NHS
University Hospitals of North Midlands
NHS Trust

Annual Report

2021/2022

Together
Compassion
Safe
Improving

FINAL VERSION

Foreword from Chairman and Chief Executive

At the time of writing the world is beginning to return to normal following the devastation and restrictions of Covid. It is no exaggeration to say that the NHS has probably never had to tackle a pandemic on the scale experienced over the past two years and we would like to offer our sincere thanks to every staff member for their resilience, compassion and professionalism during this period and particularly again in 2021/22.

We would also like to thank our patients for their understanding and patience. We fully understand and appreciate the frustration many people are feeling as they wait for their elective treatment or operation and we apologise for any suffering experienced as a result. Our aim at the beginning of the year was to fully restore services to pre-pandemic levels but, despite the huge impact of the vaccine programme, we were again badly restricted by high levels of infections in the community and the suspension of services for patient safety reasons. Sadly, once again, we saw many hundreds of people lose their lives to the disease and we offer our deepest sympathies to all their families, close contacts and friends.

Not surprisingly the past year has seen a huge increase in patients seeking treatment and our hospitals have faced significant challenges in managing the pressures. All parts of the hospital have been stretched in meeting the demand and our staff have been magnificent throughout. They have continually gone the extra mile despite often losing a high proportion of their staffing base to isolation as a result of Covid infection. We could not be more proud of them.

Across the country waiting lists sit at a record high with continued levels of high demand on our Urgent Care services. As the Board of UHNM, we have therefore taken action to help reduce these pressures and to tackle the waiting lists as quickly as possible. In addition to investing in increased theatre capacity, significant investments have also been agreed to bolster staffing levels in several areas, including an additional 30 doctors in our Emergency Department. Our nursing establishment has been expanded and our overseas recruitment programme saw 91 new nurses join us during the year. We welcome them to the UHNM family. We have also stepped up our collaboration with our community partners and local authorities as we look to reduce the time patients spend in our hospitals and to return them home safely as quickly as possible.

We were delighted to welcome the Care Quality Commission to the Trust during the year for a statutory inspection. Despite the incredible pressures being handled by every department throughout the Trust we achieved improvements in scores in every area. We can all be justifiably proud with the award of ‘Outstanding’ for compassion and ‘Good’ for Well Led. Our aim is to continue to build upon this success and to involve both staff and patients in that journey.

There was good news on our capital investment programme and we successfully delivered schemes worth £47m in the year, building on the £60m during the previous year. Essential equipment has been replaced and renewed, wards refurbished, our technology platform updated and enhanced, the old Royal Infirmary site demolished and the plans for a new car park well advanced. Importantly we also invested £2m in a new surgical robot which will radically improve patient experience and clinical outcomes and put us ahead of every other trust in the UK in being able to offer innovative surgery. We must also highlight the magnificent contribution of £3m to these schemes received from our Charitable Funds including £2m by the Coates Foundation. This level of donation makes a massive difference and we greatly appreciate the efforts of everyone involved - and the donors of course!

2021/22 was also notable for the expansion of our digital and technology platforms and we continued to see an increase in virtual meetings and consultations. We were delighted to have won the HSJ award in partnership with MPFT for Driving efficiency through Innovation for our ‘Smart with your Heart’, a

programme that reduced readmissions by 50% by using available technology to remotely monitor patients overall health.

Once again, our annual Staff Awards evening was held virtually but we had a tremendous response, with another record number of nominations and some fabulous examples of great care, compassion and team work by individuals. We look forward to holding the next awards evening in person and to seeing everybody there.

On the financial front we out turned with a surplus of £9 million against an expenditure of almost £1 billion. It is again evidence of how well staff balanced the operational pressures and investments required whilst retaining financial stability.

During the year we welcomed three new executive directors, Dr Matthew Lewis, our new Medical Director, Ann-Marie Riley, Chief Nurse and Amy Freeman, Director of Digital Transformation. We wish them well in their new roles.

On the wider front we continued to play our part in the Shadow Integrated Care Board and we were represented on the board and all sub committees throughout the year. Our focus during the past twelve months has been on agreeing how the system can effectively tackle health inequalities and how we can improve collaborative working. This work continues into the current year.

In terms of priorities for the coming year we are very focussed on dealing with our patient backlogs and improving the experience and outcomes for all our patients. We are also extremely keen to engage with every member of staff and to build upon their ideas and views on addressing behaviours within our Trust. Our survey on culture marked an important milestone for us all and we are determined to ensure every member of staff has a voice and that it is heard.

The last year has again been extremely challenging and the next twelve months will no doubt bring similar pressures. We are confident though that with our additional investments and the continued engagement of everyone we will be able to deliver the services our patients require.

David Wakefield
Chairman

Tracy Bullock
Chief Executive

Contents

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 2021/2022
- an **introduction to our organisation**, covering what we do, the services we provide and our organisational structure
- an overview of our **2025 Vision,** our key objectives and our values
- a summary of **key risks** that we have identified and managed during 2021/2022
- a **summary of performance** highlighting what has gone well for us, the progress made towards delivering our objectives and where we need to focus our efforts to improve
- an explanation of what is meant by **'going concern'** and what its adoption meant for us during the year

Statement from the Chief Executive

On the 1st April 2022 I will have been the Chief Executive at UHNM for three years and it is hard to believe that most of my time here has been spent working through the global Covid pandemic. I have stopped counting the number of waves, where our dedicated professional staff have been dealing with increased numbers of patients with Covid.

Whilst Covid has continued to dominate every aspect of our work, we continued to invest in improvements for our patients. I remain immensely proud of our staff who have worked tirelessly to provide the highest standards of care to our patients and this is something which was recognised by Newcastle-under-Lyme Borough Council as they were granted the Freedom of the Borough for their dedication and tireless efforts during the pandemic.

Our staff are undoubtedly our greatest asset and we have been keen to continue to invest in all of our health and wellbeing initiatives including free car parking, new rest pods and cabins, 24 hour counselling and psychological support and a wellbeing day to name but a few. The year saw us celebrate events and awards. This included being awarded Veteran Aware Hospital Status which is in direct recognition of our on-going commitment to improving NHS care for veterans, reservists, members of the armed forces and their families. We are now one of 64 providers that have been accredited as exemplars of the best care for veterans and leading the way in improving veterans' care within the NHS. We have a rich history of working with and caring for armed forces personnel, dating back to World War Two. Even today, we have a large number of staff that are both veterans or reservists. I am extremely pleased that our work to support veterans and those currently serving and their families has been recognised with this accolade.

We have launched new services in the year including one to help improve diagnosis for patients with non-specific but concerning symptoms which may be an indicator for cancer. Another scheme focused on increasing access to cancer diagnosis via our Lung Screening Programme. We have invested in our staff as well as our services with the year seeing the first Chief Nurse Fellow opportunities here at UHNM. These roles are aligned to our Quality Improvement Academy and provide the opportunity to be involved in our Improving Together Programme.

We pride ourselves on our diverse and inclusive workforce so I am thrilled with the success we have seen during the year with our overseas recruitment programme. The team supporting this group of staff, who have arrived during a pandemic and had to follow additional guidance for testing and isolation, are to be congratulated for their perseverance and commitment to helping them onto our wards as speedily as possible.

Our major trauma centre is one of our flagship services and along with many of our lifesaving services they have been caught on camera once more after we let in the film crews from Brinkworth Productions again to record 999: Critical Condition. Each episode has been seen by some 1.5 million plus viewers.

As a university hospital, technology, innovation, education and research is important to us and over the year there have been some fantastic examples of new services launched. There are too many to mention them all but services such our Virtual Wards and the introduction of SpaceOAR® hydrogel implant, which can significantly reduce the side effects of radiotherapy for men with prostate cancer. We also saw the launch of the OPTIMA (Optimal Personalised Treatment of early breast cancer using Multi-parameter Analysis) trial to establish how responsive a patient's tumour will be to chemotherapy. All of these have provided huge benefits for our patients.

The demolition of the old Royal Infirmary site and securing land to re-provide multi-storey car parking provision adjacent to the main site at Royal Stoke University Hospital have been major estates achievements. This will address long standing legacy issues such as insufficient staff and visitor car parking provision and unsafe and unsightly abandoned hospital estate.

Last year we commissioned an external review into the culture across UHNM and published it in full in March 2022. Whilst it was pleasing to see improvements have been made over the last two years, it is clear that there is much more to do to make UHNM a great place to work for everyone. This will be a key priority for us this year.

There is much to celebrate as you will see from this annual report, but there is so much more we need to do as like the rest of the NHS, we continue to address the backlog of patients who have been waiting for their treatment as a result of the pandemic. Undoubtedly there will be further challenges ahead but I remain confident that by working with our communities and our outstanding staff we will be able to continue to improve the services we provide.

I hope you enjoy reading this Annual Report.

About Us

University Hospitals of North Midlands NHS Trust was formed in November 2014 following the integration of University Hospitals of North Staffordshire NHS Trust and Mid Staffordshire NHS Foundation Trust. We have two hospitals, Royal Stoke University Hospital in Stoke-on-Trent and County Hospital in Stafford and we are very proud of both.

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

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

We are a large, modern Trust in Staffordshire, **providing care in state of the art facilities**. We provide a full range of general hospital services for approximately 1.1 million people locally in Staffordshire, South Cheshire and Shropshire. We employ around 11, 000 members of staff and we provide specialised services for a population of around 3 million, including neighbouring counties and North Wales.

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

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

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

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

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

Our Vision, Values & Strategic Objectives

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

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

Our Vision – Delivering Exceptional Care with Exceptional People

Through our organisation wide 'Improving Together' programme, which is a Trust wide approach to quality improvement, we have reviewed our organisation wide strategic vision and priorities.

Whilst the ambitions outlined within our 2025 Vision remain true, we have simplified our vision statement to provide greater clarity and our refreshed strategic priorities and objectives are aligned to our Improving Together programme.

Our Strategic Priorities and Objectives

High Quality	Responsive	People	Improving & Innovating	System & Partners	Resources
Providing safe, effective and caring services	Providing efficient and responsive services	Creating a great place to work	Achieving excellence in development and research	Leading strategic change within Staffordshire and beyond	Ensuring we get the most from the resources we have, including staff, assets and money

Our Values

We continue to encourage a **compassionate culture** through our values, which identify the attitude and behavioural expectations of our staff.

How we Provide Care

Our organisational structure features four clinical divisions and two non-clinical divisions. Each clinical division is led by a Divisional Chair, providing medical leadership, an Associate Chief Nurse, providing clinical leadership and an Associate Director responsible for its operational management. The non-clinical divisions are led by Executive Directors.

These six divisions, and an overview of their services are illustrated below:

Our Divisions and the Services Provided

Surgical Division

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

Children's Women & Diagnostics Division

- Pharmacy
- Pathology
- Clinical Technology
- Imaging
- Obstetrics & Gynaecology
- Child Health
- Haematology
- Oncology
- Medical Physics
- Immunology

Specialised Division

- Cardiology
- Neurosciences
- Trauma & Orthopaedics
- Neurosurgery
- Cardiothoracic
- Stroke
- Neurology
- Neurophysiology

Medical Division

- Gastroenterology
- Endoscopy
- Respiratory
- Infectious Diseases
- Emergency Department
- Acute Medicine
- Elderly Care
- Diabetes
- General Medicine
- Renal

Estates, Facilities & PFI Division

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

Central Functions Division

- Finance & Communications
- Information Technology
- Human Resources
- Nursing & Operations
- Corporate Governance
- Strategy & Planning
- Performance & Information
- Quality, Safety & Compliance
- Transformation
- Research & Innovation
- Supplies & Procurement
- Outpatients
- Bereavement Services

Going Concern

Our financial statements for 2021/22 have been prepared on the basis that we are a 'going concern'. When adopting the financial statements, our Board is asked to agree with the decision made by management to prepare the financial statements as a going concern. To comply with International Accounting Standards, we are required to undertake an assessment of our ability to continue as a going concern. This assessment is set out within this Annual Report for consideration of the Audit Committee.

What does 'Going Concern' mean?

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

Assessment Rules

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

Criteria Assessment

Considering the criteria set out for preparation of the accounts on a going concern basis, an assessment has been made of the Trust's position against the criteria. The criteria used for the preparation of the 2021/22 financial statements is that they must be prepared on a going concern basis unless the organisation has been informed by the relevant national body or Department of Health & Social Care sponsor of the intention for dissolution without transfer of services or function to another entity.

Conclusion

The results of the assessment made of the UHNM position with regard to the above criteria, it is concluded that there is no criteria response which would support the accounts of UHNM not being prepared on a going concern basis. **The accounts of UHNM for 2021/22 should therefore be prepared on a going concern basis.**

Performance Summary & Analysis

Here we provide an overview of how we measure performance in our organisation using Statistical Process Control (SCP) 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, our financial performance and risk.

How we measure performance

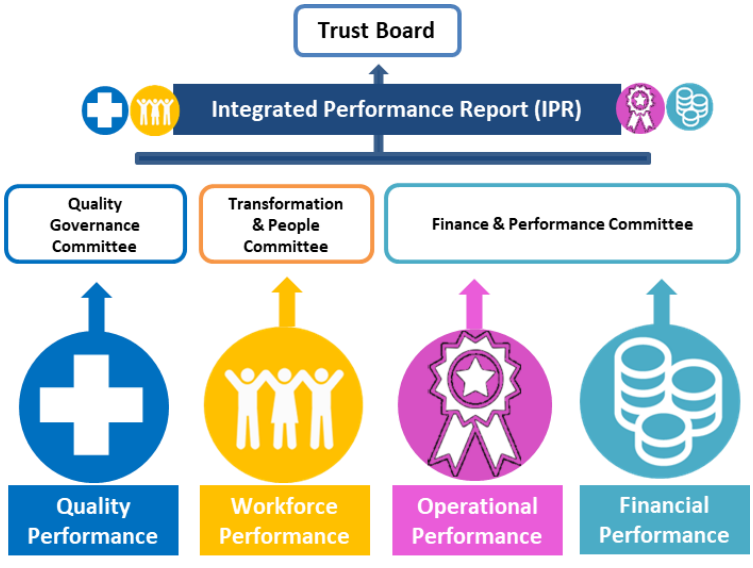
Each month, we produce an **Integrated Performance Report** which is used as a key source of assurance to our Trust Board. The report covers a broad range of key performance indicators (KPI's), which are determined nationally and locally and are reviewed on an annual basis. These KPI's are broken down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

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

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

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

In addition to our Integrated Performance Report, further detail in relation to our KPI's is scrutinised by Committees of the Board. These arrangements are illustrated below:



Headline Activity

The illustration below provides an overview of our activity during 2021/22:

169,882 (2021/22)
A&E Attendances

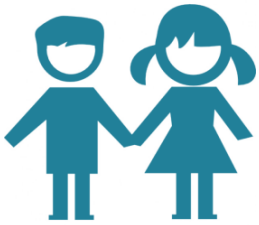
6,180 (2021/22)
Births

11,081 (2021/22)
Elective Admissions

111,918 (2021/22)
Non-elective Admissions

80,621 (2021/22)
Day Case Admissions

751,236 (2021/22)
Adult Outpatient Attendance



88, 296 (2021/22)
Children's Outpatient Attendances

84,647 (2021/22)
Antenatal Clinic Attendances

Performance During 2021/22

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

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

However, workforce related risks have remained high on our risk register throughout the course of the year with sickness absence being a particular concern as a result of Covid. Our 12 month cumulative sickness rate was 5.73%, which was outside of target. Sickness absences are monitored on a daily basis, specifically to identify the level of Covid-related absence and stress-related absence. We focus on addressing areas with high sickness levels with the aim of reducing long term and frequent absences. Clinical Divisions have set trajectories for achieving a reduction in their sickness absence levels (subject to Covid and operational pressures) with a year-end target for 2022/23 of around 5.5%, which will be monitored via the Improving Together Programme.

In other workforce indicators over the course of the year:

- **Turnover** rates were within target
- At 94.73%, the **Statutory and Mandatory Training** fell just short of the 95% target
- At points, the requirement to complete **Performance Development Reviews (PDR's)** was suspended while we were at Critical Incident level and times due to Covid. The final outturn for the 12 months ending 31st March 2022 for Non-Medical PDR compliance was 75.55%. Requirements for undertaking quality PDRs with staff will be reinforced with managers undertaking our 'Enable Middle Management' programme which will be delivered to 616 managers during 2022/22
- **Agency costs** as a percentage of pay costs were comparable to the previous year

Recommending us as a place to work is one part of our measure of staff engagement. The downturn in our Staff Survey indicators mirrored a downturn nationally for acute trusts. Locally, there has been significant staff engagement throughout the start of the Covid pandemic and turnover and stability rates have remained consistent. A staff engagement plan is in place, which incorporates our wellbeing initiatives as part of our offer for improving staff experience. We have undertaken a range of staff recognition events to show appreciation of staff achievements, and continued to deliver our Long Service Awards programme. We have also implemented a local Staff Voice Survey to provide a regular and current measure of staff engagement, and staff can also express their views via a national Quarterly People Pulse Survey and the annual NHS Staff Survey.

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

- 20% reduction in Category 3 **Hospital Acquired Pressure Ulcers** with 'lapses in care' in 2021/22 compared to 2020/21 totals
- Improvement in **Sepsis screening** for Inpatients and Intravenous Antibiotics (IVAB) in 1 hour
- Exceeding the 95% National Target for **Harm Free Care** (New Harms)
- Reduction in rate of reported **patient falls** in 2021/22 compared to 2020/21
- Continuing to compare well against our peers during and remaining within expected ranges for both **HSMR and SHMI mortality** indicators
- Improvement in **VTE risk assessment** compliance with average 99.3%
- Reduced rate of formal **complaints** received as we increased activity during 2021/22 from 2020/21
- Our **Speaking Up Index** score as part of Staff Survey has improved year on year
- Being awarded **Outstanding for Caring** following our CQC inspection was significant achievement and recognised the high quality care and compassion delivered by our staff during a pandemic.

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

- Emergency Department 4 hour target performance
- Continued improvement in Sepsis screening compliance and pathway
- To reduce harm from falls
- To reduce Hospital acquired Category 2 pressure ulcers and Deep Tissue Injuries with lapses in care
- 104 week and cancer waiting times

During the last 12 months we have moved from the response to Covid -19 into managing the disease and our dedicated staff have continued to play a pivotal role and focus attention on our operational reset and recovery of elective and planned care. It is widely acknowledged that waiting lists have grown as a consequence of Covid -19 and many patients are waiting far longer than we would ever want them to but our teams are working hard to increase our theatre capacity and ensure that patients are accessing outpatient clinics.

Looking ahead we will continue to address our challenges around capacity and demand with focus on Urgent and Emergency Care across both our sites and our recovery process so we can deliver safe quality care to those who need it the most.

As desribed earlier, our Integrated Performance Report covers a broad range of KPI's which we monitor throughout the course of the year. Below provides details of how we performance against these KPI's during 2021/22 in comparison to 2020/21.

Quality Performance

Key Performance Indicator	Target	2021/22 Performance	2020/21 Performance
Harm Free Care (new harms)	95%	96.2%	96.7%
Patient Falls (per 1000 bed days)	5.6	5.9	6.2
Patient Falls with harm (per 1000 bed days)	1.5	1.53	1.5
Medication Errors (per 1000 bed days)		4.9	4.9
Never Events	0	6	1
Duty of Candour (verbal / formal notification)	100%	97.8%	100%
Duty of Candour (written within 10 days)	100%	89.2%	82%
Pressure Ulcers (category 2 hospital acquired with lapses in care)	96	56	16
Pressure Ulcers (category 3 hospital acquired with lapses in care)	48	22	15
Pressure Ulcers (category 4 hospital acquired with lapses in care)	0	0	2
Friends and Family Test (% A&E recommendedations)	85%	73.0%	79.3%
Friends and Family Test (% inpatient recommendations)	95%	98.5%	98.5%
Friends and Family Test (% maternity recommendations)	95%	96.0%	n/a
Written Complaints (rate per 10,000 spells)	35	27.51	30.4
Hospital Standardised Mortality Ratio (HSMR) (rolling 12 month)	100	96.60 (02/21 – 12/21)	97.87 (03/20 – 02/21)
Standardised Hospital Mortality Indicator (SHMI) (rolling 12 months)	100	1.01 (01/21 – 01/22)	1.04 (01/20 – 12/20)
Nosocomial 'definite' Covid 19 Deaths	n/a	20	116
VTE Risk Assessment Compliance	95%	99.3%	99.1%
Emergency C Section (rate of total births)	15%		17.2%
Reported C-Difficile (cases per month)	8	112	107
Avoidable MRSA Bacteraemia Cases	0	0	0
Inpatient Sepsis Screening Compliance	90%	87.9%	85.9%
Inpatient IV Antibiotics (given within 1 hour)	90%	99.1%	93.3%
Children Sepsis Screening Compliance	90%	89.7%	95.2%
Children IV Antibiotics (given within 1 hour)	90%	100%	100%
Emergency Portals Sepsis Screening Compliance	90%	92.4%	91.8%
Emergency Portals IV Antibiotics (given within 1 hour)	90%	84.7%	84.3%
Maternity Sepsis Screening	90%	80.6%	45.1%
Maternity IV Antibiotics (given within 1 hour)	90%	76.4%	90%

Operational Performance

Key Performance Indicator	Target	2021/22 Performance	2020/21 Performance
A&E 4 hours Waiting Time	**95%**	**66.9%**	**76.96%**
12 hour Trolley Breaches	**0**	**3854**	**205**
Cancer Rapid Access (2 week wait)	**93%**	**65.5%**	**92.1%**
Cancer 62 days (from urgent GP referral)	**85%**	**60.7%**	**69.1%**
Cancer 62 days (from screening programme)	**90%**	**68.5%**	**80.4%**
Cancer 31 days (first treatment)	**96%**	**90.6%**	**95.1%**
Referral to Treatment (incomplete)	**92%**	**54.9%**	**62.5%**
Referral to Treatment (52+ week waits)	**0**	**4464**	**4563**
Diagnostic Waits (under 6 weeks)	**99%**	**69.5%**	**84.0%**
Did Not Attend (DNA) Rate	**7%**	**8.1%**	**7.8%**
Cancelled Operations (28 day standard)	**150**	**365**	**254**
Theatre Utilisation	**85%**	**74.2%**	**73.8%**
Same Day Emergency Care	**30%**	**31%**	**29%**
Super Stranded Patients	**183**	**165**	**118**
Delayed Transfers of Care	**3.5%**	**3.7%**	**1.3%**
Discharges Before Midday	**30%**	**18%**	**17%**
Emergency Readmission Rate	**8%**	**13.5%**	**14.6%**
Ambulance Handover Delays (in excess of 60 minutes)	**10**	**6631**	**1,123**

Workforce Performance

Key Performance Indicator	Target	2021/22 Performance	2020/21 Performance
Staff Sickness	**3.4%**	**5.73%**	**5.37%**
Staff Turnover	**11%**	**10.59%**	**9.32%**
Statutory and Mandatory Training Rate	**95%**	**94.73%**	**93.85%**
Appraisal Rate	**95%**	**75.55%**	**75.56%**
Agency Cost	**n/a**	**2.59%**	**2.55%**
Staff Family Friends Test (% recommended as a place to work – NHS Staff Survey)	**>61%**	**54.6%**	**64.3%**

Financial Overview

Financial Performance

Key Performance Indicator	2021/22 Performance	2020/21 Performance
Total Income	**980,348**	**915,246**
Expenditure – Pay	**568,969**	**553,220**
Expenditure – Non Pay	**359,468**	**328,303**
Daycase / Elective Activity	**95,630**	**73,311**
Non Elective Activity	**92,359**	**84,920**
First Outpatients	**174,531**	**181,106**
Follow up Outpatients	**232,831**	**297,813**
Non Face to Face Outpatients	**227,010**	**65, 862**

We ended the 2021/22 financial year with a surplus of £9.126 million against a planned surplus of £5.147 million. As a result of the changed funding arrangements the requirement to deliver cost improvements was significantly reduced with a total requirement of £4.6 million for 2021/22 which was delivered in full. Under the temporary funding arrangements for the NHS, we were required to submit a plan for the first 6 months of the year ('H1'); this plan was for an £8.256 million surplus driven by additional income earned under the Elective Recovery Fund (ERF); an actual surplus of £13.691 million was delivered in H1. We were allowed to carry forward this surplus into the second half of the year ('H2') and set a deficit plan of £13.691 million for H2 delivering a breakeven plan for the year which was subsequently amended to a £5.147 million surplus reflecting income earned under the revised ERF for H2. The planned surplus of £5.147 million for 2021/22 continues to demonstrate that substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls. It is important that we recognise that we are part of a wider system with a recurrent deficit of £133 million for 2022/23 with further work to be done to ensure that we can deliver safe and high quality services within an affordable financial framework.

