392
Network and communications refresh	1,197
ICT infrastructure and security	938
Electronic Patient Record refresh	685
Electronic Prescribing (EPMA)	554
Total ICT Schemes:	**8,504**
Estates and General Works	
Project STAR multi-storey car park	21,229
Additional acute beds	11,283
Estates infrastructure and backlog maintenance	3,907
Environmental and Health and Safety Improvements	3,165
County site developments	2,849
Community Diagnostics Centre initial works	1,289
PFI and other enabling costs	1,239
Ward refurbishment	1,036
Other development projects and improvements	910
Total Estates & PFI Schemes:	**46,907**
Total	**62,442**

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 about the delivery of key performance indicators and priorities. Operational risks are reported monthly through our Risk Register; these are identified 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 to the Board and its Committees.

Throughout 2023/24, we managed a total of 9 strategic risks which might compromise the achievement of our Strategic Priorities and therefore formed the basis of 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 and this process was further strenthened in January 2024 with the introduction of Committee Deep Dives.

Below provides a summary of our Strategic Risks from the Board Assurance Framework for 2023/24, the Strategic Priorities under threat and the levels of risk reported each quarter. The reduction in financial risk to low at the end of the year reflects the financial outturn for the period and we expect to increase as we move into 2024/25.

BAF Risk Title		Risk Scores & Assurance Assessment				High Quality	Responsive	People	Improving & Innovating	System & Partners	Resources	Target Risk Score
		Q1	Q2	Q3	Q4							
BAF 1	Patient Outcomes & Experience	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	High 12 Acceptable Assurance	High 12 Acceptable Assurance	✓	✓	✓	✓			Mod 6
BAF 2	Sustainable Workforce	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	✓		✓			✓	High 9
BAF 3	Leadership, Culture & Values	High 12 Partial Assurance	High 12 Partial Assurance	High 12 Partial Assurance	High 12 Partial Assurance	✓	✓	✓				Mod 6
BAF 4	Improving Population Health	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 15 Partial Assurance	✓				✓	✓	High 12
BAF 5	Responsive Patient Care	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 20 Partial Assurance	✓	✓	✓	✓	✓	✓	High 12
BAF 6	Digital Transformation	Ext 16 Partial Assurance	Ext 16 Partial Assurance	High 12 Acceptable Assurance	High 9 Acceptable Assurance	✓	✓		✓	✓	✓	High 8
BAF 7	Fit for Purpose Estate	High 12 Acceptable Assurance	High 12 Acceptable Assurance	High 12 Acceptable Assurance	High 12 Acceptable Assurance	✓	✓	✓	✓	✓	✓	High 8
BAF 8	Financial Sustainability	High 9 Partial Assurance	High 12 Partial Assurance	High 9 Partial Assurance	Low 3 Partial Assurance	✓	✓	✓	✓	✓	✓	Low 3
BAF 9	Research & Innovation	High 12 Partial Assurance	High 12 Partial Assurance	High 9 Partial Assurance	High 9 Partial Assurance	✓		✓	✓	✓	✓	Mod 4

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.

In December 2023, we were recognised for supporting more than 70% of young people with disabilities who participated in our Project SEARCH programme, find paid employment.

Project SEARCH gives 18 to 24 year olds with disabilities and learning difficulties the opportunity to work at Royal Stoke and County Hospital, to gain vital experience to help with future employment prospects, independence and confidence.

The programme is a joint initiative with partners at Newfriars College and Sodexo and has gone from strength to strength since it started.

Lorraine Whitehead
Director of Estates, Facilities & PFI

> **I am so proud of all the work our students do and their drive and determination shines through. The project opens so many doors for our students and I am extremely proud that we are able to facilitate this at UHNM.**

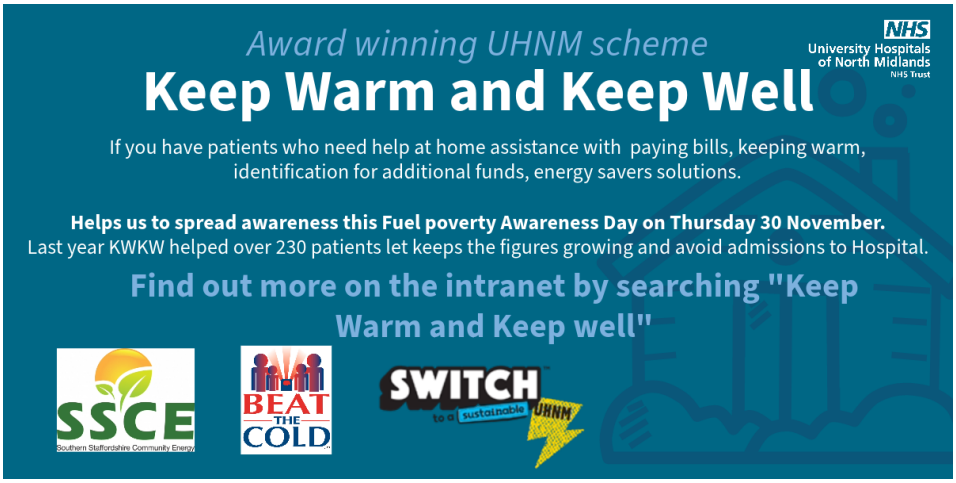
The Armed Forces Covenant is aimed at promoting fair treatment for the Armed Forces community, removing disadvantage, and ensuring that they get the same access to services as the civilian community. The Covenant recognises that the whole nation has a moral obligation to members of the Armed Forces and their families.

We are one of many NHS organisations signed up to the Armed Forces Covenant and we have received accreditation awarded by the Veterans Covenant Healthcare Alliance (VCHA).

The **Veteran Aware** mark highlights a series of pledges we have made around sharing and driving best practice in NHS care for people who currently serve or have served in the UK Armed Forces and their families.

The Keep Warm Keep Well scheme supports vulnerable patients through the use of solar panels. The scheme seeks to prevent readmissions of vulnerable patients whose health conditions are at risk of being worsened by living in cold and damp homes. This scheme is a partnership with Staffordshire fuel poverty charity 'Beat the Cold', Southern Staffordshire Community Energy and the community (shareholders).

Southern Staffordshire Community Energy receive income from feed-in tariffs from us, for the electricity and this facilitates a return for the investor and a surplus which accumulates into a community fund. There is an agreement to spend the community fund on alleviating fuel poverty in Staffordshire.



The scheme helps by breaking the cycle of readmissions through identifying those whose health would be at risk from a cold home and providing affordable warmth to these patients.

Additionally, unnecessary journeys are reduced and therefore congestion and air pollution on site and the surrounding community. Poor air quality disproportionately affects the health of these types of patients. This intervention is funded entirely by the community fund with no cost to us.

Anchor Institution

The NHS Long Term Plan refers to the NHS as an 'anchor institution', which contributes to the local economy, society and environment.

We recognise the importance of our corporate responsibility as an anchor institution and strive to fully integrate economic, social and environmental considerations into all levels of our business operations.

We use our assets and resources to influence the health economy and overall quality of life for our population.

- From September 2023, we have ensured that Social Value is included in all procurement tenders
- We use local contactors via a Measured Term Contract for smaller works and ensure that all contractors deliver on the social value returns and engage with the local population, schools and colleges
- Our expenditure with small and medium enterprises (SME) in the local health economy for 2023/24 was 9.12% (£19.9m)
- We have introduced joint energy procurement schemes with our system partners from 2024 allowing us to consider connectivity to Geothermal connect – this will go on to deliver economic, social and environmental benefits to Stoke-on-Trent
- We have increased the use of electric vans within our fleet and now use a small electric vehicle for 70% of our daily delivery of patient notes around site
- We have installed an Aerobic Digester at County Hospital which has eliminated food waste that would normally go into disposal

Through our Charity we were successful in attaining a grant to support partnership activities in the wider community.

Working closely with our partners we are proud to be part of a wide range of projects and schemes for our local community. Below are just some of those:

Lisa Thomson
Director of Communications & Charity

Telephone Befriending Service (North Staffs Link Line)	**Connecting People through Places of Welcome –** (Transforming Communities Together)	**Regular Home Visits to Tackle Loneliness** (Home Start Staffordshire)	**Social Space / Friendship Groups for Older People** (Beth Johnson Foundation)	**Care Link Digital Engagement** (Saltbox)
Lunch Club (Heart of Tamworth Community)	**Wilder Youth Group (Nature Activities)** (Staffordshire Wildlife Trust)	**Activities for People with Learning Disabilities** (Beam Staffs)	**Hot Foot and Entertainment for Vulnerable People** (Whittington and Fisherwick Good Neighbourhood Scheme)	**Anxiety Management Toolbox Workshops** (Staffordshire Network for Mental Health)

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 body we must ensure that our policies, procedures or strategies do not 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 community when developing policies and procedures and carrying out our functions:

- Fairness
- Respect
- Equality
- Dignity
- Autonomy

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, to best fulfil our objectives and those 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.

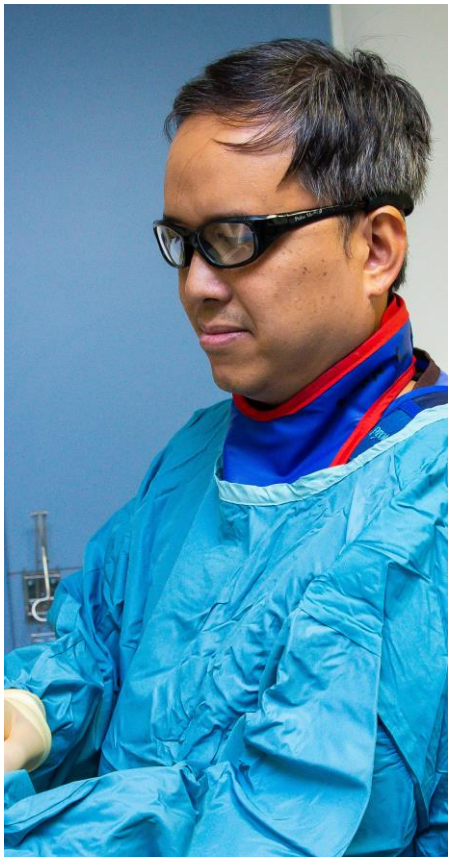
We fully investigate any suspicion of fraud, bribery or corruption within our organisation, through a rigorous review of any such allegation, to taking appropriate action, including possible criminal prosecution, as well as undertaking steps to recover any assets lost because of fraud. To support this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

- Standards of Business Conduct
- Standing Financial Instructions
- Anti-Bribery & Anti-Fraud Policy
- 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 24 referrals made to the LCFS during 2023/24, which were reviewed and investigated where appropriate, in accordance with our policy. The LCFS work plan for 2023/24 was also aligned to meet the requirements of the Governments Functional Standard 013: Counter Fraud, and was approved by the Audit Committee in April 2023, 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 bodies 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:

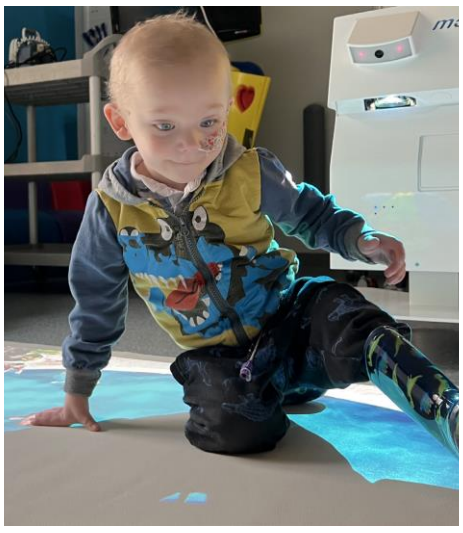
- Removing or minimising disadvantages suffered by people due to their protected characteristics
- Taking steps to meet the needs of people from protected characteristic groups where these are different from the needs of other people
- Encouraging people from protected groups to participate in public 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, patient user groups and stakeholder engagement.

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 so that we can 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**



Emergency Preparedness, Resilience & Response (EPRR)

We are required to respond to business continuity, critical and major incidents arising from a variety of causes.

Whether that be a failure of utilities or information techology, incidents caused by capacity issues within the wider health economy or incidents generating a significant number of casualties or patients, such as major transport incidents, fires of terrorism, or new and emerging diseases such as Covid.

As such, we are a Category 1 responder under the Civil Contingencies Act 2004 as well as having specified requirements under the Health and Social Care Act 2022 and the NHS England EPRR Framework 2023.

Our **responsibilities** are:

- Assessing the risk of emergencies occurring
- Putting in place emergency plans
- Putting in place business continuity management arrangements
- Putting in place arrangements to warn, inform and advise the public in the event of an emergency
- Sharing information with other local responders to enhance co-ordination
- Co-operating with other local responders to enhance co-ordination and efficiency

We produce and maintain comprehensive plans to ensure that critical functions are provided, as far as reasonably practicable and to a predetermined level, during an emergency and this is referred to within the NHS as Emergency Preparedness, Resilience and Response (EPRR).

To measure compliance with these requirements, NHS England undertake an EPRR Core Standards Assurance process each year, and we must declare a level of compliance against the following:

Ratings and Criteria

Full Compliance	Substantial Compliance	Partial Compliance	Non-Compliant
against 100% of the relevant NHS EPRR Core Standards (62/62 Core Standards)	fully compliant against 89-99% of the relevant NHS EPRR Core Standards (55-61/62 Core Standards)	fully compliant against 77-88% of the relevant NHS EPRR Core Standards (47-54/62 Core Standards)	fully compliant up to 76% of the relevant NHS EPRR Core Standards (less than 47/62 Core Standards)

We have previously declared 'Substantial Compliance' but within the 2023/24 assurance cycle, NHS England made significant changes to the assurance process, which resulted in us declaring a 'non-compliant' rating.

We initiated a comprehensive recovery plan, including the appointment of a substantive Head of EPRR, supported by an EPRR Support Officer, with a further EPRR Officer commencing April 2024.

Training and Testing

The EPRR team have undertaken **specific training** on ISO22301 'Implementing a Business Continuity Management System' and will be undertaking a complete review of our Business Continuity Plans and Incident Response Plans, complemented by a comprehensive training and exercise programme. Funding has been secured to send team members on Level 3 Award in Health EPRR, with a view to another team member progressing to a Level 4 Diploma in Health EPRR.

Strategic and Tactical on-call staff undertake a **training and exercising programme**, which is aligned to the NHS England EPRR Minimum Occupational Standards (MOS), and includes attendance on Principles of Health Command training undertaken by NHS England. Strategic and Tactical Commander training is also undertaken, and staff have attended exercises and workshops based on Cyber and Mass Casualty Scenarios. In addition, a cycle of continuous improvement is undertaken by formal debriefs of any incidents that we respond to.

We are planning several EPRR **exercises to test** Business Continuity and Incident Response plans, including testing responses to Cyber Incidents, Evacuation and Shelter, Chemical, Biological, Radiological and Nuclear / explosive (CBRNe) and responses to Mass Casualty incidents, which will be undertaken both internally and with multiagency partners.

Incidents During 2023/24

During 2023/24, whilst we did not activate our Major Incident Plan, we responded to several Business Continuity and Critical incidents.

- Loss of a hot water supply to our Emergency Department
- Flood within Day Case Units
- Two minor fires at County Hospital
- Ongoing Industrial Actions from various unions representing Junior Doctors, Consultants, Nurses and Midwives, Physiotherapists and Paramedics
- Several Critical Incidents arising from capacity issues across the wider healthcare system
- Heatwave Level 3 and 4 activations
- Cold weather Level 3 activations

Comprehensive plans are in place to ensure that we can respond to a range of incidents and emergencies such as these. Working both internally and externally with partner organisations, we continue to test and revise these plans following incidents and planned exercises and deliver training to staff involved in the management of incidents. Ongoing development continues so that we can improve compliance with the NHS England EPRR Core Standards, and the work generated from these standards along with learning through incidents and exercises to ensure that we meet regional and national plans, guidance and best practice.

Our Environment

Sustainability for a Greener NHS

In 2020, the NHS in England published a new climate change plan, announcing an ambition to become the world's first 'net zero' health care system by 2045. This target requires a substantial reduction in emissions from all sources that the NHS both directly control and influence. This includes energy and water use, staff and patient travel, waste disposal, supply chain, medicine use and clinical practice.

The aim to achieve net zero marks a step change in the level of ambition and investment required.

Governance: Sustainability Performance Oversight

In 2023/24 we increased our reporting of climate and sustainability performance, to specifically disclose on how we are delivering our **'UHNM Green Plan (2022-2025)'** and trajectory towards the Net Zero Carbon targets. The structure of reporting is as follows:

- Monthly operational Sustainability Working Groups (Energy and Water, Procurement, Travel and Transport and Waste)
- Monthly reporting to the Estates, Facilities and PFI Divisional Board meeting
- Bi-monthly updates to the Executive Infrastructure Group
- Bi-annual reporting to the Performance and Finance Committee
- Bi-annual performance reporting to the Sustainable Development Steering Group

We take our responsibility to address climate change and the successful transition to net zero seriously.

This improved disclosure was established in recognition of the following benefits:

More effective evaluation of risks, particularly relating to climate change and the attainment of Net Zero targets	Better assessment and evaluation of the strategic opportunities identified that support the attainment of Net Zero	Improved visibility of sustainability metrics and performance to prioritise where we allocate capital funds

In addition to these formal reporting arrangements, our Sustainability Team regularly take the opportunity to engage with the Board and Executive Team. This included:

- A sustainability themed and hugely successful **Trust Board Seminar** in the autumn 2023 highlighting the link between **climate change and health**.
- Hosting a **'Solar Soiree'** as part of 2023 National Healthcare Estates and Facilities celebrations. This was located on the rooftop of our Royal Stoke Maternity Building. Attendees learnt more about solar photovoltaic array which is a key component of the award winning Keep Warm, Keep Well community energy scheme.

Sustainability Roles and Responsibilities

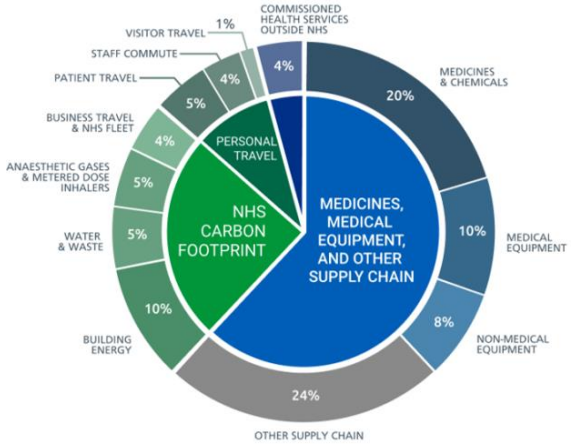
We have a dedicated Transformation and Sustainability Team in place to specifically assess and manage sustainability and climate related issues.

The team lead the monthly operational Sustainability Working Groups and develop initiatives, in partnership with stakeholders, that respond to areas where focus is required to improve sustainability performance and mitigate risks. Financial investment in this area is a risk and the team actively look to explore external funding opportunities, wherever possible.

The team provide all required sustainability performance reporting, as outlined earlier.


Louise Stockdale, Charlie Cox and Jessica Brownsword
Sustainability Team

Key roles include a lead director who is a member of the Trust Board, speciality doctor and Net Zero Carbon Clinical Lead, Head of Transformation and Sustainability, Sustainability Manager, Energy Manager and Transformation Project Managers.



Sources of carbon emissions by proportion of NHS Carbon Footprint Plus

The greatest areas of challenge, or opportunity for change are in the supply chain, pharmaceuticals / medicines and medical equipment.

> **We recognise that every area of the NHS will need to act if Net Zero is to be achieved.**

Our **Net Zero Carbon Clinical Lead** was appointed in early 2024, to provide critical support to the delivery of our Green Plan and its clinical priorities and objectives. We have held an innovative 'Low Carbon Care' day to support progression and prioritisation of clinical sustainability.

