NHS
Sheffield Teaching Hospitals
NHS Foundation Trust

# Annual Report and Accounts 2022-23

**PROUD** TO MAKE A DIFFERENCE

# Sheffield Teaching Hospitals NHS Foundation Trust

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Presented to Parliament pursuant to Schedule 7,
paragraph 25 (4) (a) of the National Health Service Act 2006

## Annual Report 2022-23 - Contents

# Chair's Introduction

After three tumultuous years managing the impact of the Covid-19 pandemic and then responding to two Care Quality Commission (CQC) inspections, 2022/23 has been a year of recovery and improvement.

Like the rest of the NHS, we have seen increased demand for both our emergency and planned services, regular peaks of Covid-19 and of course more latterly industrial action disruption. Despite these ongoing challenges, our focus has remained steadfast on delivering the care patients need now but also catching up the operations, treatments and appointments which had to be paused during the pandemic.

Our staff have worked tirelessly and have delivered a staggering 2.2 million episodes of care from our hospitals and community services. We launched our Getting Back on Track programme in 2022 and whilst we still have more to do to, we have made considerable progress on both the backlog of care and improvements required following both CQC inspections.

The CQC required significant improvements to be made in some of our services following publication of its inspection report in April 2022. They re-inspected in September 2022 and the findings, described in more detail within the performance overview section of this report, were published in December. The improvements they found meant that none of the Trust's services are now rated as Inadequate across the five inspection domains – Safe, Effective, Caring, Responsive and Well-led. The inspectors commented on the pace and quality of improvements which had been made and the Trust's overall rating for the Caring and Effective domains both increased to Good. We are by no way complacent and improvement work will continue as a priority to return all services back to a Good rating or better. Overall, the Trust is rated as Requires Improvement but with many services now rated as Good or Outstanding.

A concern for us and the CQC was our maternity service which as a result has been a particular focus of attention throughout the year. I am pleased to report that the service is in a very different place today compared to 18 months ago thanks to successful recruitment of a number of new midwives, improved triage processes and an overhaul of training.  Most importantly, feedback from parents and the Maternity Voices Partnership has been extremely positive in response to the changes that have been made.

We also know that our patients want to be seen quickly in our Accident and Emergency (A&E) Department if they need urgent care, that they don't want to wait a long time for an outpatient appointment, a scan or surgery, and that they want to be discharged quickly and safely when they are an inpatient. These have all remained priorities for us throughout the year, with investment in additional staff and capacity

as well as looking at how we can do things differently to speed up or enhance the care we provide.

For example, we opened a new Same Day Emergency Care Assessment Unit to enable appropriate patients to be seen, diagnosed and treated or discharged without needing to come through our A&E department. This has provided a better patient experience and reduced some demand on the A&E department. The increase in emergency demand has hit all NHS hospitals and ambulance services. This has made our work with Yorkshire Ambulance Service even more important so that we can manage patient handover and waiting times in a safe and appropriate way.

We began building a new multi-million-pound elective Orthopaedic Centre at the Royal Hallamshire Hospital which will play an important part in our recovery of the orthopaedic operations paused due to the pandemic. The Centre opened in Spring 2023 and is a self-contained unit where patients can be admitted, have their surgery, recover, and be discharged all from one purpose-built area.

STH Connect2024 was launched in 2023 and is our ambitious transformation programme that includes a new Electronic Patient Record (EPR) system. The current Electronic Patient Record system contract expires in late 2024 and so we have spent the last three years listening to our staff and determining our future needs post-pandemic so that we could procure a new EPR system which will support the continued delivery of efficient, high quality patient care. Preparatory work is now underway to support a go-live in 2024. This is one of the biggest investments by the Trust in over 20 years and it is one of the most important. You can read more about this later in this report.

Amid the challenge and change, there is one thing which has remained constant which is the brilliance of our staff. The past few years have been incredibly tough, draining emotionally and physically. We know the extraordinary lengths to which our colleagues have gone, to help those most in need. We are so enormously proud of everything they have achieved, and as they continue to look after our patients, we will do everything possible to look after them. Our People Strategy comes to an end in 2023 and so throughout the year we have been listening to staff to understand what they feel our priorities should be to support them moving forward. We plan to launch our new strategy in June 2023.

The rising cost of living and its impact on both our staff and communities has been a big worry and so we quickly launched a number of things to try and help, including Inflation Buster meals. Staff can buy a breakfast or lunch meal for between £1 and £1.50. This has been incredibly successful and ensured staff and their families have been able to have at least one hot meal a day at an affordable price. We also implemented Wagestream which provides financial advice and an opportunity to have an advance on salary for unexpected costs.

We are very fortunate to have the support of our amazing charities who have continued to have a particular focus on staff health and well-being. Last year, thanks to generous public donations we were able to expand the number of staff calm rooms across the Trust and work began on a new secret garden at the Northern General which will be an oasis of calm for staff, patients and visitors when it opens later in 2023.

We were delighted to see some of our ongoing work on equality, diversity and inclusion recognised. We were given a Stonewall gold award to recognise our commitment to support LGBTQ+ staff and patients. We were praised for our work to create a workplace where LGBTQ+ colleagues can bring their full selves to work. We also ran our second cohort of Reverse Mentoring programmes and launched our first Race Equality Charter. Finally, we were delighted to launch our PROUD behaviours framework to support our PROUD values. More details about all this work can be found later in the report.

We have always had a good financial track record and part of the Getting Back on Track programme is looking at how we make best use of our resources to provide high quality services for our patients. Taxes paid by members of the public goes towards financing the NHS and it is our responsibility to make sure we get the very best value.

With Covid-19 research no longer a national urgent public health priority, we have been able to resume clinical trials across a wide range of disease areas. Working with the City's universities we have led a world-first trial which is comparing the use of stem cell transplant against the latest, most highly effective disease modifying therapies in patients with 'aggressive' multiple sclerosis. The StarMS trial could see stem cell transplant offered as a first-line therapy to patients with the relapsing-remitting form of the disease, instead of only when other treatments have failed.

We were also awarded £12 million to expand the work of the National Institute for Health and Care Research (NIHR) Sheffield Biomedical Research Centre (BRC). Nearly 3,000 patients with devastating neurological conditions have accessed novel, innovative treatments since the BRC was first established in 2017. The new funding will allow scientists and clinicians to expand the Centre's pioneering research portfolio into areas such as infection, immune disorders and cardiovascular diseases, in addition to neurology research.

With national shortages of healthcare professionals in many areas, innovation in education and training has been a top priority. For example, we launched our first apprenticeship programme for midwives and welcomed our first cohort of staff to start degree-level registered nurse apprenticeships.

Our commitment to helping the NHS achieve carbon net zero in response to the growing threat to health posed by climate change saw us set out our Sustainability Plan last year and we have made good progress to date in reducing gas emissions

and energy usage. For example, we have installed a water softening plant in our laundry, fitted solar panels and LED bulbs across the Trust and are installing electric car charging points for staff, patients and visitors to use.

This is just a snapshot of some of the work which has taken place to rebuild our services and return to the previous good performance we had on waiting times and other key national standards. I do hope you will take the time to read more about the achievements and aspirations later in the report.

Three years on from the start of the pandemic, our organisation feels very different. We have learnt about the increasing benefits of working in partnership across organisations, both within the NHS and further afield. As a partner in the Sheffield Accountable Care Partnership and South Yorkshire and Bassetlaw Integrated Care System we can make a real difference moving forward, and the past year has already shown what the power of working collectively can achieve. We have learnt about reimagining and reinventing many of our services and how we deliver them. And we value even more how important we all are to each other – no matter what our role, or in which department we work.

In summary, the sheer hard work and support from TeamSTH has been incredible. We have got the show back on the road for the tens of thousands of patients who have been waiting for their care longer than any of us would have wanted. And, whilst there is a long way to go, we have made huge progress and are committed to do even better.

A fundamental part of TeamSTH is our army of incredible volunteers, who have taken on new challenges without question, including supporting the Covid-19 mass vaccination programme. We were delighted that they were given The Queen's Award for Voluntary Services during the year which is a fitting tribute to their ongoing dedication and hard work.

I would also like to acknowledge the unfaltering support of our Governors and my fellow Board members. I thank them all for their dedication and support during another unprecedented year for the NHS and for our own organisation.

Annette Laban
Chair

# Performance Report

## Overview of performance

This section provides an overview of the Trust, its purpose, key risks to the achievement of its objectives and how it has performed during the year.

## Annual performance statement from the Chief Executive

Getting back on Track was the focus of 2022/23, but it was not without significant challenge. We continued to manage several peaks in Covid-19 cases and we also saw the return of a more virulent flu season. We have now cared for almost 14,000 inpatients with Covid-19.

Demand for both emergency and elective care remained high and our work to catch up with the backlog of paused procedures continued at pace. This work was compounded somewhat as we saw an unprecedented amount of industrial action by different professions across our workforce which had a significant impact on our delivery of planned care and required Herculean efforts by our staff to ensure we could continue to provide emergency and inpatient care.

We continued to have a robust incident command structure in place, with daily Gold, Silver and Bronze Commands for a large part of the year, so that we could plan and respond quickly to the different challenges and opportunities we were faced with. Decision making on Covid-19 was informed by our Clinical Expert Group who ensured there was constant consideration of national and local guidance and best practice.

As Covid-19 prevalence levels dropped throughout the year it was brilliant to be able to fully restore visiting to our wards and welcome our wonderful volunteers back to the many roles they fulfil across our hospitals.

We continued to lead the Covid-19 vaccination programme for South Yorkshire and Bassetlaw following the expansion of eligible cohorts and then the introduction of subsequent booster doses. Whilst we were the lead provider, the delivery of the programme has been a collective effort by the region's NHS organisations, local authorities, volunteers and public health colleagues. Towards the end of 2022/23 we closed the mass vaccination site at Longley Lane and our staff swabbing service has also closed after delivering thousands of PCR tests for our staff and neighbouring trusts.

Our number one priority for 2022/23 was to accelerate the recovery of our clinical activity to see and treat as many patients as we could, prioritising this according to clinical need and risk. This has included increasing our capacity where possible outside of normal working hours, recruiting additional staff and adopting new ways of working including more procedures being carried out as day cases which traditionally would have included an inpatient stay. We launched our Getting Back on Track programme, not just to focus on the recovery of planned care but to galvanise our efforts on all of the aspects of our organisation which had been impacted by the past three years of Covid-19. Our workstreams are shown below:


In many areas our activity is back to pre-pandemic levels but we have significant work to do to achieve some of the new national standards on waiting times and recovering our paused elective work. Previously, we have had some of the best waiting times in the NHS and we want to return to that position as this is what our patients deserve from us.

We have continued to invest in new facilities and innovative models of care to support teams to deliver our ambitions including a new state of the art Elective Orthopaedic Centre at the Royal Hallamshire Hospital. This will be the home for elective lower limb, foot and ankle, shoulder and elbow and knee surgery, with emergency orthopaedic and trauma care, spinal and limb reconstruction continuing to be delivered at the Northern General Hospital. This is a major change in the way we deliver orthopaedic surgery across the Trust and should reduce the incidence of cancellations because it will be protected capacity from emergency demand. Patients can be admitted, have their surgery, recover, and be discharged – all from one purpose-built area.

Another innovation is the Enhanced Care Unit (ECU) which is a high dependency unit for surgical patients who need monitoring, treatment or care greater than those on normal wards but are not expected to require critical care. Before the unit was established, many patients were admitted to the Intensive Care Unit because there was no other alternative. The introduction of the ECU has reduced the number of patient admissions to Intensive Care, improved quality of care and reduced long waits or cancellation of inpatient surgery.

It has been widely reported that there is considerable pressure on emergency care across the NHS with increased ambulance response and handover times being a concern as well as waiting times within A&E departments. This has made our work with Yorkshire Ambulance Service even more important. Together we have

redesigned how we receive patients from ambulance crews and have further improved our joint systems to predict and communicate peaks in demand.

Challenges in providing timely emergency care have been further compounded by a poor flow of patients out of our care during this year. The number of patients who were medically fit but their discharge was delayed because of social and nursing home care waits increased to one of the highest levels we have seen for some time. The knock-on effect of this is that we had less beds available for patients waiting to be admitted from our A&E department and for those coming in for planned operations. We have taken a number of measures to manage this situation, both internally and in partnership with Sheffield City Council and other care providers.