Throughout the course of the year, delivery of our financial plan has been subject to scrutiny and oversight each month via the Performance and Finance Committee and the Board and externally by our regulators, through monthly financial Progress Review Meetings.

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 law and with Government policy in order to achieve probity, accuracy, economy, efficiency and effectiveness. These remained in place throughout the year and the Covid pandemic. Our services are organised into 6 divisions and 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 against our Financial Plan is monitored through our monthly performance management review process, which is chaired by an Executive Director.

During the pandemic, the requirement to deliver cost improvements has been significantly reduced and organisational focus has been on maintaining service delivery. We have started to focus delivery for

2022/23 continuing with the project based approach, overseen by our Programme Management Office implemented before the pandemic.

During 2021/22, 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 2022/23.

Our External Auditors give 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 the financial statements comply with relevant laws. In carrying out their audit, they must have regard to aspects of corporate governance and securing economy, efficiency and effective use of resources.

Although a surplus has been achieved in the last 3 years, due to previous year's deficits we breached the requirement under Section 30 of the Local Audit and Accountability Act 2014 to achieve break even on a cumulative basis. As such, our External Auditors made a referral to the Secretary of State for Health in June 2021 which remains in place 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 ongoing with our system partners, via the Integrated Care Board.

Statement of Comprehensive Income Account

	2021/22		2020/21	
	£'000	%	£'000	%
Revenue from patient care activities	881,968	90%	777,292	85%
Other operating revenue	98,380	10%	137,784	15%
Total revenue	**980,348**	**100%**	**915,076**	**100%**
Operating expenses	(928,437)	98%	(881,523)	98%
Operating surplus / (deficit)	**51,911**	**6%**	**33,553**	**4%**
Other gains and losses	79	(0%)	71	(0%)
Surplus / (deficit) before interest	**51,990**	**6%**	**33,624**	**4%**
Investment revenue	46	(0%)	99	(0%)
Finance costs	(16,037)	2%	(17,131)	2%
Surplus / (deficit) for the financial year	**35,999**	**4%**	**16,592**	**2%**
Public dividend capital dividends payable	(7,855)	1%	(5,637)	1%
Retained surplus / (deficit) for the year	**28,144**		**10,955**	

Performance against Breakeven Duty

	2021/22	2020/21
	£'000	£'000
Retained support / (deficit) under IFRS	28,144	10,955
Impairments	(17,211)	15
Adjustments for donated asset/gov't grant reserve elimination	(2,254)	(3,110)
Net impact of DHSC provided inventories for Covid response	447	**(775)**
Adjusted financial performance surplus / (deficit)	**9,126**	**7,085**

Revenue Income

Income in 2021/22 totalled £980.3 million. The majority of our income (£882.0 million, 90%) was delivered from Clinical Commissioning Groups and NHS England in relation to health 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, ERF funding and specific Covid response funding.

Summary of Total Income 2021/22

	2021/22	2020/21
	£m	£m
Clinical Commissioning Groups and NHS England (patient care)	866.9	765.6
Other patient care income	15.1	11.7
Education, training and R&D income	32.4	29.1
Non patient care services to other NHS bodies	32.8	20.4
Top Up Funding and Deficit Support	15.7	59.7
Covid Response funding	2.4	16.3
Other	15.1	12.4
Total revenue	**980.3**	**915.1**

Summary of Income from CCGs & NHSIE 2021/22

	2021/22		2020/21	
	£m	%	£m	%
Stoke on Trent CCG	184.7	21%	181.7	23%
North Staffordshire CCG	123.1	14%	121.2	16%
Specialised Commissioning / NHSIE	275.9	31%	223.6	29%
Stafford and Surrounds CCG	198.5	23%	129.3	17%
Cannock Chase CCG	22.5	3%	21.6	3%
Cheshire CCG	20.6	2%	20.1	3%
Other	56.7	6%	79.8	10%
Total revenue from patient care	**882.0**	**100%**	**777.3**	**100%**

	2021/22	2020/21	% Change
	£m	£m	%
Revenue from patient care activities	**882.0**	777.3	**13%**
Other revenue:			
Medical school (SIFT)	7.3	6.4	13%
Junior doctor training (MADEL)	15.0	14.1	7%
WDD funding	4.8	2.4	97%
Research and development	3.4	2.6	29%
Non patient care services to other NHS bodies	30.5	18.3	66%
Other Income	37.4	93.9	(60%)
Total other revenue	**98.4**	**137.8**	**(29%)**
Total revenue	**980.3**	**915.1**	**7%**

Operating Expenditure

Staff costs at £569.0 million represent 61.3% of our operating expenditure with clinical supplies and services representing a further 21.7%. A summary of operating expenditure is show below:

Summary of Operating Expenditure	2021/22	2020/21	% change
	£m	£m	%
Staff costs	569.0	553.2	3%
Other costs	86.9	76.6	14%
Clinical supplies and services	201.4	171.0	18%
Depreciation	32.0	30.2	6%
Premises costs	31.1	27.6	13%
Clinical negligence	25.2	23.0	10%
Total operating expenditure before impairments	**945.6**	**881.5**	**7%**
Impairments	(17.2)	0.0	
Total operating expenditure	**928.4**	**881.5**	**5%**

Capital

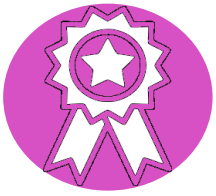
Of the capital funding in 2021/22, £21.4 million was generated internally from the depreciation of assets and use of our cash reserves and this is predominantly allocated to the replacement of medical equipment, ICT systems and the refurbishment of our buildings and estate. In addition we were awarded central capital funding totalling £10.3 million for a number of investments, including the purchase of a linear accelerator and additional CT scanner, frontline digitalisation projects and the demolition of the Royal Infirmary site. The main areas of capital expenditure are set out below:

Capital Spend	2021/22 £'000
Medical Assets	
Medical Devices and Fleet Replacement	4,794
Linear Accelerator Replacement (No. 4 of 4)	2,416
Additional CT Scanner (No. 7)	1,076
Pathology Equipment	688
Imaging Academy Development (with Keele University)	327
Beds, Mattresses and Hoists	233
Total Medical Assets:	**9,534**
ICT Schemes	
System and Equipment Upgrades	2,198
Laboratory Information System	939
Patient Portal	792
Anaesthetic Medical Records Automation	718
ICT Infrastructure	704
Digital Pathology Development	636
Electronic Prescribing (EPMA)	335
Cyber Security	250
Total ICT Schemes:	**6,572**
Estates and General Works	
Estates Infrastructure and Backlog Maintenance	5,766
PFI Lifecycle and Equipment	5,346
Ward Refurbishment	2,194
Office Decant Accommodation	1,979
Project Star Multi Storey Car Park	1,469
Royal Infirmary Site Demolition	1,283
Development Projects and Improvements	1,071
Total Estates & PFI Schemes:	**19,108**
Total	**35,214**

Our Risk Profile

Our Risk Management Policy sets out the framework within which we identify, assess and manage any risks. We consider both operational and strategic risks. Operational risks are reported through our Risk Register and strategic risks are reported through our Board Assurance Framework (BAF).

Throughout 2021/22, we identified a total of 9 risks which might compromise the achievement of our Strategic Priorities. These risks were monitored closely, through our Board and Committees each quarter; where details of controls, assurance and actions to reduce levels are risk were subject to scrutiny. Below provides a summary of these risks, the Strategic Priorities under threat and the levels of risk reported each quarter:

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

Summary Board Assurance Framework 2021/22

BAF No.	Summary Risk Title	Strategic Priorities Under Threat	Risk Scores by Quarter (C) Consequence / (L) Likelihood			
			Q1	Q2	Q3	Q4
BAF 1	Delivering Positive Patient Outcomes		3 (C) x 3 (L) = **High 9**	4 (C) x 4 (L) = **Extreme 16**	4 (C) x 5 (L) = **Extreme 20**	4 (C) x 5 (L) = **Extreme 20**
BAF 2	Leadership, Culture & Delivery of Values / Aspirations		4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**
BAF 3	Sustainable Workforce		4 (C) x 3 (L) = **High 12**	4 (C) x 4 (L) = **Extreme 16**	4 (C) x 5 (L) = **Extreme 20**	4 (C) x 4 (L) = **Extreme 16**
BAF 4	System Working – Vertical		3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**
BAF 5	System Working – Horizontal		3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 2 (L) = **Moderate 6**	3 (C) x 2 (L) = **Moderate 6**
BAF 6	Delivering Responsive Patient Care		3 (C) x 4 (L) = **High 12**	4 (C) x 4 (L) = **Extreme 16**	5 (C) x 3 (L) = **Extreme 20**	5 (C) x 3 (L) = **Extreme 20**
BAF 7	Delivery of IM&T Infrastructure		5 (C) x 3 (L) = **Extreme 15**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**
BAF 8	Infrastructure to Deliver Compliant Estate Services		4 (C) x 3 (L) = **High 12**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**
BAF 9	Financial Sustainability		3 (C) x 2 (L) = **Moderate 6**	3 (C) x 2 (L) = **Moderate 6**	3 (C) x 1 (L) = **Low 3**	3 (C) x 1 (L) = **Low 3**

Our risk management framework provides a mechanism by which uncertainty associated with the delivery of key performance indicators can be identified, overseen and managered. Such risks are identified at an operational level by our Divisional and Directorate Teams and where appropriate, escalated for the attention of our Executive Team through our Executive Governance Groups and Performance Management Review process. **Further details on risk and the Board Assurance Framework can be found later within this report, in our Annual Governance Statement.**

Social Matters

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

Keep Stoke Smiling

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

In 2021 a pilot campaign was run as part of Keep Stoke Smiling to create a 'fizz free' culture within schools in the region.

The UHNM Charity and Stoke City Community Trust partnered together to distribute thousands of tubes of toothpaste kindly donated by Colgate.

Through education, over a 10 week period both charities set out to provide young people and the wider community within Staffordshire key information they need to make their own decision on what food and drink they consumed, and how it can have a positive impact on their dental health for life.

The first part of the project was focussed on educating Key Stage 2 pupils in North Staffordshire schools about the importance of dental health. This was achieved through workshops in local schools led by **our very own Consultant Orthodontist Karen Juggins**. Toothpaste was also delivered to several charity groups who support the most vulnerable members of the community. In just 10 weeks, 33 oral health workshops were delivered in 25 partners schools, distributing toothpaste to over 2000 young local people. These figures would have been significantly higher without Covid restrictions.

Each child completed a post workshop survey which proved the understood all the oral health messages, with **common comments** being:

> - I am 100% never, not ever, going to drink red can coke
> - I a always going to spit and not rinse
> - I am never going to take coke or lemonade, or milk to bed

The campaign has been **so successful** that it is now being **replicated more widely across the country** with Keep Britain Smiling. The campaign uses social media platforms, Instagram, Facebook, Twitter, YouTube and TikTok – and celebrities such as Peter Crouch to get its message across.

Project SEARCH

Project SEARCH is open to any young person aged 18 – 24 with an Education, Health and Care Plan (EHCP). Prospective students are identified by local education providers, or can apply independently. Students work in non-clinical support roles, such as portering, retail, catering, domestics and transort.

We provide a classroom base and staff facilities where students are based Monday to Friday with their teacher and a job coach. Students spend 45 minutes every morning studying functional English and preparation for adulthood.

After completing their initial inductions, students spend from 10am – 3pm in their supported internship placements with their 'buddies' from UHNM and Sodexo; these are staff who have been specially trained to help students learn the job roles and model expected work behaviour. Interns return to the classroom base each day from 3pm – 3.30pm for a debrief, where they can reflect on their day and discuss their progress, or any concerns they may have.

The majority of students have successfully secured paid employment and we have also supported others into further education or voluntary roles, according to their personal circumstances. This includes William, one of the youngest porters we have, who took part in the project with his twin brother.

> As a result of the pandemic, William saw his internship interrupted but he returned to site as a fully fledged member of staff. He has worked throughout this difficult time and has had such a positive impact on all who have come to know him. We have seen his confidence grow and develop, along with his general ability and interpersonal skills. He is a bubbly, caring and compassionate member of staff and a pleasure to work with.

Louise Durose, Portering Manager

Outreach into Secondary Schools

We deliver career talks at secondary school level to raise the aspirations of the future NHS workforce. We work closely with Staffordshire Careers Hub facilitated by the Careers and Enterprise Company; Staffordshire County Council and Stoke City Council, as well as local schools, colleges and universities.

- A number of our staff act as Careers and Enterprise Company advisors who work with the senior careers staff at schools.
- We support the national Career Ready Programme with some staff acting as student mentors and also sitting on the Career Ready Labour Advisory Board.
- We have been recognised as one of eight **'cornerstone employers'** who have commited to making a significant contribution to working with young people in schools in Stoke on Trent

We deliver a variety of sessions focussed on NHS Careers, including 'Step into Pharmacy', 'Step into Nursing' and 'Step into Medicine'. Working in partnership with the Careers and Enterprise Company we have designed a number of curriculum based lesson plans for delivery across all secondary schools in Staffordshire.

Respect for Human Rights

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

- Fairness
- Respect
- Equality
- Dignity
- Autonomy

We 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.

Anti-corruption and Bribery

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

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

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

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

The Accountable Officer for anti-fraud is the Chief Finance Officer. There were 8 referrals made to the LCFS during 2021/22, which were reviewed and investigated where appropriate, in accordance with the Trust's policy. The LCFS work plan for 2021/22 was also aligned to meet the requirements of the Governments Functional Standard 013: Counter Fraud, and was approved by the Audit Committee in April 2021, with progress updates provided to each subsequent Audit Committee meeting.

Equality of Service Delivery

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

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

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

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

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

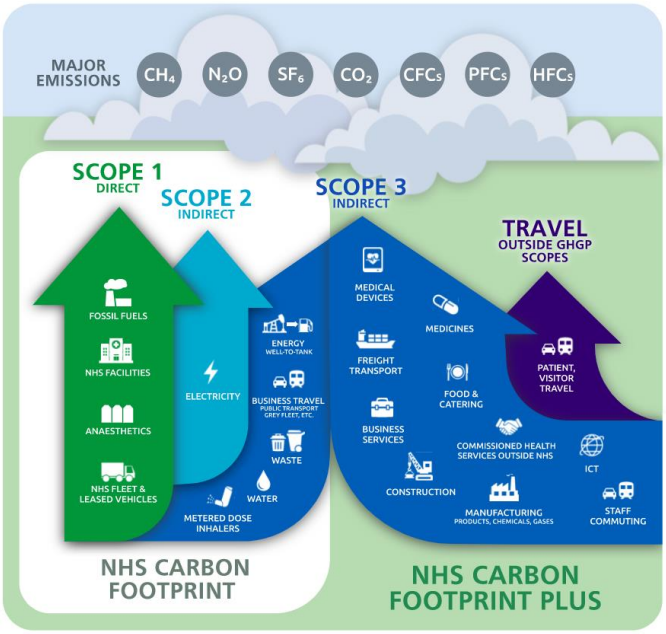
Diverse **Spiritual Care Team** to meet the needs of service users	**Training videos** to help staff to fully support visitors and patients who are blind, partially sighted or hearing impaired	Introduction of a **RESPECT document** to personalise end of life care	Creation of guidance for staff **in care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

Environmental Matters

In 2020, we became the first in the world to commit to delivering a net zero national health system. This means improving healthcare while reducing carbon and greenhouse gas emissions. As such, the following Net Zero Carbon (NZC) targets were imposed on all NHS Trust via the NHS Standard contract:

- **NHS Carbon Footprint (for the emissions we control directly) – net zero by 2040**
- **NHS Carbon Footprint Plus (for the emissions we can influence), net zero by 2045**

We recognise that this is an incredibly exciting yet challenging time ahead and that a transformational journey is required in order to successfully deliver these targets.



Making our Commitment – UHNM Green Plan (2022 – 2025)

During 2021/22 we have updated our strategy to ensure alignment with the Greener NHS national programme. Whilst our Sustainable Development Management Plan 'Our 2025 Vision: Our Sustainable Future 2020 – 2025 is still valid, it will be replaced by a **UHNM Green Plan** by the end of 2022/23 to reflect the net zero ambition and ensure alignmet with the national programme.

Ten Point Plan

We have developed a **'Ten Point Plan'** which summarises the breadth and ambition of our UHNM Green Plan 2022 – 2025:

Our Workforce

Vision

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

Areas of Action

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

Our Procurement

Vision

Joint working to reduce single use plastics and packaging

Areas of Action

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

Our Digital

Vision

Collaborative working to align digital transformation to NHSX framework.

Areas of Action

- Benchmarking emissions
- Building resilience
- NHSX Annual Assessment

Our Food

Vision

Embed high & compliant standards for plastic packaging & food waste

Areas of Action

- Food Waste Management Plan
- Review suppliers/producers

Our Travel

Vision

Reduced CO2 emissions from vehicle travel to our sites.

Areas of Action

- Travel Plans
- Community of active commuters

Our Energy

Vision

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

Areas of Action

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

Our Estate

Vision

Decarbonisation of the estate through a reduction in utility consumption

Areas of Action

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

Our Care

Vision

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

Areas of Action

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

Our Medicines

Vision

Embed a culture that promotes sustainable prescribing and reduced waste

Areas of Action

- Review anaesthetic practice
- Reduce waste from N2O

Our Green Spaces

Vision

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

Areas of Action

- Register with NHS forest
- Partner with Councils & Trusts

Making our Commitment – Working in Partnership

Our Sustainability Team have worked closely with Integrated Care System (ICS) partners to develop a consolidated system wide Green Plan by March 2022, which aligns with our UHNM Green Plan along with partner plans across the system.

Our PFI Partners – Sodexo

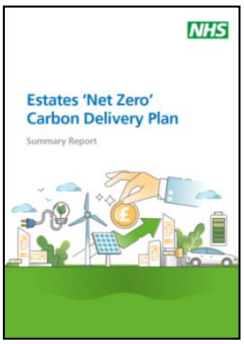
Our partners at Sodexo have developed their corporate strategy which aims to achieve a 55% reduction in greenhous gas emissions by 2030 and a >90% reduction in greenhouse gas emissions by 2025. We are working together to understand the Sodexo 'social impact pathways – Our People, Our Planet and our Partners' and we are part of a Social Value Steering Group to support discussions around alignment of objectives and effective collaboration to achieve our carbon reduction targets.

Reducing Emissions from the Estate

To support delivery of the Greener NHS Estates Delivery Plan, we were delighted to have been successful in securing funding for schemes which are critical enablers to decarbonise both hospital sites.

Our Sustainability team have been working closely with specialist consultants to identify engineering solutions which improve and upgrade the estate and significantly contribute to delivering the net zero targets.

These schemes include:



NHS	**Heat Decarbonisation Plan:** A whole system approach to how the estate is currently heated, what can be done to improve efficiency using zero carbon technology.
NHS	**Net Zero Carbon interface with Backlog Maintenance:** Identifying solutions that would offer the lowest lifetime carbon emissions rather than like for like replacements.
NHS	**Continued roll-out of LED lighting:** Identifying opportunities to reduce reduce carbon through replacement of existing lighting with high efficiency LED technology and occupancy and daylight controls where appropriate.
NHS	**Flow Modelling:** Site wide flow modelling of low temperatutre hot water system to reduce the risk of under heating and to achieve a well functioning, efficient system.

Sustainable Travel and Improving Air Quality

There have been considerable efforts to progress the delivery of our Travel Plan and improve access to hospital sites by low and zero carbon modes of travelling. Some of the initiatives we have delivered include:

Electronic Vehicle (EV) Charging Points

In line with our EV Strategy, we have replace obsolete charging points to allow functionality with the latest technology.

The next step will comprise identification and cost of further locations for charging points for staff, visitors and our fleet vehicles.



Cycle to Work (C2W) Spend Limit

This is a government initiative which offers a cost effective way to purchase a new bicycle and equipment. In order to further increase the uptake of cycling, our spend limit has been increased fromn £3.5k to £5k, supporting net zero carbon targets, staff health and wellbeing and air quality agendas.


Real Time Passenger Information (RTPI) Screens

Four screens have been installed at the bus shelters on our Royal Stoke site, improving connectivity with the Stoke-on-Trent bus network and the experience of those accessing the site by bus.

Medicines Management

Medicines account for 25% of emissions within the NHS. A small number of medicines account for a large point of the emissions and there is a significant focus on two such groups where emissions occur at the point of use – anaesthetic gases (2% of emissions) and inhalers (3% of emissions). The remaining 20% are primarily found in the manufacturing and freight inherent in the supply chain.

Inhalers

A multidisciplinary working group have begun to review inhaler use in order to comply with the national direction to reduce the environmental impact of inhalers. We are looking to focus on the following areas:

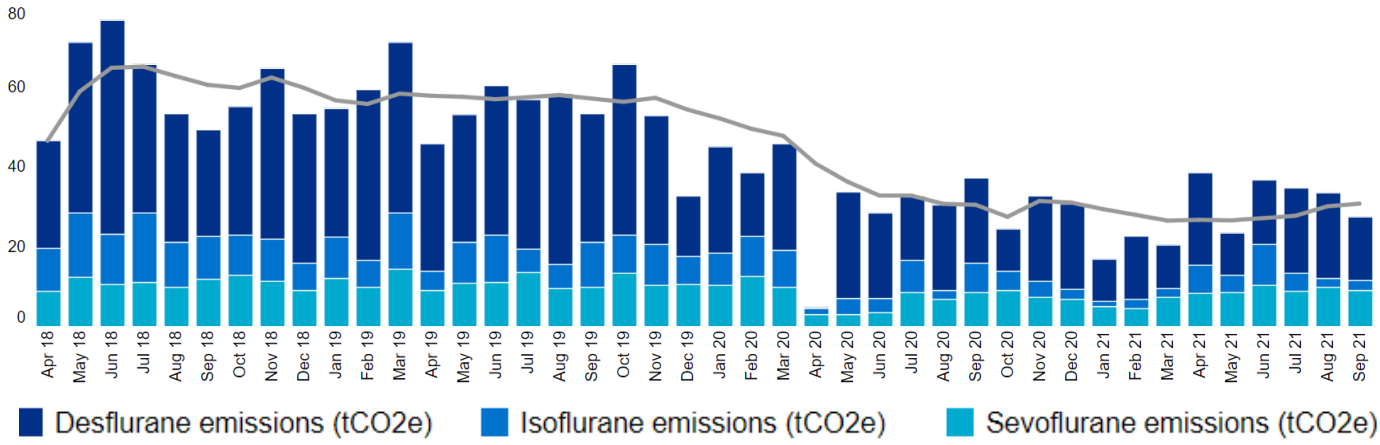
- Changing practice with brown inhalers to reduce the number of puffs needed while safely administering the correct amount of medicine, making it easier for patients, creating reduced prescribing and fewer wasted inhalers
- Reviewing safer disposal options for single use blue inhalers which are sometimes used as trials for inpatients.
- Provision of more useful guidance to in relation to the provision of dry powder inhalers to paediatric patients.
- Obtaining baseline carbon emissions data from inhaler use.