The event brought together clinical groups from across our organisation, our Clinical Lead and NHS England representation. Engagement and sharing ideas and experiences was buoyant and the output is shaping our Net Zero Carbon Clinical Framework. This framework outlines actions, divided into bronze, silver and gold levels. Addressing these actions improves clinical sustainability, supports attainment of targets and creates financial savings while maintaining or improving patient care.

Staffordshire and Stoke-on-Trent Integrated Care System

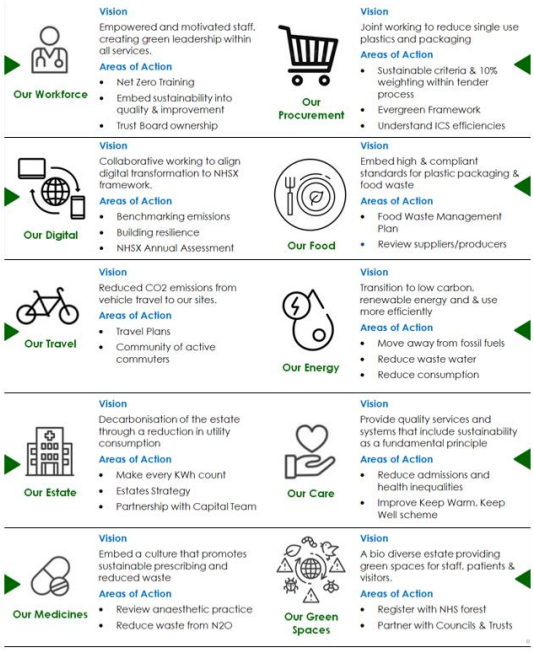
Given the pivotal role of integrated care systems (ICS), our Sustainability Team support the work of the ICS Sustainability Programme Board and the delivery of the ICS Green Plan which comprises national, regional and local priorities. This work is facilitated by the month ICS 'Greener Delivery Group' which includes attendance from each member organisation.

In 2023, to improve focus and delivery of key priorities, ICS led working groups were introduced, all attended by our Sustainability Team. These focus on Medicines, Adaption, Travel and Transport and Virtual Wards. One of the priorities is our award-winning Keep Warm Keep Well Scheme, mentioned earlier in this report.

We cannot deliver a Net Zero health service without support and collaboration across the NHS and with partner organisations.

We are very proud of our well recognised **'SWITCH to a Sustainable UHNM'** campaign. The aim of the campaign is to invoke behaviour change amongst our workforce – breaking wasteful habits and making efficient habits.

During 2023/24 our Sustainability Team have increased the prominence of the campaign through social media to share messages and further reach our workforce. Further engagement workshops are being planned to encourage SWITCH engagement. We now have over 300 SWITCH champions who play an active role in ensuring their teams and departments are engaged with supporting our sustainability agenda.



> We have continued to deliver our **10 Point Green Plan**, to transforms the NHS Net Zero Carbon ambition into local action.

Free Trees	Investment	Thermal Efficiency	Energy Procurement	Medicines Emissions
We made a successful application to the Centre for Sustainable Healthcare for 50 free native saplings. This scheme supports healthcare sites to transform their green space for improved health, wellbeing and biodiversity	£13k was spent on installing controls on lighting which will generate a £9k saving per year and reduce carbon dioxide equivalent emissions by 7 tonnes per year	Cavity and loft insulation has been installed in key areas of our retained estate which will save around £12k in gas costs and reduce carbon dioxide equivalent emissions by 40 tonnes per year	We have worked with Stoke-on-Trent City Council to procure our supply contracts for gas and energy to reduce cost increases in energy prices through bulk buying	We have introduced schemes reduce emissions from medicines including anaesthetic and analgesic gases such as Desflurane and Nitrous Oxide and inhalers

In January 2024 we began work on a £5.4 million net zero carbon emissions project. This involves replacing four large industrial boilers with local Air Source Heat Pumps and replacing gas fuelled steam production with local electrical generated steam.

The project was made possible thanks to a Decarbonisation Scheme grant from the Department for Business, Energy and Industrial Strategy and involves the installation of almost 100 solar panels and energy saving LED lights in three buildings at our Royal Stoke site.

> **This monumental project will enable the delivery of schemes that will significantly decarbonise the heating of our estate. It means that UHNM is not only progressing towards its mandated carbon emission targets but improving local air quality for our staff, patients and residents in our surrounding community.**
>
> **Lou Jenkins**
> Transformation Project Manager

Our People

Delivering our People Strategy in 2023/2024

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

Priorities for Our People

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 grow and develop our workforce for the future by attracting, recruiting and retaining our people. We will plan ahead to anticipate and meet the changes in patient needs and demand for our services within the constraints we face.

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 of work and our cultural improvement programme. We will support our staff to be the best they can be by building a psychologically safe, positive, compassionate and inclusive culture where our people are free from discrimination and diversity is celebrated.

We will develop our people practices and systems by promoting and using new technologies and equipping our people with digital awareness and skills.

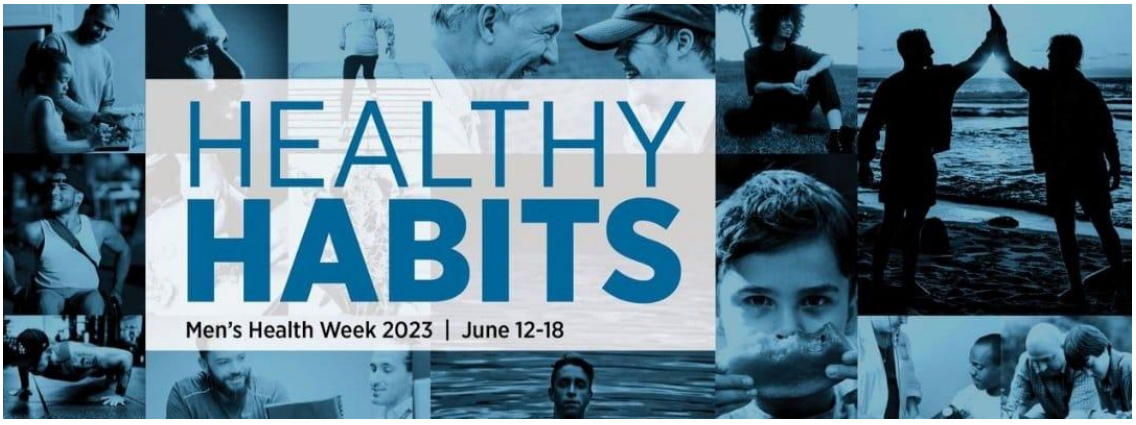
We've made some great progress with our People Strategy during 2023/2024. Here are some of our highlights.

We welcomed a new cohort of students studying the T-Level Adult Nursing pathway at both Stoke 6th Form College and Newcastle and Stafford Colleges Group.

We provided 25 Health T-Level students placements, giving them the opportunity to gain the experience they need for their qualification.

The students had just finished the first year of their course and were with us until the end of July 2023.

Men's Health



To mark our commitment to men's health, we launched a new Men's Health Group in June 2023 to coincide with Men's Health Week.

Alongside our Women's Network and other groups to support ethnic minorities, disabilities, and LGBTQ+, this group provides a forum for male colleagues to discuss anything and everything that has impacted their health, good or bad, and to share coping mechanisms that can support others.

The group has helped to bring awareness to health issues that affect men disproportionately, with a focus on getting men to become aware of problems they may have or could develop, as well as supporting them to gain the courage to do something about it.

Celebrating 6 Years of the Staff Physiotherapy Service

Staff Physiotherapy Team

Our Physiotherapy team celebrated their sixth year of the Staff Physiotherapy Service.

The service started in August 2017 and is available across both of our sites. The team have seen over 6000 staff members within the service which treats acute musculoskeletal injuries, supporting our staff to recover and to stay fit and healthy.

> Here's to many more years helping to keep our staff **happy and fit for work.**

Rachel Winstanley
Principal Physiotherapist

In November 2023 we welcomed a cohort of 26 newly qualified midwives to our Royal Stoke Maternity Centre.

The midwives joined the midwifery preceptorship programme which is a period of structured support for newly registered midwives whilst they integrate into their new team and place of work.

Over the first two weeks the midwives undertook a bespoke induction and welcome programme, preparing them to join their clinical teams.

The induction is followed by 12 months on the antenatal, postnatal and delivery wards gaining extensive knowledge within the area they want to work.

The new recruits had trained across the Midlands as well as an international recruit who started their UK career in another area who chose to join us.

We were so excited to welcome such a big group of midwives to our midwifery team. We trained many of them for two to three years and know how amazing they all are. We were also excited to welcome midwives who have trained somewhere else, bringing new ideas.

In October 2023 we welcomed our largest cohort to date of overseas nurses.

30 international nurses from India and Botswana joined us to support a wide range of wards and departments. We provided them with a comprehensive induction with pastoral care to support an easy transition to living in the UK and working with us.

We have employed 360 international nurses, and this has played a huge role in reducing nursing vacancies. 4 of these were recruited as part of a Refugee displacement programme and we were one of only 12 trusts selected to participate in this. The nurses we have already employed have proven to be a huge asset and have enriched our workforce.

Our very own Heroes

Dr Alison Brind, senior gastroenterologist received an 'NHS Heroes' award in recognition of her fundraising work with our UHNM charity.

Dr Brind was one of five members of our staff nominated in the NHS Heroes category, as well as Naser Rashid, a third-year practice student at Staffordshire University. Naser was highly commended at the awards for his contributions to our Ethics Committee whilst on placement in Theatres at County Hospital.

The Your Heroes Awards, organised by Staffordshire University in partnership with local organisations and businesses celebrates the unsung heroes of Stoke-on-Trent and North Staffordshire.

Celebrating Culture

We really enjoy celebrating the diverse cultures we have here at UHNM.

Staff across our organisation celebrated their diverse cultures with some holding their very own **'Culture Day'**, where they cooked and prepared dishes and local delicacies from around the world, sang songs and read poems and prayers in different languages.

> Our workforce is **so diverse it's fantastic** that we can get together and celebrate. The past year has been challenging but throughout we have **worked as a team and lived the Trust Values.**

Abraham Runsmon
Ward Manager

In September 2023, one of our foundation doctors was selected to join the Healthcare Leadership Academy Scholars programme, a prestigious scholarship set up to develop and nurture healthcare leaders of the future.

Rand Itabli from Syria has worked with us since August 2022 in paediatrics, geriatrics, general medical and general surgery. Rand completed a rigorous selection process of over 141 applicants from across 27 countries to join the academy's cohort for the 2023/24 academic year.

The scholarship recognises healthcare students and professionals with proven leadership abilities and gives them the opportunity to take their leadership skills to the next level. The 2023/24 cohort had a mix of medical students from across all clinical specialties, including doctors, nurses and dentists.

> **"I am grateful and honoured to have secured a place on the programme. I am looking forward to a year of growth and meaningful contributions to healthcare leadership."**

Our Staffordshire Children's Hospital at Royal Stoke and our Neonatal Intensive Care Unit (NICU) celebrated their success at the Paediatric Awards for Training Achievements (PAFTAs).

The awards, organised by the West Midlands School of Paediatrics Training Committee, celebrates the training achievements of paediatric teams across the West Midlands.

Out of the 9 categories, our teams had nominations in 8, winning 3 with a further 3 highly commended nominees.

NICU received nominations from trainees for excellence in clinical, governance, academic and team working, with a focus on wellbeing and a positive learning environment. The **learning environment was described as 'superb'**, allowing trainees to manage neonates and particularly extreme pre-terms with confidence.

Our Neonatal Intensive Care Unit was awarded 'Best Training Unit'

Our Midwifery workforce has continued to grow thanks to a new midwifery apprenticeship programme bringing a new cohort of midwives to join us.

Five apprentices were recruited, and their academic study will take place at Wolverhampton University and will run alongside the degree programme.

> **We are so delighted to be able to offer a brand-new, alternative route into midwifery and to be working in partnership with the University of Wolverhampton.**

Anita Timmis
Clinical Placement Facilitator for Student Midwives

This is such an exciting time for us and an amazing opportunity for staff

Dr named in '75 @ 75' list

Dr Sai Pillarisetti, Foundation Year Doctor was named as a hidden GEM (Gifted Ethnic Minority) in the prestigious national '75 @ 75' list, celebrating 75 NHS staff members for 75 years of the NHS.

The award was instituted by the National BAME Health and Care Awards, Seacole Group and Hunter Healthcare, recognising 75 health and social care professionals from Black, Asian and other minority backgrounds who are making a difference in the health sector.

Sai was recognised for his work in supporting international-origin and minority ethnic doctors through a variety of roles including as Chairman of the Postgraduate Doctors Forum of the British International Doctors Association (BIDA), the youngest to be elected in BIDA's near 50-year history.

Through BIDA, he has led several initiatives to support doctors coning to the UK from abroad as well as ethnic minority doctors in the UK. He established the BIDA Clinical Attachment portal, the first of its kind national collaboration aimed at addressing stress and anxiety faced by medical graduates.

> **We must all do our part to support and encourage them and it feels so great to be part of the UHNM family where we are proud to work with some of the most diverse group of staff members of any NHS Trust.**

Clinical Scientist in Medical Physics awarded the title of 'Young Investigator of the Year' by the British Ultrasound Society.

His research, titled 'Assessment of Thermal Index Compliance in Clinical Ultrasound Examinations' saw him analyse over 100,000 ultrasound images to ensure current national and international guidelines were suitable. He presented his findings to the society and then at their Annual Scientific meeting in York.

As a result of being named Young Investigator of the Year, Sam, who has worked with us since 2016 was invited to represent the UK at the annual Euroson congress in Naples.

> Its great working at UHNM, I love it. The team here is fantastic, we get involved in patient care a lot more than other medical physicists at other centres and I get a lot of satisfaction driving the service forward, trying new things to improve patient care.

Reward & Recognition

A Night Full of Stars

Our Annual Staff Awards evening 'A Night Full of Stars' is always a huge success, and this year was no exception. We celebrated our staff in style on 13th October 2023, in recognition of their exceptional achievements.

Our Winners:

Rising Star Appprentice	Tracy Gratton	Non-Clinical Team of the Year	Recruitment Team
Volunteer of the Year	Celia and Therapy Dog Maisie	UHNM Charity Award	Donna Kent and Dr Alison Brind
Being Kind and Compassionate	Early Pregnancy Unit	Service Improvement Award	MySENSE Team
Clinical Team of the Year	Ward 113	Leadership Impact Award	Dr Vicki Burnham
Rising Star Clinical	Katie Stern	Rising Star Non-Clinical	Jordan Cooper

40 YEARS
COUNTY HOSPITAL

We also celebrated the 40th anniversary of County Hospital with a week-long celebration in November 2023 of the staff who work there.

Showcasing forty stories for some of the excellent patient care that takes place at County Hospital as well as profiling the staff and improvements made to the facilities.

Speaking Up

Freedom to Speak Up
Your voice matters at UHNM

We welcome speaking up and we listen to those who do. Our staff understand that by speaking up they are playing a vital role in helping us to keep improving for our patients and for their working environment.

We actively encourage all of staff to speak up if they have concerns, regardless of which part of the organisation they work in and we make every effort to ensure that staff who are harder to reach, including those with protected characteristics, feel able and safe to do so.

Rob Irving
Freedom to Speak Up Guardian

During 2023/2024 we revised our Speaking Up Policy in line with the national policy and we took time as a Board to self-reflect on our Speaking Up arrangements and identify plans to develop our service further.

In line with our People Strategy and our communication and engagement plan we have continued to promote our speaking up service across the organisation.

In October 2023 we participated in national Freedom to Speak Up Month where we organised a series of events and encouraged staff to wear green each Wednesday to raise awareness through social media.

Professor Andrew Hassell is our designated Non-Executive Director Lead for Speaking Up and we have four 'Associate Guardian's' to support the Lead Guardian.

Each quarter we provided our Transformation and People Committee with a comprehensive, confidential report on the work undertaken through the service, in line with national and local priorities. The report also provided a breakdown of the types of concerns we received as well as comparisons with data available from the National Guardian's Office (NGO).

215 Concerns during 2023/2024

Throughout the year we saw an increase in the concerns being raised with our service (compared with 169 in 2022/23), which we see as a positive reflection of the healthy speaking up culture we are building.

Learning & Education

Our Learning, Education and Widening Participation (LEWP) Team offer a range of services and support for colleagues within the organisation and those who may be interested in starting a career with us. They work closely with schools, colleges and partners across our health and care system on a wide range of projects and initiatives.

- They connect with our educators and share our education delivery plan setting clear priorities to work towards
- They manage, co-ordinate and discuss apprenticeship offers for staff applying for an apprenticeship or recruiting a new apprentice
- They work with our education providers to offer courses to our staff
- They introduce new roles to support our workforce and service delivery
- They manage our work experience / T-level placements and look at ways of promoting roles to our future workforce such as students
- They work closely with our education partners to support student placements and promoting job roles

Going the extra mile to unlock the potential of our current and future workforce

T Level Students

We have been **proudly hosting T Level students** since the summer of 2022 and since then the placement capacity has expanded across disciplines and divisions (figures below). T Level students form part of the valuable talent pipeline for growing our own future workforce.

Health	Digital	Business & Management	Engineering	Construction
43	4	4	4	1

Student Engagement

We work in close **partnership with our local education providers** to ensure students understand the opportunities we have available, with a focus on inclusivity.

Attendance and representation at 11 careers fairs 2023/24	Supported a further 5 schools with additional, tailored educational activities	Delivered 2 live 'Step into UHNM' webinars
Held 2 Healthcare Masterclasses with Staffordshire University and Higher Horizons aimed at students with deprivation indices – 63 attended	Provided focussed opportunities for local students to gain experience of the workplace through the Stoke & Staffordshire Careers & Enterprise Company	

Apprentices

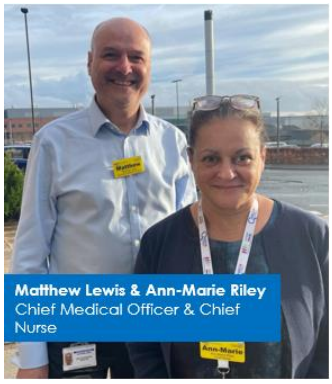
We value the benefit and opportunity that apprentices bring, combining the best of vocational and academic education and playing a key role in the workforce. Since introduction of the Apprenticeships Levy in 2017, **we have proudly supported 500 apprenticeships**.

351 colleagues on apprenticeship programmes ranging from Level 2 to 7	145 new apprenticeship starts in 2023/24 and 87 completions	Stretch objective is 250 new starts for 2024/25	Parent webinars provided to highlight opportunities	West Midlands Apprenticeship Ambassador

Our Patients

Delivering our Quality Strategy in 2023/2024

Taking account of the views of our people, our patients, their carers and relatives and our healthcare partners, we have developed our Quality Strategy which sets the priorities for our patients, which align with the NHS Long Term Plan, our obligations under the Health and Social Care Act (2012) and the expectations of our regulators.



Priorities for Our Patients

- To develop consistently positive practice environments recognising our staff are safety critical
- To deliver consistently safe and reliable care
- To prevent avoidable delay in patient assessment, treatment and discharge
- To ensure that our patients have access to services that meets their needs and delivers positive outcomes and experiences

We are very proud of the progress we have made in delivering the priorities for our patients during 2023/24. Here are some of our highlights:

Staff at our Macmillan Cancer Support and Information Centre at County Hospital celebrated their highest ever Macmillan Quality Environment Mark (MQEM) award rating.

The award celebrates Macmillan Cancer Support environments that go above and beyond to create a welcoming and friendly space for patients.

We achieved the highest mark of excellence that the support centre has ever received.

We hope it shows our commitment to all patients, loved ones and carers affected by cancer.


Baby Oliver Mountford

Our Neonatal Community Outreach Team (NCOT) which allows premature babies to go home earlier than usual provided care to its 200th family.

The team support families and babies in the community who require additional care and support such as specialist feeding support, home oxygen and phototherapy.

They provided care for their 200th family since the service first started when baby Oliver Mountford was born in April 2023. After being born four weeks early and staying for one week on the unit, Oliver was discharged and put under the care of the Outreach Team.