For example, we opened a new Same Day Emergency Care Assessment Unit to enable where appropriate patients to be seen, diagnosed and treated or discharged without needing to come through our A&E department or be admitted on to a ward. This has provided a better patient experience and reduced some demand on pressured aspects of our emergency services. As part of the City-wide response, additional capacity was commissioned for social care support, along with more intermediate care beds. Our ward and community teams have been instrumental in reviewing how the current transfer of care processes work and along with social care colleagues, have made significant improvements. Sustaining the position is difficult in the current climate but continued joint working, particularly in attracting and retaining people to work in social care, will be key to meet the demand we are experiencing.

We have also looked at how we can improve the timeliness of discharges for patients who do not need social or nursing home support. We launched the ‘Home in time for tea’ initiative to encourage discharges earlier in the day and to empower staff and patients to ask, ‘what is preventing this patient from going home today’, ‘what needs to be done to progress the patients care?’ and ‘what is the barrier which needs to be removed?’. To support this work, we have expanded the use of our discharge lounge and established a Domestic Services Rapid Bed Cleaning Team. The team carries out duties normally undertaken by clinical staff such as cleaning the bed and mattress and making up the bed with clean linen as soon as the patient has left. The team has also taken responsibility for updating the bed clean status on the ward whiteboards so that there is real-time information about bed availability. This means that patients can be transferred from the A&E department or Assessment Units as soon as the bed is ready. In most cases the bed is ready for the next patient within less than an hour of a patient’s discharge. The team has been nominated for a national award.

As mentioned earlier, our Getting Back on Track programme has a much wider remit than the recovery of performance and activity. Most significantly it has been the driver for the extensive improvement work we have undertaken in response to the two Care Quality Commission (CQC) inspections we had in 2021. The CQC required

significant improvements to be made following publication of its inspection report in April 2022, including in maternity services. They re-inspected in September 2022 and the findings were published in December. I am pleased to report that the CQC has now lifted all previous Inadequate ratings at the Trust, including maternity services.

The improvements noted by the CQC also meant that none of the Trust's services are now rated as Inadequate across the five inspection domains – Safe, Effective, Caring, Responsive and Well-led. The Trust's overall rating for the Caring and Effective domains also both increased to Good, but there is no complacency and improvement work will continue as a priority to return all services back to a Good rating or better. Overall, the Trust is rated as Requires Improvement, but with many services now rated as Good or Outstanding. The CQC team stated that throughout their inspection they saw staff treating patients with compassion and kindness and delivered care which respected people's individual needs. They felt people's observations were undertaken in a timely manner, and work had been undertaken to support staff to identify and respond to deteriorating patients. Also, that there was good multidisciplinary team communication.

The need to recruit more staff in some areas, including nursing, was a significant concern, and I am pleased to report that we have recruited over 500 new nurses since the inspection.  We now have one of the lowest nurse vacancy rates for many years. Recruitment continues to be a priority as we move into 2023/24. We have launched a new fortnightly jobs bulletin which is shared by 800 community groups to local communities and has resulted in a significant increase in applications for different roles.

An improvement in care for patients with mental health conditions was another area where we had already started to make improvements. Both internally and with partners across the City who also have responsibility for the care of people with mental health conditions.

Other key points the CQC raised were:

- Most services had enough staff with the right qualifications, skills, training and experience to keep patients safe from avoidable harm and to provide the right care and treatment.
- Staff assessed and managed the risk to patients including the risks due to deterioration in patients' physical or mental health.
- The Trust had implemented new and regular audits and reviews to ensure care met fundamental standards.
- Leaders had reviewed and improved governance systems and oversight of risk, issues and performance in frontline services.

- Staff supported and involved patients, families, and carers to understand their conditions.

Areas where further work is underway includes:

- Training more staff to ensure physical restraint of patients who require it for safety or clinical reasons can be undertaken safely and appropriately.
- Storage for medication and oxygen cylinders.
- Reducing waiting times so that patients can access services when they need them and receive care promptly.
- Further strengthening processes for identifying and reporting serious incidents and expediting investigation and learning.
- Embedding the requirement that all patients who have Deprivation of Liberty Safeguards must have a recorded capacity assessment or decision recorded in their best interest.
- Improved physical health monitoring after administering rapid tranquilisation.

A concern for us and the CQC was our maternity service which was described as Inadequate following the 2021 inspection. This has been a particular focus of attention throughout the year and I am delighted with the improvements delivered during the last year. Some of the changes include the recruitment of additional midwives, midwifery support assistants and nurses, as well as strengthening our governance and risk processes. Elements of our assessment process needed further review which we have also done. In addition, we are one of the first four hospitals in England to offer the Tommy's App. The Tommy's App personalises maternity care by identifying each woman's chance of having a premature birth and of developing complications during pregnancy such as problems with placental function. By identifying the chance of complications early, the Tommy's App ensures that the right monitoring and care can be offered throughout pregnancy according to each woman's individual needs. Most importantly, feedback from parents and the Maternity Voices Partnership has been extremely positive in response to the changes that have been made.

We know a key driver to make further improvements will be the implementation of our new Electronic Patient Record (EPR) system. Following a rigorous clinical and financial evaluation we have selected Oracle Health as the provider for the new system. We were successful in securing national funding and preparatory work is now underway to support a go-live in October 2024.

This is one of the biggest investments by the Trust in over 20 years and it is one of the most important. Ensuring our staff have the tools they need to help them deliver safe, timely and good quality patient care is key. The EPR system is just one part of a wider transformation programme called STH Connect2024 to change our

processes and pathways so that we can get maximum patient benefit from the new integrated EPR system. We will reduce the number of different IT systems currently in place to make it easier and quicker for staff to access a single, contemporaneous and accurate source of information. We also want to introduce a patient portal in future phases of the system's implementation to enable patients to access their medical records and book/manage their appointments. Another key consideration in the procurement of the new system was also the potential for the integration of other systems and interoperability with other NHS partners in the future given the increasing emphasis on system working and collaboration.

## Clinical innovation

Despite the pressures we faced during the past 12 months, we have not lost sight of the importance of making time for innovation in our clinical services. There are too many to mention but a few examples include the following.

We became the first centre in South Yorkshire to deliver CAR-T cancer therapy, a revolutionary new treatment therapy that uses the patient's own genetically modified cells to find and kill cancer cells.

We were also one of the first trusts to offer patients with Spinal Muscular Atrophy (SMA) two new novel treatments called Nusinersen and Risdiplam, which can stabilise and improve the condition which would otherwise get worse over time. The drugs work by modifying the effects of an abnormal mutation to the SMN1 gene, which is the cause of the most common form of SMA. Previously there was no treatment, and the care was focussed on symptom management. A 'one-stop shop' service model was also established by the SMA team, providing a single multi-disciplinary outpatient clinic where initial assessments and therapy can take place during the same visit, minimising the number of separate hospital visits a patient has to make.

We also launched a new regional service for the treatment of Thrombotic Thrombocytopenic Purpura (TTP), a rare, life-threatening blood disorder. Our Haemophilia and Thrombosis Centre is one of nine specialist regional centres and 11 participating hospitals commissioned by NHS England to provide specialist treatment for TTP.

Wherever possible we improve and re-design our services in collaboration with patients and staff and encourage patients to be in control of their care where it is safe and possible to do so. During the year we strengthened this approach by establishing a core patient group called the Patient First Group consisting of patient and carer representatives. So far, the group has provided feedback on our PROUD behaviours consultation, communication with patients, outpatient booking systems and patient discharge process. The group provides us with valuable insights which

help transform and improve services for patients by putting their experience at the core of changes.

One improvement the Patient First Group has been instrumental in providing feedback on is the rollout of the My Pathway App which creates an electronic contact point between the patient and our services. It is personal to the user and allows them to interact with their care teams around details of their condition, care, and appointments in a digitally secure environment. Appointment reminders can be sent to the patient which results in less appointments where the patient did not attend (DNAs). Last minute cancellations can be sent to other patients to fill appointment slots and remote monitoring can enable the clinician to decide whether an appointment is needed.

Another example where patient experience has been at the heart of an innovation is the CFHealthHub. This is a digital learning health system developed by researchers here at the Trust to help patients with Cystic Fibrosis monitor their condition and reduce the need for hospital admission. Now used in 60 per cent of adult Cystic Fibrosis centres in England, the platform has helped over 1,400 patients stay fit and healthy by creating habits and a behaviour of self-care.

## Making a difference – the next chapter

Patient, staff, and partner insight, along with learning from the past 12 months and the findings of the CQC inspections has helped shape our future direction of travel – now set out in our new corporate strategy, 'Making a difference – the next chapter'. Our mission, vision, values, and strategic aims have remained broadly the same, but we added a sixth aim which is to create a sustainable organisation. We have developed a comprehensive Sustainability Plan containing a wide range of carbon reduction initiatives and broader sustainability goals. Some of our activities during this year include a low temperature hot water system at the Royal Hallamshire Hospital site to replace old steam-generating boilers with gas condensing boilers. We have installed solar panels at the Northern General Hospital site to generate our own electricity during the day and considerable work has taken place to reduce medical gas emissions.

In line with our new corporate strategy ambitions, we also began to look at how we could accelerate the work already undertaken on job creation, widening education opportunities and improving population health. You can read more about this later in the report.

## Caring for our staff

The past year has taken a further toll on all our staff, regardless of their role. Not only have they had to work relentlessly to deliver the care patients require, but they have had the added pressure of industrial action, which has not been easy for those who participated and those who didn't. On top of this, the cost-of-living crisis has been an added burden on so many of our colleagues. All of this made our strategic aim Caring and Cared for Staff even more of a priority in 2022/23. We have spent a lot of time listening to what our staff were feeling and needed during the past year and trying to do all that we could to keep them well physically and mentally during such difficult times.

We asked our catering teams to develop Inflation Buster meals which cost £1.50 for a home-made healthy dish and also breakfast rolls for just £1. These have been incredibly popular and feedback from colleagues on how much this has helped has been humbling. We also launched Wagestream, an App that enables staff to have an advance on their salary for unexpected costs which arise. We also relaunched our discount booklet to enable all colleagues to have easy access to high street and online stores discounts and offers.

Whilst all of these things have helped, I think the biggest thing we continued to do was focus on being kind to each other, encouraging a culture of recognition and understanding of the situations people were in, both professionally and personally. We were pleased to be able to reintroduce our Thank You and Long Service Awards as face-to-face events which gave a much needed opportunity to raise morale and celebrate everyone's achievements.

We spent much of the year talking to staff about what they would like to see reflected in our PROUD behaviours framework which has been developed to support our PROUD values. The new framework sets out the behaviours which we want to see displayed to our patients, visitors and to each other. Following on from the success of the staff framework, we also began working with our Patient First Group and our local communities to develop a similar framework for patients and visitors. This was launched in March 2023, and we are now raising awareness across the organisation.

Our People Strategy was due to expire in 2022 and so we took the opportunity to ask colleagues across the Trust what they felt was important to them to include in our new People Strategy which will be launched in June 2023. We also scrutinised the comments and data from the staff survey, pulse surveys and other insights gained throughout the past 12 months.

The NHS Staff Survey has gone through significant changes since 2020 and in 2022/23 there was a theme for each of the seven elements of the NHS People Promise. We scored above average compared with our acute / combined acute trusts peer group for one theme; Morale, and average for five themes; We are

compassionate and inclusive, We are recognised and rewarded, We each have a voice that counts, We are safe and healthy and We are always learning. We were slightly below average in We work flexibly, We are a team and Staff engagement and these will be areas for improvement for next year.

We were very pleased that despite it being another very challenging year with more patients than ever receiving treatment, the number of staff recommending STH as a place to work (62 per cent) and for treatment (76 per cent) both remains above average for acute / combined acute trusts.

However, we were disappointed that the overall percentage of staff who said they would recommend us as a place to work or receive care had dropped. We are determined to address the reasons why our staff felt this way by understanding the factors which are influencing their frustrations or concerns. One major thing we know impacts our staff every day is the inefficiency of our Electronic Patient Record system. We have already committed to changing this by procuring a new system which our staff will influence in terms of the design and functionality.

Our new People Strategy – A Brilliant Place to Work, will be launched in June 2023 is aligned with the themes of the NHS People promise and focuses on three key areas of Attract, Grow and Retain.

With the support of our Staff Network groups and Equality, Diversity and Inclusion (EDI) Board members we continued to implement the improvements outlined in our new EDI strategy.