Anaesthetic Gases

The NHS Long Term Plan commits to lowering the 2% NHS carbon fooprint from anaesthetic gases by transforming anaesthetic practice and a shift from Desflurane to lower carbon alternatives such as Sevoflurane. At UHNM our Desflurane use is 10.1% and we are required to reduce this to less than 5%.

Lead clinicians have worked with our suppliers to determin our CO_2 emissions from our use of anaesthetic gases and this is shown below:

Carbon Equivalent Emissions resulting from Volatile Gas Use at UHNM



Plastic Reduction

Reusable Gowns

As a result of Covid, the NHS has increased infection control procedures including increased use of single use plastic. Gowns, masks, gloves and other supplies have led to an increase in the amount of medical waste produced.

The Endoscopy Team at County Hospital showcased their 'green' behaviours when they introduced a 3 month trial of resuable gown which was a success and we are looking to roll this out further.

Plastic Straws

We produced new guidance to encourage a reduction in single use plastic catering items.

Although we recognise that there is a clinical need for these in some areas, we are encouraging staff to consider this and the National Supply Chain have produced a brochure with alternatives to support staff to make low carbon choices.

Highlights of 2021/22

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

We have received national recognition and have celebrated many successes – below are just some of our highlights of 2021/22.

Innovative Miniature Camera Trial at UHNM

We became one of 40 sites across the UK taking part in an innovative new cancer trial, which involves patients swallowing a miniature camera that can provide diagnosis within a few days.

The imaging technology is a capsule similar to a large pill and is known as a colon capsule endoscopy. The cameras are the latest technology to help patients have cancer checks at home, speeding up checks and catching more cancers earlier when they are easier to treat.

Veteran Aware – Improving Care for the Armed Forces Community

We were pleased to announce that we were named as Veteran Aware in recognition of our commitment to improving care for veterans, reservists, members of the armed forces and their families.

Becoming one of 64 providers that have been accredited as exemplars of the best care for veterans and leading the way in improving veterans care in the NHS, the accreditation is from the Veterans Covenant Healthcare Alliance (VCHA) and acknowledges our commitment to a number of key pledges aimed at promoting fair treatment for the armed forces community.

Hands Free Device Enhancing Emergency Care for Patients

A hands free device is helping staff in our Emergency Department to care for patients more effectively. The 'Vocera' communication system is worn as a badge on the front of uniform and works by using our Wi-Fi to give staff instance voice communication with each other.

Vocera responds to voice commands and can be used to help with tasks such as dialling a phone number, receiving a call, playing voice messages, setting reminders or messaging a group of users. The effect has been to improve efficiencies in the way we deliver patient care and to improve staff morale.

The team behind its installation were given the Chief Executive's Award for their tireless work in setting up the system.

Critical Care for the Mind and Body

Dr Sobia Khan is a clinical psychologist based in our busy Critical Care Unit, who focussed on how Covid has affected the mental health of patients are what staff were doing to help.

The Critical Care team launched a multidisciplinary clinic for recovering Covid patients, acting as a one-stop shop which involved rehabilitation co-ordinators, specialised therapists (speech and language therapy, occupational therapy, physiotherapy and psychology) and critical care consultants.

Redeployment of Staff to Support Critical Care

During the Covid Pandemic, more than 160 staff were redeployed to support Critical Care colleagues. Each and every one of them were integral to ensuring every patient received the best care during an extraordinary period of super-surge and we could not have managed without their dedication and commitment, tireless working and proving that they truly are proud to care.

Upper GI Cancer Support Nurse Lisa Thompson was one of those redeployed to provide support.

> When I was asked to work in critical care I was initially anxious...it was challenging at times but ...I feel privileged that I have had chance to work alongside such caring, hardworking and dedicated staff.

Bacteria Killing Technology helps Dental Care Surgery

County Hospital was one of the first to begin using the Ajax aerosol droplet extractor devices, which is positioned close to the patient's face during dental procedures.

Particles released into the air are sucked in by the machine and passed through a high specification filter which dries and shrinks them before they are killed by the UV light.

Using the extractor helps us to care for patients more safety and reduces the time it takes to conduct procedures.

'End of Treatment' Bell in Acute Rehabiliation Trauma Unit

We introduced the 'end of treatment' bell for patients completing their journey on the Acute Rehabilitation Trauma Unit (ARTU), in celebration of their achievement.

The team also introduced custom-made technology to improve patient and staff communication. They trialled five prototype call switches which make it easier for patients with severe injuries know when they need assistance. The switches have additional infection prevention measures incorporated into their design so they can be cleaned down between patients.

"I was admitted after being involved in road traffic accident. I had some quite severe injuries but thankfully after some time I recovered. I cant thank the team enough – they have been amazing."

Patient Feedback

Improved Children's Facilities

Children, young people and their families have benefitted from new facilities thanks to national funding to help prepare for winter and improve the Emergency Department for Covid.

We were awarded £4.3 million to increase the waiting area and develop additional bays in the Emergency Department to ensure adequate social distancing and to redevelop our Children's Assessment Unit and Outpatient's areas.

Robot Helps Books X-Ray Appointments for Patients

We launched a pioneering, automated process to enable patients to select their own x-ray appointments. Previously patients could come for an x-ray without an appointment, but due to social distancing rules formal appointments were introduced.

The robotic process automation (RPA) mimics human actions on the hospital's digital appointments system and sends a short text message to the patient's mobile phone with a unique web browser link where they can select their preferred imaging location and date and time for an appointment.

More than 50 fully accredited echocardiographers join NHS ranks

More than 50 fully accredited echocardiographers have joined the NHS ranks thanks to teamwork between ourselves and the British Society of Echocardiography (BSE).

We hosted the BSE examinations for the first time, with more than 60 echocardiographers and 22 assessors involved in facilitating the process.

We worked together with BSE to create a Covid secure enviroment and a pass rate of more than 75% was achieved.

Partner Feedback

> "Fortunately, as a result of the generosity of organisations like UHNM and the willingness of their teams, not to mention excellent facilities, we have been able to provide Covid secure practical assessments....."

Patients on Home Treatment for Kidney Failure

We have been able to provide vital treatment for kidney failure in the homes of more than 135 patients thanks to the dedication of staff within our Renal Unit. Home dialysis has huge benefits for patients in terms of life expectancy and quality of life and is significantly more cost effective compared to hospital dialysis.

This makes us one of only six hospitals in the country to have more than 100 people in this form of care and the larges in-house assistant automated peritoneal dialysis in the country, covering in excess of 150 patient visits per week.

The home therapies team is made up of healthcare assistants and nurses. The team offer an assisted automated service where they visit patients homes to set up the dialysis machine for them. This service is particularly beneficial for patients with pre-existing health conditions or the elderly and has expanded during the past 10 years.

We are so proud of the drive and determination of this team to enable patients to be on a therapy of their choice.

Patient Feedback

> "I have been on dialysis for three years now and the option to have it at home is really beneficial. In the beginning the team helped me gain confidence in understanding and working the equipment, after a week of training I was ready to use it daily at home."

Prestigious Research Scholarship Awards for Staff

One of our doctors and allied health professionals were given prestigious research scholarship awards by the National Institute for Health Research.

Dr Dargoi Satchi, Consultant Cardiologist and Claire Rae, Advanced Speech and Language Therapist were awarded the two year funding progreammes which will ensure each is able to develop their knowledge and understanding of research processes and prepare research proposals, resulting in improved care for patients locally and nationally.

Big Tea, Big Thank You!

We celebrated 73 years of the NHS with a 'Big Tea' event which involved teams coming together to organise baking and sharing tea and coffee with each other.

Team help Identify Genetic 'Cluster Headaches'

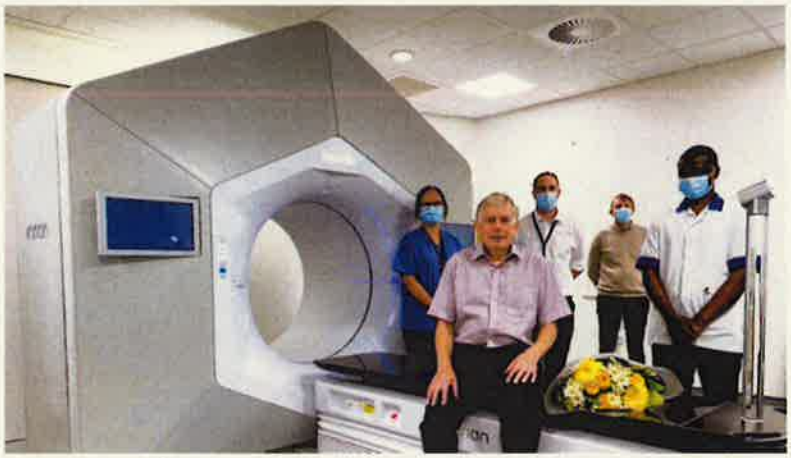
Our headache team have collaborated on a clinical study which successfully identified a genetic link for 'cluster headaches'. The condition affects 1-2 per 1,000 of the UK population, with female sufferers even describing an attack as more painful than childbirth.

As part of our specialist headache service we have been part of UK trials in this disorder and have a specific cluster headache rapid access clinic run by our headache nurse specialist to help manage this deadful headache disorder.

> I can't thank Dr Davies enough for the help and support he has given me, things are a lot better than they were but a lot more research is needed on the condition as currently there is no treatment that can stop the headaches.

Patient Feedback

New Radiotherapy Machine changes Cancer Care



The first patient to receive treatment on our new 'Halcyon' radiotherapy accelerator completed their care journey.

The accelerator, costing close to £2 million, became available in europe during the year and was the first 'bore-based' linear accelerator to be installed at the Cancer Centre.

Patients are treated whilst lying on a couch in the centre of the machine, which uses high energy x-rays to target tumours.

> *I can't thank Dr Davies enough for the help and support he has given me, things are a lot better than they were but a lot more research is needed on the condition as currently there is no treatment that can stop the headaches.*

Patient Feedback

Project Wingman

Formed in March 2020 from furloughed and redunant air crew as a result of the pandemic, Project Wingman has thousands of volunteers from across the aviation industry donning their uniforms and providing vital wellbeing support to front lined workers across the UK.

We we delighted to welcome them on site as part of our Staff Wellbeing Programme and provide staff with an opportunity for some well deserved rest and recouperation, with a hot drink, snacks and a chat with the crew and their colleagues.

T Bullock

Tracy Bullock, Chief Executive
21st June 2022

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. Trust Trust Board therefore has a role in holding the organisation to account for delivery of the strategy as well as seeking assurance that the systems of control are robust and reliable. Corporate governance is the system by which Board led organisations are directed and controlled and the Non-Executive Directors are separate from day to day operatioal management, which is the resposibility of the Executive Directors and the management structure they lead.

Directors Report

The Board met 12 times during the year, consisting of the Chair, 6 Executive Directors including the Chief Executive and 6 Non-Executive Directors. A number of other directors also sit on the Board but do not have voting rights. Tracy Bullock is the Chief Executive and David Wakefield is Chair of the Trust.

During 2021/22 and up to the signing of the Annual Report and Accounts, the composition of the Trust Board included all Directors shown below*:

Composition of the Board

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

Board Declarations of Interest and Committee Membership

Our Standards of Business Conduct Policy defines a conflict of interest as 'a set of circumstances by which a reasonable person would consider that an individual's ability to apply judgement or act, in the context of delivering, commissioning, or assuring taxpayer funded health and care services is, or could be, impaired or influenced by another interest they hold'. A process of registration is in place which requires decision-making staff to declare any interests and is overseen by the Audit Committee. In accordance with national expectations, this information is made available publicly via our website www.uhnm.nhs.uk. Interests declared by Board members during 2021/22 are described below.

Board Director	Interests Declared
David Wakefield **Chair**	**Outside Employment:** Non-Executive Director - Crown Commercial Service (Cabinet Office).
Gary Crowe **Vice Chair / Non-Executive Director**	**Outside Employment/Loyalty Interests:** • The Dudley Group of Hospitals NHS Foundation Trust (Non-Executive Director) • The Human Tissue Authority (Lay Member) • Stafford Railway Building Society (NED) • Reaseheath College (Independent Governor)
Peter Akid **Non-Executive Director**	**Outside Employment:** Consultancy. 01/02/2021 - 31/03/2022. 2 days per month.
Sonia Belfield **Non-Executive Director**	**Outside Employment:** Director of Tunstall Healthcare.
Leigh Griffin **Non-Executive Director**	**Outside Employment:** • Consultancy support, via Arden & GEM CSU, to the Nottingham University Hospitals Maternity review, in the role of Report Writer. • Short-term consultancy support, via Arden & GEM CSU, to identify and progress system support service offers for ICSs, ICBs, ICPs, provider alliances, primary care networks and NHSE/I. • Consultancy support, via Arden & GEM CSU, to undertake workforce reviews for HEE and NHSE/I. • Chair designate of Glyndwr University (Wrexham). • Trustee of the Brandon Trust, a provider of services to people with learning disabilities and autism.
Katie Maddock **Non-Executive Director**	**Outside Employment:** Accreditation Team Member for General Pharmaceutical Council. **Loyalty Interests:** Head of School of Pharmacy and Bioengineering at Keele University.
Tanya Bowen **Non-Executive Director**	• Worked in a Consultative capacity for Primark in October and November 2021 for their digital strategy.
Andrew Hassell **Associate Non-Executive Director**	Outside Employment: A. Consultant Rheumatologist - MPFT. B. Professor of Medical Education at Keele University. Loyalty Interests: C. Chairman, Haywood Rheumatism Research and Development Foundation (Registered charity).
Shaista Gohir **Associate Non-Executive Director**	**Outside Employment:** • Commissioner on Policy Commission on Effective, Safe and Accessible Medicines in Pregnancy (University of Birmingham). • Women's Voice's Lead at the Royal College of Obstetricians & Gynaecologists. • Founder and Co-Chair of Nisa Global Foundation. • Co-Chair of Muslim Women's Network UK. • SNG (UK) Consultancy.
Tracy Bullock **Chief Executive**	**Outside Employment:** Lay member of Keele University Council.
Helen Ashley **Deputy Chief Executive / Director of Strategy and Transformation**	**Outside Employment:** Auditor of accounts for UK Youth Development League.
Paul Bytheway **Chief Operating Officer**	**Outside Employment:** • Chair of St John Ambulance. • Trustee of St Mary's Hospice Charity • Trustee of Birmingham Hospice Partnership
Mark Oldham **Chief Finance Officer**	*Nothing to declare*
Ro Vaughan **Chief People Officer**	*Nothing to declare*
Matthew Lewis **Medical Director**	**Clinical Private Practice**: Spire Little Aston - OP / Endoscopy. **Shareholdings/Ownership:** Dr M Lewis Private Practice. **Loyalty Interests**: Spouse works as GP in Birmingham.
Mrs Ann-Marie Riley **Chief Nurse**	*Nothing to declare*
Amy Freeman **Director of Digital Transformation**	*Nothing to declare*
Lorraine Whitehead **Director of Estates, Facilities & PFI**	**Loyalty Interests:** Son has been appointed, following a competitive interview process, to an Apprentice Engineering role with Sodexo at UHNM.
Lisa Thomson **Director of Communications**	*Nothing to declare*

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

Board Director	Committee Membership				
	Audit Committee	Quality Governance Committee	Performance & Finance Committee	Transformation & People Committee	Nomination & Remuneration Committee
David Wakefield **Chair**			*Attends*		**Chair**
Gary Crowe **Vice Chair / Non-Executive Director**	**Chair**			**Chair**	
Peter Akid **Non-Executive Director**			**Chair**		
Sonia Belfield **Non-Executive Director**		**Chair**			
Leigh Griffin **Non-Executive Director**					
Katie Maddock **Non-Executive Director**					
Tanya Bowen **Non-Executive Director**					
Andrew Hassell **Associate Non-Executive Director**					
Shaista Gohir **Associate Non-Executive Director**					
Tracy Bullock **Chief Executive**					
Helen Ashley **Deputy Chief Executive / Director of Strategy and Transformation**					
Paul Bytheway **Chief Operating Officer**					
Mark Oldham **Chief Finance Officer**	*Attends*				
Ro Vaughan **Chief People Officer**					*Attends*
Matthew Lewis **Medical Director**					
Mrs Ann-Marie Riley **Chief Nurse**					
Amy Freeman **Director of Digital Transformation**					
Lorraine Whitehead **Director of Estates, Facilities & PFI**					
Lisa Thomson **Director of Communications**					

Personal Data Related Incidents reported to the Information Commissioner

There was one incident during 2021/22 which we were required to report to the Information Commissioner. Details of this are provided within the Annual Governance Statement.

Director's Statement

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

Statement of Accountable Officer's Responsibilities

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

These include ensuring that:

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

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

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

T Bullock

Tracy Bullock, Chief Executive
21st June 2022

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
21st June 2022

Mark Oldham, Chief Finance Officer
21st June 2022

Part C: Annual Governance Statement (AGS)

Overview

Scope of Responsibility

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

The Purpose and System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of University Hospitals of North Midlands NHS Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place University Hospitals of North Midlands NHS Trust for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts.

Capacity to Handle Risk

Leadership of the Risk Management Process

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

- Chief Executive as Executive Lead for Risk Management
- Executive Directors, responsible for identification and management of risks which may threaten the achievement of our Strategic Objectives, via the Board Assurance Framework and corporate risk register
- Associate Director of Corporate Governance, responsible for development and review of our policy, provision of education, training and expertise, facilitation of risk reporting at a corporate level including the Board Assurance Framework and monitoring compliance with risk management processes
- Divisional Chairs, Associate Directors and Associate Chief Nurses (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 has been modified during 2021/22 and 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 quarterly audits are in place. The findings of these audits are shared with Divisions and are reported via the Performance Management Reviews and provide recommendations for improvement.

The Risk and Control Framework

Key Elements of the Risk Management Policy

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

Identification of risk via a 'dual' approach:

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

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

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

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

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

The **Risk Appetite Statement** was updated and approved by the Board in 2020/21. This was included via the Board Assurance Framework throughout the year, and introduced to operational risk management in quarter 4. Risk Appetite levels were determined around the following key themes:

- Quality
- Regulation and Compliance
- Reputation

- Workforce
- Infrastructure
- Finance and Efficiency
- Partnerships / Collaboration
- Innovation

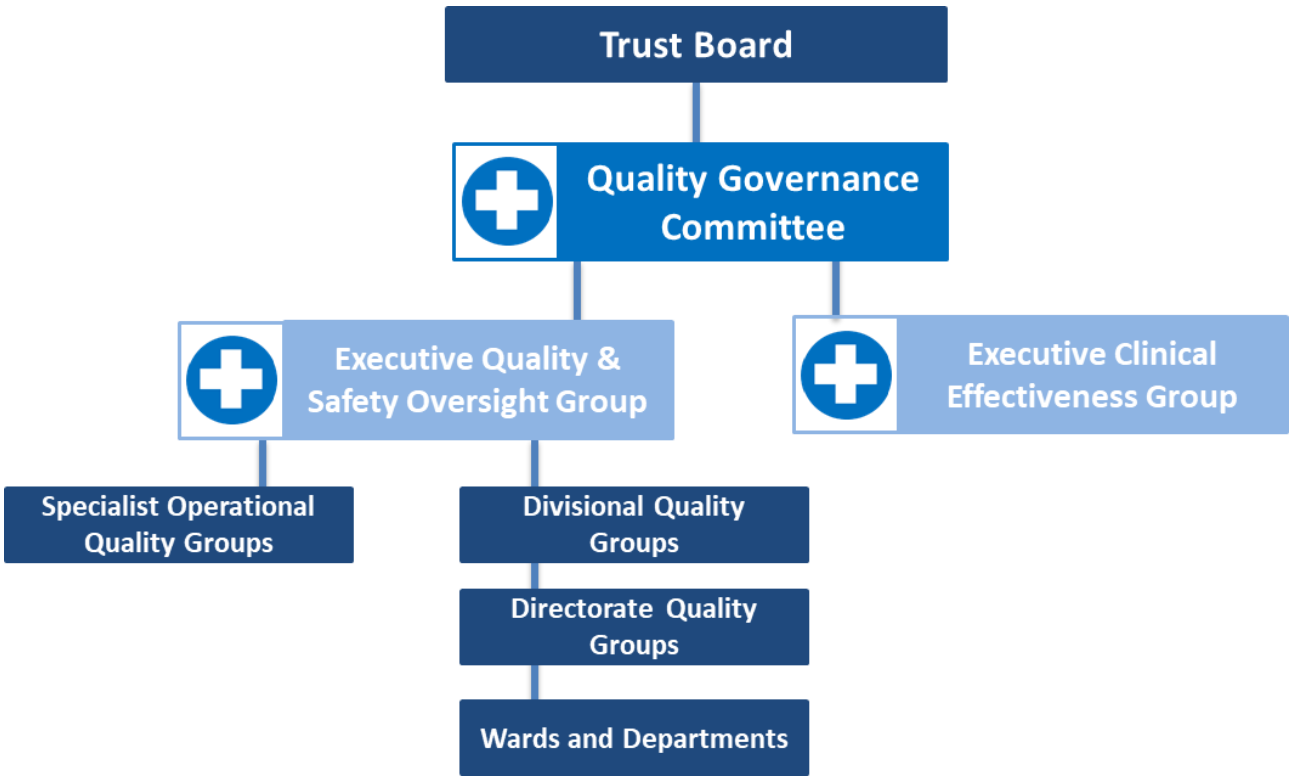
Levels of risk appetite are defined as follows:

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



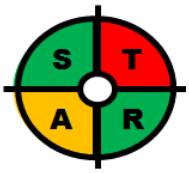
How the Quality of Performance Information is Assessed

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

During 2021/22, we continued to utilise our 'STAR' Assurance Model. This model was developed in collaboration with Data Quality teams across a number of NHS Trusts, along with NHS Digital and the East and West Midlands Academic Health Science Networks.

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

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



The STAR Assurance Indicator is then used to identify data which has been quality assured through this methodology. Our Internal Auditors also review the quality of our data as part of their annual programme of work. During 2021/22, their Data Quality review focussed on 18 Weeks Referral to Treatment (RTT).

The Internal Auditors concluded with an assessment of Partial Assurance; the review highlighted that we had an established framework to ensure RTT waiting list management and processes are in place, that we have a Patient Access Policy and suite of operational guides to support staff in managing patient pathways and that we undertake routine monitoring and reporting of RTT performance through our governance arrangements. However, the review also identified some errors which could negatively impact on our performance data and potentially lead to further delays in patient treatment. As a result we have identified additional focussed training which seeks to address issues identified through our validation process.