Parent Feedback

> **The outreach team were lovely to us. I had met one of the ladies while I was in hospital which was nice. On each visit they were really helpful and understanding. They also checked on me too.**

We hope this service will continue to enhance families experience of their neonatal journey.

New figures showed that children receiving treatment for cystic fibrosis with us were spending the least amount of time in hospital than anywhere in the country.


Cystic Fibrosis Team

Advances in technology and the work of the Cystic Fibrosis Team and colleagues to reduce the amount of time spend in hospital has not only improved the experience of those living with cystic fibrosis but freed up beds for other patients.

Data from the Cystic Fibrosis Trust ranked our North West Midlands Cystic Fibrosis Centre hosted at Royal Stoke as the first in the country for the delivery of home antibiotics in children.

The annual report also placed us third highest for home delivery of intravenous antibiotics in adults.

> **We recognised the challenges and over the past decade have worked hard alongside families and young people with Cystic Fibrosis, empowering them to reduce the amount of time spent in hospital.**

Dr Francis Gilchrist
Consultant Respiratory Paediatrician

More than 150 wards and departments achieved a 5-star cleanliness rating as part of the new NHS Cleaning Standards.

The national initiative was introduced in June 2023 by our Estates, Facilities & PFI team in partnership with nursing and infection prevention colleagues.

We know how much cleanliness matters to our patients, visitors, and our staff.

The star ratings are displayed as a simple and effective way of reassuring patients, the public and staff about cleaning standards achieved through audit.

In September 2023, we introduced a new outpatient procedure at County Hospital for patients with small recurrent bladder tumours, which allows them to go home the same day.

The procedure takes less than an hour to complete and is done under local anaesthetic, which means patients do not need to be fasted or stop their blood thinning tablets and they can go home after the procedure.

Patient Feedback

> "I had the procedure at the beginning of September, it was really quick, I had no pain after, no discomfort and no embarrassment, it was perfect. I would recommend it; I was home in a few hours."

As a result of the the team's hard work and dedication, bereaved families are able to register the death and arrange a funeral for their loved one in a more quickly, thanks to their efficient and timely approach to death administration which received special recognition.

The local Coroner as well as Stoke-on-Trent Registration Service acknowledged the working practices and successful implementation of the Medical Examiner Service within our Bereavement Centre. We were recognised by the General Register Office (GRO) as one of the top performers in the Midlands.

Emergency Department Staff

A partnership initiative with local GPs led to more patients being seen quicker without waiting unnecessarily in our Emergency Department.

Thanks to the new collaboration and shared access to clinical systems, staff have access to the necessary information for patients sent to the Emergency Department without them needing to repeat their details and symptoms and causing additional delays within the department.

Urgent referrals and investigations can also be ordered using the system, providing a truly joined up service between primary and secondary care, improving continuity of care while providing a much better experience for our patients.

> **The doctor was concerned about the pains in my legs so gave me a letter and referred me to Royal Stoke. The thought of waiting in an A&E is my worst nightmare and I knew there would be sicker people than me and I could be waiting for a long time, so it was great that once I was seen in reception I was taken straight through to a different department. Thanks to the GP letter I avoided waiting in the A&E and had a number of tests and an MRI scan all within two hours.**

Patient Feedback

Digital Developments

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 making, enabling patient self-management, self-service, and increased productivity.

We have continued to use digital and data insights to develop our people to be digitally confident and enable the delivery of exceptional care.

We received £1.38m funding from NHS England Midlands for an Artificial Intelligence (AI) upgrade to our radiology training facilities.

The training facility means one consultant can simultaneously train and supervise learners across all regional academy sites, giving other consultants more time to spend with patients.

This training model is a huge benefit to patients and as more students can be trained by fewer consultants, they will be freed up for direct patient care.

The new electronics and picture archiving suite has also been piloted as a platform to develop AI learning and co-operation in imaging academies, with eye tracking teaching the AI algorithms based on human behaviours. When used with our already successful extended reality laboratory at County Hospital, trainees can be immersed in different spaces such as an MRI scanning suite or Emergency Department, providing lifelike, high quality simulation training to teams of clinicians.

We are leading the way in research for early diagnosis of lung cancer through a nationwide research project set to be the world's largest lung cancer dataset.

The research will enable state of the art developments to key software which will assist in doctors detecting lung cancer by speeding up diagnosis, reducing investigations and ultimately will save lives.

The research project is led by University of Oxford and aims to further improve earlier diagnosis and better outcomes for lung cancer. **Of the 10 hospitals providing data, we were ranked number 1.**

In the future it is hoped that this ambitious research programme will help pave the way for early diagnosis of lung cancer around the world.

Digital Interpretation Technology

Allowing staff to break down the language barrier with patients, our 'interpreter on wheels' allows wards and departments to access 24/7 one-touch, on demand video access to live interpreters.

> This has been an amazing project that has really made a difference to patients in our care and something we are very proud of.
>
> Staff feedback

The service provides access to more than 40 languages, audio interpreting in more than 200 languages as well as British Sign Language. We've had really positive feedback from those who have used it.

Quality Improvement

This has been the third year for the roll-out of our organisation wide quality improvement (QI) programme 'Improving Together' and we have seen some fantastic progress being made.

The programme has progressed on plan and our QI Academy has continued to provide our wards and departments with training, skills, tools and support. Just short of 5000 colleagues have received some level of Improving Together training, which is delivered through different approaches, including a 5 month change programme for frontline teams and a 2-day bootcamp for managers. An online offering is also available and has been refined during the year as this is the most accessed form of training to underpin the more detailed sessions.

We use a dedicated Business Intelligence (BI) dashboard to measure the progress we are making with the programme and have provided regular reports on progress to our Transformation and People Committee.

> "I really enjoyed Bootcamp. It gave me lots of ideas about how I can introduce the tools into my day to day work and I've made some really positive improvements as a result."
>
> **Jason Dutton**
> Corporate Governance Support Manager

The impact of our training has been measured by the adoption of tools by teams who have been trained and during 2023/24 we saw a 15% improvement when compared to the previous year. Importantly this was sustained through the winter months which are the most challenging for us. We have set a target to increase adoption of tools by a further 15% for 2024/25.


Improving Together Bootcamp


Dr Ruth Bednall
Assistant Director for Quality Improvement

Improving Together is our long-term improvement programme designed to move us to a culture where everyone feels empowered to make small changes in their day-to-day work that result in improved care for our patients and work experience for our colleagues.

Research & Innovation

Research and Innovation are so important because without them we are not able to move forward to help diagnose patients and to improve their quality of life.

As a centre of clinical and research excellence we participate in clinical trials from across the healthcare sector including novel interventions, new drugs and device innovations. These cutting-edge developments are translated into our day-to-day clinical practice.

During 2023/24 more we saw a record number of patients taking part in our clinical research trials with more than 2000 patients taking part, across both of our hospital sites. In total, **2035 patients agreed to take part in one of 262 studies.**

This represents a **25% increase** on figures from the previous year, with **41 new research studies** also being opened.

We also support commercial research, and during 2023/24 **we ranked in the top three trusts regionally** with 127 patients taking part in commercial research.

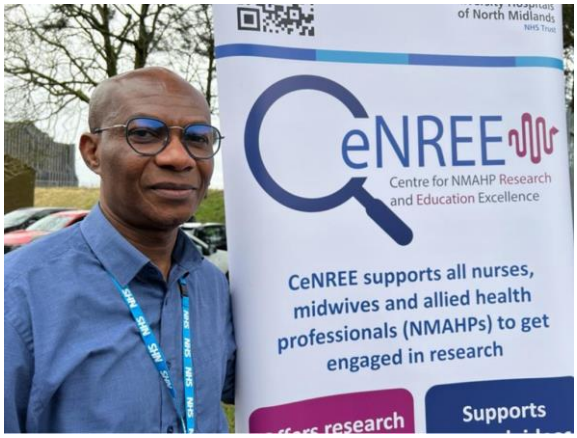
One of the patients involved in our motor neurone disease drug trial

> **"I'm taking part in research because it will help add to the body of knowledge. I've got children and grandchildren so it might help them in the future. They always make me feel very welcome."**

As a research active organisation, our clinicians work in collaboration with leading professors and research scientists from Keele and Staffordshire Universities locally and other universities nationally, as well as conducting studies funded by fellowships and grants awarded by the National Institute for Health and Care Research (NIHR). We also support national studies and trials run by other NHS researchers.

> **"We're delighted to have exceeded our patient research recruitment target for the past year. This shows our continued commitment to providing the best possible patient care to our local population through innovative research and I would like to thank our patients who have taken part for the benefit of others."**

Jackie Sears
Clinical Research Matron



We have created a Centre for Nursing, Midwifery and AHP Research and Education Excellence (CeNREE), providing support to hundreds of nurses, midwives and allied health professionals (AHP) who want to engage with and lead research in their clinical practice through work-based projects and academic and research development.

Our CeNREE Strategy: Lead advancements in education, research, policy and practice

- Ensure an environment where students, postdoctoral fellows and staff are provided with the support needed to realise their goals and aspirations
- Support integration of research and innovation in educational curricula and clinical practice
- Engage students and trainees in research experiences that prepare them for a broad set of roles
- Ensure all our undergraduate and professional students have opportunities to engage in research and innovation experiences
- Communicate and celebrate the value of our research and innovation achievements

We've made some great progress against our CeNREE Strategy during 2023/24

- 1075% (from 8 to 102) increase in Nursing, Midwifery and AHPs supported by CeNREE
- Two NHS England Clinical Leadership Fellows
- Two Foundation of Nursing Studies Inspire Improvement Fellows
- Eleven Chief Nurse Fellows
- One Legacy Mentor
- 100% success rate NIHR Pre-doctoral Clinical and Practitioner Academic Fellowship award holders
- NIHR Senior Research Leader success rate of 100% - only one in the West Midlands

We have seen a **rapid growth** of CeNREE with an enthusiastic and motivated team and are working with colleagues across the system on a **'hub and spoke'** model, sharing resources and supporting the ambitions of those with them.

We held an event in November 2023 which brought together a range of NHS, industry and public stakeholders to develop a multi professional approach to **research support** groups.

There has been significant impact on our **recruitment and retention rates** going from 450 vacancies to net zero vacancies in just one year. At the same time, we have seen staff turnover decrease.

We have increased opportunities for our staff and have introduced additional schemes to **reward and recognise** their efforts and achievements.

Our Population

Improving the Health of our Population and working in partnership

Improved health and wellbeing for our population across Staffordshire and Stoke–on Trent requires better support and high-quality services, but also by preventing people from becoming unwell and supporting them in the community.

Helen Ashley
Director of Strategy & Transformation

Our lung health checks team were held up as an exemplar unit in reducing health inequality and improving uptake to lung screening after by the UK Lung Cancer Coalition Conference.

Dr Khan, Respiratory Physician and Janina Barnett, Programme Manager attended the national conference to present how our lung health checks have developed. The programme has improved uptake with their disengaged cohort of patients through initiatives such as open access appointments and targeted advertising campaigns.

We were selected as a pilot site for the NHS Digital Weight Management Programme, designed to help people make healthier eating choices, be more active and lose weight ahead of their elective surgery.

> **It's great to see our teams drive original innovative uses of our tools to drive effective processes and improve services for patients.**

Heidi Poole
Deputy Director of IM&T

NHS DIGITAL WEIGHT MANAGEMENT PROGRAMME

We used the online personal health record system 'Patient Knows Best' (PKB) functionality to send notifications to patients to make them aware of a potential referral. This improved way of contacting patients resulted in more patients being referred quicker with over 64 days of administrative work saved.

Our 'Keep Stoke Smiling' campaign has continued to go from strength to strength and we were delighted to see this develop into a nationwide campaign #keepbritainsmiling.

The key message is to promote oral health and orthodontics and what started as a small local project to engage teenagers and young people is on the way to becoming a national movement, with real potential to encourage the next generation to have a smile to be proud of. The campaign has been adopted by partners in Birmingham, Chesterfield, London, Blackpool, Leeds, Manchester, Oxford, Sheffield, Torbay and Wales and continues to grow.

The issue of loneliness and social isolation remains an issue within the local health economy.

It affects people of all ages, at any time in their lives, regardless of where they live.

Working with partners across the Staffordshire and Stoke Integrated Care System which includes NHS organisations, local authorities and lead voluntary sector organisations, our UHNM Charity developed the Tackling Loneliness and Social Isolation Fund'.

Based on local and national insight we know that there are some groups that are at higher risk of loneliness and social isolation and therefore the investment received from a successful bid to NHS Charities Together has been targeted towards older people who are widowed and living alone, young people (16-34 year olds), people with long-term conditions, people with learning difficulties and people with multiple disabilities.

New Victoria Theatre Open House Friendship Café	Inviting people from the local community to attend the 'Round at the Vic' Open House mornings, it provides a free cup of tea and a friendly face to talk to or share a creative or other health and wellbeing focussed activity with the objective of combatting loneliness and introducing new activities that lead to further companionship.	A very popular project with a strong community with an average attendance of 30-40 attendees each week
MHA Communities South Staffordshire, North Staffordshire and Stoke-on-Trent – Loneliness Outreach Project	MHA services are aimed at reducing social isolation and loneliness by bringing people from within local communities together. MHA acts as a community help point, delivering a diverse range of opportunities such as short-term befriending to support re-engagement with local services, offering a hospital to home discharge package, social groups, activities and services running daily along with befriending services, group activities to include trips and outings and peer to peer support projects.	Since receiving funding from UHNM Charity, MHA has received an increase of 119 member referrals and engaged 22 new volunteers.
Beam Staffs	Beam activities aims to provide people with low to medium learning disabilities with a series of day activities that aims to encourage the creation of friendships, the improvement of self-confidence, and the reduction of anxiety and development of personal skills.	Beam Staffs is on track and engaging a regular number of approximately 15 – 20 attendees to its activities.

We introduced a new online app to provide our patients with the opportunity to identify if the amount of alcohol they drink is causing a risk to their health.

Our **Alcohol Care Team** launched an online test using our new patient portal 'Patients Know Best' to promote responsible drinking. Any patient who is visiting our Emergency Department or has an appointment with us is now able to discreetly self-register for the portal and answer an Alcohol Self-Assessment Test.

The Alcohol Use Disorders Identification Test is an alcohol screen that can help identify patients who are drinking at levels that may post a risk to health.

The patients score and level of risk is explained and information is available online to support change.

> **The team provides support and advice regarding excess alcohol consumption for inpatients. The app will provide an opportunity to reach out to those who attend the hospital and provide written advice and onward referral to community alcohol services should they consent. One in eight people who receive brief advice will reduce their drinking to lower levels which has the potential to reduce health harms.**

T Bullock

Tracy Bullock, Chief Executive
24th June 2024

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. It holds the organisation to account for delivery of our 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 responsibility of the Executive Directors and management structure they lead.

Scheme of Delegation

Our 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

Our Trust Board has also determined the following responsibilities to be undertaken by its 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 reviewing the reliability and integrity of these assurances
- 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
- 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 formally met 13 times during the year. In addition, 5 Board Seminars were held. At the time of writing this report, the Board consisted of the Chair, 5 voting Executive Directors including the Chief Executive, 5 non-voting Executive Directors, and 8 Non-Executive Directors. There are other directors who 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 2023/2024 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 year are reflected in our remuneration report.

Board Skills, Declarations of Interest & 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 2023/24 is described below.

Board Director	Skills, Experience & Expertise	Interests Declared
David Wakefield Chair	Qualified Accountant with senior executive and non-executive experience.	*Nothing to declare.*
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 Person on Keele Council • Governor of North Staffordshire Colleges Group
Helen Ashley Director of Strategy & Transformation / Deputy Chief Executive	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 Foundation Trust
Simon Evans Chief Operating Officer	Strong operational background spanning 25 years in the NHS in a variety of roles. Track record of working as a Chief Operating Officer in large, complex and challenged organisations.	*Nothing to declare.*
Ann-Marie Riley Chief Nurse	Registered Nurse with background in critical care. Particular interest in leadership, developing positive practice environments and improving outcomes and experience.	*Nothing to declare.*
Matthew Lewis Chief Medical Officer	Consultant Gastroenterologist with master's in medical leadership; previously part time Visiting Fellow at the Kings Fund.	*Nothing to declare.*
Mark Oldham Chief Finance Officer	Qualified Accountant with extensive experience in local government, acute and community sectors.	Loyalty Interests: • Son works in Phlebotomy at MCHFT but now employment with UHNM contract
Jane Haire Chief People Officer	Extensive NHS senior level Human Resources experience with master's in leadership. Fellow of the Charted Institute of Personnel and Development	*Nothing to declare.*
Lorraine Whitehead Director of Estates, Facilities & PFI	Extensive NHS career with strong administrative, senior management and estates experience.	Loyalty Interests: • Son is employed as an Apprentice Engineer with Sodexo • Member of Orchard Community Trust (Voluntary)
Lisa Thomson Director of Communications & Charity	Experience communications, strategy and corporate affairs director in private and public sector.	Outside Employment: • Governor at Stoke-on-Trent College
Amy Freeman Chief Digital Information Officer	Digital expert with NHS and government experience.	*Nothing to declare.*
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, the delegation of Pharmacy, Optometry and Dentistry commissioning to ICBs, Leadership Support, The Oliver McGowan autism awareness programme, workforce planning and recovery • Trustee for The Brandon Trust, which provides support to people with autism and learning disabilities
Katie Maddock Non-Executive Director	Qualified Pharmacist, with extensive experience in senior university roles.	Loyalty Interests: • Head of School of Pharmacy and Bioengineering at Keele University
Arvinda Gohil Non-Executive Director	Experienced leader with significant experience of working in the housing, homelessness, charity and social enterprise sectors.	Outside Employment: • Non-Executive Director – Sanctuary Housing
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.
Andy 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: • Trustee: Oulton Abbey Care Home • Volunteer: Citizens Advice
Alison Rodwell Associate Non-Executive Director	Experienced executive and non-executive director combining strategic leadership and driving transformation with a solid understanding of governance, financial strategy and environmental and social responsibility.	Outside Employment: • Department of Energy Security and Net Zero • Non-Executive Committee Member of the Audit, Risk and Assurance Committee (Dept. for Business, Energy and Industrial Strategy prior to Machinery of Government Changes) Shareholdings & Ownership: • Director and Shareholder of Impact the Future Ltd. Loyalty Interests: • STEM Ambassador with STEM Learning • President of Conservative Women's Organisation, North West Fellow of the RSA • Advisory Board Member of Conservative Environment Network (21st June 2023) • Member of Women on Boards.
Tanya Bowen Non-Executive Director	Data and digital technological specialist on corporate boards in the private sector.	Outside Employment: • Digital Strategy consultation - Primark UK.
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 management consultant. Qualified chartered banker.	Outside Employment: • Non-Executive Director (paid) - The Dudley Group of Hospitals NHS Foundation Trust. • Non-Executive Director (paid) - Stafford Railway Building Society • Independent Member (paid) - The Human Tissue Authority. • Independent Governor (unpaid) - Reaseheath College. • Local Chair at Dudley. Within the four acute trusts in the Black Country, we have moved to a single overall chair model and appointed a 'local chair' in each individual trust. Shareholdings & Ownership: • Via collective investments (i.e. personal pensions, ISAs, etc.)

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	
Tracy Bullock Chief Executive						Attends	
Helen Ashley Director of Strategy & Transformation / Deputy Chief Executive							
Simon Evans Chief Operating Officer							
Ann-Marie Riley Chief Nurse							
Matthew Lewis Chief Medical Officer							
Mark Oldham Chief Finance Officer	Attends						
Jane Haire Chief People Officer						Attends	
Lorraine Whitehead Director of Estates, Facilities & PFI							
Lisa Thomson Director of Communications & Charity							
Amy Freeman Chief Digital Information Officer					Attends		
Leigh Griffin Non-Executive Director				Chair		Invited	Chair
Katie Maddock Non-Executive Director						Invited	
Arvinda Gohil Non-Executive Director						Invited	
Sunita Toor Non-Executive Director						Invited	
Andy Hassell Associate Non-Executive Director		Chair	Chair			Invited	
Alison Rodwell Associate Non-Executive Director						Invited	
Tanya Bowen Non-Executive Director						Invited	
Gary Crowe Vice Chair / Non-Executive Director	Chair				Chair		

Personal Data Related Incidents reported to the Information Commissioner

There were no personal data related incidents reported to the Information Commissioner's Office (ICO) during 2023/24.