We were delighted to be given a Stonewall Gold Award for our commitment to inclusion of lesbian, gay, bi, trans and queer (LGBTQ+) people in the workplace. To be ranked as one of the top 100 organisations across England and Wales is a phenomenal achievement and is the result of a lot of hard work and commitment to inclusion. Only by being a diverse and inclusive workforce can we appropriately meet the needs of our diverse patient population. The work of our LGBTQ+ PROUDER staff network and our teams and services across the organisation is all helping to create a culture where staff feel supported and are encouraged to be themselves with their colleagues and our patients. We want everyone to have a voice, to feel they belong and to be equally valued and important - valued staff are happier staff and that contributes to providing the best care for our patients.

Since its launch in June 2021, several colleagues have benefitted from participating in our Reciprocal Mentoring Programme. The programme matches senior leaders from across all areas of the Trust and members of Staff Network Groups. Leaders gain an insight into the lived experiences of our Staff Network Group members, who in return are coached and supported in terms of their personal and career aspirations. We also launched our first Race Equality Charter during the year.

This year, we have been working with our charity to create more outside spaces and calm rooms to provide somewhere away from the hustle and bustle for staff to take a break, clear their minds and reflect. Our new Secret Garden at the Northern General site opens in July 2023 and plans are underway for something similar at the Royal Hallamshire site.

## Financial performance and investment in facilities

We achieved a small surplus of £0.2 million but that is in the context of an unusual year where some of our planned activity was still paused. Further information can be found later in this report.

Looking ahead, managing resources will be challenging and we will aim to do this by improving our productivity and efficiency. Our Getting Back on Track programme has a specific workstream to see where we can reduce unnecessary variation, refine our ways of working and through partnerships explore how we deliver the best value for the resources we are given.

During 2022/23 we continued to invest in facilities and equipment to support the efficient delivery of patient care and ensure staff had the tools and environment they needed to deliver that care. In addition to a significant financial investment in the new Electronic Patient Record system mentioned earlier in this report, here are a few examples of where else we spent capital.

Our Urology outpatient department became the first in South Yorkshire to install a new Lithotripter machine to deliver shock wave lithotripsy which is a faster, non-invasive treatment for kidney stones. It is carried out as a day case procedure and takes less than half an hour. We provide the treatment for patients from Doncaster, Rotherham and Chesterfield, as well as Sheffield.

We have also become the first in the world to install the latest Elekta Esprit Gamma Knife, a machine used to treat brain tumours and other brain conditions. The Trust is home to the National Centre for Stereotactic Radiosurgery.

## Partnership working

Prior to the global pandemic, demand for NHS services was increasing rapidly due to a growing and aging population requiring increasingly complex care. This exacerbated long standing pressures facing the NHS. To meet these challenges the health and care system is transforming.  A major part of this transformation was the Health and Care Act 2022, which signalled the establishment of Integrated Care Systems (ICSs). Integrated Care Systems bring together NHS organisations with local authorities and wider system partners to collectively plan to meet population needs, deliver better integrated care and tackle health inequalities.

The national shift away from an internal market and towards greater integration has been reflected in the evolution of the South Yorkshire and Bassetlaw Integrated Care System (NHS South Yorkshire) in July 2022.

An important aspect of the establishment of the ICS is the development of Provider Collaboratives with other trusts in one or more ICS. There are also place-based partnerships that involve the NHS, councils, voluntary organisations, residents and service users, working together to design and deliver integrated services in a specific, geographical area. This presents exciting opportunities to collaborate and integrate where appropriate and build on our success in integrating and transforming services across community and acute interfaces over many years. We have also learnt how to provide services locally at scale across a broad geography in partnership with other local trusts. We can see that further opportunities also exist to build a resilient network of health and social care for the people we serve, and our existing and emerging partnerships will bring these to fruition. One example is the development of the South Yorkshire and Bassetlaw Pathology Network which we will host and are currently designing with our partner NHS trusts.

The Sheffield Health and Care Partnership has continued to develop from the early work of the Accountable Care Partnership. A health and care vision has been developed for 2030 that focuses on integration of care across services within the City; the need to reduce and remove inequalities; and to ensure we involve those people and communities that use the services we collectively provide.

We are also a partner in the South Yorkshire and Bassetlaw (SYB) Acute Federation which is a collaboration of the acute trusts across South Yorkshire and Bassetlaw. Our aim is that, by working more effectively together, we can improve clinical standards and the care outcomes for our patients, as well as making our organisations better places to work. During the year the Acute Federation has undergone a period of significant development with closer integrated working across the partners to support each other to recover from the Covid-19 pandemic and continue to develop new ways of collaborative working for the future.

It is important that we are involved in these partnerships because as an anchor institution, we need to influence positively the wider social determinants of health for example by tackling the climate emergency, providing access to good quality education and employment, making a positive impact on our economy and taking action on prevention and healthier lifestyles. These complex issues require collective action both internally and externally, working in partnership to deliver a clear place-based strategy and aligning discrete interventions so that we are greater than the sum of our parts.

Strong relationships with the City's universities, NHS partners, voluntary organisations and business community have also given us an opportunity to consider

how together we can tackle the wider implications of the pandemic's impact on our region.

## Research and innovation

With Covid-19 research no longer a national urgent public health priority, we began to refocus on delivering research and innovation that seeks to improve patients' outcomes across a wide range of disease areas.

We continued to work in partnership with the City's universities to pioneer international and national research, leading the way with a world-first trial which is comparing the use of stem cell transplant against the latest, most highly effective disease modifying therapies in patients with 'aggressive' multiple sclerosis. The ground-breaking StarMS trial could see stem cell transplant offered as a first-line therapy to patients with the relapsing-remitting form of the disease, instead of only when other treatments have failed.

The excellent collaborative partnerships between our clinicians and the City's academics and scientists were signified by a £12 million funding boost from the National Institute for Health and Care Research (NIHR) for the Sheffield Biomedical Research Centre (BRC). Nearly 3,000 patients with devastating neurological conditions have accessed novel, innovative treatments since the BRC was first established in 2017. The new funding will allow scientists and clinicians to expand the Centre's pioneering research portfolio into areas such as infection, immune disorders and cardiovascular diseases in addition to neurology research.

An important paper published in the New England Journal of Medicine, the world's leading medical journal, also highlighted Sheffield's game-changing work, with researchers showing that the experimental tofersen drug was able to slow and even reverse some of the physical decline caused by motor neurone disease in patients with the faulty SOD1 gene after 12 months. Although only 2 per cent of patients with the muscle-wasting condition develop this gene, the international research findings – in which Sheffield played a leading role – were described as a 'real moment of hope' for patients with the disease.

The vital role our clinical research facilities have in bringing cutting-edge research to the region was further bolstered by a £7.9 million investment in the National Institute for Health and Care Research (NIHR) Sheffield Clinical Research Facility. The multi-million funding will allow the facility to continue to support the development and testing of new treatments for diseases, many of which currently have no cure.

As a highly research active Trust, we provided thousands of patients with the opportunity to take part in meaningful health and care research. One example was the development of a new at-home test which uses saliva rather than blood to provide a simpler, quicker way to diagnose adrenal insufficiency – a common disorder caused by the lack of the body's main stress hormone, cortisol. The

breakthrough test was found to have a high degree of accuracy, made the patient journey easier, and could change future clinical practice.

Another trial investigating the effectiveness of three treatments in relieving pain in patients who suffer with diabetic neuropathy (nerve damage), one of the most miserable complications of the disease, showed that despite huge variations in cost and availability of each medication, all treatments provided similar and significant pain reduction for patients with diabetic neuropathy. The key findings have the potential to influence future treatment guidelines for diabetic neuropathy – which develops in around 50 per cent of patients with diabetes – in both the UK and across the world.

The breadth and diversity of our research was reflected by the innovative Nurse, Midwifery and Allied Health Professional Research Internship Programme. This has led to the development of four novel research projects including a study looking at why certain ethnic groups are less likely to be treated for lung cancer in the region. This success has seen the programme extend to 12 current Internships.

Another project that is innovative in its scope, scale and focus is the Equity in Doctoral Education through Partnership and Innovation (EDEPI) programme. The four-year programme, which we are delivering in partnership with Sheffield Hallam University, aims to increase participation of Black, Asian and Minority Ethnic groups in postgraduate research.

We also became actively involved in the Healthcare Entrepreneur Exchange Programme (HEEP). This pioneering international competition fosters collaborations between the NHS organisations participating and the Catalan Health Institute of Spain, which is one of the leading hospitals in Europe.

With the global effort to develop Covid-19 vaccines behind us, we were able to restart work on developing our new research and innovation strategy. The new strategy aims to set out how we plan to work with our partners to support innovative, high-quality research that seeks to benefit patients, our population, the workforce and the economy and better meet the needs of the public we serve, and we have held workshops with patients and our key partners to ensure patients and the priorities of our organisation remain at its heart.

Other key research undertaken this year included a new study aimed at understanding why surgery is not considered sooner for many people living with ileocaecal Crohn’s – one of the most common forms of Crohn’s disease, a lifelong inflammatory gut condition. Researchers also led the way with the development of a pioneering artificial intelligence (AI) tool which can analyse vital diagnostic measurements from MRI heart scans within seconds, speeding up diagnosis and improving future heart disease care. The team are now aiming to make the AI tool more widely available on the NHS thanks to a Medipex NHS Innovation Award win.

AI research has been identified nationally as “vital for the UK’s international influence as a global superpower”.

Covid-19 research also remained a key strand of our research activity, with our researchers continuing to input into flagship national studies and winning the Warwick Turner Lecture Prize for the Yorkshire region for scientific work modelling transmission chains of the SARS-CoV2 virus.

## Conclusion

As we move into 2023/24, our overriding priority will continue to be to deliver safe, high-quality care for all our patients and provide a brilliant place to work for our staff. We will need to significantly change all that we do in the coming years if we are to deliver our future strategic ambitions. We will need the support and efforts of the whole of TeamSTH, as well as our patients, charities, volunteers and partner organisations and we will need our Board of Directors and Council of Governors to continue to provide the stability, discussion and challenge which is so important during such times. There is no doubt that we will need to go further than we have ever gone before, be more responsive, proactive and lead with courage. I am confident that as we do this together, we will continue to thrive and will see tangible benefits for those we serve.

Kirsten Major
Chief Executive
27 June 2023

# History, purpose and principal activities of the Trust

## Sheffield Teaching Hospitals NHS Foundation Trust is one of the UK's largest and busiest NHS foundation trusts. Above all, patients lie at the heart of everything we do, and we have a history of delivering high quality care, clinical excellence and innovation in medical research.

Formed in 2001, we provide, acute, elective, community, and specialist healthcare services for over two million patients each year. We achieved Foundation Trust status on 1 July 2004.

We are one of the largest integrated NHS trusts in England. During the past year we have seen and treated over 1.1 million outpatients, over 634 thousand nurse contacts with community patients, over 119 thousand inpatients, over 129 thousand day case patients and over 160 thousand attendances to our Accident and Emergency Department. This year (2022/23) we have also cared for approximately 6,500 patients with Covid-19.

Our staff provide a full range of local hospital and community services for adults in Sheffield, as well as specialist care for patients from further afield including cancer, spinal cord injuries, renal and cardiothoracic services. In addition to community health services, the Trust comprises five of Yorkshire's best known teaching hospitals.

The Northern General Hospital is the home of the City's Accident and Emergency Department which is also one of three Major Trauma Centres for the Yorkshire and Humber region. Several specialist medical and surgical services are also located at the Northern General Hospital including cardiac, orthopaedics, burns, plastic surgery, spinal injuries and renal, to name a few. A state-of-the-art laboratories complex provides leading-edge diagnostic services.

The Royal Hallamshire Hospital has a dedicated Neurosciences Department including an Intensive Care Unit for patients with head injuries, neurological conditions such as stroke and for patients who have undergone neurosurgery. It also has a large Tropical Medicine and Infectious Disease Unit, a specialist Haematology Centre and other medical and surgical services.

Sheffield Teaching Hospitals is home to the largest dental school in the region, a women's hospital with a specialist Neonatal Intensive Care Unit and a Fertility Unit. The Weston Park Cancer Centre is also part of our Trust.

The Trust also provides community health services to deliver care closer to home for patients and prevent admissions to hospital wherever possible. We aim to reflect the diversity of local communities and have developed strong partnerships with local people, patients, neighbouring NHS organisations, local authorities, charitable

bodies and GPs. We are one of the region's largest employers and we take our responsibility to be a good corporate citizen very seriously.