Assurance on CQC Registration Requirements

The Care Excellence Framework (CEF) process involves a minimum of an annual assurance visit to each ward/clinical department using a tool which is based upon Care Quality Commission Key Lines of Enquiry (KLOE's).

The outcome of the visit is validated and results in an overall rating for the ward/department of bronze, silver, gold and platinum.

The CEF 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. Assurance on progress against our CQC Action Plan is reported through our Quality Governance Structure outlined above. The Trust has also invested in the Tendable quality audit electronic system to facilitate real time quality audits at local level, which will further support the assurance process.

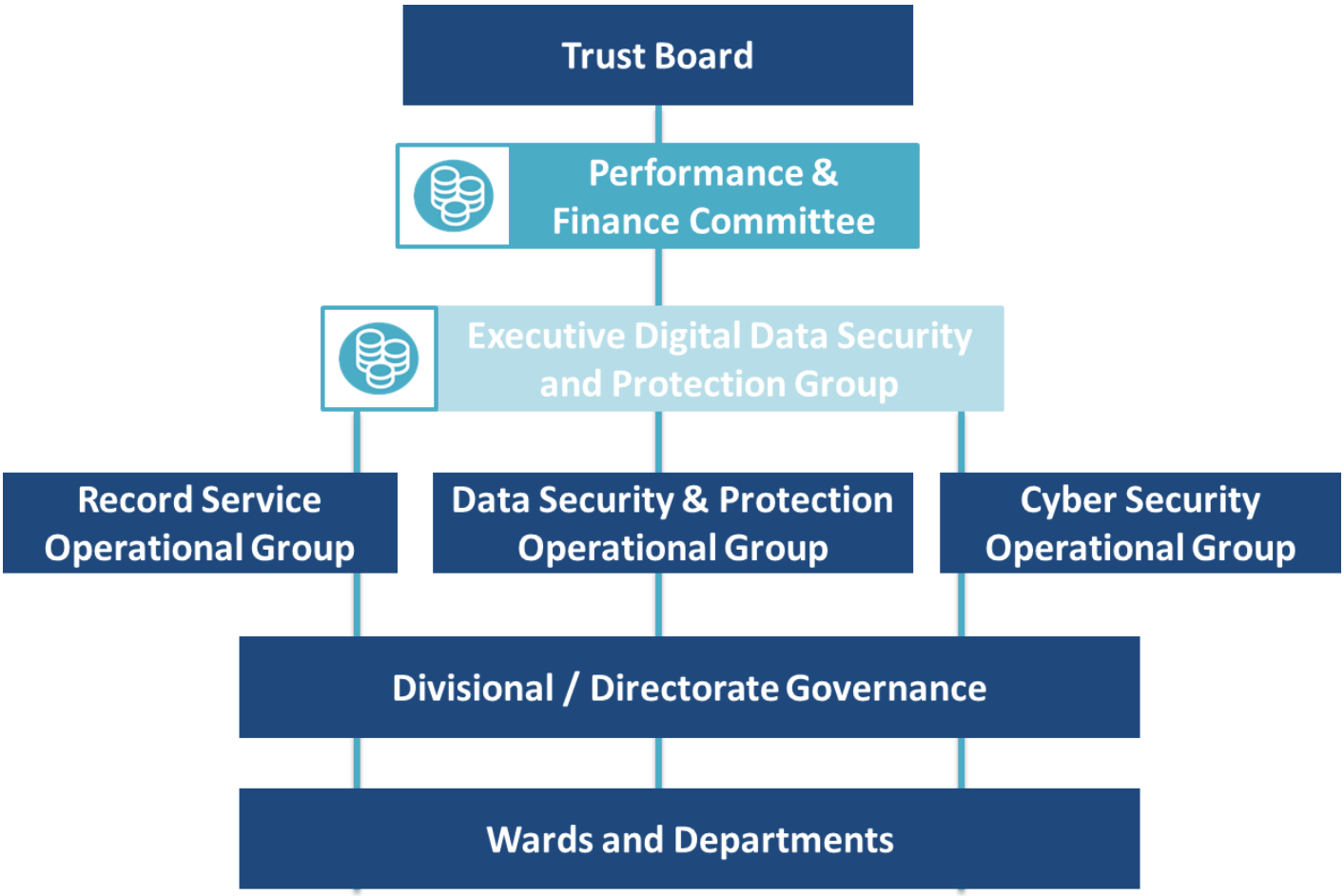
Following our inspection in 2021 by the Care Quality Commission, we continue to be rated as 'Requires Improvement' and one 'Section 31' notice remains imposed upon us. We provide assurance to the CQC with regard to the Section 31 notice. We have made significant progress against the recommendations made as a result of their findings.

Our Clinical Audit team have undertaken a number of audits as part of the 2021/22 audit programme as a means of assessing compliance and providing assurance against a number of specific CQC requirements. These have been shared with the Quality and Safety Oversight Group and the Quality Governance Committee and action plans are overseen by the Clinical Audit Department.

Risks to Data Security

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

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



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

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

During 2021/22, our Internal Auditors have reviewed our assessment of compliance with the Data Security and Protection Toolkit and have concluded with Substantial Assurance. The review found that our self-assessment against the Toolkit gave the auditors 'High' confidence that our completion status against evidence requirements and wider assertions were accurate. For each of the 13 mandatory assertions stipulated by NHS Digital, the review confirmed our self-assessment that each assertion had been met.

Major Risks

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

Summary Board Assurance Framework 2021/22						
BAF No.	Summary Risk Title	Strategic Priorities Under Threat	Risk Scores by Quarter (C) Consequence / (L) Likelihood			
			Q1	Q2	Q3	Q4
BAF 1	Delivering Positive Patient Outcomes		3 (C) x 3 (L) = **High 9**	4 (C) x 4 (L) = **Extreme 16**	4 (C) x 5 (L) = **Extreme 20**	4 (C) x 5 (L) = **Extreme 20**
BAF 2	Leadership, Culture & Delivery of Values / Aspirations		4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**
BAF 3	Sustainable Workforce		4 (C) x 3 (L) = **High 12**	4 (C) x 4 (L) = **Extreme 16**	4 (C) x 5 (L) = **Extreme 20**	4 (C) x 4 (L) = **Extreme 16**
BAF 4	System Working – Vertical		3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**
BAF 5	System Working – Horizontal		3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 2 (L) = **Moderate 6**	3 (C) x 2 (L) = **Moderate 6**
BAF 6	Delivering Responsive Patient Care		3 (C) x 4 (L) = **High 12**	4 (C) x 4 (L) = **Extreme 16**	5 (C) x 3 (L) = **Extreme 20**	5 (C) x 3 (L) = **Extreme 20**
BAF 7	Delivery of IM&T Infrastructure		5 (C) x 3 (L) = **Extreme 15**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**	4 (C) x 3 (L) = **High 12**
BAF 8	Infrastructure to Deliver Compliant Estate Services		4 (C) x 3 (L) = **High 12**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**	3 (C) x 3 (L) = **High 9**
BAF 9	Financial Sustainability		3 (C) x 2 (L) = **Moderate 6**	3 (C) x 2 (L) = **Moderate 6**	3 (C) x 1 (L) = **Low 3**	3 (C) x 1 (L) = **Low 3**

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

BAF 1: Delivering Positive Patient Outcomes		
Description of risk	**How we manage the risk**	**How we assess the outcome of actions**
Inability to achieve agreed safe staffing requirements which may impact on our ability to provide harm free care and a positive patient experience	• Daily nurse staffing meetings • International recruitment • Nurse Bank • Establishment reviews • Safe Staffing Hub • Quality Impact Assessments	Assurance / performance reports to our: • Executive Quality & Safety Oversight Group / Executive Workforce Assurance Group • Quality Governance Committee • Performance Management Reviews • Trust Board

BAF 3: Sustainable Workforce		
Description of risk	**How we manage the risk**	**How we assess the outcome of actions**
Inability to sustain our workforce ensuring we have the right staff with the right skills at the right time to provide care to our patients.	• People Strategy / Delivery Plan • Recruitment campaigns • Staff Wellbeing initiatives • Workforce Bureau	Assurance / performance reports to our: • Executive Quality & Safety Oversight Group / Executive Workforce Assurance Group

	• Workforce planning • Rotas and Rota co-ordinators • Mutual aid with system partners • Financial investment • Staffing Banks	• Quality Governance Committee • Performance Management Reviews • Trust Board

BAF 6: Delivering Responsive Patient Care		
Description of risk	**How we manage the risk**	**How we assess the outcome of actions**
Inability to create sufficient capacity to deal with the increased accumulating backlog of patients and to see and treat them in a timely manner.	• Planned Care Cell regular review of theatre timetable that supports planned care pathways • Weekly meetings focussing on cancer and elective patients with management teams • Contract with independent sector • Non-Elective Improvement Programme	Assurance / performance reports to our: • Executive Operational Delivery Group • Quality Governance Committee • Performance and Finance Committee • Performance Management Reviews • Trust Board

Risks for our 2022/23 Board Assurance Framework

The Board has reviewed the Board Assurance Framework and agreed that the 'top 3' extreme risks identified above will remain as we move into 2022/22. In addition to a review of existing risks, the Board will be monitoring the following additional strategic risks through the Board Assurance Framework:

- Inability to deliver the **Clinical Strategy** (encompassing estate / digital transformation of services)
- Inability to deliver the **Research Strategy**

Well Led Framework

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

The Well Led Self-Assessment is integral to our preparations for CQC Inspection and we were delighted that our CQC Well Led Inspection during 2021 resulted in an improvement in our rating from 'Requires Improvement' to 'Good'.

In accordance with national guidance, we will be commissioning an independent Well Led Review during 2022/23.

A summary of our self-assessment is shown below.

No.	Requirement		Assurance Rating
W1		**Is there the leadership capacity and capability to deliver high quality, sustainable care?**	Significant Assurance with Minor Improvement Opportunities
W2		**Is there a clear vision and a credible strategy to deliver high quality sustainable care to people and robust plans to deliver?**	Partial Assurance with Improvements Required
W3		**Is there a culture of high quality, sustainable care?**	Partial Assurance with Improvements Required

W4		Are there clear roles, responsibilities and systems of accountability to support good governance and management?	Significant Assurance with Minor Improvement Opportunities
W5		Are there clear and effective processes for managing risks, issues and performance?	Significant Assurance with Minor Improvement Opportunities
W6		Is appropriate and accurate information being effectively processed, challenged and acted on?	Partial Assurance with Improvements Required
W7		Are the people who use services, the public, staff and external partners engaged and involved to support high quality, sustainable services?	Partial Assurance with Improvements Required
W8		Are there robust systems and processes for learning, continuous improvement and innovation?	Partial Assurance with Improvements Required

NHS Provider Licence

We are legally obliged to meet certain licence conditions and NHS Improvement has directed that NHS Trusts must self-certify compliance with licence conditions 'G6 and FT4'. The Board is required to undertake a self-assessment against these conditions on an annual basis, having regard to guidance issued by NHS Improvement and where necessary identify actions to mitigate risks to compliance.

An assessment against these conditions was undertaken by the Board during 2021/22 and it was determined that compliance could be confirmed against requirements relating to:

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

However, compliance could not be confirmed against the aspect related to effectively implementing systems and processes to ensure compliance with the conditions of the licence (FT4.4 and G6). Whilst financial performance improved during 2021/22, there remain major risks in relation to long waiting lists and backlogs associated with elective and cancer recovery, the need to demonstrate sustainable improvements in urgent care performance, an underlying deficit and system with a deficit, in addition to an outstanding Section 31 Notice.

Embedding Risk Management into the Activity of the Organisation

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

Workforce Sustainability

Short Term Workforce Strategies

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

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

In addition, we have invested in a new digital absence management system, Empactis. Short term absences are reported through this digital platform and where applicable the rosters are updated in real time through a purpose built system interface.

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

Medium Term Workforce Strategies

Comprehensive workforce reports are produced for the Executive Workforce Assurance Group/Transformation and People Committee to provide detailed information and assurances on workforce

sustainability and strategies to address known shortage areas. Operational workforce issues are reported through to the Trust Executive Workforce Assurance Committee on a monthly basis and areas of concern are identified and monitored by way of divisional reports.

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

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

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

Long Term Workforce Strategies

Annual workforce planning is aligned to the annual financial and activity planning round with reporting through to the Integrated Care System and then to NHS Improvement England. Strategic workforce plans are overseen by the Trust Board through the Transformation and People Committee.

Care Quality Commission

We are fully compliant with the registration requirements of the Care Quality Commission. However, on 19th June 2019 the Care Quality Commission served notice to the Trust under Section 31 of the Health and Social Care Act 2008 following an unannounced inspection at Royal Stoke between 5th and 28th June 2019. On 30th September 2021 the Care Quality Commission served notice to the Trust under Section 29a of the Health and Social Care Act 2008 following an unannounced inspection between 24 August 2021 and 6 October 2021. These notices were in relation to the care of patients with mental health needs and our Emergency Department.

We continue to provide the CQC with assurance in relation to improvements made in respect of these Notices.

Conflicts of Interest

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

NHS Pensions Scheme

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

Delivering a Net Zero Health Service

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

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

We ended the 2021/22 financial year with a surplus of £9.1 million against a planned surplus of £5.1 million. As a result of the changed funding arrangements the requirement to deliver cost improvements was significantly reduced with a total requirement of £4.76 million for 2021/22 which was delivered in full.

Under the temporary funding arrangements for the NHS we were required to submit a plan for the first 6 months of the year (H1); this plan was for an £8.256 million surplus driven by additional income earned under the Elective Recovery Fund (ERF); an actual surplus of £13.691 million was delivered for H1. We were allowed to carry forward this surplus into the second half of the year (H2) and set a deficit plan of £13.691 million for H2 delivering a breakeven plan for the year which was subsequently amended to £5.147 million surplus, reflecting some income earned under the revised ERF for H2. The planned surplus of £5.147 million for 2021/22 continues to demonstrate that substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls. It is important that we recognise that we are part of a wider system with a recurrent deficit of £133 million for 2022/23 with further work to be done. During the year, there was a pause in the support from KPMG in developing and supporting the delivery of our recovery plan, however it is planned that this will restart from 2021/22.

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 and externally by our regulators, through regular Progress Review Meetings and attendance at key committees.

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 government policy to achieve probity, accuracy, economy, efficiency and effectiveness. These remained in place throughout the year and throughout the pandemic. Our services are organised into six divisions 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.

Our approach to cost improvement is project based, overseen by our Programme Management Office with regular reporting into the Performance and Finance Committee. Whilst we continue to embed our governance and oversight arrangements in respect of savings delivery, the savings targets were significantly reduce in recognition of the changed funding arrangements put in place to deliver the response required to the pandemic.

Our external auditors give an expert and independent opinion on whether our financial statements are a fair and true 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 three years, due to previous year's deficit we breached the requirement under Section 30 of the Local Audit and Accountability Act 2014 to breakeven taking one year against another over a three year rolling period. As such our External Auditors made a referral to the Secretary of State for Health in June 2021 which remains in place. Their 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 ongoing with our system partners via the Integrated Care Board.

Information Governance

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

There was one incident during 2021/22 which we were required to report to the Information Commissioner. The incident related to an outcome letter following a disciplinary hearing being sent to the incorrect address with recipient signing, opening and reading its content.

The incident was reported in accordance with our Incident Reporting Policy and a Root Cause Analysis Investigation was undertaken with the findings presented to the Executive Data Security and Protection Group. An action plan was developed and agreed and follow up and assurance on completion of the action plan completed, resulting in the incident being closed.

No further action was required from the Information Commissioners Office.

Data Quality and Governance

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

Training is provided to all staff who input data to Careflow PAS and associated systems. The Referral to Treatment (RTT) and Planned Care Team provide training on RTT rules and their application, with the Data Quality Team providing bespoke training for staff groups or those who require more in-depth detail. All data reported externally is signed off at divisional level before being signed off at executive level.

The RTT Training Strategy is under review, with an additional RTT trainer being appointed to support with further training resource. A Trust-wide Elective Data Quality & Validation Strategy is also in development, expected to be sign-off by end of June 2022. The Data Quality Dashboard also contains key metrics to ensure quality of elective waiting time's data.

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.

2021 / 22 Internal Audit Programme

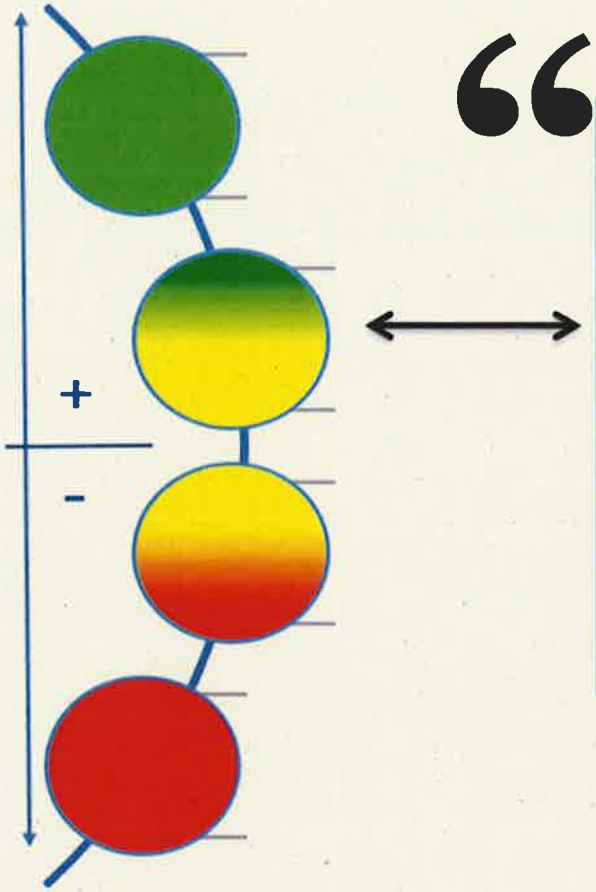
RSM UK Risk Assurance Services LLP provides our Internal Audit service. At the beginning of 2021/22, they engaged members of the Executive Team in scoping areas to be reviewed as part of the Internal Audit Plan. The plan was presented an approved by our Audit Committee and was based upon a risk analysis of our operations, aligned to our Board Assurance Framework. The plan covered an assessment of controls across a range of strategic, clinical, operational and financial areas and was designed to add value and deliver assurance required by the Audit Committee in the production of the Head of Internal Audit opinion. Upon completion, audits and their findings were reported to the Audit Committee; these are summarised as follows:

Audit Assignment	Status / Opinion Issued
External Investigations / Reporting Framework	Reasonable Assurance
Overseas Visitors (follow-up)	*Reasonable Progress*
Consultant Job Planning (Anaesthetics and Emergency)	Reasonable Assurance
Divisional Governance	Partial Assurance
Covid Pandemic – Business Continuity Planning	Reasonable Assurance
18 Weeks Referral to Treatment (RTT) Deep Dive Review	Partial Assurance
Financial Key Systems: Expenditure and Payables / Treasury Management / Income and Debtors / General Ledger	Substantial Assurance
Financial Key Systems: Stock (Interventional Radiology)	Reasonable Assurance
Payroll	Substantial Assurance
IT Cyber Security Governance and Risk Management Framework	Substantial Assurance
Board Assurance Framework	Substantial Assurance
Ockenden Response (follow-up)	*Good Progress*
E-Rostering (follow-up)	*Reasonable Progress*
Capital Programme	Reasonable Assurance
IT Cyber IT Asset Management	Reasonable Assurance
Data Security and Protection Toolkit	Substantial Assurance

Head of Internal Audit Opinion

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

For the 12 months ended 31 March 2022, the head of internal audit opinion is as follows:



> The organisation has an adequate and effective framework for risk management, governance and internal control.
>
> However, our work has identified further enhancements to the framework of risk management, governance and control to ensure that it remains adequate and effective.

Conclusion

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
21st June 2022

Part D: Remuneration and Staff Report

Overview

Remuneration Report

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

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

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

Where there is a vacancy in a permanently established post, it is usual practice to make a permanent appointment. All senior managers have a notice period of three months and Executive Directors have a notice period of six months. Non-Executive Directors are appointed by NHS England and Improvement 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 and Improvement.

Salaries and Allowances

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

	2021/22				2020/21			
Board Member	**Salary** (bands of £5,000) £000	**Expense Payments** (taxable) total to nearest £000	**All pension related benefits** (bands of £2,500) £000	**Total:** (bands of £5,000) £000	**Salary** (bands of £5,000) £000	**Expense Payments** (taxable) total to nearest £100 £000	**All pension related benefits** (bands of £2,500) £000	**Total:** (bands of £5,000) £000
Tracy Bullock * **Chief Executive**	225-230			225-230	220-225			220-225
Matthew Lewis **Medical Director** *(from 1/10/2021)*	100-105		87.5-90	190-195				
Mark Oldham **Chief Finance Officer**	180-185	0.2	55-57.5	235-240	175-180		237.5-240	415-420
Ann-Marie Riley **Chief Nurse** (from 1/07/2021)	110-115		142.5-145	250-255				
Ro Vaughan **Chief People Officer**	130-135		37.5-40	170-175	130-135			130-135
Paul Bytheway** **Chief Operating Officer**	180-185		5-7.5	185-190	180-185			180-185
David Wakefield **Chairman**	60-65			60-65	60-65	0.8		60-65
Sonia Belfield **Non-Executive Director**	10-15			10-15	10-15			10-15
Gary Crowe **Non-Executive Director**	10-15	0.2		15-20	10-15	0.7		10-15
Peter Akid **Non-Executive Director**	10-15			10-15	10-15	0.6		10-15
Leigh Griffin **Non-Executive Director**	10-15	0.2		10-15	10-15	0.1		10-15
Tanya Bowen Non-Executive Director *(from 1/06/2021)*	10-15	0.2		10-15				
Katie Maddock **Non-Executive Director** *(from 1/03/2021)*	10-15			10-15	0-5			0-5
Previous Board Members:								
Andrew Hassell **Non-Executive Director1/05/** *(until 31/07/2021, Associate from 1/08/21)*						10-15	0.1	
Patricia Owen **Non-Executive Director** *(from 1/08/20 until 25/03/21)*						5-10		
Ian Smith **Non-Executive Director** *(until 31/03/2021)*						10-15	0.3	
John Oxtoby **Medical Director** *(until 30/09/2021)*	85-90			85-90		195-200		45-47.5
Michelle Rhodes **Chief Nurse** *(until 31/05/2021)*	20-25		5-7.5	30-35		140-145		225-227.5
Scott Malton **Interim Chief Nurse** *(from 1/06/2021 until 30/06/2021)*	5-10		7.5-10	15-20				

- There has been no Performance pay or bonuses paid to any of the Directors in either financial year.
- 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 for the financial years 2020/21 or 2021/22.

**Paul Bytheway left the NHS Pension scheme on 31/01/20 and re-entered on 01/01/22 and as a result there are no pension benefits to report for the financial year 20/21.