Directors 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 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 England 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 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 our 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.

Although a surplus has been achieved in the last four years, due to previous years deficit we breached the requirement under Section 30 of the Local Audit and Accountability Act 2014 to achieve breakeven 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 2023/24 as we still have a cumulative deficit. This referral was made under Section 30 of the 2014 Act.

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
24th June 2024

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
24th June 2024

Mark Oldham, Chief Finance Officer
24th June 2024

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 of the 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 at University Hospitals of North Midlands NHS Trust for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

Leadership of the Risk Management Process

Our Risk Management policy sets out the overarching responsibility of the Chief Executive 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
- Director of 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 Operations 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 numerous 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 Chief Medical Officer, with the Chief Nurse being responsible for safety and the Chief Medical Officer being responsible for clinical effectiveness.

Quality Governance is integral to our broader Corporate Governance Structure; the diagram here 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 2023/24, 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.

Assurance on Care Quality Commission (CQC) Registration Requirements

Our Care Excellence Framework (CEF) process involves an annual assurance visit to each ward/clinical department using a tool which is based upon CQC Key Lines of Enquiry (KLOE's). This process was 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. Areas that require support meet with the Chief Nurse/Deputy Chief Nurse alongside a patient representative until the appropriate level of improvement is achieved.

Our Clinical Audit team have undertaken numerous audits as part of the 2023/24 audit programme as a means of assessing compliance and providing assurance against 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.

We are fully compliant with the registration requirements of the CQC with an overall rating of Requires Improvement and Good for Well Led. 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 and we were thrilled that this was removed in July 2023.

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.

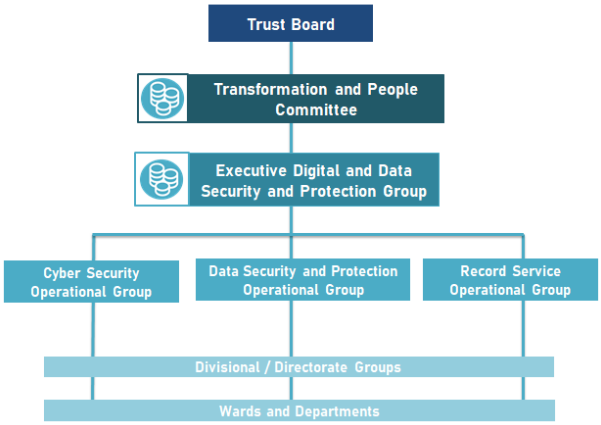
On 7 March 2023, the Care Quality Commission inspected the Maternity service at Royal Stoke University Hospital. On the 28 March 2023 the Care Quality Commission served notice to us under Section 29a of the Health and Social Care Act 2008 in relation to the management of delays in induction of labour, and triage times within our Maternity Assessment Unit. We were subsequently asked to attend a monthly System Maternity Oversight and Assurance Group (SMOAG) which commenced in September 2023. Significant progress and assurance were noted at this forum and following a Rapid Quality Review meeting on 5 April 2024 it was determined that attendance at SMAOG was no longer necessary. Whilst the CQC also attended SMOAG, at the point of writing this report, we await an inspection to formally notify us if we have met the requirements of the Section 29a.

Risks to Data Security

Our 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.

Our Policy for Data Protection, Security and Confidentiality is just one of a range 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 Senior Information Risk Officer (Chief Digital Information Officer) and the Caldicott Guardian being a key member.

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

During 2023/24 our Internal Auditors have reviewed our assessment of compliance with the Data Security and Protection Toolkit and concluded with an assessment of 'Moderate Assurance'. Implementation of the recommendations will be overseen by the Audit Committee.

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.

	BAF Risk Title	Risk Scores & Assurance Assessment Q1	Q2	Q3	Q4	High Quality	Responsive	People	Improving & Innovating	System & Partners	Resources	Target Risk Score
BAF 1	Patient Outcomes & Experience	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	High 12 Acceptable Assurance	High 12 Acceptable Assurance	✓	✓	✓	✓			Mod 6
BAF 2	Sustainable Workforce	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	Ext 16 Acceptable Assurance	✓		✓			✓	High 9
BAF 3	Leadership, Culture & Values	High 12 Partial Assurance	High 12 Partial Assurance	High 12 Partial Assurance	High 12 Partial Assurance	✓	✓	✓				Mod 6
BAF 4	Improving Population Health	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 15 Partial Assurance	✓				✓	✓	High 12
BAF 5	Responsive Patient Care	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 20 Partial Assurance	Ext 20 Partial Assurance	✓	✓	✓	✓	✓	✓	High 12
BAF 6	Digital Transformation	Ext 16 Partial Assurance	Ext 16 Partial Assurance	High 12 Acceptable Assurance	High 9 Acceptable Assurance	✓	✓		✓	✓	✓	High 8
BAF 7	Fit for Purpose Estate	High 12 Acceptable Assurance	High 12 Acceptable Assurance	High 12 Acceptable Assurance	High 12 Acceptable Assurance	✓	✓	✓	✓	✓	✓	High 8
BAF 8	Financial Sustainability	High 9 Partial Assurance	High 12 Partial Assurance	High 9 Partial Assurance	Low 3 Partial Assurance	✓	✓	✓	✓	✓	✓	Low 3
BAF 9	Research & Innovation	High 12 Partial Assurance	High 12 Partial Assurance	High 9 Partial Assurance	High 9 Partial Assurance	✓		✓	✓	✓	✓	Mod 4

Of these risks, the following 3 areas are our top 3 risks, which are summarised from our Board Assurance Framework:

	How we manage the risk	How we assess the outcome of actions
Sustainable Workforce: The right staff with the right skills at the right time	• People Strategy • Workforce Planning and Development • Recruitment and retention campaigns / initiatives • Rota co-ordination / management systems • Investment cases	• Workforce metrics • Performance reviews • Internal audit reviews • Staff feedback and incident reporting • Internal and external audit
Quality / Responsive Care: High quality and responsive care for our patients	• Strategies and plans • Policies and procedures • Capacity and demand management • Risk assessment	• Incident reporting • Delivery of quality indicators/metrics • Internal and external audit
Sustainable Finances: Ensuring delivery of our financial plan and longer-term sustainability	• Financial Plan • Policies and procedures including SFI's and Scheme of Delegation • Cost improvement programme	• Performance reviews • Internal and external audit • Financial reporting to Committee and Board

Risks for our 2024/25 Board Assurance Framework

In March 2024, the Board took the opportunity to consider the Strategic Risks for our Board Assurance Framework 2024/25. Given the nature of strategic risk being longer term, it was agreed that the framework would remain largely the same, although the risk descriptions would be reviewed to ensure they remain relevant and up to date.

Therefore, as we move into 2024/25, the Board has determined that our top 3 risks will remain as follows:

- Sustainable Workforce
- Quality and Responsive Patient Care
- Sustainable Finances

Well-Led Framework

During the year we updated our self-assessment against the Well Led Framework and re-assessed our assurance ratings. This 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. We have further strengthened our process during the year with statements against each of the domains, supported by evidence mapped to each of the specific prompts. This was approved at a Board Development session and the outputs were aligned with our Board Effectiveness Evaluation. This has resulted in the production of a comprehensive development plan which will be monitored throughout 2023/24. An independent developmental review will be carried out between April and July 2024.

Well Led Self-Assessment Summary 2023/24

NHS Provider Licence

The NHS Provider Licence sets out specific responsibilities for us in relation to our governance arrangements. In October 2023 we were issued with a number of regulatory undertakings by NHS England in connection with key risks from the CQC findings following their review of our Maternity Services, the findings of the 2022 Staff Survey and operational performance issues relating to urgent and emergency care, elective recovery and cancer. Specific expectations were also set in relation to governance, oversight, capacity and reporting against the undertakings.

Governance and oversight of the undertakings forms part of our existing governance structure although we have undertaken a mapping exercise to ensure clarity and alignment. Ultimate responsibility sits with the Trust Board.

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 Management

We operate a robust employee rostering system, which caters to the staffing needs of doctors, nurses and midwives, nursing assistants and some allied health professional groups. Leveraging our digital platform, Allocate, we ensure that our services are consistently staffed in alignment with staffing levels that are predetermined by our professional leads. This platform facilitates the monitoring of colleague availability and unavailability, enabling us to promptly address any staffing pressures that may arise. Moreover, our team of senior nurses and matrons, oversee the daily nursing demands, utilising digital systems and our staffing dashboard to further evaluate workforce availability and mitigate pressure points. To complement this, we have dedicated temporary staffing teams responsible for managing temporary shift demands, supported by expert rostering teams.

Similarly, the operational deployment of doctors is managed through centralised rota management systems by our medical staffing and rota coordination teams. This coordination seamlessly flows through the Allocate platform, extending to our digital Locum on Duty platform for managing temporary shifts. Additionally, our Administration Services bank is also efficiently managed through the Locum on Duty platform, providing a pool of trained administrators to bolster services across the Trust. These platforms are centrally administered under the People Directorate. We will be closely monitoring the premium expenditure in line with our review of the delivery of our workforce plan.

Furthermore, we employ a digital absence management system, Empactis, to streamline the reporting of unplanned absences. This system ensures real-time updates to rosters, facilitated through a purpose-built interface. A tailored workflow supports line managers in promptly addressing employee wellbeing concerns, ensuring adequate support, and facilitating return to work.

Short-term workforce deployment continues to be further enhanced by support from the Integrated Care System People Function, which coordinates mutual aid and temporary workers to optimise resource allocation at times of escalation.

Medium-Term Workforce Management

Our annual workforce planning aligns with financial and activity planning rounds, with reporting cascading through the Integrated Care Board to NHS England. The Trust Board, via the

Transformation and People Committee, scrutinises our strategic workforce plans, seeking assurance on their successful implementation.

Through our detailed workforce planning processes, we balance the short-term deliverables of our workforce plan against in the context of service provision and financial management whilst also planning for the workforce of the future. Throughout the year we will review any business cases that impact on our workforce plan to test affordability and deliverability.

Detailed workforce reports are compiled for the Executive Workforce Assurance Group and the People, Culture and Inclusion Committee (previously Transformation and People Committee), providing comprehensive insights into workforce sustainability and strategies to mitigate identified shortage areas. Divisional reports on operational workforce issues are provided to the Executive Workforce Assurance Group to aid the identification and monitoring of areas requiring attention.

Our Medical Workforce Advisory Group is dedicated to addressing pertinent issues such as doctor bank rates, agency utilisation, job planning, workforce demographics, and challenges in filling key positions. Annual job planning rounds for consultants and senior medical staff are synchronised with the financial year, facilitating capacity and demand activity planning and business case development.

Nursing and midwifery teams conduct annual establishment reviews and ongoing establishment monitoring to inform our recruitment campaign management strategies. Professional leads across various disciplines undertake comprehensive operational and strategic workforce planning in collaboration with local and regional leads, leading workforce campaigns aimed at bridging existing gaps.

During 2023/24 we have newly recruited a Chief Allied Health Professional (AHP) lead and Chief Healthcare Scientist. These have been very important roles in focusing on the long-term development of the workforce which will be critical to our workforce of the future. In the year ahead we will build on these roles with the addition of a Chief Registrar and portfolio leads for key objectives such as supporting international medical graduates.

Throughout the year, we have delivered successful recruitment days, offering jobs on the day through collaboration with recruitment teams and service leads. This concerted effort has notably reduced our vacancies, significantly impacted our service delivery and aligned with our organisational strategy of delivering exceptional care with a team of exceptional individuals. Additionally, this year saw an impressive growth in our social media presence through expertly crafted campaigns, aimed at broadening our reach and enhancing our employment brand.

We are immensely proud that we have attracted so many overseas colleagues to our organisation. We know that this is a big change and our teams have worked hard to ensure that they are welcomed into our Trust and supported as they become familiar with the services.

This year, our Internal Auditors conducted an audit on annual leave planning, recognising its critical role in safeguarding the health and wellbeing of our employees and ensuring effective operational resource management. Looking forward we are committed to enhancing reporting mechanisms in the forthcoming year to improve our data flows into the employment record system.

Long-Term Workforce Strategies

Throughout the year, preparatory work has been undertaken some of our key leaders, the wider Integrated Care System, and Higher Education Institutions to comprehend the long-term planning assumptions outlined in the NHS Long Term Workforce Plan. Our People Strategy – 'Making UHNM a Great Place to Work' - delineates our aspirations in ensuring a supportive workplace culture, creating a sense of belonging, enabling workforce growth, and fostering innovation.

A focus has remained on developing our T-level and apprenticeship programmes, essential components in developing our future workforce. This emphasis will continue as a key objective in the upcoming year, with a deliberate spotlight on addressing long term challenges in filling specialised roles. Notably, this year witnessed the successful recruitment of Medical Associate Professions (MAPs), and specifically the inclusion of Physician Associate Apprentices in Acute Medicine and Trainee Anaesthetic Associates for Theatres.

The oversight of our progress against the strategy's milestones falls under the People, Culture, and Inclusion Committee, while potential challenges and risks to delivery systematically outlined within the Board Assurance Framework.

Progress in all key domains of our People Strategy has been achieved this year. Looking ahead, we will embark on consultation with key stakeholders to shape our People Strategy for the period 2025-2028, ensuring continued alignment with our organisational objectives and the Board Assurance Framework and risk areas.

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

We have undertaken risk assessments and have 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.

Equality, Diversity and Human Rights

Control measures are in place to ensure that our obligations under equality, diversity and human rights legislation are complied with.

Sustainability

We have undertaken risk assessments on the effects of climate change and severe weather and have developed a Green Plan following the guidance of the Greener NHS programme. We ensure that our obligations under the Climate Change Act and 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 to achieve probity, accuracy, economy, efficiency and effectiveness; these remained in place throughout the year. Each of our divisions are managed through a devolved structure, which is governed by our Scheme of Delegation, defining all key roles and responsibilities. Each division has a 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 2023/24, 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, all of which will remain a focus throughout 2024/25.

Our external auditors gave an expert and independent opinion on whether our financial statements are a true and fair view of our financial position at the end of the financial year. They also provide an expert and independent opinion on whether our 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 deficit we breached the requirement under Section 30 of the Local Audit and Accountability Act 2014 to achieve breakeven 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 2023/24 as we still have a cumulative deficit. This referral was made under Section 30 of the 2014 Act.

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 when deemed serious, a root cause analysis is undertaken.

When an incident is deemed serious, the Information Commissioner's Office (ICO) is notified. **There were no incidents reported to the ICO during 2023/24.**

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

Any further action required from the ICO will be implemented with assurance provided to the Executive Digital and Data Security and Protection Group.

Data Quality & 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 and associated patient management systems. The Referral to Treatment (RTT) and Planned Care Team provide training on RTT rules and their application, as well as training on validation, clinic outcome form completion and RTT for clinicians, and bespoke training for individual services. The Data Quality Team provide 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 has been refreshed, with a more diverse training prospectus now offered. The Elective Care Data Quality Strategy now also encompasses non-RTT data and waiting lists. The Data Quality Dashboard contains some key metrics to ensure quality of elective waiting times data but is being continually reviewed and expanded with a view to providing failsafe mechanisms for all elective waiting patients.

During 2023/24, our Internal Auditors have undertaken data quality review of our Waiting List Management Data and concluded with a Partial Assurance rating. They have also reviewed Integrated Care Board metrics and concluded with Reasonable Assurance and Annual Leave indicators which focussed on a review of completion of previous recommendations from 2022/23. Actions arising from these reviews will be monitored through our Audit Committee.

Code of Governance

During the year, a self-assessment against the Code of Governance was undertaken and the findings were presented to the Audit Committee. The assessment is undertaken using a 'comply or explain' approach. There were four provisions where we were not able to confirm compliance and these are set out below, along with an explanation of our position.

Code of Governance 'Comply or Explain' Requirement		Explanation
B2.5	The chair of the audit committee, ideally, should not be the deputy or vice chair or senior independent director.	The Chair of Audit Committee was the Vice Chair during 2023/24. However, through our Succession Plan for Non-Executive Directors, we identified and shared with our regulators our plans to address this through the appointment of a suitably qualified Non-Executive Director to take over as Chair of Audit Committee from June 2024.
D2.1	The chair of the board of directors should not be a member and the vice chair or senior independent director should not chair the audit committee operates.	
E2.1	Any performance related elements of executive directors' remuneration should be designed to align their interests with those of patients, service users and taxpayers and to give these directors keen incentives to perform at the highest levels. In designing schemes of performance related remuneration, the remuneration committee should consider the provisions set out within the Code of Governance.	We have not, nor do we have plans, to introduce a policy for performance related pay.
E2.7	The remuneration committee should also recommend and monitor the level and structure of remuneration for senior management. The board should define senior management for this purpose and should normally include the first layer of management below board level.	The first level of senior management (i.e. deputy / associate directors) are not currently considered by the Nomination and Remuneration Committee. Consideration to this provision is to be given by the Committee.

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.

2023 / 24 Internal Audit Programme

RSM UK Risk Assurance Services LLP provides our Internal Audit service. At the beginning of 2023/24, they engaged members of the Executive Team in scoping areas to be reviewed as part of the Internal Audit Plan. The plan was presented and 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:

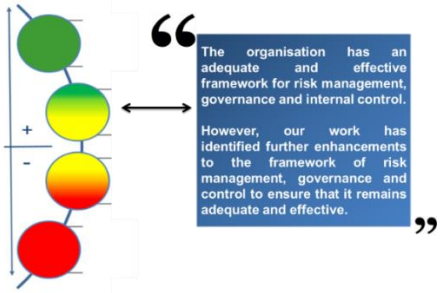
Audit Assignment	Opinion Issued
Core Reports 2023/24	
Board Assurance Framework	Substantial Assurance
Data Security and Protection (DSP) Toolkit	Moderate Assurance
Key Financial Controls	Partial Assurance
Follow Up Action – Data Quality Annual Leave	*'Some Progress'*
Clinical Risk Management (carry over from 2022/23)	*'Good Progress'*
Audits 2023/24	
Care Quality Commission Outcomes Framework	Partial Assurance

Data Quality – ICB Metrics	Reasonable Assurance
Planned Care 1 – Waiting List Management Data	Partial Assurance
Planned Care 2 – Follow Up Actions	*'Some Progress'*
IT Systems Managed by Operational Areas	Minimal Assurance
Service Management Process (IT Infrastructure Library)	Partial Assurance
Safe Staffing	Substantial Assurance
Freedom to Speak Up	Reasonable Assurance
Mental Capacity Assessment Framework	Reasonable Assurance
Productivity Reporting	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 2024, 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:

- Planned Care Waiting List Management
- Key Financial Controls
- IT Systems Managed by Operational Areas
- Clinical Risk Management
- CQC Outcomes Framework

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.