We have a proud history of pioneering medical advances that have now become established NHS treatments. We also undertake high quality research that provides the NHS with the evidence it needs to introduce new treatments and care. Together with our partners at The University of Sheffield and Sheffield Hallam University we are leading the way on the development of world class clinical research in a wide range of disease areas. This includes cancer, progressive diseases such as dementia, stroke, multiple sclerosis, as well as heart disease and many other lesser-known conditions.

## Overview of the Trust's strategy

Our 'Making a Difference' corporate strategy was originally developed in 2012 and then refreshed in 2017. In 2022 we launched our new strategy - Making a Difference – the next chapter.

Our vision, mission and PROUD values were felt to still be appropriate, but we added a sixth strategic aim which is to become a sustainable organisation. We have since developed a comprehensive Sustainability Plan that contains a wide range of carbon reduction initiatives and broader sustainability goals.

2022/23 has been focussed on the organisation's recovery programme following the pandemic and taking into account insight from our CQC inspections. Our strategic objectives have provided the guiding principles for this work. The programme is called 'Getting back on track,' and focuses on the following key themes:


Having an organisational culture which supports the strategic direction of the Trust is very important and during the year we launched our new PROUD behaviours framework to support the PROUD values. The framework was developed following extensive engagement with over 6,000 staff and patients and sets out the behaviours we expect to show towards each other, patients and visitors. During the latter part of the year, we began work to develop a similar framework for our patients and visitors and hope to launch it in Spring 2023.

## Our Vision

To be recognised as a brilliant place to work, a provider of inclusive and high-quality health care, clinical research and education in the UK and a strong contributor to the aspiration of Sheffield to be a vibrant, healthy and sustainable City region.

## Our Mission

We are here to improve health and wellbeing, to support people to keep mentally and physically well, to get better when they are ill and when they cannot fully recover, to stay as well as they can to the end of their lives. We aim to work at the limits of science – bringing the highest levels of human knowledge and skill to save lives and improve health. We touch lives at times of basic human need, when our care and compassion are what matter most to people.

## Our Aims

- Deliver the best clinical outcomes.
- Provide patient centred services.
- Employ caring and cared for staff.
- Spend public money wisely.
- Become a sustainable organisation; and
- Deliver excellent research, education and innovation.

## Our Values

- Patient first - ensure that the people we serve are at the heart of all we do.
- Respectful - be kind, respectful to everyone and value diversity.
- Ownership - celebrate our successes, learn continuously and ensure we improve.
- Unity - work in partnership and value the roles of others; and
- Deliver - be efficient, effective and accountable for our actions.

# Trends and factors likely to affect the Trust's future development, performance and position

## In the context of delivering the Trust's strategy, a number of key issues and risks facing the Trust have been identified.

The Trust's risk management arrangements support the identification, management and oversight of risks which may, should they be realised, impact on the delivery of high-quality services and our strategic aims and corporate objectives.

The Board Assurance Framework is structured around a set of themes which reflect the most significant risks impacting on the delivery of the Trust's Strategic Aims, as agreed by the Board of Directors. Identification of these themes followed an exercise to review the profile of significant operational risks recorded on the Trust's Risk Register and has taken into account both the external strategic landscape and challenges to be addressed through the delivery of Getting Back on Track.

These key areas of strategic risk entered onto the Board Assurance Framework are:

*Strategic Risk 1: Quality of Care*

*Fail to provide compassionate, effective and safe patient centred care that delivers the best clinical outcomes*

due to:

- Inability to embed effective quality governance arrangements including learning from incidents / patient feedback
- Insufficient staffing resource (staffing level, qualifications, and experience)
- Failing to deliver demand within capacity
- Lack of cultural competency across our service delivery

resulting in:

- Adverse impact on the health outcomes of patients and public health in the longer term
- Continued regulatory intervention and potential loss of public confidence
- Negative effect on staff well-being, motivation and recruitment / retention

*Strategic Risk 2: Partnership and Engagement*

*Fail to take a proactive role and engage effectively with partners to transform services and improve the health of the communities we serve*

due to:

- Failing to engage key stakeholders
- Limited resources to deliver (capacity / finance / skills)
- Failing to deliver future healthcare to align to the needs of the communities we serve (Covid / change in demographics)

resulting in:

- Missed strategic objectives
- The Trust not being seen as a partner of choice
- Failure to deliver integrated care systems
- Public trust and confidence damaged
- Services not being aligned to community / stakeholder needs

*Strategic Risk 3: Workforce*

*Fail to ensure the Trust can recruit and retain the right people to deliver patient centred services and the best clinical outcomes*

due to:

- Failing to monitor and support the health and wellbeing of our staff
- Failure to ensure a diverse and inclusive workforce
- Workforce planning not aligning to current or future Trust requirements (capability and capacity)

resulting in:

- staff not feeling cared for / increased pressure and workload on existing staff (capacity)
- Adverse impact on staff health, wellbeing and resilience
- Negative effect on patient care
- Loss of experience and knowledgeable staff
- Being unable to deliver Trust strategies and the Patient Care Recovery Plan

### *Strategic Risk 4: Finance*

*Fail to manage our finances effectively and deliver value for money to ensure the long-term sustainability of care provision*

due to:

- Uncertainty around funding / contracting arrangements
- Lack of strategic financial plan
- Failing to ensure financial systems and processes are fit for purpose
- Failing to deliver the required levels of efficiency savings

resulting in:

- Lack of financial stability
- Regulatory intervention / restrictions
- Unstable operating environment
- Negative patient / stakeholder experience
- Inability to deliver strategic plans / maximise opportunities

### *Strategic Risk 5: Infrastructure*

*Fail to implement appropriate, cost effective and innovative approaches to digital and estate infrastructure that support our aspirations today and for the future*

due to:

- Failing to secure sufficient capital funding and manage competing priorities for capital funding
- Ineffective delivery plans and strategy for Estates
- Ineffective delivery plans for Digital / Information Management and Technology

resulting in:

- Overspend / project delays
- IT system vulnerabilities [cyber-attack / General Data Protection Regulation (GDPR) - compliance / fraud etc]
- Negative staff and patient experience
- Estate not being suitable for modern healthcare
- Service delivery being adversely impacted – interdependency / reliance on systems and estates

### *Strategic Risk 6: Sustainabilty*

*Fail to identify and maximise sustainable ways to deliver the Trust's strategic aims and objectives*

due to:

- Competing pressures and priorities deflecting focus and resources
- Limited awareness of potential options for change or new ways of working (ineffective horizon scanning)

resulting in:

- The Trust being unable to take advantage of new ways to deliver modern healthcare and technical advancements
- Future funding and delivery of services being compromised
- Negative impact on the Trust reputation
- Staff capacity / morale and well-being impacted
- Increased costs / unrealised efficiencies in service delivery changes

### *Strategic Risk 7: Research, Education and Innovation*

*Fail to ensure the Trust has the ability to deliver excellent research, education and innovation*

due to:

- Failing to ensure relevant strategies and delivery plans are clearly defined and effective
- Service pressures displacing research and education activity
- Infrastructure and resources being insufficient to support delivery of research and education
- Failing to align priorities with higher and further education providers and Health Education England (external stakeholders)

resulting in:

- Failure to deliver modern integrated care / missed opportunities to improve patient care and operational efficiencies
- Adverse impact on reputation as a teaching hospital
- Service delivery not being aligned to future community / stakeholder needs
- Inadequately trained staff / future workforce compromised
- Reduced research funding

*Strategic Risk 8: Well-led*

*Fail to ensure appropriate and effectives governance arrangements are in place that support the achievement of our Corporate Strategy (Making a Difference – the Next Chapter)*

due to:

- Senior leaders failing to effectively articulate or implement mission, vision and strategy
- Ineffective / inconsistent systems and processes to support the management of risks, issues and performance
- Ineffective Board oversight, challenge and action

resulting in:

- Decisions based on inaccurate / outdated information
- Trust and confidence in Trust leadership questioned / Regulatory intervention
- Long term vision and mission undeliverable
- Leadership turnover
- Staff and Patient experience / satisfaction negatively impacted

## Overview of Going Concern

After making enquiries Directors have a reasonable expectation that Sheffield Teaching Hospitals NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the Going Concern basis in preparing the accounts.

# Analysis of operational performance

## Sheffield Teaching Hospitals NHS Foundation Trust is one of the UK's largest and busiest NHS foundation trusts.

Last year continued to be a challenging one for the NHS with all trusts expected to provide the highest standards of care whilst achieving demanding efficiency savings and responding to the Covid-19 pandemic.

Despite the enormous challenge of Covid-19, we treated around 82 per cent inpatients and day cases as well as almost 99 per cent outpatients compared to 2019/20, the most recent comparator year prior to the pandemic. The number of attendances to our Accident and Emergency Department was at 97 per cent of 2019/20.

There are a number of national standards for waiting times, which we endeavour to achieve, alongside continuing this growth in activity following Covid-19, whilst still ensuring the best possible patient care. We consider rigorous infection prevention and control and clean facilities to be fundamental to our care standards and we continue to work hard to minimise the number of hospital acquired infections.

Further details of activity trends and the Trust's performance across key performance indicators are set out in the following tables:

Fig: Trust activity by activity type

| | Number of patients | | | | |
|---|---|---|---|---|---|
| Activity type | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
| Day cases | 126,100 | 127,975 | 89,984 | 121,941 | 129,434 |
| Elective Inpatient spells | 29,236 | 28,857 | 19,151 | 24,498 | 27,419 |
| Non-Elective spells | 88,333 | 89,177 | 78,934 | 86,159 | 92,502 |
| New Outpatient attendances | 311,159 | 312,481 | 230,305 | 281,620 | 293,119 |
| Follow up Outpatient attendances | 803,395 | 803,815 | 750,270 | 825,132 | 873,347 |
| Accident and Emergency attendances | 156,967 | 158,561 | 121,300 | 154,319 | 160,926 |

Fig: 2022/23 Operational performance against key performance indictors

| | | 2022/23 Performance | | 2022/23 Quarterly Trend | | | |
|---|---|---|---|---|---|---|---|
| | | Target | Annual | Q1 | Q2 | Q3 | Q4 |
| Accident and Emergency (A&E) | 95% of A&E patients wait less than four hours | 95% | **74.13%** | **74.37%** | **75.08%** | **71.69%** | **75.61%** |
| Referral To Treatment | Patients waiting less than 18 weeks for treatment | 92% | **68.24%** | **71.33%** | **68.24%** | **66.06%** | **66.99%** |
| Diagnostics | Patients waiting less than six weeks for diagnostic test | 99% | **72.27%** | **70.47%** | **66.20%** | **72.04%** | **83.43%** |
| Cancelled Operations | Non Urgent operations cancelled on the day | N/A | **0.68%** | **0.65%** | **0.78%** | **0.66%** | **0.62%** |
| Cancer access initial appointment | Urgent GP referrals seen within two weeks | 93% | **83.9%** | **82.4%** | **86.5%** | **86.8%** | **79.7%** |
| | Breast symptomatic referrals seen within two weeks | 93% | **8.2%** | **3.4%** | **18.6%** | **7.1%** | **3.7%** |
| Cancer access initial treatments | First treatment within 31 days | 96% | **84.5%** | **86.4%** | **85.6%** | **82.6%** | **83.6%** |
| | Treatment within 62 days of an urgent GP referral | 85% | **45.7%** | **48.5%** | **48.9%** | **45.2%** | **40.3%** |
| | Treatment within 62 days of referral from screening | 90% | **40.2%** | **53.6%** | **43.0%** | **36.3%** | **21.8%** |
| Cancer access subsequent treatments | Subsequent treatment (surgery) within 31 days | 94% | **61.4%** | **65.9%** | **62.8%** | **57.8%** | **59.2%** |
| | Subsequent treatment (chemotherapy) within 31 days | 98% | **93.3%** | **94.5%** | **95.6%** | **95.8%** | **87.2%** |
| | Subsequent treatment (radiotherapy) within 31 days | 94% | **83.1%** | **91.0%** | **84.6%** | **84.8%** | **71.7%** |
| Infections | MRSA | 0 | **2** | **0** | **1** | **1** | **0** |
| | MSSA | 63 | **74** | 15 | 30 | 12 | 17 |
| | Clostridioides difficile (Community Onset) | 144 | **53** | 18 | 13 | 13 | 9 |
| | Clostridioides difficile (Hospital Onset) | 100 | **116** | 21 | 33 | 24 | 38 |

Fig: Community performance 2022/23

| Service measure | Target | Q1 | Q2 | Q3 | Q4 | 2022/23 |
|---|---|---|---|---|---|---|
| Intermediate Care Community Beds – number of admissions *(Includes SPARC - Excludes the Community Off Site 'Route 2' Beds)* | N/A | 298 | 282 | 301 | 266 | 1,144 |
| Intermediate Care Community Beds – Average Stroke Length of Stay | 35 days | 32.5 | 41.0 | 36.3 | 43.2 | 38.2 |
| Intermediate Care Community Beds – Average Orthomedical Length of Stay | 35 days | 31.5 | 36.2 | 33.8 | 35.4 | 34.2 |
| Intermediate Care at Home – Patients assessed within required timescales *(Active Recovery Response Target)* | 98% | 97.4% | 98.1% | 99.2% | 99.3% | 98.5% |
| Intermediate Care Number of packages delivered at home *(Active Recovery Assessment and Community Stroke Service)* | N/A | 769 | 689 | 848 | 853 | 3,159 |
| Integrated Care Team Referrals *(Includes additional information and resumptions for community nursing)* | N/A | 8,789 | 8,727 | 8,602 | 8,463 | 34,581 |
| Integrated Care Team Contacts | N/A | 158,547 | 160,946 | 157,298 | 157,581 | 634,372 |

# Analysis of performance against quality priorities

To ensure this overview provides a balanced report on the Trust's performance over the last 12 months, this section describes progress against quality priorities for improvement during 2022/23. These are also set out in our Quality Report published separately which reports in more detail on the quality of services delivered by the Trust during 2022/23.