Pension Benefits

	2021/22						
Board Member	**Real increase / (decrease) in pension at age 60** (bands of £2,500) £000	**Real increase / (decrease) in pension lump sum at age 60** (bands of £2,500) £000	**Total accrued pension at age 60 as at 31 March 2022** (bands of £5,000) £000	**Lump sum at age 60 related to accrued pension at 31 March 2022** (bands of £5,000) £000	**Cash Equivalent Transfer Value as at 1 April 2021** £000	**Real increase in Cash Equivalent Transfer Value** £000	**Cash Equivalent Transfer Value as at 31 March 2022** £000
Tracy Bullock Chief Executive	0	0	0	0	0	0	0
John Oxtoby **Medical Director** *(until 30/09/2021)*	0	0	0	0	0	0	0
Matthew Lewis **Medical Director** *(from 1/10/2021)*	2.5-5	7.5-10	70-75	155-160	1,276	84	1,480
Mark Oldham **Chief Finance Officer**	2.5-5	0-2.5	80-85	190-195	1,569	69	1,671
Michelle Rhodes **Chief Nurse** *(until 31/05/2021)*	0-2.5	0-2.5	50-55	150-155	1,077	8	1,153
Scott Malton **Interim Chief Nurse** *(from 1/06/2021 until 30/06/2021)*	0-2.5	0-2.5	20-25	40-45	272	5	339
Ann-Marie Riley **Chief Nurse** (from 1/07/2021)	5-7.5	12.5-15	35-40	75-80	561	128	755
Ro Vaughan **Chief People Officer**	2.5-5	0-2.5	65-70	180-185	1,476	66	1,574
Paul Bytheway **Chief Operating Officer**	0-2.5	0	45-50	95-100	755	17	782

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

Cash Equivalent Transfer Value (CETV)

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

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

Pay Multiples

We are required to disclose the relationship between the remuneration of the highest paid director in their organisation against the 25th percentile, median and 75th percentile of remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the Trust in the financial year 2021/22 was £225,000 to £230,000 (2020/21: £220,000 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
2021/22	9.79:1	6.93:1	5.01:1
2020/21	9.97:1	7.09:1	5.19:1

The highest paid director's salary range mid-point was £227,500 (2020/21: £222,500). This is an increase of 2.25%. The overall average remuneration of the organisation increased from £43,095 in 2020/21 to £45,270 in 2021/22. This represents a percentage increase of 5.05%. In 2021/22 12 employees (2020/21 13 employees) received remuneration in excess of the highest paid director. The Range of staff remuneration during 2021/22 was £10,000 - £15,000 to £335,000 - £340,000 (2020/21 £5,000-£10,000 to £335,000- £340,000). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include employer pension contributions, the cash equivalent transfer value of pensions or severance payments.

Exit Packages for Staff Leaving in 2021/22

	2021/22			2020/21		
Exit Package Cost Band (including any special payment element)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	1	0	1	0	0	0
£10,001-£25,000	3	0	3	1	0	1
£25,001-£50,000	1	0	1	0	0	0
£50,001-£100,000	0	0	0	0	0	0
£100,001-£150,000	0	0	0	0	0	0
£150,001-£200,000	0	0	0	0	0	0
>£200,000	0	0	0	0	0	0
Totals	**5**	**0**	**5**	**1**	**0**	**1**
Total resource cost (£'000)	**102**	**0**	**102**	**17**	**0**	**17**

- 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 have been subject to audit.

Analysis of Other Departures

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

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

Consultancy

Expenditure on consultancy services for the year 2020/21 was £2m, compared to £0.8m in 2020/21.

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. For all off-payroll engagements as of 31 March 2022, 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 2022	4
Of which, the number that have existed:	
for less than one year at the time of reporting	4
for between one and two years at the time of reporting	0
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, or those that reached six months in duration, between 1 April 2021 and 31 March 2022, for more than £245 per day and that last longer than 6 months:

New Off-payroll Engagements	Number
No. of new engagements, or those that reached six months in duration, between 1 April 2021 and 31 March 2022	4
Of which, the number that have existed:	
No. not subject to off-payroll legislation	0
No. subject to off payroll legislation and determined as in-scope of IR35	1
No. subject to off payroll legislation and determined as out of scope of IR35	3
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

For any off-payroll engagements of board members, and/or senior officials with significant financial responsibility, between 1 April 2021 and 31 March 2022:

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.	0

Staff Report

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

Here we provide an analysis of our 2021/22 staff numbers and costs.

Our Workforce

At 31 March 2022, we had a workforce of 9957.17 WTE (11322 headcount). This is excluding bank workers, honorary contracts and staff out on secondment. Our staffing is made up of a variety of roles and pay scales and provides an overview of our workforce.

Senior Managers

Analysis of our senior managers is provided below:

	Headcount		WTE	
Pay Scale	Female	Male	Female	Male
Band 8a	302	89	271.91	84.31
Band 8b	62	38	57.92	36.59
Band 8c	26	14	24.01	13.80
Band 8d	10	9	10.00	9.00
Band 9	8	4	8.00	4.00
Senior Manager	1	0	1.00	0.00
Director	7	3	7.00	3.00
Total:	**416**	**157**	**379.84**	**150.70**

Staff Numbers

Staff Group	Fixed Term Temporary	Permanent	Total
Professional Scientific and Technical	1.44	236.61	238.05
Clinical Services	122.14	2076.25	2198.39
Administrative and Clerical	96.09	1715.46	1811.56
Allied Health Professionals	11.30	624.34	635.64
Estates and Ancillary	2.27	457.29	459.56
Healthcare Scientists	10.31	366.24	376.55
Medical and Dental	674.22	605.99	1280.22
Nursing and Midwifery Registered	77.99	2853.38	2931.38
Students		25.84	25.84
Total:	**995.76**	**8961.41**	**9957.17**

Staff Composition

Staff Group	Part Time		Full Time		Total
	Male	Female	Male	Female	
Director	0	0	3	7	**10**
Senior Managers (Band 8a – 9 and Senior Manager)	13	112	141	297	**563**
Other employees	496	4445	1935	3873	**10749**
Total:	**509**	**4557**	**2079**	**4177**	**11322**

Sickness Absence

The sickness rate at 31 March 2022 (cumulative for the 12 months from 1 April 2021 to 31 March 2022) was 5.73% (5.37% at 31st March 2021).

Staff Turnover

The turnover rate at 31 March 2022 (cumulative for the 12 months from 1 April 2021 to 31 March 2022) was 10.59% (9.32%% at 31st March 2021). This excludes junior doctors on rotation.

Staff Engagement

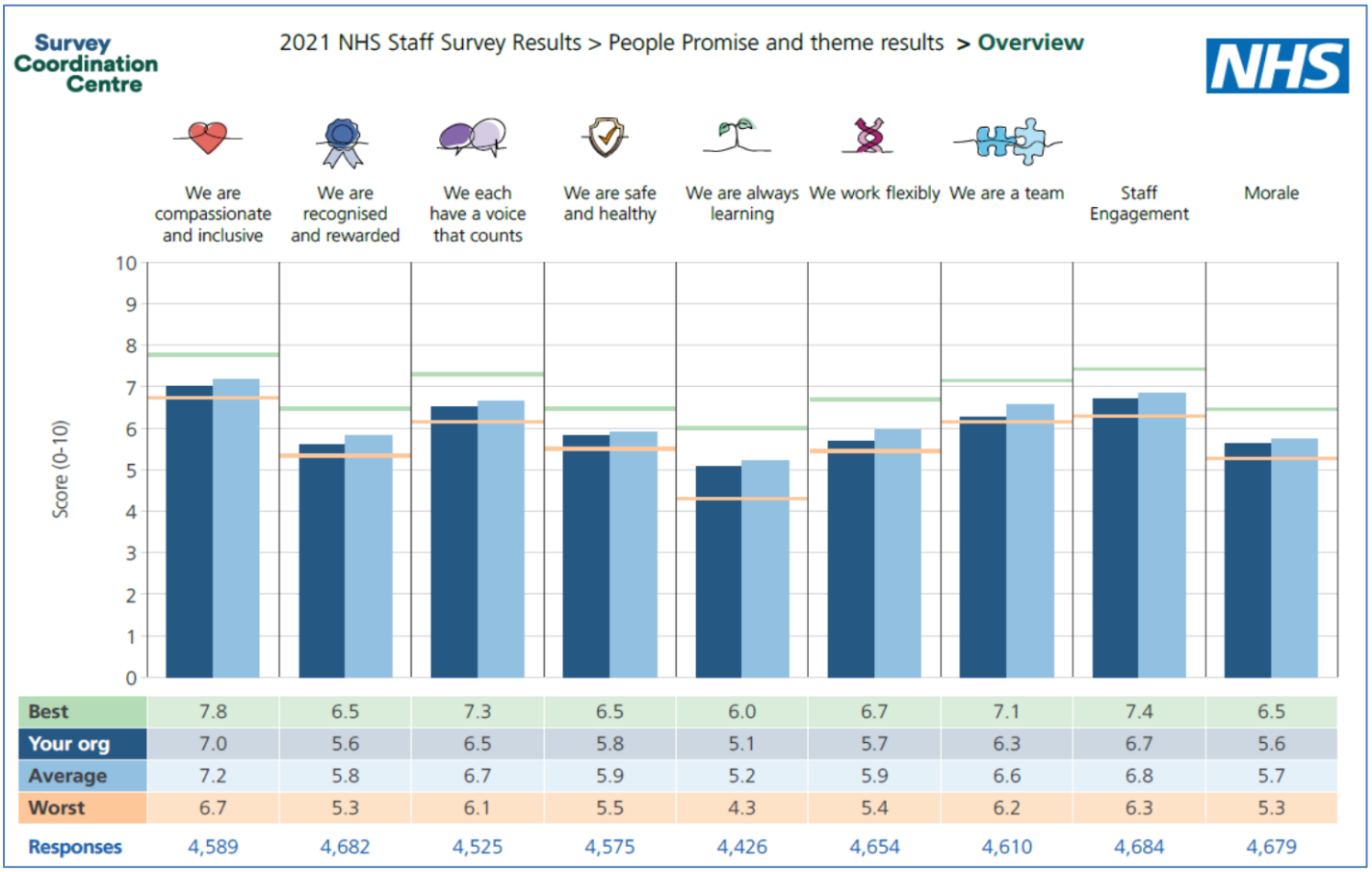
Staff engagement is measured through the annual NHS Staff Survey. At 6.7, the staff engagement score reduced slightly in 2021 and the Trust remains just below the acute trust average, which was 6.8 in 2021.

Staff Survey

The 2021 NHS Staff Survey was carried out between September and December 2021 and our response rate was 43% (compared to 44% in 2020). The results of the survey are now measured against seven People Promise elements and against two themes; 'Staff Engagement' and 'Morale'.

- At 6.7, our staff engagement score reduced slightly in line with an overall reduction in the benchmark group results. E remain just below the acute trust average of 6.8 and this position remained unchanged when compared to 2020 findings.
- For Staff Morale, overall, the benchmark group results reduced compared to 2020 and the Trust's score also experienced a reduction in line with that trend. At 5.6, the Trust's score remains just below the acute trust average of 5.7, as it did in 2020.

The benchmarked findings are shown in the below graph:



	We are compassionate and inclusive	We are recognised and rewarded	We each have a voice that counts	We are safe and healthy	We are always learning	We work flexibly	We are a team	Staff Engagement	Morale
Best	7.8	6.5	7.3	6.5	6.0	6.7	7.1	7.4	6.5
Your org	7.0	5.6	6.5	5.8	5.1	5.7	6.3	6.7	5.6
Average	7.2	5.8	6.7	5.9	5.2	5.9	6.6	6.8	5.7
Worst	6.7	5.3	6.1	5.5	4.3	5.4	6.2	6.3	5.3
Responses	4,589	4,682	4,525	4,575	4,426	4,654	4,610	4,684	4,679

Staff Policies

Our People Strategy outlines how we will lead and support staff to achieve our 2025Vision and sets out our aims to provide a positive work environment that promotes an open, supportive and fair culture which helps our staff to do their job to the best of their ability and ensure delivery of high quality care.

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

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

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

- HR08 **Recruitment and Selection Policy**: We believe that unlawful discrimination is unacceptable and we are committed to recruiting staff in accordance with our Equality and Diversity Policy. Applicants are selected solely on objective, job related criteria and their ability to do the job applied for with no discrimination on the grounds of ethnic origin, nationality, disability, gender, gender reassignment, marital status, age, sexual orientation, trade union activity or political or religious beliefs. We provide appropriate assistance to ensure equality for all.
- For Appointments Advisory Committees to recruit to permanent Consultant posts, all members of the panel are required to have received training in Equal Opportunities.
- HS17 **Occupational Health Policy** - The role of occupational health is to help protect and promote the health and wellbeing of staff in the workplace. Workplace Health Assessment checks are also carried out to provide advice to managers, where necessary, on employee needs or any reasonable adjustments required to the work environment or structure in accordance with the Equality Act 2010.
- Appropriate mandatory training is provided to ensure that staff and managers understand their responsibilities under the Policy. Equality, diversity and inclusion themes are integrated into other Trust learning and development programmes as appropriate
- The principles of the **Equal Opportunities 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, Mandatory and Best Practice and the Training Needs Analysis**. All training should be recorded within staff personal record ideally on our electronic staff record.
- HR12 **Equality and Diversity Policy**: As a major employer and service provider we are committed to building a workforce which is valued and whose diversity reflects the community it serves, enabling it to deliver the best possible healthcare service to those communities

Diversity and Inclusion

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

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

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

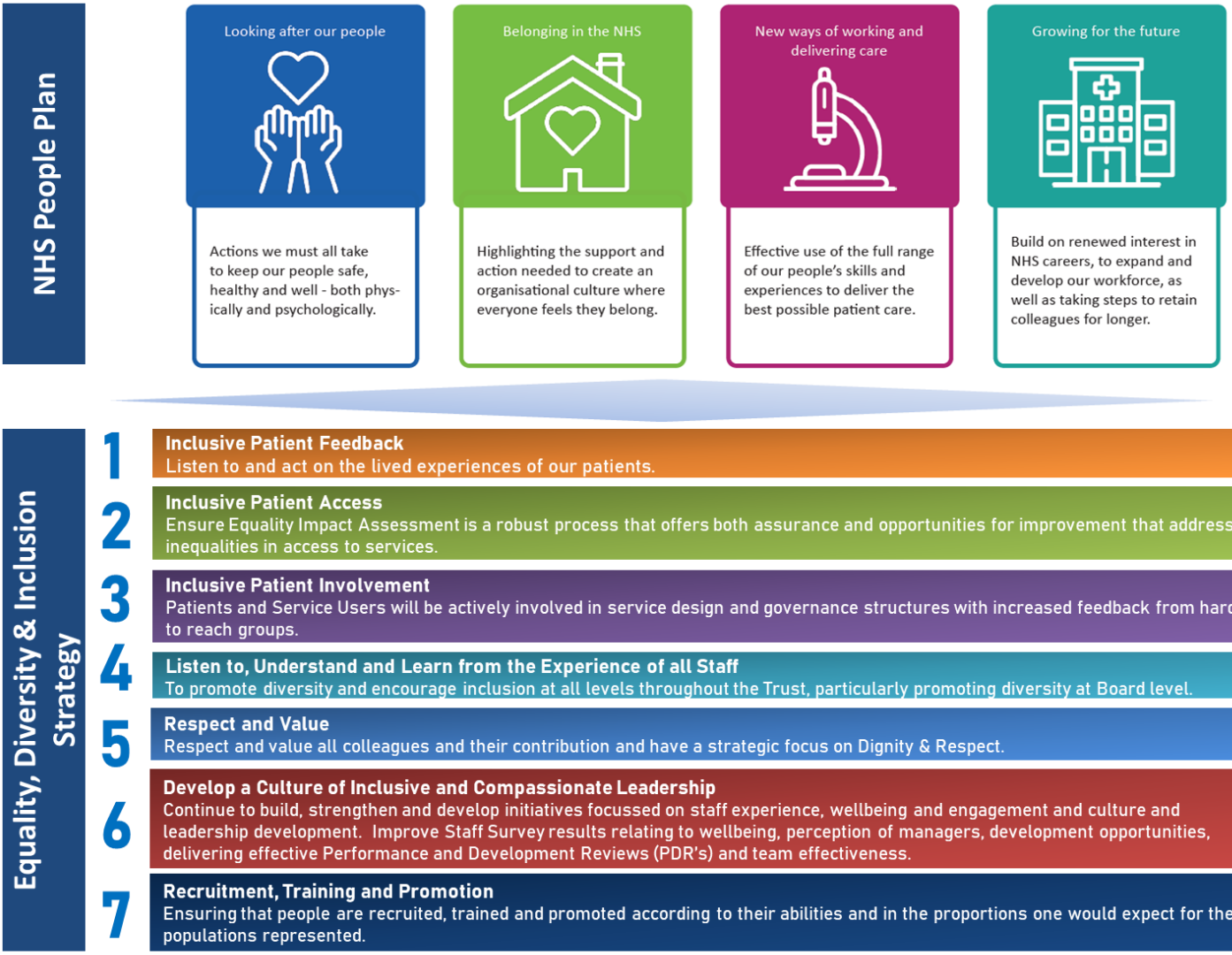
We have well established Diversity Networks who meet on a regular basis to support us with all equality, diversity and inclusion related activies, these all have an Executive Sponsor and are as follows:

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

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

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

Equality, Diversity and Inclusion Strategy – Plan on a Page



Trade Unions

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

Employees in Organisation	10,000 and above
Number of TU Representatives	38
FTE of TU Representatives	35.9
Number of TU representatives that spend 0% working hours	6
Number of TU representatives that spend 1-50% working hours	30
Number of TU representatives that spend 51-99% working hours	0
Number of TU representatives that spend 100% working hours	2
Total pay bill	527317000
Total cost of facility time	143419.4
Percentage of pay spent on facility time	0.03
Percentage of hours spent on TU activities	0
Total:	**995.76**

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).

Mrs Tracy Bullock, Chief Executive
21st June 2022

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

Our biggest expense is on the salaries and wages of our staff. On average during this year we employed the equivalent of 9,957 full-time staff (10,145 20/21). The actual number of people working for the Trust is more because some staff work part-time (therefore, the full-time equivalent is less).

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

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

In accordance with the requirements to ensure that the carrying value of land and buildings are not materially misstated, we commissioned an independent valuer to carry out a full valuation exercise as at March 2022. This resulted in an increase in value of £39.8m in the carrying value of the assets at 31 March 2022 and reflects an increase in the building price and land value indices and a smaller movement in the location factor applied relating to the Staffordshire area.

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

Statement of Comprehensive Income for the Year Ended 31 March 2022

	2021/22 £000	2020/21 £000
Operating income from patient care activities	881,968	777,292
Other operating income	98,380	137,784
Operating expenses	(928,437)	(881,523)
Operating surplus/(deficit) from continuing operations	**51,911**	**33,553**
Finance income	46	99
Finance expenses	(16,037)	(17,131)
Public dividend capital dividends payable	(7,855)	(5,637)
Net finance costs	**(23,846)**	**(22,669)**
Other gains / (losses)	79	71
Surplus/(deficit) for the year	**28,144**	**10,955**

Other Comprehensive Income		
Impairments	(1,080)	
Revaluations	23,729	6,006
Total comprehensive income / (expense) for the period	**50,793**	**16,961**
Financial Performance for the year		
Surplus/(deficit) for the year	**28,144**	**10,955**
Add back I&E impairments	(17,211)	15
Adjustments for donated asset/government grant reserve elimination	(2,254)	(3,110)
Net impact of DHSC provided inventories for Covid response	447	(775)
Reported NHS financial position	9,126	**7,085**

Statement of Financial Position as at 31 March 2022

	2021/22 £000	2020/21 £000
Non-current assets:		
Property, plant and equipment	576,424	531,240
Intangible assets	20,685	22,817
Trade and other receivables	1,448	452
Total non-current assets	**598,557**	**554,509**
Current assets:		
Inventories	16,342	15,019
Trade and other receivables	41,299	47,410
Cash and cash equivalents	87,596	55,783
Total current assets	**148,939**	118,212
Total assets	**747,496**	**672,721**
Current liabilities		
Trade and other payables	(116,279)	(98,512)
Provisions	(2,513)	(3,633)
Borrowings	(10,719)	(8,304)
Total current liabilities	**(133,213)**	**(110,449)**
Total assets less current liabilities	**614,283**	**562,272**
Non-current liabilities		
Provisions	(3,866)	(2,189)
Borrowings	(257,779)	(268,548)
Total non-current liabilities	**(261,645)**	**(270,737)**
Total Assets Employed:	**352,638**	**291,535**
FINANCED BY:		
Public Dividend Capital	648,171	637,861
Income and expenditure reserve	(436,951)	(465,267)
Revaluation reserve	141,418	118,941
Total Taxpayers' Equity:	**352,638**	**291,535**

Statement of Cash Flows for the Year Ended 31 March 2022

	2021/22 £000	2020/21 £000
Cash Flows from Operating Activities		
Operating surplus/ (deficit)	51,911	33,553
Non-cash income and expense:		
Depreciation and amortisation	31,999	30,184
Net impairments	(17,211)	15
Income recognised in respect of capital donations	(3,688)	(4,263)
(Increase)/decrease in inventories	(1,323)	(1,751)
(Increase)/decrease in receivables and other assets	6,374	3,180
Increase/(decrease) in payables and other liabilities	17,451	15,583
Increase/(decrease) in provisions	557	(2,040)

Net cash generated from / (used in) operating activities	**86,070**	**74,461**
Cash flows from investing activities		
Interest received	46	99
Purchase of intangible assets	(3,749)	(5,115)
Purchase of property, plant and equipment	(32,833)	(39,146)
Sales of property, plant and equipment	103	103
Receipt of capital donations to purchase capital assets	3,688	3,057
Net Cash Inflow/(Outflow) from Investing Activities	**(32,745)**	**(41,002)**
Cash flows from financing activities		
Public dividend capital received / repaid	11,518	228,208
Movement on loans from the Department of Health and Social Care	(1,208)	(196,093)
Movement on other loans	0	(16)
Capital element of finance lease rental payments	(36)	(555)
Capital element of PFI	(621)	(10,843)
Interest paid on finance lease liabilities	(8,484)	(91)
Interest paid on PFI	(217)	(17,040)
Other interest paid	(15,820)	(1,316)
PDC dividend (paid) / refunded	0	(6,673)
Net cash generated from / (used in) financing activities	(6,644)	**(4,419)**
	(21,512)	
Increase / (decrease) in cash and cash equivalents	**31,813**	**29,040**
Cash and cash equivalents at 1 April - brought forward	**55,783**	**26,743**
Cash and cash equivalents at 31 March	**87,596**	**55,783**

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

	Pubic Dividend Capital (PDC) £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total £000
Taxpayers equity at 1 April 2021 - brought forward	637,861	118,941	(465,267)	291,535
Surplus/(deficit) for the year			28,144	28,144
Impairments		(1,080)		(1,080)
Revaluations		23,729		23,729
Transfer to retained earnings on disposal of assets		(172)	172	0
Public dividend capital received	11,518			11,518
Public dividend capital repaid	(1,208)			(1,208)
Taxpayers equity at 31 March 2022	**648,171**	**141,418**	**(436,951)**	**352,638**

Better Payment Practice Code

Measure of Compliance	2021/22		2020/21	
	Number	£000	Number	£000
Total non NHS trade invoices paid in the year	118,791	520,493	111,177	469,641
Total non NHS trade invoices paid within target	113,479	497,973	105,546	455,532
Percentage of non NHS trade invoices paid within target	95.5%	95.7%	94.9%	97.0%
Total NHS trade invoices in the year	2,696	21,935	2,876	26,901
Total NHS trade invoices paid within target	2,355	18,379	2,552	23,071
Percentage of NHS trade invoices paid within target	87.4%	83.8%	88.7%	85.8%

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

The Trust has not signed up to the Prompt Payments Code.