T Bullock

Tracy Bullock, Chief Executive
24th June 2024

Part D: Remuneration & Staff Report

Remuneration Report Overview

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 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)

Board Member (at 31 March 2024)	2023 / 2024 Salary (bands of £5000)	2023 / 2024 Pension Recycling Payment (taxable) (bands of £5000)	2023 / 2024 Expense Payments (taxable) total to nearest £100 £	2023 / 2024 All pension related benefits (bands of £2500) £000	2023 / 2024 Total (bands of £5000) £000	2022 / 2023 Salary (bands of £5000)	2022 / 2023 Pension Recycling Payment (taxable) (bands of £5000)	2022 / 2023 Expense Payments (taxable) total to nearest £100 £	2022 / 2023 All pension related benefits (bands of £2500) £000	2022 / 2023 Total (bands of £5000) £000
Tracy Bullock* Chief Executive	240-245	25-30			270-275	225-230	25-30			255-260
Matthew Lewis** Chief Medical Officer	220-225			0 ◆	220-225	205-210	25-30			230-235
Mark Oldham*** Chief Finance Officer	190-195	20-25			210-215	180-185	20-25			205-210
Ann-Marie Riley Chief Nurse	155-160			5-10	160-165	145-150			30-32.5	175-180
Simon Evans**** Chief Operating Officer (from 16/6/03)	115-120				115-120					
David Wakefield Chair	60-65				60-65	60-65				60-65
Gary Crowe Non-Executive Director	15-20		300		15-20	15-20		200		15-20
Leigh Griffin Non-Executive Director	15-20		200		15-20	15-20		400		15-20
Tanya Bowen Non-Executive Director	10-15				10-15	10-15				10-15
Katie Maddock Non-Executive Director	10-15				10-15	10-15				10-15
Sunita Toor Non-Executive Director (from 1/4/23)	10-15		600		10-15					
Arvinda Gohil Non-Executive Director (from 1/11/23)	5-10				5-10					
Previous Board Members										
Rosemary Vaughan***** Chief People Officer (until 4/1/23)						100-105				100-105
Sonia Belfield Non-Executive Director (until 30/6/22)						0-5				0-5
Shaista Gohir Non-Executive Director (from 1/7/22 until 31/12/22)						5-10				5-10
Paul Bytheway Chief Operating Officer****** (until 24/5/23)	80-85			0 ◆	80-85	160-165			60-62.5	225-230
Peter Akid Non-Executive Director (until 29/9/23)	5-10				5-10	10-15				10-15

There has been no Performance pay or bonuses paid to any of the Directors in either financial year. Pension recycling payments have been made 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. He rejoined the scheme on 01/04/23

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

**** Simon Evans was not in the NHS Pension scheme at the commencement of his employment on 16/06/23 and so there are no pension benefits to report.

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

****** Paul Bytheway received a contractual payment in lieu of notice and also appears in the 'Analysis of Other Departures' on page 78 and the Exit Packages on page 82

◆ Where pension benefits result in a negative figure they have been substituted with "0" in accordance with the DHSC Group Accounting Manual.

Pension Benefits (audited)

Board Member (at 31 March 2024)	2023 / 2024						
	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 2024 (bands of £5,000)	Lump sum at pension age related to accrued pension at 31 March 2024 (bands of £5,000)	Cash Equivalent Transfer Value as at 1 April 2023 £000	Real increase in Cash Equivalent Transfer Value £000	Cash Equivalent Transfer Value as at 31 March 2024 £000
Tracy Bullock, Chief Executive	0	0	0	0	0	0	0
Matthew Lewis, Chief Medical Officer	0	55-57.5	80-85	240-245	1,679	258	2,136
Mark Oldham, Chief Finance Officer	0	0	0	0	0	0	0
Ann-Marie Riley, Chief Nurse	0	35-37.5	45-50	120-125	829	191	1,124
Simon Evans, Chief Operating Officer (from 16/06/23)	0	0	0	0	0	0	0

- 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

A Cash Equivalent Transfer Value (CETV) 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 the 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. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of 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.

The factors used to calculate CETV increased on 30th March 2023. This will affect the calculation of the real increase in CETV compared to previous years.

Pay Multiples (audited)

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

2023/24 was £240,000 to £245,000 (2022/23: £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
2023/24	8.80:1	6.45:1	4.71:1
2022/23	9.23:1	6.59:1	4.81:1

The highest paid director's salary range mid-point was £242,500 (2022/23: £227,500). This is an increase of 6.59% (2022/23: 0.00%). The overall average remuneration of the organisation increased from £47,381 in 2022/23 to £51,971 in 2022/24. This represents a percentage increase of 9.69% (2022/23: 4.66%).

The overall average percentage increase was higher than that of the highest paid director and higher than the previous year due to the impact of the pay award for 2023/24 also including lump sum payments for 2022/23 which were paid in September 2023. The pay award was at a higher percentage for lower bands meaning there is a fall in the ratio to the highest paid director at the 25th percentile.

In 2023/24 11 employees (2022/23 11 employees) received remuneration in excess of the highest paid director. The range of staff remuneration during 2023/24 was £10,000 - £15,000 to £370,000 - £375,000 (2022/23 £5,000-£10,000 to £375,000- £380,000). 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.

Analysis of Other Departures (audited)

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	40	219
Exit payments following Employment Tribunals or court orders	0	0
Non-contractual payments requiring HMT approval	0	0
Total	40	219

- 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.
- One of the recipients of a contractual payment in lieu of notice also appears in the 'Salaries and Allowances' table on page 76 and the 'Exit Packages' on page 82

Consultancy

Expenditure on consultancy services for the year 2023/24 was £0.14m, compared to £1.38m in 2022/23.

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 2024, 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 2024	1
Of which, the number that have existed:	
for less than one year at the time of reporting	0
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 2023 and 31 March 2024, 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 2023 and 31 March 2024	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 2023 and 31 March 2024:

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. Our People Directorate 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 2023/24 staff numbers and costs.

Our Workforce

At 31 March 2024, we had a workforce of 11, 170 WTE (12, 568 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	
Payscale	Female	Male	Female	Male
Band 8a	313	106	284	101
Band 8b	79	41	73	40
Band 8c	27	15	24	14
Band 9	11	13	11	13
Senior Manager	11	3	11	3
Director	7	3	7	3
Total:	**448**	**181**	**411**	**174**

Staff Numbers (audited)

Staff Group	Fixed Term Temporary	Permanent	Total
Professional Scientific and Technical	13.74	256.56	**270.31**
Clinical Services	192.51	2,277.44	**2,469.95**
Administrative and Clerical	117.68	1,856.81	**1,974.49**
Allied Health Professionals	15.54	669.03	**684.56**
Estates and Ancillary	5.91	519.78	**525.69**
Healthcare Scientists	7.51	378.41	**385.91**
Medical and Dental	818.25	653.16	**1,471.41**
Nursing and Midwifery Registered	95.75	3,259.84	**3,355.59**
Students		25.80	**25.80**
Total:	**1,266.89**	**9,896.82**	**11,163.71**

Staff Costs (audited)

	2023/24			2022/23
	Permanent £000	Other £000	Total £000	Total £000
Salaries and Wages	474,981	48,128	523,109	488,442
Social Security Costs	48,857	5,908	54,765	48,065
Apprenticeship Levy	2,661	-	2,661	2,279
Employer's contributions to NHS pension scheme	80,964	3,774	84,738	76,922
Pension costs – other	145	15	160	160
Temporary staff	-	29,073	29,073	20,905
Total Staff Costs	**607,608**	**86,898**	**694,506**	**636,773**
Of which				
Costs capitalised as part of assets	1,629	-	1,629	1,510
Total employee benefits excluding capitalised costs:	**605,979**	**86,898**	**692,877**	**635,263**

Staff Composition

Staff Group	Part Time		Full Time		Total
	Male	Female	Male	Female	
Director			3.00	7.00	**10.00**
Senior Managers (Band 8a – 9 and Senior Manager)	11.81	81.09	159.00	325.00	**576.89**
Other Employees	472.43	3,457.27	2,143.00	4,508.00	**10,580.70**
Total:	**484.23**	**3,538.36**	**2,307.00**	**4,841.00**	**11,170.59**

Exit Packages for Staff Leaving in 2023/2024 (audited)

Exit Package Cost Band (including any special payment element)	2023/2024			2022/2023		
	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	37	37	0	28	28
£10,001-£25,000	0	2	2	0	1	1
£25,001-£50,000	1	0	1	0	0	0
£50,001-£100,000	0	1	1	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	**1**	**40**	**41**	**0**	**29**	**29**
Total resource cost (£'000)	**33**	**219**	**252**	**0**	**114**	**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 has been subject to audit.
- One of the recipients of an Exit Package also appears in the Analysis of Other Departures table on page 78 and the Salaries and Allowances table on page 76.

Sickness Absence

The sickness rate at 31 March 2024 (cumulative for the 12 months from 1 April 2023 to 31 March 2024) was 5.21% (5.30% at 31st March 2023).

Staff Turnover

The turnover rate at 31 March 2024 (cumulative for the 12 months from 1 April 2023 to 31 March 2024) was 7.84% (10.90% at 31st March 2023). This excludes junior doctors on rotation.

Staff Engagement

Staff engagement is measured through the annual NHS Staff Survey. At 6.83, the staff engagement score increased slightly in 2023 and the Trust remains just below the acute trust average, which was 6.91 and this position is unchanged from the previous year.

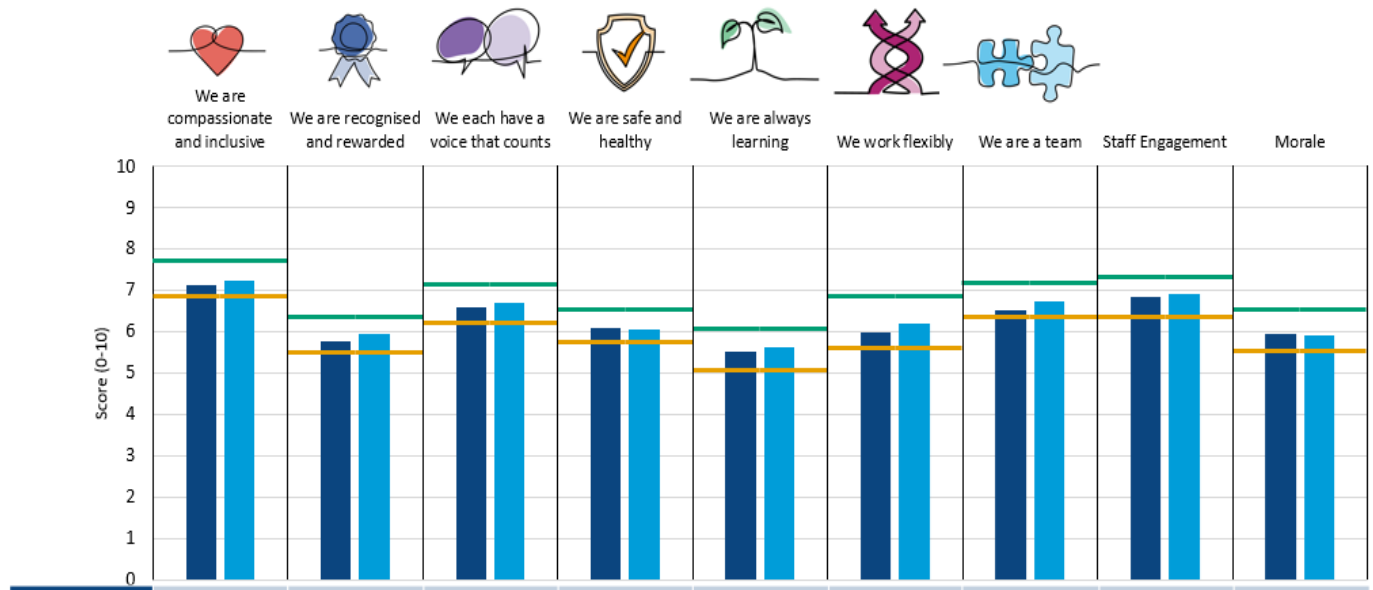
Staff Survey

The 2023 NHS Staff Survey was carried out between September and December 2023 and our response rate improved to 45% (compared to 33% in 2022). The results of the survey are measured against seven People Promise elements and against two themes; 'Staff Engagement' and 'Morale'.

- At 6.8, our staff engagement score increased slightly from 6.6 in 2022. We remain just below the acute trust average of 6.9.
- Staff Morale increased from to 5.5 from 5.93 and was just above the acute trust average of 5.91.

The benchmarked findings are shown in the below graph:

People Promise elements, themes and sub-scores are scored on a 0-10 scale, **where a higher score is more positive than a lower score**.



	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 Engagement	Morale
Your org	7.12	5.75	6.60	6.08	5.51	5.99	6.52	6.83	5.93
Best result	7.71	6.37	7.16	6.55	6.07	6.87	7.19	7.32	6.52
Average result	7.24	5.94	6.70	6.06	5.61	6.20	6.75	6.91	5.91
Worst result	6.85	5.50	6.21	5.75	5.05	5.60	6.35	6.34	5.54
Responses	5321	5326	5261	5290	5079	5285	5307	5325	5327

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 our goals.

We know that excellent staff experience leads to excellent patient experience and improved patient outcomes. The People Strategy is supported by our 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 & 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.

We are compassionate and inclusive

Our **Equality, Diversity and Inclusion policy** provides a framework from which other strategies, policies 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 fundamental 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 equality, diversity and human rights are embedded into everything we do

Our well established **Diversity Networks** 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

Our **Equality, Diversity and Inclusion (EDI) Strategy**, was built upon much of the work already in place and demonstrates 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.

The strategy is aligned our People Strategy, which supports regional and system equality, diversity and inclusion priorities driven by the NHS People Plan.

The strategy was 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.

Making progress against our strategy during 2023/24:

Continued our focus on creating a culture of through our Being Kind approach and awareness training	Embedded our compassionate and supportive approach to resolving workplace conflict	Received **Race Equality Code** accreditation	Launched the **See ME First** badge campaign, an initiative to promote equality, diversity and inclusivity	Continued our **ENABLE leadership development programme**, an inspirational appreciation programme mandatory for all line managers	Introduced the **Valuing Difference Masterclass** on our Gold and Platinum leadership programme, to create consciously inclusive leaders	Introduced a **Reasonable Adjustments Policy**, to ensure colleagues with disabilities and long-term health conditions are supported to meet their full potential at work
Signed up to the **NHS Sexual Safety Charter** and created a Sexual Safety Task and Finish Group to take forward actions to meet the charter	Focused on **flexible working**, recognising that supporting our colleagues to achieve a work-life balance is essential to attracting and retaining our workforce	Co-created our **Anti Racist Statement** with our Ethnic Diversity Network	Started our second cohort of **reciprocal mentoring**, with members of our diversity networks mentoring senior leaders in the organisation	Launched our **Employee Experience Network**, to network, share best practice and lead on our inclusion priorities	Celebrated our **cultural calendar of events** such as Black History Month, Disability History Month, Pride and Show Racism the Red Card	Created a UHNM **Women's Network** to ensure colleagues have a voice and feel supported
Enhanced **menopause support** and awareness through the introduction of menopause guidance and continued the Menopause Café	Introduced the **Clinical Leadership Management Fundamentals** programme to equip medical leaders with compassionate management skills	Introduced **EDI divisional dashboards** to enable local equality priorities to be identified and actioned	Continued to raise awareness of safe **speaking up** channels for workforce and build confidence to speak up	Supported a research nurse on the NHSE Developing Aspirant Leaders Programme	Introduced accredited **mental health first aid** training and continued with our programme of emotional and financial **wellbeing support**	Created a UHNM **Men's Health Group**, to ensure colleagues have a voice and feel supported

We were very proud to secure the prestigious RACE Equality Code Quality Mark in recognition of our work to support race equality and ability and our determination to eliminate all discrimination in the workplace.

The RACE Code stands for Reporting, Action, Composition and Education and is based on current laws, reports, charters and pledges, meaning our work has been based on recognised best practice.

An in-depth assessment was required, looking at how inclusive we are of staff and patients, as well as the work being undertaken to further improve and support our diverse workforce.

> Our participation in the RACE Equality Code indicates the recognition and importance we place in racial equity. I am proud of what we have achieved to date, and I look forward to seeing how the Code, and our continued focus on this important work, positively impacts on both our workforce and our patients. We are absolutely committed to making this great a great place to work for everyone.
>
> Charlotte Lees
> Workforce Equality Lead

In support of Pride Month in June 2023, we unveiled a new LGBTQ+ inclusion banner at our Royal Stoke site.

The banner shows 21 different flags and celebrates and appreciates diversity and is a visible message that everybody is welcome and will be treated as an individual.

We also participate in the Rainbow Badge Project which is an initiative which gives our staff a way to show that we offer open, non-judgemental and inclusive care for our patients and their families who identify as LGBTQ+.

By choosing to wear the badge staff are letting others know that they can talk to them, that they will listen and that they will support with signposting if needed.

Trade Unions

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

Employees in Organisation	12,604
Number of TU Representatives	29
FTE of TU Representatives	27.2
Number of TU representatives that spend 0% working hours	5
Number of TU representatives that spend 1-50% working hours	22
Number of TU representatives that spend 51-99% working hours	0
Number of TU representatives that spend 100% working hours	2
Total pay bill	£636,813,000.00
Total cost of facility time	£135,297.40
Percentage of pay spent on facility time	0.03%
Percentage of hours spent on TU activities	0.00%

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
24th June 2024

£ 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 their patients.

Our biggest expense is on the salaries and wages of our staff. On average during this year, we employed the equivalent of 10, 800 full time staff (10, 371 2022/23). The actual number of people working for us 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 in stock 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.

Our valuation approach is to have a full valuation including a full site inspection every 5 years with interim desktop valuations on an annual basis. A full valuation was undertaken as at 31 March 2022, which included site valuations to provide assurance that the value of the land and building assets within the accounts are not materially misstated at the balance sheet date. An interim valuation was undertaken as at 31st March 2024 as well as a site visit at the Grindley Hill Multistorey including the land as this was a significant capital scheme that was completed during the year and would impact the valuation.

The net book value of our land and buildings as at 31 March 2024 is £602.707 million. If our management had not revalued the estate, at 31 March 2024 the value of land, buildings and dwellings would have been £545.543 million.

We obtain valuations for our 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.