## Quality priorities for improvement 2022/23

The Trust agreed the following four quality important priorities for 2022/23.

### *Priority 1: Improve the identification, escalation and response to deteriorating patients*

#### Background

There had been several serious incidents relating to the recognition of and response to patient deterioration, and this was raised as a concern in the CQC inspection report published April 2022. In addition, this objective supported the Commissioning for Quality Improvement (CQUIN) framework CCG3: Recording of NEWS2 score, escalation time and response time for unplanned critical care admissions. NEWS2 being the National Early Warning Score.

#### Objective breakdown

The purpose of this objective was to improve the identification and timeliness of response to deteriorating patients and would include the following:

- Audit compliance with NEWS2 to identify a baseline on six wards with highest numbers of deteriorating patients.
- Introduce a deteriorating patient bleep holder on all inpatient wards and audit compliance. Address any barriers to deteriorating patient bleep holders identified.
- Test and introduce an e-whiteboard alert for escalation of patient deterioration and audit use.
- Audit inclusion of deteriorating patients in ward safety huddles.
- Audit time from escalation to response and identify areas requiring further education and input.

#### Achievements against the objective

- Deteriorating patient bleep visible on e-Whiteboard in inpatient areas.
- e-Whiteboard alert pilot operational.
- Safety huddles include deteriorating patient check and challenge.

- Deteriorating patient screening tool revised and in practice.
- Deteriorating patient study day relaunched in key areas.

This was a one-year objective and the objective aims are complete. Deteriorating Patients is a key workstream for the Trust with oversight by the Deteriorating Patient Group.

### *Priority 2: Develop and improve individualised end of life care for patients and their carers*

#### Background

National guidance relating to End of Life Care (EoLC) promotes personalised care planning as the gold standard.

Care Quality Commission (CQC) inspection reports and the Trust's 'National Audit of Care at the End of Life' results (2018-2021) identified an ongoing need to improve the delivery and documentation of personalised EoLC for our patients and those important to them. Staff feedback also highlighted their need for a document to provide prompts to aid them in the delivery of care at the end of life.

In response to this, a 'Caring for Dying Patients: Personalised Plan of Care' document and digital nursing care plans were developed to ensure that patients who are in their last days of life have a documented personalised plan which establishes and addresses their individual needs, wishes, and priorities for their EoLC.

#### Objective breakdown

The purpose of this objective was to improve documentation of care delivered in last days of life and to improve escalation and advance care planning through the implementation of ReSPECT (Recommended Summary Plan for Emergency Care and Treatment) and would include the following:

- Engagement for the second phase roll-out of the 'Caring for Dying Patients: Personalised Plan of Care' for last days of life across the Trust.
- Engagement with the City-wide ReSPECT Project Group with regards to roll out of ReSPECT at the Trust.

#### Achievements against the objective

- Caring for Dying Patients: Personalised Plan of Care (CfDP:PPC) document rolled out Trust-wide ahead of schedule:
  - Comprehensive and well-executed staff awareness and engagement plan.
  - Audit of phase one of the roll-out (nine inpatient wards):
    - using CfDP:PPC led to improvement in all EoLC standards, except for daily review of the patient's nutrition which remained static.
    - to address this: CfDP:PPC was updated with additional prompts and a key points video on 'nutrition and hydration' developed.

- E-whiteboard icon used to identify dying patients rolled-out February 2023.
- Staff training:
    - ReSPECT training live on the Trust's Personal Achievement and Learning Management System (PALMS) across the Trust Level for all staff.
    - Training Standard Operating Procedure (SOP) for Advanced Care Practitioners (ACP), Clinical Nurse Specialists (CNS) and Allied Health Professionals (AHP).
    - Targeted engagement with Clinical Directors and Consultant groups.
    - ReSPECT community of practice and Intranet page in development.
- Patient leaflets and ReSPECT plan in place.
- Co-ordinated place-based communications for public/patients ahead of launch.

This was the second year of a two-year objective, and the objective aims are complete. On-going work to ensure this is fully embedded is being overseen by End of Life Care Steering Group.

### *Priority 3: Improve the care of patients with Learning Disabilities*

#### Background

A Coroner's Regulation 28 identified issues in relation to learning disability patients and in particular use of the Health Passport to support care.

A national learning disability survey suggested that the Trust was performing below average in relation to communication and personalised care for learning disability patients.

A recent audit highlighted communication as an issue during visiting restrictions and the need to raise awareness of the Health Passport.

#### Objective breakdown

The purpose of this objective was to review learning disability patients waiting for care to ensure equality of access and improve use of the Health Passport across the Trust and would include the following:

- An audit of the use of the Health Passport to identify what areas need focus. Development of improvement actions to embed use of the Health Passport.
- Assess the quality of data on learning disability for patients on the waiting list. Identify areas where pathway improvement is required and agree an action plan.
- Develop and roll out training material to support data collection of learning disability flag.

### Achievements against the objective

- Confirmation that waiting times have not compromised timeliness and quality of care for patients with learning disability compared with those without learning disability. Data quality issues giving the impression of long waits. Treatments had commenced but pathways had not been closed correctly.
- Full understanding of current data collection processes to facilitate further development.
- An initial 208 members of staff received training on 'The Health Passport' This has included other important information such as providing reasonable adjustment and the Learning Disability Mortality Review Programme (LeDeR) process. This training has evaluated really well.

This was a one-year objective. Learning disability and autism are a key workstream for the Trust with oversight by the Mental Health Steering Group.

### *Priority 4: Improve individualised care of patients with dementia*

### Background

At any one time, one in four hospital beds are occupied by people living with dementia. Hospital admission can trigger distress, confusion and delirium for someone with dementia.

The National Audit of Dementia identified areas for improvement.

### Aims of the objective:

The purpose of this objective was to improve staff training on Dementia care and embed cognitive assessment on admission. The objective also aimed to enhance dementia/cognitive care planning and would include the following:

- Development of training materials and launch of training plan. Monitor and performance manage training compliance.
- Develop and launch of a new Care Plan. Monitor and performance manage care plan completion.
- Scope which directorates are completing cognitive assessments on Lorenzo, the Trust's electronic patient record system, and which on paper. Engage with directorates as to preferred format of assessment.

### Achievements against the objective

- Job Specific Essential Training agreed and launched.
- Care Plan piloted.
- Bespoke training sessions delivered to over 500 members of staff, plus induction training for an additional 225 internationally educated nursing staff.

- Over 200 one to one stimulation sessions completed, delivering more than 650 hours of contact time to patients with dementia.
- Dementia Champion Network expanded.
- Estates ensuring all works are in line with dementia friendly environment guidelines.
- Resource library created available for all staff to access to support them in caring for patients with dementia.
- Involvement in Round 5 of the National Audit of Dementia.
- Dementia Champion Network expanded.
- Estates ensuring all works are in line with dementia friendly environment guidelines.
- Resource library created available for all staff to access to support them in caring for patients with dementia.
- Involvement in Round 5 of National Audit of Dementia

This is a two-year objective and will continue in 2023/24.

## Quality performance indicators

The analysis of operational performance incorporates performance against a number of quality indicators that are linked to patient safety, clinical effectiveness and patient experience.

Additionally, the scope of mandated indicators that the Trust is required to report includes the following:

Fig: Additional mandated quality performance indicators – Never Events

| Never Events (Count) | 2020/21 | 2021/22 | 2022/23 |
|---|---|---|---|
| Sheffield Teaching Hospitals NHS Foundation Trust achievement<br>* 1 of the 8 incidents for 2022/23 occurred at Spire Claremont Hospital | 3 | 6 | 8* |

Never Events are defined by NHS England as ‘Serious Incidents that are wholly preventable as guidance or safety recommendations that provide strong systemic protective barriers are available at a national level and should have been implemented by all healthcare providers’.

During 2022/23, eight Never Events were declared. Seven occurred at the Trust and one occurred at Spire Claremont Hospital. Three were in relation to ‘wrong site

surgery', three related to a 'retained foreign object post procedure' and two were in relation to 'wrong implant/prosthesis'.

Learning from Serious Incidents and Never Events is shared through multiple forums within the Trust, including the Trust's Safety and Risk Forum, Management Board Briefing, relevant subject committees and via Trust-wide monthly safety messages from the Medical Director (Operations).

The Trust continues to work to strengthen learning opportunities and ensure improvements made are sustainable and embedded. Examples of ongoing actions that have been taken in response to Never Events include, but are not limited to, the continued roll out of the Inventory Management System, theatre culture survey work and audits to monitor compliance with procedural marking, surgical counts and procedural safety checklists.

Fig: Additional mandated quality performance indicators - SHMI

| The value and banding of the Summary Hospital-Level Mortality Indicator (SHMI) for the Trust for the reporting period | 2020/21 | 2021/22 | 2022/23 |
|---|---|---|---|
| National Average: 1.00<br>Highest performing Trust score: 0.72<br>Lowest performing Trust score: 1.22<br>*(Figures for December 2021 – November 2022)* | 1.00 Banding: as expected | 0.98 Banding: as expected | 1.0 Banding: as expected |
| The percentage of patient deaths with palliative care coded at either diagnosis or specialty level for the Trust for the reporting period.<br>National average: 40%<br>Highest trust score: 66%<br>Lowest trust score: 13%<br>*(Figures for December 2021 – November 2022)* | 34% | 40% | 38% |

Data extracted from the NHS Digital SHMI dataset published 13 April 2022)

Note - The SHMI makes no adjustment for patients who are recorded as receiving palliative care because there is considerable variation between trusts in the way that palliative care codes are used is recorded. Adjustments based on palliative medicine treatment specialty would mean that those organisations coding significantly for palliative medicine treatment specialty would benefit the most in terms of reducing the SHMI value (the ratio of Observed/Expected deaths would decrease because the expected mortality would increase).

Hence, SHMI routinely reports percentage patient deaths with palliative care coding as a contextual indicator to assist with interpretation of data.

The Trust has taken action to optimise this coding rate, and so the quality of its services by implementing a business-as-usual process relating to palliative care coding. This process ensures all activity is captured by validating clinical coding against the Palliative Care Services own contact report and an Information Services User Report. The validation work is undertaken monthly. As a result of this, in

2021/22 the Trust rate of palliative care coding increased markedly to 40 per cent, in line with the national average. The rate decreased slightly to 38 per cent in 2022/23, still well above the 2020/21 level and the Trust is committed to continuing the validation process in 2023/24.