Cumulative Breakeven Position

Year	Turnover	Surplus / (Deficit)
1997/98	152,393	(1,199)
1998/99	165,535	(1,246)
1999/00	182,744	1,279
2000/01	193,823	1,225
2001/02	212,576	18
2002/03	235,801	4
2003/04	257,641	3
2004/05	295,327	41
2005/06	299,619	(15,059)
2006/07	333,855	311
2007/08	393,915	3,990
2008/09	371,299	3,008
2009/10	408,938	5,312
2010/11	418,078	4,141
2011/12	426,319	1,050
2012/13	473,558	235
2013/14	475,330	(19,301)
2014/15	623,395	3,782
2015/16	702,917	(26,936)
2016/17	739,279	(27,773)
2017/18	696,630	(69,717)
2018/19	713,838	(63,607)
2019/20	840,636	5,231
2020/21	915,076	7,085
2021/22	980,348	9,126
Cumulative Breakeven Position:		**(178,997)**

Our External Auditor

To demonstrate that we are running our Trust 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 to meet the statutory requirements of the Department of Health. They received fees of £135k for the financial statements audit (including audit of the Annual Report and Annual Governance Statement).

Pension Costs

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

Full Accounts

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

T Bullock

Tracy Bullock, Chief Executive
21st June 2022

Certification on Summarisation Schedules

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

Summarisation schedules numbers TAC01 to TAC34 and accompanying WGA sheets for 2020/21 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
21st June 2022

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
21st June 22

University Hospitals of North Midlands NHS Trust

Annual accounts for the year ended 31 March 2022

Statement of Comprehensive Income

	Note	2021/22 £000	2020/21 £000
Operating income from patient care activities	3	881,968	777,292
Other operating income	4	98,380	137,784
Operating expenses	6, 8	(928,437)	(881,523)
Operating surplus from continuing operations		**51,911**	**33,553**
Finance income	11	46	99
Finance expenses	12	(16,037)	(17,131)
PDC dividends payable		(7,855)	(5,637)
Net finance costs		**(23,846)**	**(22,669)**
Other gains	13	79	71
Surplus for the year from continuing operations		**28,144**	**10,955**
Surplus for the year		**28,144**	**10,955**
Other comprehensive income[1]			
Will not be reclassified to income and expenditure:			
Impairments	7	(1,080)	-
Revaluations	17	23,729	6,006
Total comprehensive income for the period		**50,793**	**16,961**

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

The notes on pages 27 to 61 form part of this account.

Adjusted financial performance (control total basis):

The section below does not form part of the main Statement of Comprehensive Income. The items included in the note (totalling £19.018 million) are not considered to be within the scope of NHS financial performance measured against the Trust's control total. We exclude these items to give an adjusted surplus against our control total of £9.126 million, and this surplus is used to measure us against the breakeven duty as shown in Note 40.

	Note	2021/22 £000	2020/21 £000
Surplus / (deficit) for the year		**28,144**	**10,955**
Remove net impairments not scoring to the Departmental expenditure limit[2]	7	(17,211)	15
Remove I&E impact of capital grants and donations[3]	4, 6.1	(2,254)	(3,110)
Remove net impact of inventories received from DHSC group bodies for COVID response[4]		447	(775)
Adjusted financial performance surplus		**9,126**	**7,085**

[2]The Trust has reversed impairments of £17.211 million previously charged to the SOCI following the full valuation of the Trust's estate as at the 31st March 2022, which resulted in the significant increase in value of land and buildings.

[3]During the 2021/22 financial year the Trust has received £2.508 million of donated assets from UHNM Charity and £1.180 million of government granted assets. The total of £3.688 million is offset by depreciation expenditure on donated and granted assets of £1.434 million which results in the £2.254 million net I&E impact.

[4]The Trust received consumables donated by DHSC of £2.389 million for clinical supplies and services (2020/21: £16.280 million) as part of the response to the Covid pandemic. £2.804 million of these consumables were issued during 2021/22, £0.032 million was written off, and the total of £2.836 million is shown within supplies and services clinical expenditure (2020/21: £15.215 million). £0.329 million is held within inventories at 31st March 2022 (2020/21: £0.775 million). The net impact of £0.447 million is the movement between the opening and closing inventories balances.

Statement of Financial Position

	Note	31 March 2022 £000	31 March 2021 £000
Non-current assets			
Intangible assets	14	20,685	22,817
Property, plant and equipment	15	576,424	531,240
Receivables	19	1,448	452
Total non-current assets		**598,557**	**554,509**
Current assets			
Inventories	18	16,342	15,019
Receivables	19	41,299	47,410
Cash and cash equivalents	20	87,596	55,783
Total current assets		**145,237**	**118,212**
Current liabilities			
Trade and other payables	21	(102,829)	(90,648)
Borrowings	23	(10,720)	(8,340)
Provisions	25	(2,513)	(3,633)
Other liabilities	22	(13,450)	(7,828)
Total current liabilities		**(129,512)**	**(110,449)**
Total assets less current liabilities		**614,282**	**562,272**
Non-current liabilities			
Borrowings	23	(257,778)	(268,548)
Provisions	25	(3,866)	(2,189)
Total non-current liabilities		**(261,644)**	**(270,737)**
Total assets employed		**352,638**	**291,535**
Financed by			
Public dividend capital		648,171	637,861
Revaluation reserve		141,418	118,941
Income and expenditure reserve		(436,951)	(465,267)
Total taxpayers' equity		**352,638**	**291,535**

The notes on pages 27 to 61 form part of these accounts.

Signed…….

Name	Tracy Bullock
Position	Chief Executive
Date	21 June 2022

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

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2021 - brought forward	**637,861**	**118,941**	**(465,267)**	**291,535**
Surplus/(deficit) for the year	-	-	28,144	**28,144**
Impairments	-	(1,080)	-	**(1,080)**
Revaluations	-	23,729	-	**23,729**
Transfer to retained earnings on disposal of assets	-	(172)	172	**-**
Public dividend capital received[1]	11,518	-	-	**11,518**
Public dividend capital repaid[1]	(1,208)	-	-	**(1,208)**
Taxpayers' and others' equity at 31 March 2022	**648,171**	**141,418**	**(436,951)**	**352,638**

[1]The net increase in Public Dividend Capital of £10.310 million in 2021/22 relates to capital funding received for the following schemes:

- £3.726 million Interim Support Capital in relation to the demolition of the Royal Infirmary site
- £1.895 million of national radiotherapy funding for a new Linear Accelerator
- £1.450 million for part of the national Digitisation programme
- £1.180 million for a Digital Laboratory Information Management (LIMS) scheme
- £2.059 million for other schemes (including £0.792 million Targeted Investment Funding (TiF) for a Patient Portal and £0.401 million for the Imaging Academy)

Statement of Changes in Equity for the year ended 31 March 2021

	Public dividend capital	Revaluation reserve	Income and expenditure reserve	Total
	£000	£000	£000	£000
Taxpayers' and others' equity at 1 April 2020 - brought forward	**409,653**	**112,935**	**(476,222)**	**46,366**
Surplus/(deficit) for the year	-	-	10,955	**10,955**
Revaluations	-	6,006	-	**6,006**
Public dividend capital received	228,333	-	-	**228,333**
Public dividend capital repaid	(125)	-	-	**(125)**
Taxpayers' and others' equity at 31 March 2021	**637,861**	**118,941**	**(465,267)**	**291,535**

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	2021/22 £000	2020/21 £000
Cash flows from operating activities			
Operating surplus		51,911	33,553
Non-cash income and expense:			
Depreciation and amortisation	6.1	31,999	30,184
Net impairments / (reversal of impairments)	7	(17,211)	15
Income recognised in respect of capital donations	4	(3,688)	(4,263)
(Increase) / decrease in receivables and other assets		6,374	3,180
(Increase) / decrease in inventories		(1,323)	(1,751)
Increase / (decrease) in payables and other liabilities		17,451	15,583
Increase / (decrease) in provisions		557	(2,040)
Net cash flows from operating activities		**86,070**	**74,461**
Cash flows from investing activities			
Interest received		46	99
Purchase of intangible assets		(3,749)	(5,115)
Purchase of PPE and investment property		(32,833)	(39,146)
Sales of PPE and investment property		103	103
Receipt of cash donations to purchase assets		3,688	3,057
Net cash flows used in investing activities		**(32,745)**	**(41,002)**
Cash flows from financing activities			
Public dividend capital received		11,518	228,333
Public dividend capital repaid		(1,208)	(125)
Movement on loans from DHSC		-	(196,093)
Movement on other loans		(36)	(16)
Capital element of finance lease rental payments		(621)	(555)
Capital element of PFI service concession payments		(8,484)	(10,843)
Interest on loans		-	(1,316)
Interest paid on finance lease liabilities		(217)	(91)
Interest paid on PFI service concession obligations		(15,820)	(17,040)
PDC dividend paid		(6,644)	(6,673)
Net cash flows used in financing activities		**(21,512)**	**(4,419)**
Increase in cash and cash equivalents		**31,813**	**29,040**
Cash and cash equivalents at 1 April - brought forward		**55,783**	**26,743**
Cash and cash equivalents at 31 March	20.1	**87,596**	**55,783**

Cash flows from financing activities includes £11.518 million PDC received (2020/21: £228.333 million); £0 movement on loans from DHSC (2020/21: £196.093 million) and £0 interest on loans (2020/21: £1.316 million).

These moments are as a result of the extinguishing of debt in 2020/21. On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSEI) announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. For UHNM this resulted in the repayment of loans and issue of Public Dividend Capital of £196.053 million.

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 2021/22 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

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

Note 1.4 Revenue from contracts with customers

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

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

Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. In 2021/22 and 2020/21, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. The Trust receives block funding from its commissioners, where funding envelopes are set at an Integrated Care System level. For the first half of the 2020/21 comparative year these blocks were set for individual NHS providers directly, but the revenue recognition principles are the same. The related performance obligation is the delivery of healthcare and related services during the period, with the Trust's entitlement to consideration not varying based on the levels of activity performed.

The Trust also receives additional income outside of the block payments to reimburse specific costs incurred and, in 2020/21, other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

In 2021/22, the Elective Recovery Fund enabled systems to earn income linked to the achievement of elective activity targets including funding any increased use of independent sector capacity. Income earned by the system is distributed between individual entities by local agreement. Income earned from the fund is accounted for as variable consideration.

Revenue from research contracts

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

NHS injury cost recovery scheme

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

Education and Training

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

Note 1.5 Other forms of income

Grants and donations

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

Apprenticeship service income

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

Note 1.6 Expenditure on employee benefits

Short-term employee benefits

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

Pension costs

NHS Pension Scheme

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

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

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, e.g., 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 (i.e. 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. This valuation is the same methodology as in the prior year.

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 and buildings are restated to current value using independent professional valuations in accordance with IAS16 at least every five years, with interim revaluations carried out annually also by independent professional valuers. The full asset valuation includes a full site inspection by the professional valuer whilst interim valuations only include a site inspection where deemed necessary due to significant changes in the year. A full asset valuation was undertaken as at 31st March 2022, which included a site visit in May 2022.

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

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

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

Depreciation

Items of property, plant and equipment 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) and Local Improvement Finance Trust (LIFT) transactions

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

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

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

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

PFI Asset

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

PFI liability

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

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

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

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

Lifecycle replacement

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

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

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

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

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

Other assets contributed by the NHS trust to the operator

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

Useful lives of property, plant and equipment

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

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

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

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.

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.

Software

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.

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 depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued 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.

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.

In 2020/21 and 2021/22, 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 finance leases 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

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.

The Trust as a lessee

Finance leases

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.

The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

Leases of land and buildings

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

The Trust as a lessor

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

Rental income from operating leases is recognised on a straight-line 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.

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 2022:

		Nominal rate	Prior year rate
Short-term	Up to 5 years	0.47%	Minus 0.02%
Medium-term	After 5 years up to 10 years	0.70%	0.18%
Long-term	After 10 years up to 40 years	0.95%	1.99%
Very long-term	Exceeding 40 years	0.66%	1.99%

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 2022:

	Inflation rate	Prior year rate
Year 1	4.00%	1.20%
Year 2	2.60%	1.60%
Into perpetuity	2.00%	2.00%

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 1.30% in real terms (prior year: minus 0.95%).

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 25 but is not recognised in the Trust's accounts.

Non-clinical risk pooling

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

Note 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 26 where an inflow of economic benefits is probable. Contingent liabilities are not recognised, but are disclosed in note 26, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

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

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

Note 1.16 Public dividend capital

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

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

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

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 1.17 Value added tax

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

Note 1.18 Climate change levy

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

Note 1.19 Third party assets

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

Note 1.20 Losses and special payments

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

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

Note 1.21 Gifts

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

Note 1.22 Transfers of functions to / from other NHS bodies

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

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

Note 1.23 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2021/22.

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

IFRS 16 Leases

IFRS 16 Leases will replace *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations and is applicable in the public sector for periods beginning 1 April 2022. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2022, the Trust will apply the standard retrospectively without restatement and with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the Trust's incremental borrowing rate. The Trust's incremental borrowing rate will be defined by HM Treasury. For 2022, this rate is 0.95%. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2022 for existing finance leases.

For leases commencing in 2022/23, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

The Trust has updated its Asset Register system during 2021/22, and this now records Right of Use assets as well as Non-Current Assets. This allows the calculation of a liability and asset for existing leases as well as accounting for new leases as they are implemented. The Trusts 5 year capital plans will include Capital Resource cover for new leases at the value of the lease liability.

The Trust has estimated the impact of applying IFRS 16 in 2022/23 on the opening statement of financial position and the in-year impact on the statement of comprehensive income and capital additions as follows:

	£000
Estimated impact on 1 April 2022 statement of financial position	
Additional right of use assets recognised for existing operating leases	16,011
Additional lease obligations recognised for existing operating leases	(16,011)
Net impact on net assets on 1 April 2022	**-**
Estimated in-year impact in 2022/23	
Additional depreciation on right of use assets	(3,109)
Additional finance costs on lease liabilities	(121)
Lease rentals no longer charged to operating expenditure	2,975
Estimated impact on surplus / deficit in 2022/23	**(255)**
Estimated increase in capital additions for new leases commencing in 2022/23	**1,971**

From 1 April 2022, the principles of IFRS 16 will also be applied to the Trust's PFI liabilities where future payments are linked to a price index representing the rate of inflation. The PFI liability will be remeasured when a change in the index causes a change in future repayments and that change has taken effect in the cash flow. Under existing accounting practices, amounts relating to changes in the price index are expensed as incurred. This is expected to increase the PFI liability on the statement of financial position upon transition to IFRS 16. The effect of this has not yet been quantified.

Other standards, amendments and interpretations

IFRS 14 Regulatory Deferral Accounts. Not EU endorsed. Applies to first time adopters of IFRS after January 2016. therefore not applicable to DHSC group bodies

IFRS 17 Insurance Contracts. Application required for accounting periods beginning on or after 1 January 2021. standard is not yet adopted by the FReM which is expected to be from April 2023: early adoption is not permitted.

Note 1.25 Critical judgements in applying accounting policies

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

Estate Valuation

The Trust's management and the external valuer have elected to have a full valuation of the Trust's land and buildings as at 31 March 2022, including a site visit in May 2022. The Trust's valuation approach is to have a full valuation including a full site inspection every 5 years with interim "desk top" valuations on an annual basis. The value of the Trust's Land, buildings and dwellings as at 31 March 2022 is £505.438 million. If the Trust's management had not revalued the estate, at 31 March 2022 the value of Land, Buildings and Dwellings would have been £465.714 million.

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

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.

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 2021/22. The accrual includes the estimated costs of the staffing required to back fill the annual leave when taken (basic time plus enhancements and premiums), rather than the cost of the annual leave entitlement earned but not taken by employees at the end of the period.

The total value of the annual leave accrual is £14.986 million. The impact of enhancements and premiums on the accrual are set out below:

• accrual without enhancements or premiums: £11.005 million
• accrual with enhancements: £11.804 million

Royal Infirmary site

The Trust has deemed the Royal Infirmary site should be accounted for as a surplus asset following an assessment under Para 4.108 of the GAM. The site contains buildings that are no longer used and have been earmarked for demolition due to the significant risk of the condition of the buildings and significant work on making the site safe and demolition has been completed in 2021/22.

In line with Para 4.108 of the GAM the Royal Infirmary site 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 is 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 future economic benefit from the Royal Infirmary land in the form of a capital receipt from the sale of the land.

The Trust's judgement is that demolition costs meets the definition of capital expenditure under IAS16 and that this expenditure should be added to the cost of the asset. At 31 March 2021 the Trust reviewed the carrying value of the Royal Infirmary land and charged an impairment of £2.100 million to the SOCI and the carrying value at that date was £4.325 million. At 31 March 2022 the Trust has reviewed the carrying value of the Royal Infirmary land and has assessed this to be £6.878 million, an increase of £2.553 million. This is comprised of demolition costs of £1.429 million incurred during 2021/22, plus a £1.124 million part reversal of the impairment previously charged to SOCI.

Grindley Hill Court

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

PFI Assets

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

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

Operating leases/finance leases

The Trust has two buildings which are leased to a third party. The Trust has deemed that this is an operating lease where the risks and rewards of the asset remain with the Trust and as such are recognised on the Trust's Statement of Financial Position as assets. This is deemed to be a critical judgement as if the transaction was deemed to be a finance lease the assets would not be reflected in the Statement of Financial Position and the property, plant and equipment balance would be £16.479 million lower if these assets were not included.

Note 1.26 Sources of estimation uncertainty

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

Estates valuation

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

A 1% movement in the BCIS cost indices or location factor for Staffordshire would have an impact of increasing or reducing the valuation of the Trust's estate by £4.783 million based on an overall valuation of building assets of £478.347 million.

PFI

The Trust uses appropriate estimations to allocate the annual unitary payment into the relevant component parts. The Trust obtained professional advice at the beginning of the PFI contract to review and allocate the payments appropriately as set out in note 28.

Inventory

The Trust's inventory balance of £16.342 million is material to the Trust's accounts. The Trust is satisfied that it's inventory balance is presented fairly in all material respects. The Trust has an inventory policy that sets out the required frequency of inventory counts along with the procedure for carrying out inventory counts and the documentation to be completed, including sign off of the inventory count. At 31 March 2022 the Trust has been able to carry out all required inventory counts and the auditors were able to attend relevant inventory counts to complete the procedures in line with auditing standards.

Annual leave accrual

As set out in note 1.25 the Trust has included in the accounts an accrual of £14.986 million for annual leave entitlements earned but not taking during 2021/22. The accrual includes the estimated costs of the staffing required to back fill the annual leave when taken (basic time plus enhancements and premiums), rather than the cost of the annual leave entitlement earned but not taken by employees at the end of the period. The key sources of estimation uncertainty within this calculation are the number of days annual leave untaken and the cost of enhancements and premiums;

- the accrual is based on an estimate of the annual leave untaken at 31 March 2022 and included assumptions around the well-being day. If the actual annual leave untaken was 1 day higher the accrual would increase by £3.015 million or reduce by £3.015 million if actual annual leave untaken was 1 day lower than the estimate:

- the annual leave accrual includes £3.088 million for premium rates based on current rates payable at the time of the assessment. If the actual premium rates paid to cover the leave were 50% lower than this, then the value of the accrual would reduce by £1.544 million.

Limitation of scope audit opinion

In the financial statements at 31 March 2020, as a result of the restrictions in movement set out in response to the Covid-19 pandemic in March 2020, the Trust's auditor was unable to attend all of the relevant year end inventory counts. The Trust was unable to perform all of the required inventory counts and the auditor was unable to gain sufficient audit evidence from alternative procedures. The auditor was therefore unable to complete the procedures required by auditing standards, and was required to issue a qualified opinion. The auditors opinion on the financial statement remained unmodified in all other respects.

This qualified opinion also remained in place as at 31 March 2021 due to the impact on the opening balances. It has also remained in placed for the 31 March 2022 year end because the inventory balance as at 2019/20 over which the limitation was originally applied, still has an impact on the cost of drugs, supplies and services for the year ended 31 March 2021 which form part of the comparative figures as at 31 March 2022.

Note 2 Operating Segments

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

	Healthcare Per SOCI		Healthcare Reported to Trust Board		Healthcare Variance	
	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000	2020/21 £000
Income	980,348	915,246	975,483	908,795	4,865	6,451
Pay costs	(568,969)	(553,221)	(568,969)	(553,221)	0	0
Non pay costs	(402,253)	(354,940)	(397,835)	(347,714)	(4,418)	(7,226)
Reported breakeven performance	9,126	7,085	8,679	7,860	447	(775)
Net Assets:						
Segment net assets	352,638	291,535	352,638	294,064	0	(2,529)

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

The 2021/22 difference of £4.865 million income (2020/21: £6.451 million) and £4.418 million non pay costs (2020/21: £7.226 million) above relate to the notional income and expenditure impact of the apprenticeship fund of £1.177 million (2020/21: £2.188 million) and donated capital income and expenditure of £3.688 million (2020/21: £4.263 million). The non-pay costs movement also includes £0.447 million (2020/21: (£0.775) million) relating to the impact of consumables donated by DHSC for clinical supplies and services as part of the response to the Covid pandemic as detailed on the SOCI. This £0.447 million is also the difference in reported breakeven performance.

Note 3 Operating income from patient care activities

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

Note 3.1 Income from patient care activities (by nature)	2021/22	2020/21
	£000	£000
Acute services		
Block contract / system envelope income	766,276	669,833
High cost drugs income from commissioners (excluding pass-through costs)	79,671	71,749
Other NHS clinical income	3,796	2,655
All services		
Private patient income	1,245	667
Elective recovery fund[1]	8,710	-
Additional pension contribution central funding[2]	22,270	21,071
Other clinical income[3]	-	11,317
Total income from activities	**881,968**	**777,292**

[1]Elective Recovery Fund (ERF) income of £8.710 million has been received in the year. This is new national funding for 2021/22 which is designed to support Trusts in restoring elective services against the backdrop of unprecedented demands on services due to COVID.

[2]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.

[3]The Trust has not received any other clinical income in 2021/22. Other clinical income in 2020/21 included one-off income received from NHS England of £10.306 million in relation to the annual leave accrual increase, and £1.011 million in relation to the Flowers case corrective funding payments.

Note 3.2 Income from patient care activities (by source)

	2021/22	2020/21
Income from patient care activities received from:	**£000**	**£000**
NHS England	298,659	272,792
Clinical commissioning groups	568,214	492,796
Other NHS providers	-	1
NHS other	121	82
Non-NHS: private patients	1,245	667
Non-NHS: overseas patients (chargeable to patient)	534	484
Injury cost recovery scheme	3,141	2,088
Non NHS: other	10,054	8,382
Total income from activities	**881,968**	**777,292**
Of which:		
Related to continuing operations	881,968	777,292

Income from NHS England includes £22.270 million in respect of central funding of additional pension contributions.