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

Statement of Comprehensive Income for the Year Ended 31 March 2024

	2023/24 £'000	2022/23 £'000
Operating income from patient care activities	1,055,578	965,836
Other operating income	96,227	98,296
Operating expenses	(1,130,192)	(1,032,594)
Operating surplus/(deficit) from continuing operations	**21,613**	**31,538**
Finance income	5,780	2,105
Finance expenses	(75,118)	(17,940)
Public dividend capital dividends payable	(3,171)	(9,562)
Net finance costs	**(72,509)**	**(25,397)**
Other gains / (losses)	(78)	190
Surplus/(deficit) for the year	**(50,974)**	**6,331**
Other Comprehensive Income		
Revaluations	31,267	55,145
Total comprehensive income / (expense) for the period	**(19,707)**	**61,476**
Financial Performance for the year		
Surplus for the year	**(50,974)**	**6,331**
Remove net impairments not scoring to the Departmental expenditure limit	7,026	(5,433)
Remove I&E impact of capital grants and donations	(2,300)	(799)
Remove impact of IFRS 16 on IFRIC 12 schemes	46,189	0
Remove net impact of DHSC provided inventories for Covid response	288	(52)
Reported NHS financial position	**229**	**47**

Statement of Financial Position as at 31 March 2024

	2023/24 £'000	2022/23 £'000
Non-current assets:		
Property, plant and equipment	686,251	627,572
Intangible assets	16,258	18,393
Right of use assets	18,143	18,766
Trade and other receivables	1,079	1,361
Total non-current assets	**721,732**	**666,092**
Current assets:		
Inventories	17,715	16,835
Trade and other receivables	44,353	57,857
Cash and cash equivalents	82,024	84,001
Total current assets	144,092	**158,693**
Total assets	**865,824**	**824,785**
Current liabilities		
Trade and other payables	(125,587)	(133,976)
Provisions	(5,669)	(5,603)
Borrowings	(25,648)	(13,969)

Total current liabilities	(156,904)	**(153,548)**
Total assets less current liabilities	**708,920**	**671,237**
Non-current liabilities		
Provisions	(2,294)	(2,650)
Borrowings	(477,124)	(256,840)
Total non-current liabilities	**(479,418)**	**(259,490)**
Total Assets Employed:	**229,501**	**411,747**
FINANCED BY:		
Public Dividend Capital	693,901	665,039
Income and expenditure reserve	(669,068)	(427,495)
Revaluation reserve	204,668	174,203
Total Taxpayers' Equity:	**229,501**	**411,747**

Statement of Cash Flows for the Year Ended 31 March 2024

	2023/24 £'000	2022/23 £'000
Cash Flows from Operating Activities		
Operating surplus/ (deficit)	21,613	31,538
Non-cash income and expense:		
Depreciation and amortisation	37,704	35,318
Net impairments / (reversal of impairments)	7,026	(5,433)
Income recognised in respect of capital donations	(4,581)	(2,466)
(Increase)/decrease in inventories	(880)	(493)
(Increase)/decrease in receivables and other assets	16,453	(17,120)
Increase/(decrease) in payables and other liabilities	(12,487)	19,428
Increase/(decrease) in provisions	(322)	1,851
Net cash generated from / (used in) operating activities	**64,526**	**62,623**
Cash flows from investing activities		
Interest received	5,780	2,105
Purchase of intangible assets	(3,358)	(1,257)
Purchase of property, plant and equipment	(56,943)	(45,671)
Sales of property, plant and equipment	415	289
Receipt of capital donations to purchase capital assets	4,581	2,466
Net Cash Inflow/(Outflow) from Investing Activities	**(49,525)**	**(42,068)**
Cash flows from financing activities		
Public dividend capital received	28,862	16,868
Capital element of finance lease rental payments	(3,742)	(3,755)
Capital element of PFI	(21,114)	(10,231)
Interest paid on finance lease liabilities	(256)	(164)
Interest paid on PFI	(12,983)	(17,753)
PDC dividend (paid) / refunded	(7,745)	(9,115)
Net cash generated from / (used in) financing activities	**(16,978)**	**(24,150)**
Increase / (decrease) in cash and cash equivalents	**(1,977)**	**(3,595)**
Cash and cash equivalents at 1 April - brought forward	**84,001**	**87,596**
Cash and cash equivalents at 31 March	**82, 024**	**84,001**

Statement of Changes in Taxpayers Equity for the Year Ended 31 March 2024

	Public Dividend Capital (PDC) £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers' equity at 1 April 2023 - brought forward	665,039	174,203	(427,495)	411,747
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023			(191,401)	(191,401)
Surplus for the year			(50,974)	(50,974)
Revaluations		31,267		31,267
Transfer to retained earnings on disposal of assets		(802)	802	0
Public dividend capital received	28,862			28,862
Taxpayers' equity at 31 March 2024	**693,901**	**204,668**	**(669,068)**	**229,501**

Better Payment Practice Code

Measure of Compliance	2023/2024		2022/2023	
	Number	£'000	Number	£'000
Total non-NHS trade invoices paid in the year	129,976	657,380	118,791	520,493
Total non-NHS trade invoices paid within target	127,424	644,543	113,479	497,973
Percentage of non-NHS trade invoices paid within target	98.0%	98.0%	95.5%	95.7%
Total NHS trade invoices in the year	2,712	27,189	2,696	21,935
Total NHS trade invoices paid within target	2,459	21,706	2,355	18,379
Percentage of NHS trade invoices paid within target	90.7%	79.8%	87.4%	83.8%

The Better Payment Practice Code requires us 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

We have a statutory duty to breakeven on a cumulative basis, and achieved an £8.375 million deficit for the year against the breakeven duty (£187, 325 million cumulatively).

Year	Turnover £'000	Surplus / (Deficit) £'000
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
2023/24	1,151,805	(8,375)
Cumulative Breakeven Position:		**(187,325)**

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.

We appointed Grant Thornton through a competitive tendering process in October 2022, their contract is for three years, and we are expecting to retender in 2025/26.

In January 2024, our Audit Committee assessed the independence and effectiveness of the external audit process based on the criteria set out within the Healthcare Financial Management Association (HFMA) Handbook. Committee members were asked a series of questions regarding the service provided and the conclusions were positive.

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 us 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 are appended to this report and are available on our website www.uhnm.nhs.uk.

Tracy Bullock, Chief Executive
24th June 2024

Certification on Summarisation Schedule

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 2023/24 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
24th June 2024

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
24th June 2024

University Hospitals of North Midlands NHS Trust

Annual accounts for the year ended 31 March 2024

Statement of Comprehensive Income

	Note	2023/24 £000	2022/23 £000
Operating income from patient care activities	3	1,055,578	965,836
Other operating income	4	96,227	98,296
Operating expenses	7, 9	(1,130,192)	(1,032,594)
Operating surplus from continuing operations		**21,613**	**31,538**
Finance income	11	5,780	2,105
Finance expenses	12	(75,118)	(17,940)
PDC dividends payable		(3,171)	(9,562)
Net finance costs		**(72,509)**	**(25,397)**
Other gains / (losses)	13	(78)	190
Surplus / (deficit) for the year from continuing operations		**(50,974)**	**6,331**
Surplus / (deficit) for the year		**(50,974)**	**6,331**
Other comprehensive income			
Will not be reclassified to income and expenditure:			
Revaluations	17	31,267	55,145
Total comprehensive income / (expense) for the period		**(19,707)**	**61,476**

The note below does not form part of the primary statement of accounts. The note is included here to demonstrate how the deficit for the year is adjusted for reporting to the NHSE on a basis that reflects our actual financial performance in accordance with NHSE financial measures.

Adjusted financial performance:	2023/24 £000	2022/23 £000
Surplus / (deficit) for the period	(50,974)	6,331
Remove net impairments not scoring to the Departmental expenditure limit	7,026	(5,433)
Remove I&E impact of capital grants and donations	(2,300)	(799)
Remove impact of IFRS 16 on IFRIC 12 schemes	46,189	-
Remove net impact of inventories received from DHSC group bodies for COVID response	288	(52)
Adjusted financial performance surplus	**229**	**47**

The adjusted financial performance is reconciled to the breakeven duty financial performance in note 40.

Statement of Financial Position

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Intangible assets	14	16,258	18,393
Property, plant and equipment	15	686,251	627,572
Right of use assets	18	18,143	18,766
Receivables	20	1,079	1,361
Total non-current assets		**721,732**	**666,092**
Current assets			
Inventories	19	17,715	16,835
Receivables	20	44,353	57,857
Cash and cash equivalents	22	82,024	84,001
Total current assets		**144,092**	**158,693**
Current liabilities			
Trade and other payables	23	(108,116)	(118,365)
Borrowings	25	(25,668)	(13,969)
Provisions	26	(5,669)	(5,603)
Other liabilities	24	(17,471)	(15,611)
Total current liabilities		**(156,924)**	**(153,548)**
Total assets less current liabilities		**708,900**	**671,237**
Non-current liabilities			
Borrowings	25	(477,104)	(256,840)
Provisions	26	(2,294)	(2,650)
Total non-current liabilities		**(479,398)**	**(259,490)**
Total assets employed		**229,501**	**411,747**
Financed by			
Public dividend capital		693,901	665,039
Revaluation reserve		204,668	174,203
Income and expenditure reserve		(669,068)	(427,495)
Total taxpayers' equity		**229,501**	**411,747**

The notes on pages 2 to 63 form part of these accounts.

From 1st April 2023, IFRS 16 liability measurement principles are applied to PFI liabilities. This increased our borrowings by £191.401 million on 1st April 2023, with a corresponding reduction being made to the Income and Expenditure Reserve. Net PFI costs of £46.189 million were charged to Income and Expenditure and included in our Income and Expenditure reserve in 2023/24.

Name J Bullar

Position Chief Executive

Date 24 June 2024

Statement of Changes in Equity for the year ended 31 March 2024

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2023 - brought forward	**665,039**	**174,203**	**(427,495)**	**411,747**
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023[1]	-	-	(191,401)	**(191,401)**
Deficit for the year	-	-	(50,974)	**(50,974)**
Revaluations	-	31,267	-	**31,267**
Transfer to retained earnings on disposal of assets	-	(802)	802	**-**
Public dividend capital received[2]	28,862	-	-	**28,862**
Taxpayers' and others' equity at 31 March 2024	**693,901**	**204,668**	**(669,068)**	**229,501**

[1]From 1 April 2023 IFRS 16 liability measurement principles are applied to PFI liabilities. This resulted in an increase in our opening PFI liability (included within borrowings) of £191.401 million on 1st April 2023. A corresponding £191.401 million adjustment was also made in the Income and Expenditure Reserve.

[2]Public Dividend Capital of £28.862 million was received in 2023/24 for a number of capital schemes, including:

- £14.078 million funding for the Acute Medical Rapid Assessment unit
- £4.042 million funding for the Community Diagnostic Centre
- £3.519 million Elective Recovery funding for the County Development
- £3.500 million Digital Funding for Front Line Digitisation
- £1.645 million Sustainability and Transformation Plan funding for the Lower Trent Ward redevelopment and estates strategic works
- £0.562 million Diagnostic Imaging Capacity funding for Endoscopy

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	16,868	-	-	**16,868**
Taxpayers' and others' equity at 31 March 2023	**665,039**	**174,203**	**(427,495)**	**411,747**

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

	Note	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Operating surplus		21,613	31,538
Non-cash income and expense:			
Depreciation and amortisation	7	37,704	35,318
Net impairments	8	7,026	(5,433)
Income recognised in respect of capital donations	4	(4,581)	(2,466)
(Increase) / decrease in receivables and other assets		16,453	(17,120)
Increase in inventories		(880)	(493)
Increase / (decrease) in payables and other liabilities		(12,485)	19,428
Increase / (decrease) in provisions		(322)	1,851
Net cash flows from operating activities		**64,528**	**62,623**
Cash flows from investing activities			
Interest received		5,780	2,105
Purchase of intangible assets		(3,358)	(1,257)
Purchase of PPE and investment property		(56,943)	(45,671)
Sales of PPE and investment property		415	289
Receipt of cash donations to purchase assets		4,581	2,466
Net cash flows used in investing activities		**(49,525)**	**(42,068)**
Cash flows from financing activities			
Public dividend capital received		28,862	16,868
Capital element of finance lease rental payments		(3,742)	(3,755)
Capital element of PFI payments		(21,114)	(10,231)
Other interest		(2)	-
Interest paid on finance lease liabilities		(256)	(164)
Interest paid on PFI, LIFT and other service concession obligations		(12,983)	(17,753)
PDC dividend paid		(7,745)	(9,115)
Net cash flows from used in financing activities		**(16,980)**	**(24,150)**
Decrease in cash and cash equivalents		**(1,977)**	**(3,595)**
Cash and cash equivalents at 1 April - brought forward		**84,001**	**87,596**
Cash and cash equivalents at 31 March	22	**82,024**	**84,001**

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 2023/24 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

These 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

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 NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare.

Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity.

In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts.

Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the trust contributes to system performance and therefore the availability of funding to the trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

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.

High cost devices

High cost drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service.

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 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 valued at fair 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 2024 including a site visit in March 2024 to the Trust's newly completed Multi Storey Car Park which would have a significant impact on the valuation.

A separate, full asset valuation was undertaken of the surplus land at the Royal Infirmary and Central Outpatient Department sites as at 31st March 2024. 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.

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 are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. 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

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.

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.

Donated and grant funded assets

Donated and grant funded property, plant and equipment assets are capitalised at 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.

Private Finance Initiative (PFI) transactions
PFI 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. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, the charges for services and lifecycle replacement of components of the asset.

Initial recognition

In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16 (see leases accounting policy).

Subsequent measurement

Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate.

The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability.

Where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income.

The service charge is recognised in operating expenses 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 above.

Initial application of IFRS 16 liability measurement principles to PFI liabilities

IFRS 16 liability measurement principles have been applied to PFI service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis has been applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve.

Comparatives for PFI service concession arrangement liabilities have not been restated on an IFRS 16 basis, as required by the DHSC Group Accounting Manual. Under IAS 17 measurement principles which applied in 2022/23 and earlier, movements in the liability were limited to repayments of the liability and the annual finance cost arising from application of the implicit interest rate. The cumulative impact of indexation on payments for the asset was charged to finance costs as contingent rent as incurred.

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
Plant & machinery	5	20
Transport equipment	4	7
Information technology	3	10
Furniture & fittings	5	16

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.

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 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

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 in 2022/23

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

The standard was 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 were only 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 were not 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 were 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 had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

The Trust as lessor

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

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 2024:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	4.26%	3.27%
Medium-term	After 5 years up to 10 years	4.03%	3.20%
Long-term	After 10 years up to 40 years	4.72%	3.51%
Very long-term	Exceeding 40 years	4.40%	3.00%

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 2024:

	Inflation rate	Prior year rate
Year 1	3.60%	7.40%
Year 2	1.80%	0.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's post-employment benefits discount rate of 2.45% in real terms (2022/23: 1.70%).

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 26.1 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 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.

This policy is available at:

https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts

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 1.16 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 1.17 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 1.18 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 1.19 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 1.20 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 1.21 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

Note 1.22 Standards, amendments and interpretations in issue but not yet effective or adopted

IFRS 17 Insurance contracts

From 1st April 2025 the principles of International Financial Reporting Standard (IFRS) 17 Insurance contracts will be applied to the Trust's insurance arrangements. The main principles of IFRS 17 are that insurance contracts will need to have the insurance element split out from the rest of the contract and the whole contract value should not be recognised as income in year because some of this income could be returned to the policy holder if the insured event happens.

The Trust is unlikely to be the issuer of an insurance contract however they cannot simply make that assumption. Finance teams will have to assure themselves that due consideration has been given to contracts that may include an insurance element.

IFRS 18 Presentation and Disclosure in Financial Statements

From 1st April 2027 the principles of International Financial Reporting Standard (IFRS) 18 Presentation and Disclosure in Financial Statements will be applied to the Trust's Statement Of Comprehensive Income (SOCI). This will impact on the structure of the statement; required disclosures for performance measures that are reported outside of the financial statements; and enhanced principles on aggregation and disaggregation.

Note 1.23 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 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. A full valuation was undertaken as at 31 March 2022, which included site valuations to provide assurance that the value of land and building assets within the accounts are not materially misstated at the balance sheet date. An interim valuation was undertaken as at 31st March 2024 as well as a site visit at the Grindley Hill Multi Storey Car Park (MSCP) including the land as this was a significant capital scheme that was completed during the year and would impact the valuation.

The net book value of the Trust's Land and buildings as at 31 March 2024 is £602.707 million. If the Trust's management had not revalued the estate, at 31 March 2024 the value of Land, Buildings and Dwellings would have been £545.543 million.

The Trust's valuation adopts a Modern Equivalent Asset (MEA) approach for its depreciated replacement cost 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.

Royal Stoke Infirmary and Central Outpatient Department surplus land valuation

The Trust has deemed the Royal Infirmary and COPD sites should be accounted for as a surplus asset following an assessment under Para 4.108 of the GAM. In line with Para 4.108 of the GAM the sites has been classified as an asset not held for it's service potential: surplus, within the financial statements. This judgement is on the basis that the land does not meet the definition to be held for service potential, there are not deemed to be restrictions that would prevent access to the market, however the land does not meet the criteria to be considered as an asset held for sale.

In line with the GAM the land will be valued on the basis of Fair value in accordance with IFRS 13 – highest and best use. The Trust's judgement is that it will receive a significant economic benefit from the Royal Infirmary and COPD land in the form of a capital receipt from the sale of the land on completion of the multi storey car park at Grindley Hill.

In 2023/24 the construction of the multi-storey car park at Grindley Hill has been completed and the business case for this development includes the sale of the Royal Infirmary and COPD surplus land. A decision has been made by the Trust that the most appropriate option for the sale of the land is for the Trust to obtain outline planning permission prior to marketing the sites, on the basis that this decision;

• is consistent with 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 formal decision, with the Trust in control of the planning process;
• represents best value as there is the possibility of attracting the most bidders and selling at the highest price; and
• is the most likely outcome, given the previous history of the Trust obtaining planning consent for the same land.

A valuation of the sites has been obtained at 31 March 2024 of £11.075 million. The valuation was obtained on the basis that;
• the Trust will be progressing an application for outline planning consent;
• the land would be marketed with outline planning consent once received; and
• planning consent has not yet been received, but has been granted to the Trust in the past.

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 2023/24. The Trust has a policy to require employees to take annual leave within the financial year, apart from in exceptional circumstances.

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.

The Trust calculates the liability based on the assumption that the unused entitlement element relates to the individual, rather than a substitution of costs as a result of having to employ someone else.

The value of the annual leave accrual at 31 March 2024 is £7.099 million.

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.

Leases where the Trust is lessor

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 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 deemed to be a critical judgement as if the transaction was deemed transfer the risks and rewards of the assets they would not be reflected in the Statement of Financial Position and the property, plant and equipment balance would be £10.649 million lower if these assets were not included.

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 1.24 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:

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.

Estate 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 Trusts estate by £5.761 million based on an overall valuation of building assets of £576.140 million (£602.707 million overall valuation less £26.567 million for land).

Annual leave accrual

As set out in note 1.24 the Trust has included in the accounts an accrual of £7.099 million for annual leave entitlements earned but not taking during 2023/24. The accrual has been calculated on the basis that 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 source of estimation uncertainty within this calculation is the number of days annual leave untaken.

The accrual is based on an estimate of the annual leave untaken at 31 March 2024. To calculate the estimate the Trust undertook a representative sample of employees to assess the actual leave that they were carrying forward from 2023 to 2024. On average staff were carrying forward less than a day of annual leave and therefore an increase or decrease of 10% in the number of hours being carried forward would increase or decrase the annual leave accrual by £0.709 million.

Note 2 Operating Segments

The Trust operates in a single segment, which is healthcare.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2023/24	2022/23
	£000	£000
Acute services		Restated
Income from commissioners under API contracts - variable element[1]	206,633	16,968
Income from commissioners under API contracts - fixed element[1]	743,314	832,495
High cost drugs income from commissioners	73,036	68,064
Other NHS clinical income	4,687	4,500
Private patient income	1,497	1,022
National pay award central funding[2]	452	19,191
Additional pension contribution central funding[3]	25,959	23,596
Total income from activities	**1,055,578**	**965,836**

[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 2023/25 NHS Payment Scheme documentation. The variable element in the 2022/23 comparative relates to Elective Recovery Fund (ERF) funding only, whilst the 2023/24 total is the variable element of the API contract.

https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/

[2]Additional funding was made available by NHS England in 2023/24 and 2022/23 for implementing the backdated element of pay awards where government offers were made at the end of the financial year. 2023/24: In March 2024, the government announced a revised pay offer for consultants, reforming consultant pay scales with an effective date of 1 March 2024. Trade Unions representing consultant doctors accepted the offer in April 2024. 2022/23: In March 2023, the government made a pay offer for staff on agenda for change terms and conditions which was later confirmed in May 2023. The additional pay for 2022/23 was 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)

	2023/24	2022/23
Income from patient care activities received from:	**£000**	**£000**
NHS England	343,010	343,341
Clinical commissioning groups	-	145,092
Integrated care boards	697,075	462,468
NHS other	-	2
Non-NHS: private patients	1,497	1,022
Non-NHS: overseas patients (chargeable to patient)	1,496	1,477
Injury cost recovery scheme	3,191	3,021
Non NHS: other	9,309	9,413
Total income from activities	**1,055,578**	**965,836**
Of which:		
Related to continuing operations	1,055,578	965,836

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.

Clinical commissioning groups were dissolved and replaced by Integrated Care Boards in 2022/23.

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

	2023/24	2022/23
	£000	£000
Income recognised this year	1,496	1,477
Cash payments received in-year	264	222
Amounts added to provision for impairment of receivables	1,585	1,371
Amounts written off in-year	13	-

Note 4 Other operating income

	2023/24			2022/23		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	3,221	-	**3,221**	3,138	-	**3,138**
Education and training	35,156	1,630	**36,786**	31,347	1,397	**32,744**
Non-patient care services to other bodies	36,822	-	**36,822**	34,040	-	**34,040**
Reimbursement and top up funding	-	-		5,410	-	**5,410**
Receipt of capital grants and donations and peppercorn leases[1]	-	4,581	**4,581**	-	2,466	**2,466**
Charitable and other contributions to expenditure including DHSC donated inventory	-	719	**719**	-	2,374	**2,374**
Revenue from operating leases	-	898	**898**	-	778	**778**
Other income[2]	13,200	-	**13,200**	17,346	-	**17,346**
Total other operating income	**88,399**	**7,828**	**96,227**	**91,281**	**7,015**	**98,296**
Of which:						
Related to continuing operations			96,227			98,296

[1]Receipt of capital grants and donations in 2023/24 includes £2.351 million (2022/23: £1.778 million) received from the UHNM Charity to support the Trust's capital expenditure and £2.230 million of Government Granted assets acquired in 2023/24 (2022/23: £0.688 million).