Fig: Additional mandated quality performance indicators – Friends and Family Test (Staff)

| Friends and Family Test (FFT) - Staff who would recommend the Trust (from Staff Survey) | 2020/21 | 2021/22 | 2022/23 |
|---|---|---|---|
| The percentage of staff employed by, or under contract to, the Trust during the reporting period who would recommend the Trust as a provider of care to their family or friends.<br><br>National average: Combined Acute/ Acute and Community Trusts – 61.9 %<br>Highest performing Trust score:(Combined Acute/ Acute and Community Trusts): 86.4%<br>Lowest performing trust score: (Combined Acute / Acute and Community Trusts): 39.2% | 84.0% | 76.2% | 68.3% |

Although there has been a decline in Trust performance over the past three years, this is in line with a national trend and the Trust remains better than the national average. The Trust continues to work to improve this percentage by involving staff in service improvements and redesign, through seeking staff views via both the full census NHS staff survey, the Quarterly NHSI People Pulse, utilising our Microsystems Academy approach and through the People Promise retention work.

Fig: Additional mandated quality performance indicators – Friends and Family Test (Patients)

| Friends and Family Test (FFT) – Positive Score (patients who have scores either two 'Good', or one 'Very Good') | 2020/21 | 2021/22 | 2022/23 |
|---|---|---|---|
| The percentage of patients who attended the Trust during the reporting period who scored either two for 'Good' or one for' Very Good', when asked for their overall experience of the service. | All areas 93%<br><br>Inpatient 93%<br><br>A&E 85%<br><br>Maternity 88%<br><br>Outpatient 94%<br><br>Community 93% | All areas 90%<br><br>Inpatient 91%<br><br>A&E 77%<br><br>Maternity 80 %<br><br>Outpatient 94%<br><br>Community 91% | All areas 91%<br><br>Inpatient 92%<br><br>A&E 81%<br><br>Maternity 88%<br><br>Outpatient 94%<br><br>Community 93% |

The Trust continues to take the following actions to improve this rate, and through this, the quality of its services:

- A monthly report is circulated across the Trust informing staff of scores and the number of responses, as well as enabling them to review the comments that patients have made about their experience.
- Monthly FFT scores are compared with the 12-month Trust score as well as the 12-month national score to monitor performance.
- FFT is monitored on a monthly basis through the Patient Experience and Engagement Group, which escalates trends or concerns to the Patient Experience and Engagement Committee*, and takes relevant actions to improve the Trust's FFT position.
- Focused work has been completed in lower scoring areas to identify improvement actions. These have included actions being put in place to increase response rates in areas with very low response numbers, actions taken to improve sleep quality in areas where noise at night was identified as an issue and providing staff with training on how to have difficult conversations.

## Other quality metrics

### Delivering same-sex accommodation

The Trust remains committed to ensuring that men and women do not share sleeping accommodation, except when it is in the patient's overall clinical best interest or reflects their personal choice. There have been no breaches of this standard during 2022/23.

### Complaints

The Trust values complaints as an important source of patient feedback. We provide a range of ways in which patients and families can raise concerns or make complaints. All concerns, whether they are presented in person, in writing, over the telephone or by email are assessed and acknowledged within three working days and wherever possible, our Patient Access and Liaison Service (PALS) team takes a proactive working approach to resolving problems 'on the spot'.

All contacts received by the PALS are assessed to see if they can be dealt with quickly, for example by taking direct action, or by putting the enquirer in touch with an appropriate member of staff. This course of action is agreed with the patient and the enquiry is recorded as a concern (informal complaint). During 2022/23, we received 2854 informal concerns which we were able to respond to quickly.

If the concern or issue cannot be dealt with informally or if the enquirer remains concerned, the issue is categorised as a formal complaint and processed accordingly. During 2022/23, 1224 formal complaints were received. The number of formal complaints received by the Trust has increased overall by 10.4 per cent during 2022/23. The increase was across all services.

A monthly breakdown of formal complaints and concerns received during 2022/23 is provided below.

Fig: Complaints received during 2022/23 by month

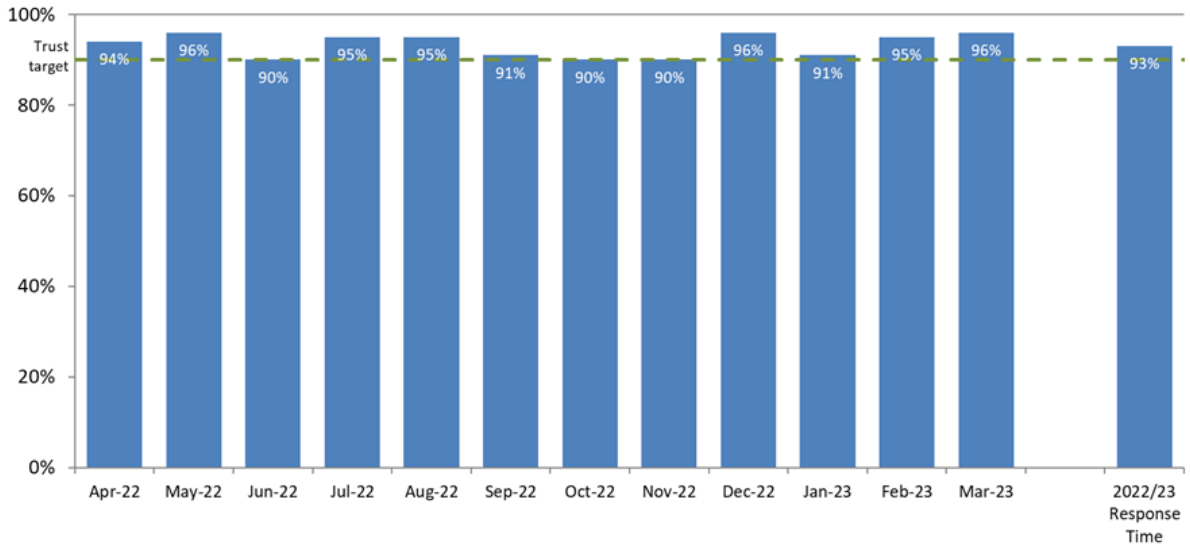
| | April | May | June | July | August | Sept | Oct | Nov | Dec | Jan | Feb | March | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| New informal concerns received | 230 | 248 | 246 | 226 | 266 | 258 | 250 | 233 | 172 | 248 | 226 | 251 | 2854 |
| New formal complaints received | 98 | 125 | 93 | 91 | 114 | 109 | 121 | 114 | 65 | 90 | 110 | 94 | 1224 |
| **Total** | **328** | **373** | **339** | **317** | **380** | **367** | **371** | **347** | **237** | **338** | **336** | **345** | **4078** |

Of the formal complaints closed during 2022/23, 721 (61 per cent) were upheld or partially upheld by the Trust.

Where complainants remain unhappy with the Trust's response, they can refer to the Parliamentary and Health Service Ombudsman (PHSO) to get an independent and objective body to review their complaint. The PHSO investigate complaints made regarding Government departments and other public sector organisations and the NHS in England. During 2022/23 the Parliamentary and Health Service Ombudsman closed four cases regarding the Trust, none were upheld and two were partially upheld.

The complaint response time target is that at least 90 per cent of complaints are closed within the agreed timescale. This target was achieved in 2022/23, with 93 per cent being responded to in time, or with an extension.

Fig: Breakdown of complaints response times by month




Monthly complaints reports are produced for the Patient Experience and Engagement Group showing the number of formal complaints received and response times at directorate level. Open concerns (informal complaints) have also recently been added to this monthly report to ensure these are being followed up and responded to appropriately.

This reporting aims to ensure that the Trust is continually reviewing information, so that serious issues, emerging themes or areas where there is a notable increase in numbers of formal complaints and concerns, can be investigated and reviewed.

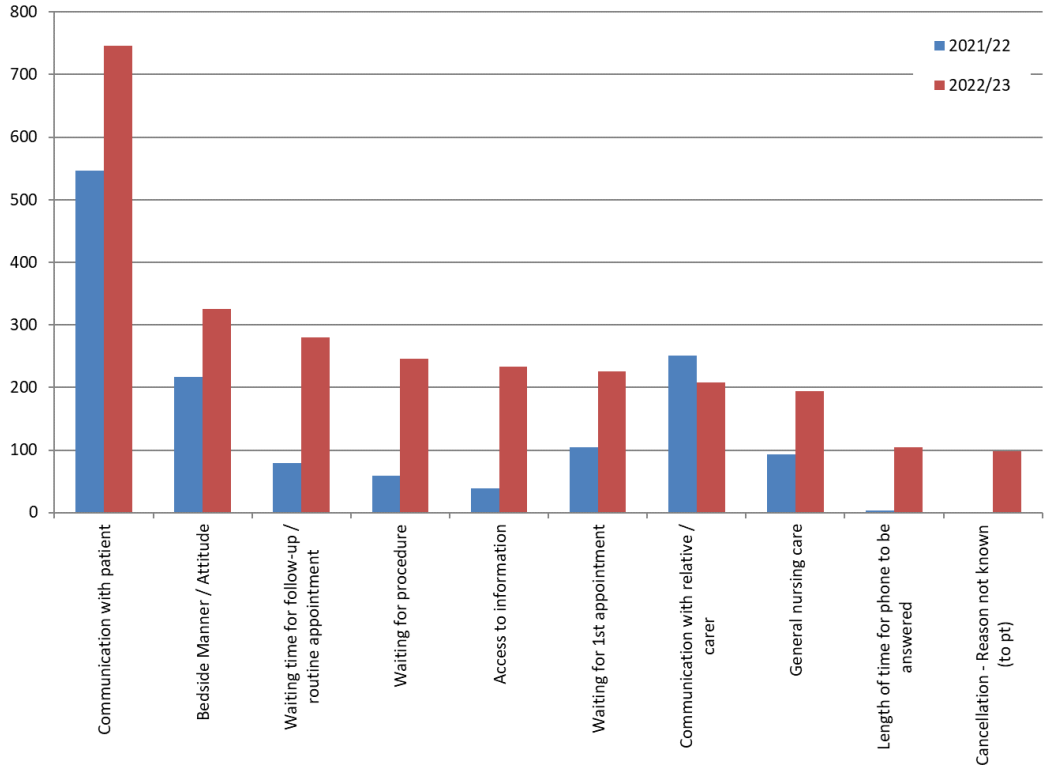
In April 2022 a review of the subjects used to record complaints was undertaken. Going forward it is anticipated the changes will help to provide more accurate and consistent data on themes and trends arising from complaints.

When presented as a percentage, complaints relating to ‘attitude’ have increased by 1.7 per cent and those relating to ‘communication with patient’ have increased by 2.4 per cent. Complaints relating to ‘communication with relative / carer’ have decreased by 2.2 per cent in contrast to a previously seen increase in these complaints, most likely attributed to restricted visiting arrangements in place during the pandemic.

Complaints about ‘waiting time for follow-up / routine appointment’ and ‘waiting for procedure’ have seen biggest increases, with 4.3 per cent and 4.6 per cent increases respectively. This is reflective of the effect of the Covid-19 pandemic and the backlog of clinical cases that was created due to reduced capacity over that time.

The Trust remains committed to learning from, and taking action as a result of, complaint investigations. To share learning the Patient Experience and Engagement Group receives regular presentations, on a rolling programme, from the Nurse Director of each Care Group. The presentation reviews in detail how a complaint was managed and demonstrates the reflective learning and improvements which have been implemented as a direct result of the complaint.

## Fig: Breakdown of complaints by theme



# Environmental matters

## Sustainability Plan

The Trust published its first Sustainability Plan in January 2022. This has become the basis on which the Trust has begun to introduce sustainability matters into everyday business and decision making. It is clear that as we do this there is a substantial amount of work to do that can only be achieved through a significant shift in our behaviours, the way in which the organisation operates internally and alongside our partners in Sheffield and regionally.

To underpin the commitments, we have set out in the Sustainability Plan, we have agreed that the Director of Strategy and Planning is the Trust's Board level Net Zero Lead, established a Sustainability Delivery Group comprising of a panel of specialists to ensure progress against the priorities within the Sustainability Plan.

## Energy

The NHS carbon footprint goals are to achieve net zero by 2040 in emissions that we directly control, with an ambition to reach 80 per cent of this target by 2028 to 2032. Also, regarding emissions we can influence to achieve net zero by 2045, with an ambition to reach an 80 per cent reduction by 2036 to 2039.

The NHS as a whole accounts for around 5 per cent of the UK's total emissions to atmosphere and spends over £50m on carbon permits and other environmental measures, the cost of which is set to increase going forward. The Health and Care Act 2022 references that in the UK air pollution is linked to approximately 36,000 deaths annually.

Typically, energy only equates for around 15 per cent of the Trust's overall carbon footprint. Over the past 12 months the Trust has experienced an increase in general energy use as the need to ensure good ventilation and effective air circulation as part of infection prevention and control measures during the Covid-19 pandemic constrained effective energy savings.