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

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

	2021/22	2020/21
	£000	£000
Income recognised this year	534	484
Cash payments received in-year	94	67
Amounts added to provision for impairment of receivables	571	657

Note 4 Other operating income

	2021/22			2020/21		
	Contract income	Non-contract income	Total	Contract income	Non-contract income	Total
	£000	£000	£000	£000	£000	£000
Research and development	3,364	-	**3,364**	2,598	-	**2,598**
Education and training	27,864	1,177	**29,041**	24,760	2,183	**26,943**
Non-patient care services to other bodies	32,750		**32,750**	20,365		**20,365**
Reimbursement and top up funding	5,792		**5,792**	47,261		**47,261**
Receipt of capital grants and donations[1]		3,688	**3,688**		4,263	**4,263**
Contributions to expenditure - consumables (inventory) donated from DHSC group bodies for COVID response		2,389	**2,389**		16,285	**16,285**
Charitable and other contributions to expenditure		201	**201**		210	**210**
Support from the Department of Health and Social Care for mergers[2]		9,900	**9,900**		4,950	**4,950**
Rental revenue from operating leases		787	**787**		913	**913**
Other income[3]	10,468	-	**10,468**	6,596	7,400	**13,996**
Total other operating income	**80,238**	**18,142**	**98,380**	**101,580**	**36,204**	**137,784**
Of which:						
Related to continuing operations			98,380			137,784

[1]Receipt of capital grants and donations in 2021/22 is wholly the amounts received from the UHNM Charity to support the Trust's capital expenditure. The 2020/21 total included £1.263 million for Donated equipment from DHSC for COVID response.

[2]Support from the Department of Health and Social Care for mergers relates to additional income received as transitional support for the Mid Staffordshire NHS Foundation Trust integration. The funding received is £9.900 million for the full 2021/22 year whilst the 2020/21 total received of £4.950 million related to months 7-12 only. 2021/22 is the final year that the Trust will receive this funding and for 2021/22 the amount has been received via the Stafford and Surrounds CCG.

[3]Other non-contract operating income in 2020/21 relates to funding received of £7.400 million from NHS England for deficit funding for months 7-12 of 2020/21. This funding is included within patient care activity income in 2021/22.

Note 4.1 Reimbursement and top up funding and other contract income

Breakdown of reimbursement and top up funding	2021/22	2020/21
	£000	£000
Block projected top up (M1 - M6)	-	12,226
Retrospective top up (M1 - M6) - validated	-	25,394
Reimbursement top up (M7 - M12) - validated	-	1,908
Reimbursement top up (M7 - M12) - unvalidated	-	163
Reimbursement top up (M1 - M12) - validated	5,792	-
Specific scheme funding - NHSE	-	140
Specific scheme funding - DHSC	-	5
M7-M12 financial regime additional income	-	7,425
Total reimbursement and top-up funding	**5,792**	**47,261**

Analysis of Other Contract Income	2021/22	2020/21
	£000	£000
Car Parking charges	1,574	174
Catering	149	205
Pharmacy sales	57	58
Staff accommodation rental	608	588
Contribution to the costs of the modular theatre and wards	-	663
Clinical Excellence Awards	445	221
Other income not identified above	7,635	4,687
Total other contract income	**10,468**	**6,596**

Note 5.1 Fees and charges

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

	2021/22	2020/21
	£000	£000
Income	1,574	174
Full cost	(2,181)	(2,324)
Surplus / (deficit)	**(607)**	**(2,150)**

Note 6.1 Operating expenses

	2021/22	2020/21 Restated
	£000	£000
Purchase of healthcare from NHS and DHSC bodies	10,254	9,888
Purchase of healthcare from non-NHS and non-DHSC bodies	11,230	2,259
Staff and executive directors costs	566,443	549,643
Remuneration of non-executive directors	183	154
Supplies and services - clinical (excluding drugs costs)	93,195	76,452
Supplies and services - general	7,584	6,945
Drug costs (drugs inventory consumed and purchase of non-inventory drugs)	108,212	94,558
Inventories written down	608	828
Consultancy costs	2,008	827
Establishment	5,706	4,407
Premises	31,100	27,552
Transport (including patient travel)	4,230	3,954
Depreciation on property, plant and equipment	25,765	24,343
Amortisation on intangible assets	6,234	5,841
Net impairments / (reversal of impairments)	(17,211)	15
Movement in credit loss allowance: contract receivables / contract assets	948	820
Fees payable to the external auditor:		
- audit services - statutory audit	135	112
Internal audit costs	148	180
Clinical negligence	25,227	22,991
Legal fees	54	349
Insurance	94	84
Research and development	2,526	2,533
Education and training	2,940	2,985
Rentals under operating leases	1,725	1,077
Charges to operating expenditure for on-SoFP IFRIC 12 PFI scheme	36,827	39,418
Car parking & security	660	794
Hospitality	46	20
Losses, ex gratia & special payments	-	1,044
Other services, eg external payroll	606	562
Other	960	888
Total	**928,437**	**881,523**
Of which:		
Related to continuing operations	928,437	881,523

Impact of Covid-19

The Trust has been required to report the impact of COVID on expenditure to NHS England and NHS Improvement on a monthly basis throughout 2021/22. The reported costs are split into items to be funded from within a system's fixed funding envelope (inside envelope) and items funded through a national funding route (outside envelope). Except for costs relating to virus testing and the vaccination programme, all costs for UHNM were inside envelope. For staff costs above, the Trust incurred £4.950 million costs within envelope (2020/21: £11.528 million) and £0.033 million outside of envelope (2020/21: £0.401 million). For operating expenditure (excluding staff costs and included within the heading above), £8.236 million costs were incurred by the Trust (2020/21 £9.745 million). This is split between £2.429 million classified as within envelope (2020/21: £8.075 million) and £5.807 million outside of envelope (2020/21: £1.670 million).

In addition the Trust received consumables donated by DHSC of £2.389 million for clinical supplies and services (2020/21: £16.280 million) as part of the response to the Covid pandemic. £2.804 million of these consumables were issued during 2021/22, £0.032 million was written off, and the total of £2.836 million is shown within supplies and services clinical expenditure (2020/21: £15.215 million).

We have separately disclosed a loss of £1.044 million in 2020/21 within operating expenses in relation to the Flowers case corrective funding payments, as required by guidance issue by DHSC. This was previously included within Note 8. Employee benefits in 2020/21.

Note 6.2 Other auditor remuneration

The Trust did not incur any other audit costs.

Note 6.3 Limitation on auditor's liability

The limitation on auditor's liability for external audit work is £2 million (2020/21: £2 million).

Note 7 Impairment of assets

	2021/22	2020/21
	£000	£000
Net impairments / (reversal of impairments) charged to operating surplus / deficit resulting from:		
Changes in market price	(16,872)	(2,085)
Other	(339)	2,100
Total net impairments / (reversal of impairments) charged to operating surplus / deficit	**(17,211)**	**15**
Impairments charged to the revaluation reserve	1,080	-
Total net impairments / (reversal of impairments)	**(16,131)**	**15**

The reversal of impairments of £17.211 million relates to the impact of the full valuation of the Trusts land and building assets at 31 March 2022. The reversal of impairments is due to an increase in the valuation of assets, where there has been a previous reduction in value that has been charged to the SOCI. The increase in value of building assets is due to an increase in price indices and the location factor for Staffordshire shown in the latest valuation provided by the external valuer.

Buildings

The main impairment reversal is for £12.098 million and relates to the notional building asset that is used to derive our Modern Equivalent Asset (MEA valuation). We had previously charged an impairment to the SOCI of £12.098 million for this asset. Following the revaluation as at 31st March 2022 the value of this asset has increased by £13.369 million meaning that we have reversed the previous impairment charge in full, and created a revaluation reserve balance of £1.271 million. We have also reversed a £1.069 million prior year impairment relating to non-PFI buildings on the Royal Stoke site and a £2.069 million prior year impairment for PFI buildings.

Land

There is a £1.235 million part reversal of an impairment of £2.100 million made in 2020/21 related to the Trust's assessment of the fair value of the Royal Infirmary site at 31 March 2021 and set out in the critical judgement. The impairment reflects the assessment of the impact of £6.325 million demolition works carried out in 2020/21 in relation to the fair value of the land. As all demolition work has now been completed a reassessment of the fair value of the Royal Infirmary site has been carried out as at 31st March 2022. This is deemed to be higher than the carrying value therefore the impairment has been reversed up to the point that the carrying value matches the fair valuation provided on the balance sheet. There is also a reversal of a £0.680 million impairment previously charged on land at the Royal Stoke site which has increased in value following the full valuation as at the 31st March 2022.

Note 8 Employee benefits

	2021/22	2020/21 Restated
	Total	Total
	£000	£000
Salaries and wages	434,582	425,979
Social security costs	42,072	39,437
Apprenticeship levy	2,121	2,003
Employer's contributions to NHS pensions	72,812	69,317
Pension cost - other	121	108
Temporary staff (including agency)	18,478	17,295
Total gross staff costs	**570,186**	**554,139**
Recoveries in respect of seconded staff	-	-
Total staff costs	**570,186**	**554,139**
Of which		
Costs capitalised as part of assets	1,217	919

The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. For 2019/20 and 2020/21, NHS providers continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts and the value included above for this contribution is £22.270 million (2020:21: £21.071 million).

The employee benefit costs above include an annual leave accrual of £14.986 million (2020/21: £15.553 million). The Trust has a policy to require employees to take annual leave within the financial year, however due to the exceptional circumstances of the Covid pandemic and in line with guidance from NHS England and NHS Improvement employees have been allowed to carry forward annual leave in to 2022/23.

As detailed in note 6, the employee benefits costs above include £4.983 million identified as being costs associated with the Covid pandemic and reported to NHS England and NHS Improvement on a monthly basis.

We have separately disclosed a loss of £1.044 million in 2020/21 within Note 6.1. Operating Expenses in relation to the Flowers case corrective funding payments, as required by guidance issue by DHSC. This was previously included within Note 8. Employee benefits in 2020/21.

Note 8.1 Retirements due to ill-health

During 2021/22 there were 6 early retirements from the Trust agreed on the grounds of ill-health (5 in the year ended 31 March 2021). The estimated additional pension liabilities of these ill-health retirements is £329k (£283k in 2020/21).

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

Note 9 Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State 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 2022, is based on valuation data as 31 March 2021, updated to 31 March 2022 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

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

b) Full actuarial (funding) valuation

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

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

The 2016 funding valuation also tested the cost of the Scheme relative to the employer cost cap that was set following the 2012 valuation. There was initially a pause to the cost control element of the 2016 valuations, due to the uncertainty around member benefits caused by the discrimination ruling relating to the McCloud case.

HMT published valuation directions dated 7 October 2021 (see **Amending Directions 2021**) that set out the technical detail of how the costs of remedy are included in the 2016 valuation process. Following these directions, the scheme actuary has completed the cost control element of the 2016 valuation for the NHS Pension Scheme, which concludes no changes to benefits or member contributions are required. The 2016 valuation reports can be found on the NHS Pensions website at **https://www.nhsbsa.nhs.uk/nhs-pension-scheme-accounts-and-valuation-reports.**

b) Full actuarial (funding) valuation

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

Note 10 Operating leases

Note 10.1 University Hospitals of North Midlands NHS Trust as a 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.

	2021/22	2020/21
	£000	£000
Operating lease revenue		
Minimum lease receipts	787	913
Total	**787**	**913**

	31 March 2022	31 March 2021
	£000	£000
Future minimum lease receipts due:		
- not later than one year;	448	439
- later than one year and not later than five years;	981	981
- later than five years.	429	429
Total	**1,858**	**1,849**

Note 10.2 University Hospitals of North Midlands NHS Trust as a lessee

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

As part of the preparation for the implementation of IFRS 16 the Trust continues to examine items of expenditure that could be classed as leases. The operating lease disclosure note incorporates buildings (including some staff accommodation), equipment, vehicles and community room hire. The remaining terms of these leases vary significantly from a few months to several years. Where formal lease arrangements are not in place (e.g. for community rooms) an estimate has been made. All values included in the accounts are calculated on the remaining lease term at the current monthly lease payment.

	2021/22	2020/21
	£000	£000
Operating lease expense		
Minimum lease payments	1,725	1,077
Total	**1,725**	**1,077**

	31 March 2022	31 March 2021
	£000	£000
Future minimum lease payments due:		
- not later than one year;	1,721	1,743
- later than one year and not later than five years;	4,730	5,914
- later than five years.	-	910
Total	**6,452**	**8,567**
Future minimum sublease payments to be received	-	-

Of the future minimum lease payments totalling £6,452k (2020/21: £8,567k), £3,060k relate to lease payments for buildings (2020/21: £4,057k), and £3,391k relates to other leases (2020/21: £4,510k).

Note 11 Finance income

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

	2021/22	2020/21
	£000	£000
Interest on bank accounts	46	13
Other finance income	-	86
Total finance income	**46**	**99**

Note 12.1 Finance expenditure

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

	2021/22	2020/21
	£000	£000
Interest expense:		
Finance leases	217	91
Main finance costs on PFI scheme obligations	7,101	7,401
Contingent finance costs on PFI and scheme obligations	8,719	9,639
Total interest expense	**16,037**	**17,131**
Total finance costs	**16,037**	**17,131**

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

	2021/22	2020/21
	£000	£000
Total liability accruing in year under this legislation as a result of late payments	1	-

Note 13 Other gains / (losses)

	2021/22	2020/21
	£000	£000
Gains on disposal of assets	79	71
Total other gains / (losses)	**79**	**71**

Note 14 Intangible assets - 2021/22

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

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

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

For 2021/22 the Trust has assessed that there have not been any changes to the on-going benefit to the Trust of these assets and therefore there have been no revaluation or impairment entries.

Note 14.1 Intangible assets - 2020/21

	Software licences	Intangible assets under construction	Total
	£000	£000	£000
Valuation / gross cost at 1 April 2020 - as previously stated	**45,766**	**780**	**46,546**
Additions	2,604	1,316	**3,920**
Reclassifications	428	(179)	**249**
Valuation / gross cost at 31 March 2021	**48,798**	**1,917**	**50,715**
Amortisation at 1 April 2020 - as previously stated	**22,057**	**-**	**22,057**
Provided during the year	5,841	-	**5,841**
Amortisation at 31 March 2021	**27,898**	**-**	**27,898**
Net book value at 31 March 2021	**20,900**	**1,917**	**22,817**
Net book value at 1 April 2020	**23,709**	**780**	**24,489**

Note 15.1 Property, plant and equipment - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Valuation/gross cost at 1 April 2021 - brought forward	**23,835**	**437,722**	**2,155**	**5,957**	**138,002**	**701**	**20,580**	**9,115**	**638,067**
Additions	1,283	10,855	-	5,996	11,409	-	1,860	63	**31,466**
Impairments	-	(1,345)	-	-	(30)	-	-	-	**(1,375)**
Reversals of impairments	1,803	10,676	-	-	-	-	-	-	**12,479**
Revaluations	24	16,626	227	-	-	-	-	-	**16,877**
Reclassifications	(5,204)	1,431	-	(25)	1,575	-	1,869	-	**(354)**
Disposals / derecognition	-	-	-	-	(12,404)	-	(7,705)	(543)	**(20,652)**
Valuation/gross cost at 31 March 2022	**21,741**	**475,965**	**2,382**	**11,928**	**138,552**	**701**	**16,604**	**8,635**	**676,508**
Accumulated depreciation at 1 April 2021 - brought forward	**-**	**-**	**-**	**-**	**84,821**	**701**	**14,261**	**7,044**	**106,827**
Provided during the year	-	11,843	37	-	11,119	-	2,405	361	**25,765**
Impairments	-	(77)	-	-	-	-	-	-	**(77)**
Reversals of impairments	-	(4,950)	-	-	-	-	-	-	**(4,950)**
Revaluations	-	(6,815)	(37)	-	-	-	-	-	**(6,852)**
Reclassifications	-	(1)	-	-	-	-	-	-	**(1)**
Disposals / derecognition	-	-	-	-	(12,380)	-	(7,705)	(543)	**(20,628)**
Accumulated depreciation at 31 March 2022	**-**	**-**	**-**	**-**	**83,560**	**701**	**8,961**	**6,862**	**100,084**
Net book value at 31 March 2022	**21,741**	**475,965**	**2,382**	**11,928**	**54,992**	**-**	**7,643**	**1,773**	**576,424**
Net book value at 1 April 2021	**23,835**	**437,722**	**2,155**	**5,957**	**53,181**	**-**	**6,319**	**2,071**	**531,240**

Included within the land value of £21.741 million are the following items:

- £14.863 million part of the MEA single site and land at Sharman Close;
- £6.878 million: land at the Royal Infirmary site. The Trust has deemed the Royal Infirmary site should be accounted for as a surplus asset following an assessment under Para 4.108 of the GAM. In line with the GAM the land is valued on the basis of Fair value in accordance with IFRS 13 – highest and best use. The Trust's judgement is that demolition costs meets the definition of capital expenditure under IAS16 and that this expenditure should be added to the cost of the asset. At 31 March 2022 the Trust has reviewed the carrying value of the Royal Infirmary land and has assessed this to be £6.878 million, an increase of £2.553 million over the prior year. This is comprised of demolition costs of £1.429 million incurred during 2021/22, plus a £1.124 million part reversal of the impairment previously charged to SOCI.

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

Note 15.2 Property, plant and equipment - 2020/21

	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 2020	**14,260**	**417,538**	**2,093**	**3,390**	**129,885**	**701**	**19,207**	**8,982**	**596,056**
Additions	11,675	21,340	-	5,896	10,472	-	1,290	123	**50,796**
Impairments	(2,100)	(1,071)	-	-	-	-	-	-	**(3,171)**
Reversals of impairments	-	8,226	-	-	-	-	-	-	**8,226**
Revaluations	-	(10,268)	62	-	-	-	-	-	**(10,206)**
Reclassifications	-	1,957	-	(3,329)	1,030	-	83	10	**(249)**
Disposals / derecognition	-	-	-	-	(3,385)	-	-	-	**(3,385)**
Valuation/gross cost at 31 March 2021	**23,835**	**437,722**	**2,155**	**5,957**	**138,002**	**701**	**20,580**	**9,115**	**638,067**
Accumulated depreciation at 1 April 2020	**-**	**-**	**-**	**-**	**77,917**	**701**	**11,687**	**6,682**	**96,987**
Provided during the year	-	11,106	36	-	10,265	-	2,574	362	**24,343**
Impairments	-	(156)	-	-	-	-	-	-	**(156)**
Reversals of impairments	-	5,226	-	-	-	-	-	-	**5,226**
Revaluations	-	(16,176)	(36)	-	-	-	-	-	**(16,212)**
Disposals / derecognition	-	-	-	-	(3,361)	-	-	-	**(3,361)**
Accumulated depreciation at 31 March 2021	**-**	**-**	**-**	**-**	**84,821**	**701**	**14,261**	**7,044**	**106,827**
Net book value at 31 March 2021	**23,835**	**437,722**	**2,155**	**5,957**	**53,181**	**-**	**6,319**	**2,071**	**531,240**
Net book value at 1 April 2020	**14,260**	**417,538**	**2,093**	**3,390**	**51,968**	**-**	**7,520**	**2,300**	**499,069**

Note 15.3 Property, plant and equipment financing - 2021/22

	Land	Buildings excluding dwellings	Dwellings	Assets under construction	Plant & machinery	Transport equipment	Information technology	Furniture & fittings	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Net book value at 31 March 2022									
Owned - purchased	21,741	239,893	-	10,591	40,077	-	6,363	1,737	**320,402**
Finance leased	-	-	2,382	637	508	-	11	-	**3,538**
On-SoFP PFI contracts and other service concession arrangements	-	232,681	-	-	7,410	-	773	-	**240,864**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	3,391	-	700	6,997	-	496	36	**11,620**
NBV total at 31 March 2022	**21,741**	**475,965**	**2,382**	**11,928**	**54,992**	**-**	**7,643**	**1,773**	**576,424**

Note 15.4 Property, plant and equipment financing - 2020/21

	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
Net book value at 31 March 2021									
Owned - purchased	23,835	216,047	-	5,816	37,447	-	4,585	2,037	**289,767**
Finance leased	-	-	2,155	-	730	-	-	-	**2,885**
On-SoFP PFI contracts and other service concession arrangements	-	218,573	-	-	9,687	-	1,157	-	**229,417**
Off-SoFP PFI residual interests	-	-	-	-	-	-	-	-	**-**
Owned - donated/granted	-	3,102	-	141	5,317	-	577	34	**9,171**
NBV total at 31 March 2021	**23,835**	**437,722**	**2,155**	**5,957**	**53,181**	**-**	**6,319**	**2,071**	**531,240**

Note 16 Donations of property, plant and equipment

The UHNM Charity donated £2.508 million to the Trust in 2021/22 (2020/21: £2.455 million) in respect of assets acquired in the financial year. The Trust has also acquired £1.180 million (2020/21: £0.602 million) in respect of Government Granted assets.

In 2021/22 the Trust received no donated equipment from DHSC as part of the COVID response (2020/21: £1.206 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 information at 31 March 2022 was carried out by a qualified independent from the District Valuation Service.

As set out in the accounting policies the Department of Health has adopted the Modern Equivalent Asset (MEA) approach for its 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.

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 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 DVS, 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. A full valuation has been undertaken as at 31st March 2022.

The value of land, buildings and dwelling assets provided by the valuer at 31 March 2022 was £492.791 million and is reflected in note 15.1. We also incorporate valuations of the Royal Infirmary site (£6.878 million); Grindley Hill (£5.350 million); Wilfred Place (£0.320 million) and the Creche (£0.098 million), which are not valued by our valuer, to give a total PPE value of £505.437 million. This reflects an increase of £39.722 million from the previous desk top valuation at 31 March 2021. The increase in valuation reflects an increase in the location factor applied relating to the Staffordshire area and a small increase in the building price indices.

Further information is provided in Note 7 to explain the £17.211 million reversal of prior impairments resulting from the increase in the valuation.

The Trusts opening valuation for 2021 was carried out with a valuation date of 31st March 2021. The Trust's management intended for this to be a full valuation however due to the impact of COVID-19 a full valuation was not possible and the Trust instructed its valuers to undertake a desktop valuation instead. The Trust's independent valuer reported at the time that the valuation provided for 2020/21 was not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

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

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

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

The Trust leases two buildings which are used for medical education to Keele University. The following values within the property, plant and equipment and expense disclosures relate to these buildings:

	2021/22 £000	**2020/21 £000**
Gross carrying amount	**15,747**	**15,549**
Additions	104	298
Depreciation in period	(502)	(484)
Revaluation	1,130	384
Net Book Value	**16,479**	**15,747**

Note 18 Inventories

	31 March 2022	31 March 2021
	£000	£000
Drugs	4,758	4,396
Consumables	11,339	10,479
Energy	245	144
Total inventories	**16,342**	**15,019**

Inventories recognised in expenses for the year were £204.452 million (2020/21: £173.141 million). Write-down of inventories recognised as expenses for the year were £0.608 million (2020/21: £0.828 million).

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 2021/22 the Trust received £2.389 million of items purchased by DHSC (2020/21: £16.280 million).

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

The Trust is satisfied that it's inventory balance of £16.342 million is presented fairly in all material respects. The Trust has an inventory policy that sets out the required frequency of inventory counts along with the procedure for carrying out a inventory counts and the documentation to be completed, including sign off of the inventory count. At 31 March 2022 the Trust has been able to carry out all required inventory counts and the auditors were able to attend relevant inventory counts to complete the procedures in line with auditing standards.