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

Note 4.1 Analysis of Other Contract Income	2023/24	2022/23
	£000	£000
Car Parking charges	3,364	2,754
Catering	210	166
Pharmacy sales	512	60
Staff accommodation rental	573	512
Clinical Excellence Awards	323	360
Pharmacy Tech Services	725	-
Cancer transformation funding	888	3,435
Digital pathology funding	1,081	992
North Midlands And Black Country Procurement Group	1,058	708
Bereavement services	557	-
Pathology systems department	742	-
National remote care funding	-	517
Overseas nurse recruitment	580	-
Other income not identified above	2,587	7,842
Total other contract income	**13,200**	**17,346**

Note 5 Fees and charges

The following disclosure is of income from charges to service users where the full cost of providing that service exceeds £1 million and is presented as the aggregate of such income. The cost associated with the service which generated the income is also disclosed.

	2023/24	2022/23
	£000	£000
Income	3,413	2,754
Full cost	(3,052)	(2,876)
Surplus / (deficit)	**361**	**(122)**

Note 6 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 receives rental income from commercial retail outlets within the Hospital reception areas and from rental of buildings owned by the Trust.

Note 6.1 Operating lease income

	2023/24	2022/23
	£000	£000
Lease receipts recognised as income in year:		
Minimum lease receipts	898	778
Total in-year operating lease income	**898**	**778**

Note 6.2 Future lease receipts

	31 March 2024	31 March 2023
	£000	£000
Future minimum lease receipts due in:		
- not later than one year	466	424
- later than one year and not later than two years	323	311
- later than two years and not later than three years	328	311
- later than three years and not later than four years	248	311
- later than four years and not later than five years	147	223
- later than five years	1,253	274
Total	**2,765**	**1,854**

The increase in future minimum lease receipts (particularly those later than 5 years) is due to a reassessment of our leasing arrangements. Our leases primarily relate to commercial retail outlets within the Trust's main PFI building and these arrangements are now disclosed as expiring at the end of the current market testing period in 2034, or to the end of the PFI contract in 2044.

Note 7 Operating expenses

	2023/24	2022/23
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	12,749	10,691
Purchase of healthcare from non-NHS and non-DHSC bodies	8,827	12,461
Staff and executive directors costs[1]	689,689	632,590
Remuneration of non-executive directors	178	184
Supplies and services - clinical (excluding drugs costs)	116,128	101,966
Supplies and services - general	8,593	7,632
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	122,919	113,721
Inventories written down	531	701
Consultancy costs	143	1,385
Establishment	5,588	6,906
Premises	33,296	31,248
Transport (including patient travel)	6,080	4,840
Depreciation on property, plant and equipment and right of use assets	32,828	30,702
Amortisation on intangible assets	4,876	4,616
Net impairments	7,026	(5,433)
Movement in credit loss allowance: contract receivables / contract assets	1,296	1,651
Increase in other provisions	151	-
Change in provisions discount rate(s)	(70)	8
Fees payable to the external auditor: audit services - statutory audit[2]	204	198
Internal audit costs	145	136
Clinical negligence	25,458	25,165
Legal fees	182	55
Insurance	92	99
Research and development	3,188	2,673
Education and training	4,064	3,834
Expenditure on short term leases	347	584
Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)	43,493	39,539
Car parking & security	683	672
Hospitality	117	70
Other services, eg external payroll	620	623
Other	771	3,077
Total	**1,130,192**	**1,032,594**
Of which:		
Related to continuing operations	1,130,192	1,032,594

[1]Staff and executive directors costs include £25.959 million (2022/23: £23.596 million) in respect of central funding of additional pension contributions.

[2]The fees payable to the external auditor are inclusive of VAT, and the net fee is £170k.

Note 7.1 Other auditor remuneration

The Trust did not incur any other audit costs.

Note 7.2 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2022/23: £2 million).

Note 8 Impairment of assets

	2023/24	2022/23
	£000	£000
Net impairments charged to operating surplus resulting from:		
Unforeseen obsolescence	275	45
Changes in market price	6,751	(5,478)
Total net impairments charged to operating surplus	**7,026**	**(5,433)**
Impairments charged to the revaluation reserve	-	-
Total net impairments	**7,026**	**(5,433)**

Changes in market price in the above table represents a net impairment total of £6.751 million (£7.743 million impairments less reversal of impairment of £0.992 million) relating to a reduction in the value of individual assets following the valuations of the Trust's land and building assets as at 31 March 2024. 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 the value of building assets is due to an increase in price indices, changes in the location factor and the impact of capital work undertaken by the Trust included in the valuation at the end of the 2023/24 financial year.

Buildings
The main building impairment reversal is for £0.940 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 2024 the value of this asset has increased by £0.940 million and following the reversal an impairment reserve balance of £2.044 million remains for this asset at 31st March 2024. The Trust's Under Graduate Medical School (UGMS) was also impaired by £1.030 million due to the costs of air heat boilers installed during 2023/24 which add to the capital cost of the asset but do not significantly add to its valuation.

Land
Impairments of £5.053 million for land includes a £4.231 million impairment of land at the Grindley Hill Multi Storey car park site. The Trust was previously valuing this land at cost as a proxy for fair value whilst the building work was being undertaken on the multi storey car park. Following completion of the car park this land is now subject to formal valuation along with the Trust's other land and buildings and this has resulted in a lower valuation than the original cost.

Note 9 Employee benefits

	2023/24 Total £000	2022/23 Total £000
Salaries and wages	523,109	488,442
Social security costs	54,765	48,065
Apprenticeship levy	2,661	2,279
Employer's contributions to NHS pensions	84,738	76,922
Pension cost - other	160	160
Temporary staff (including agency)	29,073	20,905
Total gross staff costs	**694,506**	**636,773**
Recoveries in respect of seconded staff	-	-
Total staff costs	**694,506**	**636,773**
Of which		
Costs capitalised as part of assets	1,629	1,510

The employee benefit costs above include an annual leave accrual of £7.099 million (2022/23: £12.021 million).

Note 9.1 Retirements due to ill-health

During 2023/24 there were 9 early retirements from the Trust agreed on the grounds of ill-health (5 in the year ended 31 March 2023). The estimated additional pension liabilities of these ill-health retirements is £1,516k (£458k in 2022/23).

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

Note 10 Pension costs

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

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

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 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 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 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

Additional defined contribution scheme

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

Note 11 Finance income

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

	2023/24	2022/23
	£000	£000
Interest on bank accounts	5,780	2,105
Total finance income	**5,780**	**2,105**

The increase of £3.675 million in interest on bank accounts is mainly due to the increase in the Bank of England interest rates over the course of the 2023/24 financial year.

Note 12 Finance expenditure

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

	2023/24	2022/23
	£000	£000
Interest expense:		
Interest on lease obligations	256	164
Interest on late payment of commercial debt	2	-
Finance costs on PFI, LIFT and other service concession arrangements:		
Main finance costs	12,983	6,867
Contingent finance costs*	-	10,886
Remeasurement of the liability resulting from change in index or rate*	61,845	-
Total interest expense	**75,086**	**17,917**
Unwinding of discount on provisions	32	23
Total finance costs	**75,118**	**17,940**

*From 1 April 2023, IFRS 16 liability measurement principles are applied to PFI liabilities. This has increased our liability by £61.845 million in 2023/24. Increases to imputed lease payments arising from inflationary uplifts are now included in the liability, and contingent rent no longer arises. More information is provided in Note 30.

Note 12.1 The late payment of commercial debts (interest) Act 1998 / Public Contract Regulations 2015

	2023/24	2022/23
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	-	2
Amounts included within interest payable arising from claims made under this legislation	2	-

Note 13 Other gains / (losses)

	2023/24	2022/23
	£000	£000
Gains on disposal of assets	38	190
Losses on disposal of assets	(116)	-
Total gains / (losses) on disposal of assets	**(78)**	**190**
Total other gains / (losses)	**(78)**	**190**

Note 14 Intangible assets - 2023/24

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2023 - brought forward	**52,618**	**419**	**53,037**
Additions	2,291	854	**3,145**
Impairments	(177)	-	**(177)**
Reclassifications	(1)	(206)	**(207)**
Disposals / derecognition	(1,885)	-	**(1,885)**
Valuation / gross cost at 31 March 2024	**52,846**	**1,067**	**53,913**
Amortisation at 1 April 2023 - brought forward	**34,644**	**-**	**34,644**
Provided during the year	4,876	-	**4,876**
Impairments	(54)	-	**(54)**
Disposals / derecognition	(1,811)	-	**(1,811)**
Amortisation at 31 March 2024	**37,655**	**-**	**37,655**
Net book value at 31 March 2024	**15,191**	**1,067**	**16,258**
Net book value at 1 April 2023	**17,974**	**419**	**18,393**

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**

Note 15 Property, plant and equipment - 2023/24

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2023 - brought forward	**25,910**	**519,594**	**16,820**	**142,406**	**701**	**18,935**	**8,790**	**733,156**
Additions	-	11,056	38,698	9,198	-	4,835	103	63,890
Impairments	(5,053)	(2,762)	-	(897)	-	-	-	(8,712)
Reversals of impairments	-	221	-	-	-	-	-	221
Revaluations	360	16,876	-	-	-	-	-	17,236
Reclassifications	5,350	31,475	(37,888)	1,060	-	197	13	207
Disposals / derecognition	-	(320)	-	(17,157)	(673)	(699)	(1,530)	(20,379)
Valuation/gross cost at 31 March 2024	**26,567**	**576,140**	**17,630**	**134,610**	**28**	**23,268**	**7,376**	**785,619**
Accumulated depreciation at 1 April 2023 - brought forward	**-**	**-**	**-**	**86,052**	**701**	**11,681**	**7,150**	**105,584**
Provided during the year	-	14,604	-	11,570	-	2,524	357	29,055
Impairments	-	(72)	-	(745)	-	-	-	(817)
Reversals of impairments	-	(771)	-	-	-	-	-	(771)
Revaluations	-	(13,761)	-	-	-	-	-	(13,761)
Disposals / derecognition	-	-	-	(17,066)	(673)	(679)	(1,504)	(19,922)
Accumulated depreciation at 31 March 2024	**-**	**-**	**-**	**79,811**	**28**	**13,526**	**6,003**	**99,368**
Net book value at 31 March 2024	**26,567**	**576,140**	**17,630**	**54,799**	**-**	**9,742**	**1,373**	**686,251**
Net book value at 1 April 2023	**25,910**	**519,594**	**16,820**	**56,354**	**-**	**7,254**	**1,640**	**627,572**

Dwellings are no longer disclosed as all of the Trust's dwellings are leased and have been reclassified as Right of Use (RoU) assets.

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**
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**

Costs and depreciation for dwellings are no longer disclosed as all of the Trust's dwellings are leased and have been reclassified as Right of Use (RoU) assets on 1st April 2022.

Note 15.2 Property, plant and equipment financing - 31 March 2024

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000
Owned - purchased	26,567	331,092	16,237	39,129	9,110	1,335	**423,470**
On-SoFP PFI contracts and other service concession arrangements	-	241,019	-	7,979	340	-	**249,338**
Owned - donated/granted	-	4,029	1,393	7,691	292	38	**13,443**
Total net book value at 31 March 2024	**26,567**	**576,140**	**17,630**	**54,799**	**9,742**	**1,373**	**686,251**

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

	Land	Buildings excluding dwellings	Assets under construction	Plant & machinery	Information technology	Furniture & fittings	Total
	£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 and other service concession arrangements	-	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 16 Donations of property, plant and equipment

The UHNM Charity donated £2.351 million to the Trust in 2023/24 (2022/23: £1.778 million) in respect of assets acquired in the financial year. The Trust has acquired £2.230 million of Government Granted assets in 2022/23 (2022/23: £0.688 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 2024 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 2024 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 2024 and the last full valuation of these assets was as at 31st March 2022. A site visit was undertaken by the valuers to value the land and buildings at the Grindley Hill Multi Storey Car Park site due to the material nature of this spend and the significant impact on the overall valuation. A full valuation of our surplus land at the Royal Stoke Infirmary and COPD sites, including site visits, was undertaken as at 31st March 2024.

The value of land, buildings and dwelling assets provided by the District Valuer at 31 March 2024 was £594.277 million (2022/23: £537.113 million). The valuation is reflected in note 15.1 which also includes the valuations of the Royal Infirmary site surplus land (£8.235 million); COPD site surplus land (£2.840 million), both carried out by Savills plc, to give a total PPE value of £605.342 million. This reflects an increase of £59.838 million from the previous full valuation at 31 March 2022 of £545.504 million.

Further information is provided in Note 7 to explain the net £6.751 million impairments resulting from 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
Plant & Machinery	5	20
Transport Equipment	4	7
Information Technology	3	10
Furniture & Fittings	5	16

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

Asset lives for dwellings are no longer disclosed as all of the Trust's dwellings are leased and have been reclassified as Right of Use (RoU) assets.

Note 18 Right of use assets - 2023/24

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2023 - brought forward	**11,610**	**11,141**	**176**	**1,799**	**24,726**	**2,312**
Additions	1,222	1,260	279	-	**2,761**	-
Remeasurements of the lease liability	359	-	1	-	**360**	278
Revaluations	142	-	-	-	**142**	156
Disposals / derecognition	(67)	(253)	(29)	-	**(349)**	-
Valuation/gross cost at 31 March 2024	**13,266**	**12,148**	**427**	**1,799**	**27,640**	**2,746**
Accumulated depreciation at 1 April 2023 - brought forward	**808**	**4,498**	**32**	**622**	**5,960**	**-**
Provided during the year	1,413	1,610	124	626	**3,773**	82
Revaluations	(128)	-	-	-	**(128)**	(82)
Disposals / derecognition	(45)	(34)	(29)	-	**(108)**	-
Accumulated depreciation at 31 March 2024	**2,048**	**6,074**	**127**	**1,248**	**9,497**	**-**
Net book value at 31 March 2024	**11,218**	**6,074**	**300**	**551**	**18,143**	**2,746**
Net book value at 1 April 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						2,468

Note 18.1 Right of use assets - 2022/23

	Property (land and buildings) £000	Plant & machinery £000	Transport equipment £000	Information technology £000	Total £000	Of which: leased from DHSC group bodies £000
Valuation / gross cost at 1 April 2022 - brought forward	**-**	**-**	**-**	**-**	**-**	**-**
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**
Accumulated depreciation at 1 April 2022 - brought forward	-	-	-	-	**-**	-
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 at 1 April 2022	**-**	**-**	**-**	**-**	**-**	**-**
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 2023/24 including peppercorn leases and areas leased at other Trusts relating to the pathology service. An overall valuation increase of £0.27 million is broken down as £0.238 million relating to property leased from other NHS providers and £0.032 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.

	2023/24	2022/23
	£000	£000
Carrying value at 31 March - restated	**14,083**	**1,541**
IFRS 16 implementation - adjustments for existing operating leases	-	14,172
Lease additions	2,761	2,629
Lease liability remeasurements	360	150
Interest charge arising in year	256	164
Early terminations	(279)	(654)
Lease payments (cash outflows)	(3,998)	(3,919)
Carrying value at 31 March	**13,183**	**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 7. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

Note 18.4 Maturity analysis of future lease payments

	Total 31 March 2024	Total 31 March 2023
	£000	£000
Undiscounted future lease payments payable in:		
- not later than one year;	4,800	3,408
- later than one year and not later than five years;	6,188	7,995
- later than five years.	2,781	3,257
Total gross future lease payments	**13,769**	**14,660**
Finance charges allocated to future periods	(586)	(577)
Net lease liabilities at 31 March 2024	**13,183**	**14,083**

Note 19 Inventories

	31 March 2024	31 March 2023
	£000	£000
Drugs	5,085	4,906
Consumables	12,501	11,761
Energy	129	168
Total inventories	**17,715**	**16,835**

Inventories recognised in expenses for the year were £241,519k (2022/23: £217,660k). Write-down of inventories recognised as expenses for the year were £531k (2022/23: £701k).

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 2023/24 the Trust received £450k of items purchased by DHSC (2022/23: £2,162k).

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.

Note 20 Receivables

	31 March 2024	31 March 2023
	£000	£000
Current		
Contract receivables	35,164	50,362
Allowance for impaired contract receivables / assets	(7,187)	(5,997)
Prepayments (non-PFI)	7,332	6,891
PFI lifecycle prepayments	361	1,646
PDC dividend receivable	3,952	-
VAT receivable	4,721	4,941
Other receivables	10	14
Total current receivables	**44,353**	**57,857**
Non-current		
Other receivables	1,079	1,361
Total non-current receivables	**1,079**	**1,361**
Of which receivable from NHS and DHSC group bodies:		
Current	15,888	32,708
Non-current	1,066	1,361

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

Contract receivables includes £0.5m (2022/23: £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 20.1 Allowances for credit losses

	2023/24		2022/23	
	Contract receivables and contract assets	All other receivables	Contract receivables and contract assets	All other receivables
	£000	£000	£000	£000
Allowances as at 1 April - brought forward	**5,997**	**-**	**4,385**	**-**
Allowances as at 1 April - restated	**5,997**	**-**	**4,385**	**-**
New allowances arising	3,355	-	2,905	-
Changes in existing allowances	(163)	-	98	-
Reversals of allowances	(1,896)	-	(1,352)	-
Utilisation of allowances (write offs)	(106)	-	(39)	-
Allowances as at 31 Mar 2024	**7,187**	**-**	**5,997**	**-**

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 23.07% (2022/23: 24.86%). 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 20.2 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 2024 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 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.

	2023/24	2022/23
	£000	£000
At 1 April	**84,001**	**87,596**
Net change in year	(1,977)	(3,595)
At 31 March	**82,024**	**84,001**
Broken down into:		
Cash at commercial banks and in hand	7	7
Cash with the Government Banking Service	82,017	83,994
Total cash and cash equivalents as in SoFP	**82,024**	**84,001**
Total cash and cash equivalents as in SoCF	**82,024**	**84,001**

Note 22.1 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 2024	31 March 2023
	£000	£000
Bank balances	30	9
Total third party assets	**30**	**9**

Note 23 Trade and other payables

	31 March 2024 £000	31 March 2023 £000
Current		
Trade payables	4,795	1,030
Capital payables	15,390	10,671
Accruals	63,798	85,034
Social security costs	15,333	13,469
PDC dividend payable	-	622
Pension contributions payable	8,800	7,539
Total current trade and other payables	**108,116**	**118,365**

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

The total for accruals above includes an annual leave accrual of £7.099 million (2022/23: £12.021 million). An accrual of £20.622 million was included in the 2022/23 comparative for the cost of the national pay award for Agenda For Change staff relating to the 2022/23 financial year.

	31 March 2024 £000	31 March 2023 £000
Of which payables from NHS and DHSC group bodies:		
Current	6,771	5,714

Note 24 Other liabilities

	31 March 2024 £000	31 March 2023 £000
Current		
Deferred income: contract liabilities	17,471	15,611
Total other current liabilities	**17,471**	**15,611**

The Trust had no other non-current liabilities.

Note 25 Borrowings

	31 March 2024 £000	31 March 2023 £000
Current		
Lease liabilities	4,607	3,234
Obligations under PFI, LIFT or other service concession contracts*	21,061	10,735
Total current borrowings	**25,668**	**13,969**
Non-current		
Lease liabilities	8,576	10,849
Obligations under PFI, LIFT or other service concession contracts*	468,528	245,991
Total non-current borrowings	**477,104**	**256,840**

From 1st April 2023, IFRS 16 liability measurement principles are applied to PFI liabilities. This increased our borrowings by £191.401 million on 1st April 2023.