The Trust's Gas, Electricity and Water consumption from for 2022/23 is as follows.

- Gas = 49,656,194 KWh.
- Electricity = 44,418,819 KWh.
- Water = 427,693 $m^3$

Notwithstanding this, data illustrates that the trajectory is one of an overall reduction in the Trust's overall emissions.

Fig: Annual Energy related carbon dioxide emissions ($tCO_2$)

| Year | Annual carbon dioxide emissions ($tCO_2$) | |
|---|---|---|
| | Gas | Electricity |
| 2012/13 | 20854 | 25,833 |
| 2013/14 | 18,267 | 28,870 |
| 2014/15 | 16,700 | 27,122 |
| 2015/16 | 15,327 | 24,444 |
| 2016/17 | 15,431 | 21,015 |
| 2017/18 | 15,140 | 16,616 |
| 2018/19 | 14,873 | 15,226 |
| 2019/20 | 15,288 | 13,678 |
| 2020/21 | 15,807 | 12,550 |
| 2021/22 | 14,460 | 11,985 |
| 2022/23 | 14,455 | 12,391 |

The Trust has invested over £2m in replacing light fittings to LED units. These not only save 75 per cent on energy costs but improve lighting levels, reduce maintenance and have a longer life cycle. The Trust is also modernising its Building Management System (BMS) to give greater control / ability to monitor fans, pumps, lighting, etc. These measures will support continued reduction to the Trust's energy costs and emissions.

The Trust is investing in photovoltaic (solar) panels at the Northern General Hospital. These will generate a peak summer load of 364kWh of electricity. Further investment is planned for 2023/24.

## Waste

The Trust is working on a range of activities aimed at reducing waste through best practice efficiency standards and adoption of new innovations. The focus for 2022/23 has been on recycling and diverting waste away from disposal and back to reusing. The Trust is working with a range of partners who assist with the identification, collection, repair and packing of equipment before it is shipped to countries around the world. Since the start of these collaborations a significant amount of reusable equipment has been transported internationally, such as to hospitals in the Ukraine. We continue to divert usable medical goods from skips and now have a regular collection.

Fig: Waste minimisation and management (April 2022 – March 2023)*

| Waste | Tonnes |
|---|---|
| Sent to landfill (predominantly final extraction from Material Recycling Facilities via commercial waste management services – ceased 31/10/2022) | < 10.00 |
| Recycled / reused (Domestic / Dry Mixed Recycling, Confidential, Food, IT) | 1029.15 |
| Domestic | 1704.27 |

** Based on extrapolation of average monthly value*

The Trust has implemented new contracts in 2022/23 for offensive, domestic and clinical waste, which has resulted in diversion of waste from landfill. The new NHS Clinical Waste Strategy published by NHS England on 7 March 2023, is a 10-year strategy for dealing with clinical waste and aims to achieve a 50 per cent reduction in carbon emissions produced from waste management by 2025/26.

## Gases

We are reducing the carbon impact from the use, or atmospheric release, of environmentally damaging gases. Our focus has been on the use of Desflurane, one of the most volatile anaesthetic gases with a warming impact two and a half times greater than $CO_2$. Usage has been reduced from 49 bottles in 2018 to three in 2022. 49 bottles equates to 42,120kg of $CO_2e$, which is the equivalent to driving 7.4 times around the earth in an average car compared to three bottles, which is 2,900kg $CO_2e$. We plan to stop using Desflurane entirely by 2024 as part of a national commitment by the Royal College of Anaesthetists.

We have also commenced work on reducing the use of Entonox, commonly used for pain relief in labour, which contains nitrous oxide and oxygen. New outlets will soon be added to the refurbished theatres within the Jessop Wing so that a demand valve can be used rather than running continuously at high flows through the anaesthetic machine. This will reduce leaks and also ensure that we only consume the amount we really need. The Trust is also considering introducing a process called Nitrous Oxide cracking on the labour ward, which converts Entonox into harmless gases Nitrogen and Oxygen.

## Travel and transport

The introduction of the clean air zone within Sheffield City centre commenced in early 2023 and has provided the Trust and particularly our Facilities and Estates Directorates with justified challenges relating to our service provisions to support patient care. We are reviewing our longer-term plans for vehicle replacements to make sure we can increase our fleet of greener vehicles, reduce our emissions to support the aims of the clean air zone and the financial impact of this on the Trust. The Trust also has introduced a number of electric vehicle charging points at various sites on the Northern General Hospital site and within the Royal Hallamshire consultant and multi-storey car parks.

A survey was undertaken of staff travel habits whilst commuting to understand the impact and barriers faced on their journeys. The information will be used to create a Travel Plan and provide an opportunity to work with our local authority partners to improve infrastructure, negotiate with public transport operators regarding routes and ticket discounts and encourage active travel across the organisation.

## Healthier Actions Fund

The Trust successfully bid for and received funding to support staff to take up alternative forms of transport. The trial offered a free ticket for staff to use public transport and increase the opportunity to travel actively, therefore also supporting staff health and wellbeing.

## Cycle shelters

We have upgraded and replaced a significant number of our cycle shelters, which will add approximately 300 plus cycle spaces across our sites. For many years the old cycle storage

spaces have been overcrowded, to the point where staff have had no other choice but to lock their bikes to a nearby rail. Shelters now also provide greater security for staff as they are accessed via their swipe card. This current project aims to encourage more staff to commute to work by cycling.

### STH staff Cycling UK scheme

We are currently developing a partnership with Cycling UK where staff can loan an E-Bike free for one month. We have opened up an opportunity for staff from Sheffield Children's Hospital to take part. Cycling UK will have a presence at both the Royal Hallamshire Hospital and Northern General Hospital sites for six months. By linking up also with the online platform Love to Ride, staff will be encouraged to track their own usage, measure distance travelled / emissions saved and compete on a leader board to win prizes.

The aim of this scheme is to encourage staff that live within 30 minutes of the hospital to cycle to work and provides them with opportunity to try this without cost. Cycling UK will also supply a helmet and lock with each bike to ensure staff are fully equipped for their commutes.

### Biodiversity

In December 2022, a new international agreement (Post-2020 Global Biodiversity Framework) was adopted by the world's nations to combat global biodiversity loss. In response to this, the Trust commissioned independent biodiversity surveys at both the Northern General and Royal Hallamshire sites.

Following the surveys, a Biodiversity Action Plan (BAP) has now been produced describing plans to maintain and enhance the natural habitats that are evident, including specific objectives for increasing biodiversity which will help guide the policies and actions of all those who influence the wildlife of our local area.

### Adaptation planning

The Trust has developed a draft Adaptation Plan that aims to increase our understanding and shape our potential responses to mitigate risks associated with climate change and severe weather on the services provided. This is being developed alongside our work on completing a Climate Change Risk Assessment and links with work of the Trust's Organisational Resilience Team. The long-term ambition is to have a range of measures in place that will offer resilience, not only to climate change but to other continuity risks.

### Catering

Our Catering Team has continued to take forward initiatives to reduce the use of single plastic items and is now encouraging staff to use their own keep cups and bowls in retail settings.

Work continues with the procurement of a new Catering Management Information System, which will include electronic bedside ordering for inpatients. The roll out of this aims to improve the patient meal experience and drive significant efficiencies through reductions in food wastage impacting on commodity ordering and production.

# Analysis of financial performance

For the 2022/23 financial year, national financial arrangements continued to reflect management of, and recovery from, the Covid-19 pandemic. The arrangements built on those from previous years and were again largely successful.

In simple terms, the financial arrangements for 2022/23 resulted in block contracts (value fixed regardless of activity undertaken) with top-up funding to the level of expenditure in 2019/20 (plus inflation) and additional funding for the direct additional costs of the pandemic. The Trust also received growth funding and significant Elective Recovery Fund (ERF) resources which were to be linked to targets for recovery of elective activity. However, on-going waves of Covid-19, along with a challenging winter and industrial action, frustrated those recovery plans to a significant degree.

Whilst the Trust reported a £14.0m surplus in its Statement of Comprehensive Income, after adjusting for non-cash technical items (predominantly impairment reversals following the revaluation of the estate at 31 March 2023, but also the impact of capital donations / grants), the Trust's 'Adjusted Financial Performance' shows a surplus of £281k (0.02 per cent of turnover). Turnover increased by 10.4 per cent to £1,500.7m, largely due to funding for inflation / pay awards, growth / ERF funding and reimbursement of 'High Cost Drugs and Devices'.

Pay costs rose by 12.2 per cent over 2021/22 levels due to actual and anticipated pay awards, National Insurance changes and some staffing expansions. Drugs costs increased by 10.7 per cent, Clinical supplies / services by 19.7 per cent and general supplies and services by 12.9 per cent as many services returned to more normal operations. Premises costs, including IT, increased by 6.6 per cent and purchase of healthcare from non-NHS bodies by 7.9 per cent. The combined depreciation, loan interest and Public Dividend Capital (PDC) dividend charges increased by 13.9 per cent, largely driven by the level of capital investment and the revaluation of the estate. Activity levels generally recovered from the reductions in previous years but were still below pre-pandemic levels, particularly for elective services.

There was again limited opportunity to drive normal cash releasing efficiency improvements, but the Trust still managed to deliver £14m of savings over the year.

## Capital investment

Total capital expenditure for the year was £52.7 million and has been analysed below. The key focus of expenditure was to support service developments in line with the Trust's corporate strategy and resumption of services, whilst maintaining investment in replacement medical equipment, promoting information technology initiatives and improving the infrastructure to enhance the patient experience.

Fig: Capital investment 2022/23

| | £,000 | £,000 |
|---|---|---|
| **Medical Equipment** | **12,730** | |
| Equipment Replacement Programmes (e.g. Image Intensifiers, Scopes/Stacks, Patient Monitoring, Perfusion Monitoring) | | 5,920 |
| Gamma Knife, Royal Hallamshire Hospital | | 3,384 |
| Cardiac Catheter Lab B, Northern General Hospital | | 972 |
| RHH SPEC-CT Gamma Camera | | 821 |
| WPH SPEC-CT Gamma Camera | | 811 |
| Other | | 822 |
| **Information Technology** | **8,698** | |
| Electronic Patient Record | | 5,383 |
| IT Infrastructure / Strategic (e.g. server virtualisation expansion, Aria upgrade and Load Balancer Replacement) | | 2,702 |
| Other | | 613 |
| **Service Development** | **18,014** | |
| Orthopaedic Elective Hub, Q Floor, Royal Hallamshire Hospital | | 4,287 |
| Endoscopy, P Floor, Royal Hallamshire Hospital | | 4,077 |
| WPH Linear Accelerator Bunkers Expansion | | 3,212 |
| Fracture Clinic/SDEC, Northern General Hospital | | 1,997 |
| Weston Park Hospital Nuclear Medicine Department | | 1,945 |
| Jessop Wing Labour Ward Assessment Unit | | 1,406 |
| Other | | 1,090 |
| **Infrastructure** | **13,288** | |
| Jessop Wing Theatres Refurbishment | | 2,625 |
| Chesterman Theatres Refurbishment | | 2,003 |
| Royal Hallamshire Hospital Service Block Redevelopment | | 1,407 |
| Royal Hallamshire Hospital Wards H1 and H2 Refurbishment | | 1,348 |
| CCTV System Replacement | | 1,163 |
| Royal Hallamshire Hospital B Road Water Proofing | | 1,096 |
| Other | | 3,646 |
| **Total Expenditure** | **52,730** | |

This expenditure was funded from a combination of the Operational Capital Allocation and in- year Public Dividend Capital approvals. There was a minor overshoot against the expenditure target notified by the South Yorkshire and Bassetlaw Integrated Care System (ICS) for 2022/23.

## Cash flow and balance sheet

The Trust's net assets employed at 31 March 2023 were £471.3m compared with £444.1m at the previous year-end. The value of Land, Buildings and Equipment at 31 March 2023 was £482.5m with the increase in 2022/23 reflecting the revaluation of the estate and the high level of capital expenditure referred to above. Outstanding 'borrowings' relating to loans, the Hadfield Public Finance Initiative (PFI) contract and relevant leases totalled £33.3m at the year-end (an increase of £0.7m). The increase reflects the new capitalisation of 'Right of Use' Assets, offset by normal loan and other repayments.

The working capital position remained relatively healthy with cash balances of £200.8m and net current assets of £14.5m.