Note 19.1 Receivables

	31 March 2022 £000	31 March 2021 £000
Current		
Contract receivables	28,916	37,409
Allowance for impaired contract receivables / assets	(4,385)	(3,437)
Prepayments (non-PFI)	10,953	9,248
PFI lifecycle prepayments	2,295	-
PDC dividend receivable	-	1,036
VAT receivable	3,520	3,154
Total current receivables	**41,299**	**47,410**
Non-current		
Other receivables	1,448	452
Total non-current receivables	**1,448**	**452**
Of which receivable from NHS and DHSC group bodies:		
Current	12,160	24,470
Non-current	1,444	452

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

Note 19.2 Allowances for credit losses

	2021/22	2020/21
	Contract receivables and contract assets	Contract receivables and contract assets
	£000	£000
Allowances as at 1 April - brought forward	**3,437**	**2,620**
New allowances arising	2,486	629
Changes in existing allowances	115	524
Reversals of allowances	(1,653)	(333)
Utilisation of allowances (write offs)	-	(3)
Allowances as at 31 Mar 2022	**4,385**	**3,437**

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 23.76% (22.43% in 2020/21). 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 19.3 Exposure to credit risk

Because the majority of the Trust’s revenue comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposure as at 31 March 2022 are in receivables from customers, as disclosed in the trade and other receivables note.

Note 20.1 Cash and cash equivalents movements

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

	2021/22	2020/21
	£000	£000
At 1 April	**55,783**	**26,743**
Net change in year	31,813	29,040
At 31 March	**87,596**	**55,783**
Broken down into:		
Cash at commercial banks and in hand	7	6
Cash with the Government Banking Service	87,589	55,777
Total cash and cash equivalents as in SoFP	**87,596**	**55,783**
Total cash and cash equivalents as in SoCF	**87,596**	**55,783**

Note 20.2 Third party assets held by the Trust

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

	31 March 2022	31 March 2021
	£000	£000
Bank balances	10	10
Total third party assets	**10**	**10**

Note 21.1 Trade and other payables

	31 March 2022 £000	31 March 2021 £000
Current		
Trade payables	6,962	1,636
Capital payables	12,849	12,672
Accruals	63,274	55,457
Social security costs	12,578	11,737
PDC dividend payable	175	-
Other payables	6,991	9,146
Total current trade and other payables	**102,829**	**90,648**

The total for accruals above include an annual leave accrual of £14.986 million (2020/21: £15.553 million). The Trust has a policy to require employees to take annual leave within the financial year, however due to the exceptional circumstances of the Covid pandemic and in line with guidance from NHS England and NHS Improvement employees have been allowed to carry forward annual leave in to 2022/23.

Included within other payables is £6.991 million (2020/21: £6.946 million) in relation to outstanding pension contributions at the year end.

Of which payables from NHS and DHSC group bodies:		
Current	3,520	3,139

Note 22 Other liabilities

	31 March 2022 £000	31 March 2021 £000
Current		
Deferred income: contract liabilities	13,450	7,828
Total other current liabilities	**13,450**	**7,828**

Note 23.1 Borrowings

	31 March 2022 £000	31 March 2021 £000
Current		
Obligations under finance leases	571	623
Obligations under PFI service concession contracts	10,149	7,681
Total current borrowings	**10,720**	**8,340**
Non-current		
Obligations under finance leases	2,013	1,831
Obligations under PFI service concession contracts	255,765	266,717
Total non-current borrowings	**257,778**	**268,548**

Note 23.2 Reconciliation of liabilities arising from financing activities - 2021/22

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2021	**-**	**36**	**2,454**	**274,398**	**276,888**
Cash movements:					
Financing cash flows - payments and receipts of principal	-	(36)	(621)	(8,484)	**(9,141)**
Financing cash flows - payments of interest	-	-	(75)	(7,101)	**(7,176)**
Non-cash movements:					
Additions	-	-	751	-	**751**
Application of effective interest rate	-	-	75	7,101	**7,176**
Carrying value at 31 March 2022	**-**	**-**	**2,584**	**265,914**	**268,498**

Note 23.3 Reconciliation of liabilities arising from financing activities - 2020/21

	Loans from DHSC	Other loans	Finance leases	PFI and LIFT schemes	Total
	£000	£000	£000	£000	£000
Carrying value at 1 April 2020	**197,409**	**52**	**1,904**	**285,225**	**484,590**
Cash movements:					
Financing cash flows - payments and receipts of principal	(196,093)	(16)	(555)	(10,843)	**(207,507)**
Financing cash flows - payments of interest	(1,316)	-	(91)	(7,401)	**(8,808)**
Non-cash movements:					
Additions	-	-	1,105	-	**1,105**
Application of effective interest rate	-	-	91	7,401	**7,492**
Other changes	-	-	-	16	**16**
Carrying value at 31 March 2021	**-**	**36**	**2,454**	**274,398**	**276,888**

The Trust no longer has any loans from the DHSC. On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSEI) announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 were extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. For UHNM this resulted in the repayment of loans and issue of Public Dividend Capital of £196.053 million.

Note 24 Finance leases

Note 24.1 University Hospitals of North Midlands NHS Trust as a lessor

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

Note 24.2 University Hospitals of North Midlands NHS Trust as a lessee

Obligations under finance leases where the Trust is the lessee.

	31 March 2022 £000	31 March 2021 £000
Gross lease liabilities	**2,712**	**2,639**
of which liabilities are due:		
- not later than one year;	618	696
- later than one year and not later than five years;	1,582	1,322
- later than five years.	512	621
Finance charges allocated to future periods	(128)	(185)
Net lease liabilities	**2,584**	**2,454**
of which payable:		
- not later than one year;	571	623
- later than one year and not later than five years;	1,514	1,230
- later than five years.	499	601

The lease liability in the Trust's Statement of Financial Position is £2.584 million split between £0.561 million due in less than one year and £2.023 million due in more than one year.

The Trust has a finance lease for one building. The final repayment will be made in 2025.

In relation to property the liability represents the sum of the rental payments due in respect of the property (£0.674 million) less the element deemed to be interest (£0.043 million) which is recognised as an expense in the year that the payment is made.

The Trust has finance leases for pathology equipment and printers. The final repayments will be made in 2022.

In relation to these leases the liability represents the sum of the rental payments due in respect of the equipment (£2.038 million) less the element deemed to be interest (£0.085 million) which is recognised as an expense in the year that the payment is made.

Note 25.1 Provisions for liabilities and charges analysis

	Pensions: early departure costs	Pensions: injury benefits	Legal claims	Equal Pay (including Agenda for Change)	Redundancy	Lease dilapidations	Clinicians' pension reimbursement	Other	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2021	**252**	**509**	**500**	**835**	**858**	**980**	**452**	**1,436**	**5,822**
Arising during the year	50	739	282	-	-	-	992	-	**2,063**
Utilised during the year	(35)	(62)	(39)	-	(103)	-	-	-	**(238)**
Reversed unused	-	-	(287)	-	(756)	(225)	-	-	**(1,268)**
At 31 March 2022	**266**	**1,186**	**457**	**835**	**(0)**	**755**	**1,444**	**1,436**	**6,379**
Expected timing of cash flows:									
- not later than one year;	35	62	457	835	-	755	-	370	**2,513**
- later than one year and not later than five years;	231	1,124	-	-	-	-	1,444	1,066	**3,865**
Total	**266**	**1,186**	**457**	**835**	**(0)**	**755**	**1,444**	**1,436**	**6,379**

The Trust has provided £1.452 million (2020/21: £0.761 million) in respect of post employment pension obligations for twenty two former employees. The Trust has reassessed these provisions during 2021/22 and updated the assumptions around the calculation of the provision in line with up to date life expectancy tables. This has led to the significant increase in the year.

The Trust has provided £0.457 million (2020/21: £0.500 million) in respect of legal cases. Of this £0.254 million relates to current employment legal cases and £0.203 million relates to the insurance excess on public and employer liability cases being administered by the NHS Litigation Authority. In all cases the timing and the value of the payments are uncertain and the Trust has provided based on the advice provided by legal advisors and the NHS Litigation Authority.

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

The Trust has provided £2.271 million (2020/21: £3.307 million) in respect of additional costs in relation to income, pay and operating costs where the Trust has deemed there to be a risk and a qualifying providing event which is likely to result in the Trust incurring future cash outflows as a result of past events. These are classified under Equal Pay and Other.

Note 25.2 Clinical negligence liabilities

At 31 March 2022, £462,080k was included in provisions of NHS Resolution in respect of clinical negligence liabilities of University Hospitals of North Midlands NHS Trust (31 March 2021: £338,118k).

Note 26 Contingent assets and liabilities

	31 March 2022 £000	31 March 2021 £000
Value of contingent liabilities		
Other	(77)	(67)
Gross value of contingent liabilities	**(77)**	**(67)**
Amounts recoverable against liabilities	-	-
Net value of contingent liabilities	**(77)**	**(67)**

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

Note 27 Contractual capital commitments

	31 March 2022 £000	31 March 2021 £000
Property, plant and equipment	5,817	1,962
Intangible assets	72	62
Total	**5,889**	**2,024**

The property, plant and equipment capital commitments relate to several schemes including £4.560 million in relation to a 10-year contract for the fleet replacement of monitors throughout the Trust; ongoing estates schemes for development of the Lower Trent building (£0.335 million); the pharmacy dispensary area (£0.338m); and the Project Star car park development (£0.248 million).

Note 28 On-SoFP PFI service concession arrangements

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

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

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

Note 28.1 On-SoFP PFI l service concession arrangement obligations

The following obligations in respect of the PFI service concession arrangements are recognised in the statement of financial position:

	31 March 2022	31 March 2021
	£000	£000
Gross PFI service concession liabilities	**354,421**	**370,006**
Of which liabilities are due		
- not later than one year;	16,214	14,782
- later than one year and not later than five years;	63,702	64,149
- later than five years.	274,505	291,075
Finance charges allocated to future periods	(88,507)	(95,608)
Net PFI service concession arrangement obligation	**265,914**	**274,398**
- not later than one year;	10,149	7,681
- later than one year and not later than five years;	38,038	38,285
- later than five years.	217,727	228,432

Note 28.2 Total on-SoFP PFI service concession arrangement commitments

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

	31 March 2022	31 March 2021
	£000	£000
Total future payments committed in respect of the PFI service concession arrangements	**1,989,950**	**2,047,525**
Of which payments are due:		
- not later than one year;	67,037	65,159
- later than one year and not later than five years;	285,331	277,377
- later than five years.	1,637,582	1,704,989

Of the total future commitments £123.374 million (2020/21: £129.388 million) are in relation to the lifecycle and equipment elements of PFI schemes.

The future obligations discloses the total payments the Trust is committed to paying in respect of the on SOFP PFI, the future payments are inflated at the inflation rate included within the operators model. The actual payments may change as they are based on actual inflation.

The future obligations disclosed are based on the judgement that a number of change orders where the operator provides additional equipment are likely to be required for the duration of the contract, however the Trust is only contractually committed for the specific period of each change order (generally 4 years).

Note 28.3 Analysis of amounts payable to service concession operator

This note provides an analysis of the unitary payments made to the service concession operator:

	2021/22	2020/21
	£000	£000
Unitary payment payable to service concession operator	**65,923**	**69,217**
Consisting of:		
- Interest charge	7,101	7,401
- Repayment of balance sheet obligation	8,485	10,843
- Service element and other charges to operating expenditure	36,827	39,418
- Capital lifecycle maintenance	2,496	1,916
- Revenue lifecycle maintenance	-	-
- Contingent rent	8,719	9,639
- Addition to lifecycle prepayment	2,295	-
Total amount paid to service concession operator	**65,923**	**69,217**

Note 29 Financial instruments

Note 29.1 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 CCGs and the way those CCGs 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 2022 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 CCGs, 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 29.2 Carrying values of financial assets

Carrying values of financial assets as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	25,979	**25,979**
Cash and cash equivalents	87,596	**87,596**
Total at 31 March 2022	**113,575**	**113,575**

Carrying values of financial assets as at 31 March 2021	Held at amortised cost	Total book value
	£000	£000
Trade and other receivables excluding non financial assets	33,972	**33,972**
Cash and cash equivalents	55,783	**55,783**
Total at 31 March 2021	**89,755**	**89,755**

The carrying value for financial assets in the table above are judged to be a reasonable approximation of the fair value.

Note 29.3 Carrying values of financial liabilities

Carrying values of financial liabilities as at 31 March 2022	Held at amortised cost	Total book value
	£000	£000
Obligations under finance leases	2,584	**2,584**
Obligations under PFI service concession contracts	265,914	**265,914**
Trade and other payables excluding non financial liabilities	71,561	**71,561**
Total at 31 March 2022	**340,059**	**340,059**

Carrying values of financial liabilities as at 31 March 2021	Held at amortised cost Restated	Total book value Restated
	£000	£000
Obligations under finance leases	2,454	**2,454**
Obligations under PFI service concession contracts	274,398	**274,398**
Other borrowings	36	**36**
Trade and other payables excluding non financial liabilities	56,275	**56,275**
Total at 31 March 2021	**333,163**	**333,163**

The carrying value for financial liabilities in the table above are judged to be a reasonable approximation of the fair value.

Note 29.4 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 2022 £000	31 March 2021 £000
In one year or less	88,393	71,789
In more than one year but not more than five years	65,284	65,471
In more than five years	275,017	291,696
Total	**428,694**	**428,956**

Note 29.5 Fair values of financial assets and liabilities

IFRS 7 requires the Trust to disclose the fair value of financial liabilities. The PFI scheme is a non-current Financial Liability where the fair value is likely to differ from the carrying value. The Trust has used the discount rate of 1.90% (2020/21: 3.70%) provided within the GAM in order to calculate the fair value of the liability. Based on the discount rate included in the GAM which it stipulates to be used in the calculation, the fair value of the liability would be £268.415 million (£272.166k in 2020/21).

Note 30 Losses and special payments

	2021/22		2020/21	
	Total number of cases Number	Total value of cases £000	Total number of cases Number	Total value of cases £000
Losses				
Stores losses and damage to property	5	609	3	592
Total losses	**5**	**609**	**3**	**592**
Special payments				
Ex-gratia payments	45	21	31	1,060
Total special payments	**45**	**21**	**31**	**1,060**
Total losses and special payments	**50**	**630**	**34**	**1,652**

Note 31 Related parties

The Trust makes the disclosures below to demonstrate the impact on its financial position and profit or loss by the transactions and outstanding balances with related parties.

UHNM Charity

We are required to disclose the UHNM Charity as a related party under IAS 24 (payments, receipts, income and expenditure).

The Trust received revenue and capital payments from the UHNM Charity during 2021/22, and all of the Trustees are also members of the Trust board. In 2021/22 the total amount received from the UHNM Charity was £3.688 million (2020/21: £2.888 million). At the end of the year £2.096 million (2020/21: £0.547 million) was outstanding and is included within trade and other receivables. The income received relates mainly to the purchase by the UHNM Charity of equipment that enhances the service provided by the Trust. For practical purposes these purchases are administered via the Trust's established ordering and payment procedures with the UHNM Charity reimbursing the cost to the Trust. The charitable and other contributions to revenue expenditure income disclosed in Note 4 relates to services provided by the Trust to the UHNM charity, i.e. the running of the Appeals Dept.

Department of Health and Social Care (DHSC)

The Department of Health and Social Care (DHSC) is regarded as a related party as it is our governing body. During the year the Trust has had a significant number of material transactions with the DHSC and with other entities for which the DHSC is also regarded as the governing body - including NHS England; other NHS Trusts; NHS Foundation Trusts; and Clinical Commissioning Groups (CCGs).

Collectively significant DHSC transactions

The Trust received total NHS income of £927.940 million in 2021/22.

The majority of this income was received from CCGs (£866.428 million); Health Education England (£27.308 million); NHS Foundation Trusts (£23.220 million) and NHS Trusts (£10.180 million).

Individually significant DHSC transactions

Individually significant transactions took place between the Trust and the following organisations for which the DHSC is also the governing body:

NHS Stafford and Surrounds CCG	£209.335 million income
NHS Stoke on Trent CCG	£187.731 million income
NHS North Staffordshire CCG	£122.510 million income
Health Education England	£27.350 million income
NHS Resolution	£25.227 million expenditure
NHS Cannock Chase CCG	£22.380 million income
NHS Cheshire CCG	£20.548 million income
Mid Cheshire Hospitals NHS Foundation Trust	£14.794 million income

Other government departments

In addition, the Trust has had a number of material transactions with other government departments and other central and local government bodies. The majority of these transactions have been with HM Revenue and Customs (£44.193 million expenditure); and the NHS Pension scheme (£72.812 million expenditure).

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:

	2021/22			
Related party	**Payments to Related Party**	**Receipts from Related Party**	**Payables**	**Receivables**
Name	**£'000**	**£'000**	**£'000**	**£'000**
Crown Commercial Service - Cabinet Office	14	-	-	-
Human Tissue Authority	24	-	-	-
The Dudley Group NHS Foundation Trust	16	84	-	9
Keele University	1,241	982	17	307
Haywood Rheumatism Research & Development Foundation	-	5	-	-
University of Birmingham	82	-	-	-

	2020/21			
Related party	**Payments to Related Party**	**Receipts from Related Party**	**Payables**	**Receivables**
Name	**£'000**	**£'000**	**£'000**	**£'000**
Human Tissue Authority	24	-	-	-
The Dudley Group NHS Foundation Trust	-	75	-	3
HM Coroners Of South Staffordshire	-	12	-	3
Haywood Rheumatism Research & Development Foundation	-	18	-	-
Keele University	1,883	9	23	192
Wi-Fi Spark	54	-	-	-

Note 32 Transfers by absorption

The Trust has not identified any transfers that require disclosure.

Note 33 Prior period adjustments

The Trust has not identified any prior period adjustments that require disclosure.

Note 34 Events after the reporting date

The Trust has not identified any major events that require disclosure.

Note 36 Better Payment Practice code

	2021/22	2021/22	2020/21	2020/21
Non-NHS Payables	**Number**	**£000**	**Number**	**£000**
Total non-NHS trade invoices paid in the year	118,791	520,493	111,177	469,641
Total non-NHS trade invoices paid within target	113,479	497,973	105,546	455,532
Percentage of non-NHS trade invoices paid within target	95.5%	95.7%	94.9%	97.0%
NHS Payables				
Total NHS trade invoices paid in the year	2,696	21,935	2,876	26,901
Total NHS trade invoices paid within target	2,355	18,379	2,552	23,071
Percentage of NHS trade invoices paid within target	87.4%	83.8%	88.7%	85.8%

The Better Payment Practice code requires the NHS body to aim to pay all valid invoices by the due date or within 30 days of receipt of valid invoice, whichever is later.

Note 37 External financing limit

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

	2021/22	2020/21
	£000	**£000**
Cash flow financing	(30,644)	(8,339)
External financing requirement	**(30,644)**	**(8,339)**
External financing limit (EFL)	(30,644)	33,789
Under / (over) spend against EFL	**0**	**42,128**

Note 38 Capital Resource Limit

	2021/22	2020/21
	£000	**£000**
Gross capital expenditure	35,215	54,716
Less: Disposals	(24)	(24)
Less: Donated and granted capital additions	(3,688)	(4,263)
Charge against Capital Resource Limit	**31,503**	**50,429**
Capital Resource Limit	35,544	50,826
Under spend against CRL	**4,041**	**397**

Note 39 Breakeven duty financial performance

	2021/22
	£000
Adjusted financial performance surplus	9,126
Breakeven duty financial performance surplus	**9,126**

Note 40 Breakeven duty rolling assessment

	1997/98 to 2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance		5,312	4,141	1,050	235	(19,301)	3,782
Breakeven duty cumulative position	(7,625)	(2,313)	1,828	2,878	3,113	(16,188)	(12,406)
Operating income		408,938	418,078	426,319	473,558	475,330	623,835
Cumulative breakeven position as a percentage of operating income		(0.6%)	0.4%	0.7%	0.7%	(3.4%)	(2.0%)

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	£000	£000	£000	£000	£000	£000	£000
Breakeven duty in-year financial performance	(26,936)	(27,773)	(69,717)	(63,607)	5,231	7,085	9,126
Breakeven duty cumulative position	(39,342)	(67,115)	(136,832)	(200,439)	(195,208)	(188,123)	(178,997)
Operating income	702,917	739,279	696,630	713,838	840,636	915,076	980,348
Cumulative breakeven position as a percentage of operating income	(5.6%)	(9.1%)	(19.6%)	(28.1%)	(23.2%)	(20.6%)	(18.3%)

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 will be made for 2021/22 as the Trust remains in deficit on a cumulative basis.

2021/22 Financial Performance

The Trust has achieved a surplus of £9.126 million for 2021/22 (2020/21: £7.085 million) against a planned surplus of £5.147 million.

As a result of the changed funding arrangements the requirement to deliver cost improvements was significantly reduced with a total requirement of £4.76m for 2021/22 which was delivered in full. Under the temporary funding arrangements for the NHS the Trust was required to submit a plan for the first 6 months of the year ("H1"); this plan was for an £8.256 million surplus driven by additional income earned under the Elective Recovery Fund; an actual surplus of £13.691 million was delivered for H1. The Trust was allowed to carry forward this surplus into the second half of the year ("H2") and set a deficit plan of £13.691 million for H2 delivering a breakeven plan for the year which was subsequently amended to a £5.147 million surplus reflecting income earned under the revised ERF for H2. The planned surplus of £5.147 million for 2021/22 continues to demonstrate that substantial progress has been made to stabilise our position and to develop a new culture of financial rigour and operational efficiency, through strengthened financial controls. It is important that we recognise that we are part of a wider system with a recurrent deficit of £133 million for 22/23 with further work to be done to ensure that we can deliver safe and high quality services within an affordable financial framework.

Although a surplus has been achieved in the last three years, due to previous years deficits we breached the requirement under section 30 of the Local Audit and Accountability Act 2014 to achieve break-even taking one year against another over a three year rolling period. As such, our External Auditors made a referral to the Secretary of State for Health in May 2017 which remains in place in 2021/22. This referral was made under Section 30 of the 2014 Act.

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

2020/21 Financial Performance

The Trust's financial performance in 2020/21 was a £7.085 million surplus. For the first 4 months of 2020/21 temporary funding arrangements were introduced to ensure that Trusts had sufficient income and cash to maintain their services. These arrangements consisted of a block payment on account based on the average expenditure run rate for M8-10 in 2019/20 uplifted for inflation plus a retrospective top up to ensure that the Trust achieved a breakeven position each month; these arrangements were extended for a further 2 months. Under these arrangements the Trust received a total of £25.394 million of retrospective top up funding for the first 6 months of the year and reported a breakeven position.

For the second 6 months of the year the block payments continued but the top up payments were fixed with the Trust receiving £20.296 million for the second 6 months of the year. The Trust's plan for the second 6 months of the year was to deliver a deficit of £2.200 million including the receipt of £12.400 million of deficit support funding (£4.950 million from DHSC and £7.450 million from CCGs). The actual surplus achieved was mainly as a result of central funding being made available for the increase in the Annual Leave accrual, the impact of the Flowers Case and to compensate the Trust for reduction in Other income.

2019/20 Financial Performance

The Trust's financial performance in 2019/20 was a £5.231 million surplus. This includes £32.0 million of funding through the Provider Sustainability Fund (PSF), Financial Recovery Fund (FRF) and the Marginal Rate Emergency Tariff (MRET), which was available as the Trust signed up to its control total.