Note 25.1 Reconciliation of liabilities arising from financing activities

	Lease Liabilities	PFI scheme	Total
	£000	£000	£000
Carrying value at 1 April 2023	**14,083**	**256,726**	**270,809**
Cash movements:			
Financing cash flows - payments and receipts of principal	(3,742)	(21,114)	**(24,856)**
Financing cash flows - payments of interest	(256)	(12,982)	**(13,238)**
Non-cash movements:			
Application of IFRS 16 measurement principles to PFI liability on 1 April 2023		191,401	**191,401**
Additions	2,761	730	**3,491**
Lease liability remeasurements	360	-	**360**
Remeasurement of PFI / other service concession liability resulting from change in index or rate	-	61,845	**61,845**
Application of effective interest rate	256	12,983	**13,239**
Early terminations	(279)	-	**(279)**
Carrying value at 31 March 2024	**13,183**	**489,589**	**502,772**

	Lease Liabilities	PFI scheme	Total
	£000	£000	£000
Carrying value at 1 April 2022	**2,584**	**266,957**	**269,541**
Prior period adjustment	(1,043)	-	**(1,043)**
Carrying value at 1 April 2022 - restated	**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**

Note 26 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Other	Total
	£000	£000	£000	£000	£000
At 1 April 2023	**245**	**1,141**	**4,737**	**2,130**	**8,253**
Change in the discount rate	(8)	(62)	-	(232)	**(302)**
Arising during the year	10	76	65	3,454	**3,605**
Utilised during the year	(34)	(70)	-	(4)	**(108)**
Reversed unused	-	-	(3,454)	(133)	**(3,587)**
Unwinding of discount	5	27	-	70	**102**
At 31 March 2024	**218**	**1,112**	**1,348**	**5,285**	**7,963**
Expected timing of cash flows:					
- not later than one year;	33	69	1,348	4,219	**5,669**
- later than one year and not later than five years;	123	258	-	33	**414**
- later than five years.	62	785	0	1,033	**1,880**
Total	**218**	**1,112**	**1,348**	**5,285**	**7,963**

The Trust has provided £1.329 million (2022/23: £1.386 million) in respect of post employment pension obligations for 20 former employees (2022/23: 21). The Trust has reassessed these provisions during 2023/24 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 2023/24 of 2.45% (2022/23: 1.7%).

The Trust has provided £1.348 million (2022/23: £4.737 million) in respect of legal cases. This includes £0.600 million in relation to a potential CQC fine; £0.306 million which relates to current employment legal cases and £0.197 million relating to the insurance excess on public and employer liability cases being administered by the NHS Litigation Authority.

In all these 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 £3.454 million in relation to the potential cost of upgrading some band 2 staff to band 3; lease dilapidations of £0.755 million (2022/23 £0.755 million) and the clinicians' pension reimbursement £1.077 million (2022/23: £1.375 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 26.1 Clinical negligence liabilities

At 31 March 2024, £134,525k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of North Midlands NHS Trust (31 March 2023: £339,604k).

Note 27 Contingent assets and liabilities

	31 March 2024 £000	31 March 2023 £000
Value of contingent liabilities		
Other	(68)	(60)
Gross value of contingent liabilities	**(68)**	**(60)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(68)**	**(60)**

The Trust had no contingent assets as at 31 March 2024.

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 2024 £000	31 March 2023 £000
Property, plant and equipment	9,686	24,240
Intangible assets	224	-
Total	**9,910**	**24,240**

The property, plant and equipment capital commitments relates mainly to the Acute Medical Rapid Assessment (AMRA) unit project totalling £2.388 million; breast unit scheme of £1.866 million; and £1.640 million in relation to the day case unit.

Note 29 On-SoFP PFI, LIFT or other 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 lease and payments comprise 2 elements – imputed lease charges and service charges. Details of the imputed lease charges are included within the table below.

Note 29.1 On-SoFP PFI, LIFT or other 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 2024	31 March 2023
	£000	£000
Gross PFI, LIFT or other service concession liabilities	**635,402**	**338,415**
Of which liabilities are due		
- not later than one year;	33,503	17,351
- later than one year and not later than five years;	119,444	61,462
- later than five years.	482,455	259,602
Finance charges allocated to future periods	(145,813)	(81,689)
Net PFI, LIFT or other service concession arrangement obligation	**489,589**	**256,726**
- not later than one year;	21,061	10,735
- later than one year and not later than five years;	74,435	37,553
- later than five years.	394,093	208,438

Note 29.2 Total on-SoFP PFI arrangement commitments

Total future commitments under these on-SoFP schemes are as follows:

	31 March 2024	31 March 2023 Restated
	£000	£000
Total future payments committed in respect of the PFI arrangements	**1,616,007**	**1,611,305**
Of which payments are due:		
- not later than one year;	76,953	73,241
- later than one year and not later than five years;	307,811	292,964
- later than five years.	1,231,243	1,245,099

	31 March 2023 As previously stated	Movement
	£000	£000
Total future payments committed in respect of the PFI arrangements	**1,946,386**	**(335,081)**
Of which payments are due:		
- not later than one year;	69,529	3,712
- later than one year and not later than five years;	295,926	(2,962)
- later than five years.	1,580,931	(335,832)

The future obligations disclose the total payments the Trust is committed to paying in respect of the on SOFP PFI at current prices (at each balance sheet date). The actual future payments may change as they will be based on the inflation applicable for each financial year per the PFI agreement.

On 2 April 2024 an amendment to the GAM was issued to clarrify that disclosure of total future commitments in respect of PFI schemes should be measured at current prices at the reporting date. The future payments as previously stated had been inflated at the inflation rate (2.5% each year) included within the operators financial model. The impact of applying the clarried guidance has reduced the prior year the future committments at 31 March 2023 by £335 million from £1,946 million to £1,611 million. There is no impact on the primary statements within the accounts as a result of the clarrification of the guidance.

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 unitary payments made to the service concession operator:

	2023/24	2022/23
	£000	£000
Unitary payment payable to service concession operator	**80,879**	**70,855**
Consisting of:		
- Interest charge	12,983	6,867
- Repayment of balance sheet obligation	21,113	10,268
- Service element and other charges to operating expenditure	43,493	39,539
- Capital lifecycle maintenance	3,290	2,213
- Contingent rent	-	10,886
- Addition to lifecycle prepayment	-	1,082
Total amount paid to service concession operator	**80,879**	**70,855**

Note 30 Impact of change in accounting policy for on-SoFP PFI, LIFT and other service concession liabilities

IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities from 1 April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments. Such increases were previously recognised as contingent rent as incurred.

The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1 April 2023 recognised in the income and expenditure reserve. The incremental impact of applying the new accounting policy on (a) the allocation of the unitary charge in 2023/24 and (b) the primary statements in 2023/24 is set out in the disclosures below.

Note 30.1 Impact of change in accounting policy on the allocation of unitary payment

	IFRS 16 basis (new basis)	IAS 17 basis (old basis)	Impact of change
	2023/24	2023/24	2023/24
	£000	£000	£000
Unitary payment payable to service concession operator	**80,879**	**80,879**	**-**
Consisting of:			
- Interest charge	12,983	6,088	**6,895**
- Repayment of balance sheet obligation	21,113	12,965	**8,148**
- Service element	43,493	43,493	**-**
- Lifecycle maintenance	3,290	3,290	**-**
- Contingent rent	-	15,043	**(15,043)**

Note 30.2 Impact of change in accounting policy on primary statements

Impact of change in PFI accounting policy on 31 March 2024 Statement of Financial Position:	**£000**
Increase in PFI / LIFT and other service concession liabilities	(245,098)
Decrease in PDC dividend payable / increase in PDC dividend receivable	7,517
Impact on net assets as at 31 March 2024	**(237,581)**

Impact of change in PFI accounting policy on 2023/24 Statement of Comprehenaive Income:	**£000**
PFI liability remeasurement charged to finance costs	(61,845)
Increase in interest arising on PFI liability	(6,895)
Reduction in contingent rent	15,043
Reduction in PDC dividend charge	7,517
Net impact on deficit	**(46,180)**

Impact of change in PFI accounting policy on 2023/24 Statement of Changes in Equity:	**£000**
Adjustment to reserves for the cumulative retrospective impact on 1 April 2023	(191,401)
Net impact on 2023/24 surplus / deficit	(46,180)
Impact on equity as at 31 March 2024	**(237,581)**

Impact of change in PFI accounting policy on 2023/24 Statement of Cash Flows:	**£000**
Increase in cash outflows for capital element of PFI / LIFT	(8,148)
Decrease in cash outflows for financing element of PFI / LIFT	8,148
Net impact on cash flows from financing activities	**-**

Note 31 Financial instruments

Note 31.1 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 31.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	27,990	**27,990**
Cash and cash equivalents	82,024	**82,024**
Total at 31 March 2024	**110,014**	**110,014**

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**

Note 31.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2024	Held at amortised cost	Total book value
	£000	£000
Obligations under leases	13,183	**13,183**
Obligations under PFI, LIFT and other service concession contracts	489,589	**489,589**
Trade and other payables excluding non financial liabilities	76,883	**76,883**
Total at 31 March 2024	**579,655**	**579,655**

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, LIFT and other service concession contracts	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**

Note 31.4 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 2024 £000	31 March 2023 £000
In one year or less	115,186	105,473
In more than one year but not more than five years	125,632	69,457
In more than five years	485,236	262,859
Total	**726,054**	**437,789**

Note 31.5 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 32 Losses and special payments

	2023/24		2022/23	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Cash losses	-	-	2	2
Bad debts and claims abandoned	97	54	-	-
Stores losses and damage to property	6	850	6	755
Total losses	**103**	**904**	**8**	**757**
Special payments				
Ex-gratia payments	53	21	48	15
Special severance payments	1	19	-	-
Total special payments	**54**	**40**	**48**	**15**
Total losses and special payments	**157**	**944**	**56**	**772**

Note 33 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 2023/24, and all of the Trustees are also members of the Trust board. In 2023/24 the total amount received from the UHNM Charity was £2.570 million (2022/23: £1.895 million). At the end of the year £1.878 million (2022/23: £0.944 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 Integrated Care Boards (ICBs).

DHSC transactions

The Trust received total NHS income of £1,092.424 million in 2023/24 (2022/23: 1,011.417 million).

The majority of this income was received from Integrated Care Boards: £698.272 million; NHS England (including Health Education England): £355.167 million; NHS Foundation Trusts: £25.607 million; and NHS Trusts: £12.851 million.

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 (£57.426 million expenditure; £15.333 million payables; £4.721 million VAT receivables); and the NHS Pension scheme (£84.738 million expenditure; £8.799 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:

	2023/24			
Related party	**Receipts from Related Party**	**Payments to Related Party**	**Receivables**	**Payables**
Name	**£'000**	**£'000**	**£'000**	**£'000**
Keele University	1,985	2,650	111	316
The Dudley Group of Hospitals NHS Foundation Trust	102	-	12	-
The Human Tissue Authority	-	25	-	-
Midlands Partnership NHS Foundation Trust	6,782	4,888	-	1,508

	2022/23			
Related party	**Receipts from Related Party**	**Payments to Related Party**	**Receivables**	**Payables**
Name	**£'000**	**£'000**	**£'000**	**£'000**
Health Education England	32,310	-	156	1,938
Human Tissue Authority	-	25	-	-
Keele University	737	1,743	770	286
Sodexo	218	231	44	-
The Dudley Group NHS Foundation Trust	63	-	12	-
Midlands Partnership NHS Foundation Trust	6,571	3,950	704	1,122

Note 34 Prior period adjustments

The Trust has made a prior period adjustment in 2023/24 in response to new guidance published in April 2024 relating to PFI arrangements. This is shown in note 29.2 where we have restated the prior year's 'Total future payments committed in respect of the PFI arrangements' from £1,946.4 million to £1,611.3 million.

Note 35 Better Payment Practice code

	2023/24	2023/24	2022/23	2022/23
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	129,976	657,380	126,894	590,077
Total non-NHS trade invoices paid within target	127,424	644,543	124,884	583,095
Percentage of non-NHS trade invoices paid within target	98.0%	98.0%	98.4%	98.8%
NHS Payables				
Total NHS trade invoices paid in the year	2,712	27,189	2,375	20,478
Total NHS trade invoices paid within target	2,459	21,706	2,153	18,368
Percentage of NHS trade invoices paid within target	90.7%	79.8%	90.7%	89.7%

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 36 External financing limit

The Trust is given an external financing limit against which it is permitted to underspend

	2023/24	2022/23
	£000	**£000**
Cash flow financing	5,983	6,477
External financing requirement	**5,983**	**6,477**
External financing limit (EFL)	5,983	6,477
Under / (over) spend against EFL	**-**	**-**

Note 37 Capital Resource Limit

	2023/24	2022/23
	£000	**£000**
Gross capital expenditure	70,156	48,178
Less: Disposals	(772)	(753)
Less: Donated and granted capital additions	(4,581)	(2,466)
Charge against Capital Resource Limit	**64,803**	**44,959**
Capital Resource Limit	64,803	44,959
Under / (over) spend against CRL	**-**	**-**

Note 38 Breakeven duty financial performance

	2023/24
	£000
Adjusted financial performance surplus	229
Add back incremental impact of IFRS 16 on PFI revenue costs in 2023/24	(46,189)
IFRIC 12 breakeven adjustment	37,585
Breakeven duty financial performance (deficit)	**(8,375)**

The note above demonstrates how the adjusted financial performance per the additional SOCI note is adjusted to show the breakeven performance in accordance with NHSE reporting requirements.

Note 39 Breakeven duty rolling assessment

	1997/98 to 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	2023/24
	£000	£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	(8,375)
Breakeven duty cumulative position	(67,115)	(136,832)	(200,439)	(195,208)	(188,123)	(178,997)	(178,950)	(187,325)
Operating income	739,279	696,630	713,838	840,636	915,076	980,348	1,064,132	1,151,805
Cumulative breakeven position as a percentage of operating income	(9.1%)	(19.6%)	(28.1%)	(23.2%)	(20.6%)	(18.3%)	(16.8%)	(16.3%)

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 2023/24 on the 12 June 2024 as the Trust remains in deficit on a cumulative basis.

2023/24 Financial Performance

The Trust ended the 2023/24 financial year with a deficit of £50.974 million against a breakeven plan for the year; the adjusted financial position included the impact of bringing the accounting for the PFI in line with IFRS16. The Trust achieved an adjusted financial surplus of £0.229 million for the year, and this was further adjusted to an £8.375 million deficit for the year (as shown in note 53) against the breakeven duty in-year financial performance.

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 £252m as we enter 2024/25 and whilst this has reduced to £139m at the draft plan submission stage there is 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 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 (including the North Staffordshire 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.

As we enter 2024/25 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 Finance and Performance Committee.

During 2023/24, 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 2024/25.

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.

We achieved a breakeven deficit in 2023/24 following a surplus in each of the previous four years and deficits prior to that. We have therefore 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 2023/24 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.

INDEPENDENT AUDITOR'S STATEMENT TO THE DIRECTORS OF UNIVERSITY HOSPITALS OF NORTH MIDLANDS NHS TRUST ON THE NHS TRUST CONSOLIDATION SCHEDULES

We have examined the consolidation schedules of University Hospitals of North Midlands NHS Trust , version 1.23.12.2 for the year ended 31 March 2024, which have been prepared by the Director of Finance and acknowledged by the Chief Executive. Our examination of the consolidation schedules covers the following:

- Designated TAC02 to TAC29 for tables outlined in red, excluding TAC02A, TAC05A, TAC014X, TAC014B and TAC23.

This statement is made solely to the Board of Directors of University Hospitals of North Midlands NHS Trust in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014 and paragraph 4.8 of the Code of Audit Practice and for no other purpose.

For the purpose of this statement, reviewing the consistency of figures between the audited financial statements and the consolidation schedules extends only to those figures within the consolidation schedules which are also included in the audited financial statements.

Auditors are required to report on any differences over £300,000 between the audited financial statements and the consolidation schedules, with the following exceptions as set out in NHS England TAC completion instructions and financial reporting guidance:

- Centrally-procured inventory – where trusts do not recognise consumables in inventory on the grounds of materiality, and inventory remains immaterial, the receipt and utilisation may be omitted from the inventory note in local accounts. However, trusts should record the receipt of items in inventory with an equivalent figure in utilisation within the TAC form.
  (footnote on page 58 of the TAC Completion Instructions M12 2023-24).
- Prior year small discretionary awards to staff – where NHSE have removed cases from comparatives in TAC29 upon customisation of files but the trust does not restate its accounts, this is a permissible inconsistency between the accounts and TACs for the prior year comparative.
  (Clarification on prior year approach for small discretionary awards to staff – 3 May 2024 NHS England » Financial accounting and reporting updates).

Unqualified audit opinion on the audited financial statements; no differences identified:

The figures reported in the consolidation schedules are consistent with the audited financial statements, on which we have issued an unqualified opinion.

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

25 June 2024

Independent auditor's report to the directors of University Hospitals of North Midlands NHS Trust

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of University Hospitals of North Midlands NHS Trust (the 'Trust') for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Taxpayers Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Accounts Directions issued under Schedule 15 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Trust as at 31 March 2024 and of its expenditure and income for the year then ended; and
- 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 2023-24; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

In our evaluation of the directors' conclusions, and in accordance with the expectation set out within the Department of Health and Social Care Group Accounting Manual 2023-24 that the Trust's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Trust. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Trust and the Trust's disclosures over the going concern period.

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

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

continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the Department of Health and Social Care Group Accounting Manual 2023-24 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the requirements of the Department of Health and Social Care Group Accounting Manual 2023-24; and
- based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

We have nothing to report in respect of the above matters, except on 12 June 2024 we referred a matter to the Secretary of State under section 30 of the Local Audit and Accountability Act 2014 in

relation to University Hospitals of North Midland's Trust's ongoing breach of its break-even duty for the year ending 31 March 2024.

Responsibilities of directors

As explained more fully in the Statement of directors' responsibilities set out on page 60 the directors are responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Trust and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (international accounting standards and the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023-24).
- We enquired of management and the Audit Committee, concerning the Trust's policies and procedures relating to:
  - the identification, evaluation and compliance with laws and regulations;
  - the detection and response to the risks of fraud; and
  - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Audit Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Trust's financial statements to material misstatement, including how fraud might occur, evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and the presumed risk of fraud in revenue recognition. We determined that the principal risks were in relation to:
  - journal entries posted by senior members of the finance team
  - journal entries posted usoine generic user accounts
  - journals that altered the Trust's financial performance for the year
  - potential management bias in determining accounting estimates, especially in relation to:
    - the valuation of the Trust's land and buildings
    - accruals of income and expenditure at the end of the financial year
- Our audit procedures involved:

  - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
  - journal entry testing, with a focus on significant journals at the end of the financial year which had an impact on the Trust's financial performance and those entries made by generic user accou nts;
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and building valuations and accruals of income and expenditure at the end of the financial year;
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including [add details of risks]. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the health sector and economy in which the Trust operates
  - understanding of the legal and regulatory requirements specific to the Trust including:
    - the provisions of the applicable legislation
    - NHS England's rules and related guidance
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - The Trust's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - The Trust's control environment, including the policies and procedures implemented by the Trust to ensure compliance with the requirements of the financial reporting framework.

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

Report on other legal and regulatory requirements –the 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 2024.

We have nothing to report in respect of the above matter except on 21 June 2024 we identified a significant weakness in the Trust's arrangements to deliver financial sustainability. Without additional non-recurrent income from the ICB and with no medium-term plan there is no trajectory toward a sustainable breakeven position.

We recommend that the Trust should finalise as soon as possible a robust, medium-term plan that sets a realistic trajectory to a sustainable position, without undue reliance on non-recurrent measures. It also needs to improve its delivery of recurrent savings.

Responsibilities of the Accountable Officer

As explained in the Statement of Accountable Officer's Responsibilites, 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 – Certificate

We certify that we have completed the audit of University Hospitals of North Midlands NHS Trust 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.

Avtar Sohal

Avtar Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham, 25 June 2024