## Conclusion

Whilst 2022/23 was more stable than previous years, it was still an exceptional year as the Covid-19 pandemic continued to impact on services and industrial action added further operational complexity. However, the Trust has maintained financial control; managed the pandemic whilst recovering services as much as possible; and delivered significant investments. Looking forward, the environment will continue to be challenging as we seek to recover from the pandemic whilst delivering significant productivity and efficiency gains; navigate the changing NHS management and financial management arrangements; and deal with a range of workforce and service issues.

Performance Report signed by the Chief Executive
in capacity as Accounting Officer

Kirsten Major
27 June 2023

# Accountability Report

## Directors' Report

### The Directors' report is presented in the name of the Directors of the Board of Directors.

### Composition of the Board of Directors

Led by a Non-Executive Chair, the Board of Directors comprises of eight other Non-Executive Directors and up to eight Executive Directors, including the Chief Executive. The individuals occupying positions on the Board during 2022/23 are listed below with their attendance at Board meetings recorded later in this report.

#### Annette Laban, Trust Chair, appointed 1 January 2021

Annette was appointed to the Board as a Non-Executive Director in July 2013 and was appointed Trust Chair from 1 January 2021.

Annette has more than 35 years' experience working within the NHS and local government in senior positions and throughout her career she has been responsible for overseeing many innovations which have directly impacted on frontline NHS care. Her past roles have included Chief Executive for NHS Doncaster, Director of Performance and Operations at NHS North of England - Strategic Health Authority and Executive Director of Performance and Delivery at NHS Yorkshire and the Humber.

Annette also holds independent Non-Executive Director roles at Marie Stopes International and Cheswold Park Hospital.

### Other Non-Executive Directors

#### Tony Buckham, Non-Executive Director and Vice Chair, appointed 1 September 2015

Tony brings a wealth of experience from his time working within complex global organisations. He has provided strategic support to the HSBC Group Management Board Directors, with particular expertise within IT and Corporate Real Estate for over 10 years. Tony has led divisions of up to 7,000 staff with particular focus on people development to enable global transformational change. He has also made a significant contribution to mentoring and coaching programmes.

### Gul Nawaz Hussain, Non-Executive Director (until 13 February 2023), appointed 1 July 2022

Gul is a practicing barrister of over 20 years standing. He was the first Sheffield-based barrister to be appointed King's Counsel (KC) in the city for over 15 years. Based in both Sheffield and London, Gul is head of his barristers' chambers (33 Bedford Row Chambers)' Northern annex, where his practice focusses exclusively upon high profile and complex cases. Gul also sits as a Legally Qualified Chair for the Medical Practitioners Tribunal Service, which acts as the tribunal service for UK doctors.

### Professor Chris Newman, Non-Executive Director, appointed 1 November 2017

Chris joined the Board of Directors in November 2017. He is Dean of the Medical School and Professor of Clinical Cardiology at The University of Sheffield (TUoS), and Honorary Consultant Cardiologist at the Trust. He also directs the National Institute of Health Research (NIHR) Sheffield Clinical Research Facility, a joint facility between the Trust and TUoS.

### John O'Kane, Non-Executive Director, appointed 1 October 2014

John is an experienced Finance Director, with a wealth of knowledge of managing change in a number of companies. He has worked as Group Finance Director at Redhall Group, Jarvis, Ecobat Technologies, Peterhouse Group and Kelda Group.

### Maggie Porteous, Non-Executive Director, appointed 1 May 2021

Maggie joined the Board of Directors in May 2021. She has more than 30 years of business experience working for John Lewis, where she was Director of Shop Trade until 2020 and responsible for the leadership of 51 John Lewis shops.

She is a Trustee of the John Lewis Foundation, working with a wide variety of non-governmental organisations and charities on international and UK projects, and is a Non-Executive Director of Silva Homes, a not-for-profit social housing association.

### Rosamond Roughton, Non-Executive Director appointed 1 December 2019

Rosamond brings widespread experience of working in policy at national level, as well as experience at board level in the NHS. Most recently, she was the Director-General of Adult Social Care at the Department of Health and Social Care (DHSC). Rosamond stepped down from her role at the department in the summer of 2020 in order to care for and support her parents.

Prior to her DHSC role, Rosamond was an Executive Director at NHS England, where, from 2014 she had national responsibility for general practice and primary care services and the commissioning of armed forces healthcare, national screening and immunisation programmes, healthcare for people in the criminal justice system, and sexual assault referral services. Her NHS career has also included Director of

Workforce and HR at the Christie Hospital NHS Trust and Director of Strategy for Yorkshire and the Humber NHS. She is an honorary fellow of the Royal College of General Practitioners and a non-executive director of the TSA (Technology-enabled care Services Association

### Martin Temple, Non-Executive Director, (until 30 June 2022), appointed 1 July 2013

Martin was Chair of the Health and Safety Executive until August 2020 and has served on the Boards of a wide range of companies around the world, including the Board of The Great Exhibition of the North. He was Chairman of the Design Council, on the Council of the University of Warwick, as well as the Chair of the Warwick Business School Advisory Board. He has also been Vice President of Avesta-Sheffield AB, Director-General and later Chair of EEF, he served as an independent Chair for different UK Governmental Reviews and a Non-Executive Director and Chairman of The 600 Group PLC.

### Professor Toni Schwarz, Non-Executive Director, appointed 1 May 2021

Toni joined the Board of Directors in May 2021. She has had a 37-year career working within the health sector and the NHS and is the Dean of the College of Health Wellbeing and Life Sciences at Sheffield Hallam University.

She trained as a nurse and worked in clinical practice in hospital and the community for almost 20 years before moving into higher education. Toni moved to Sheffield in 2014 to take up the role of Head of Department for Nursing and Midwifery at Sheffield Hallam before stepping up to the position of Dean.

### Shiella Wright, Non-Executive Director, appointed 1 April 2019

Shiella joined the Board during April 2019, bringing with her over 11 years' experience as an NHS Non-Executive Director. She was also a Trustee with several voluntary and charitable organisations and between 2017 and 2021 she was the Chair of Age UK Nottingham and Nottinghamshire, and a Race Equality Commissioner with Sheffield Council for Race Equality.

Shiella is the former Deputy Chief Executive / Director of Operations of Nottinghamshire Probation Trust, and has held Senior Leaderships roles across, South Yorkshire, Humberside, and the East Midlands.

She is currently an appointed Independent member of the Parole Board for England and Wales and a member of the South Yorkshire Police and Crime Commissioner Independent Ethics Panel.

## Executive Directors

### Kirsten Major, Chief Executive

Kirsten was appointed as Chief Executive in 2019. She joined the Trust in February 2011 as Director of Strategy and Planning. Kirsten took up the position of Interim Chief Executive in August of 2018. She first joined the NHS in 1994 and has held a number of Director level positions, including Health Boards in Scotland and at the North West Strategic Health Authority. Kirsten is a health economist by profession and was active in a range of professional and research-based collaborations. Since January 2020, Kirsten has also held the position of Non-Executive Director at the York Health Economics Consortium (YHEC) and in May 2021, was appointed as a Trustee at Sheffield Theatres Trust.

### David Black, Medical Director

David was appointed in February 2022. Prior to this David was acting regional medical director for NHS England and Improvement North-East and Yorkshire region. He was also part time deputy medical director at the Rotherham NHS FT. From 2012 David worked for NHS England, and his responsibilities included specialised commissioning, systems oversight and also responsible officer. David is also an experienced medical appraiser.

David was director of public health in Derbyshire from 2002 until 2012. David began his career in general practice, and he also worked overseas in a psychiatry and general practice. David has a longstanding interest in clinical effectiveness and he was a member of a NICE Technology Appraisal Committee for nine years. David is interested in reducing health inequalities and the part the NHS can play in meeting the needs of vulnerable and disadvantaged patients.

### Mark Gwilliam, Director of Human Resources and Staff Development

Mark is Director of Human Resources and Staff Development. He took up his original post as Director of Human Resources and Organisational Development in May 2009 bringing with him a wealth of experience.

He was previously an Associate Director of Human Resources at Central Manchester University Hospitals NHS Foundation Trust. Mark joined the NHS in 2004 through the Gateway to Leadership Programme and was assigned on placement at Sheffield Teaching Hospitals NHS Foundation Trust. Prior to this he worked in the fast-moving consumer goods sector in numerous operational management and human resource management roles.

### Michael Harper, Chief Operating Officer

Michael joined the NHS through the NHS Management Training Scheme and undertook placements at Bassetlaw Hospital, Sheffield City Council and Good Samaritan Hospital Phoenix, Arizona USA.

Upon completion of the Scheme, he joined the Northern General Hospital in 2000 and has worked in a number of operational leadership roles in A&E, Medicine, Cardiothoracics, Orthopaedics and Surgical Services throughout the Trust since this time.

He became Chief Operating Officer in January 2015. From June 2019, the position of Chief Operating Officer has been an Executive member of the Board of Directors.

From 1 June 2022 Michael Harper commenced the role of Operations Improvement Director for a period of four months, until 30 September 2022 and in this period did not routinely attend meetings of the Board of Directors. Interim Chief Operating Officer arrangements were put in place during this time period.

### Jennifer Hill, Medical Director (Operations)

Jennifer joined the Trust in 1999 as Consultant Respiratory Physician having trained in Nottingham, Leeds and Glasgow. Jennifer was Clinical Director for Respiratory Medicine and Deputy Medical Director before taking up the post of Executive Medical Director (Operations) in December 2020.

### Professor Chris Morley, Chief Nurse

Chris joined the Trust as Chief Nurse in October 2018 from The Rotherham NHS Foundation Trust where he also held the position of Chief Nurse. Prior to this Chris was Deputy Chief Nurse here at Sheffield Teaching Hospitals.

He has previously held a number of leadership roles in healthcare governance, patient safety and nursing management.

Chris is a Visiting Professor in the College of Health, Wellbeing and Life Sciences at Sheffield Hallam University and the nominated Chief Nurse for the North-East and Yorkshire Genomic Medicine Service Alliance

### Neil Priestley, Chief Finance Officer

Neil was appointed to the post of Director of Finance of the newly merged Sheffield Teaching Hospitals in February 2001. He had previously held the post of Head of Finance at the NHS Executive Trent Regional Office, from where he had been seconded to the Northern General Hospital as acting Director of Finance prior to the Trust merger. Neil is a Fellow of the Chartered Association of Certified Accountants.

### Mark Tuckett, Director of Strategy and Planning, from 18 April 2022

Mark joined the Trust in April 2022 as Director of Strategy and Planning. He has worked in Sheffield for ten years – in performance, policy and strategy roles at Sheffield City Council, and as Director of the Sheffield Health and Care Partnership. Before this, he worked in a range of sectors and roles, including at Transport for London; at McKinsey; and in the charity sector working in sub-Saharan Africa.

## Other senior managers who attend Board as Participating Directors

### Paul Buckley, Interim Director of Strategy and Planning (from September 2020 to 17 April 2023)

Paul joined the NHS in 1996 and has worked in a range of senior operational, project and strategic leadership roles. Paul attended meetings of the Board of Directors in his capacity as Interim Director of Strategy and Planning between September 2020 and April 2023. Paul has held his substantive role within the Trust as Deputy Director of Strategy and Planning since October 2013.

### Sandi Carman, Assistant Chief Executive

Sandi has 30 years' experience working in NHS acute, community, and commissioning organisations. Sandi's career started in Occupational Therapy at the Northern General Hospital. She has since gained a wealth of experience in various operational and managerial roles before returning to the Trust in 2010. In 2016 Sandi took up the post of Assistant Chief Executive.

### Vicki Leckie, Interim Chief Operating Officer (from June 2022 – September 2022)

Vicki joined the NHS in 1996 as a Physiotherapist before moving to work into general management where she has undertaken a number of senior operational roles within the Trust. From 1 June 2022 to 30 September 2022 Vicki attended meetings of the Board of Directors in her capacity as Interim Chief Operating Officer. Vicki has held her substantive role within the Trust as Deputy Chief Operating Officer since January 2020.

### Julie Phelan, Communications and Marketing Director

Julie spent her early career as a journalist in both print and broadcast media before moving into public sector communication in local government and health. She was previously Head of Communications at Sandwell and West Birmingham Hospitals NHS Trust, Head of Communications for Birmingham Women's Hospital and Director of Communications for Worcestershire Acute Hospitals and Worcester Health Authority.

Before joining the Trust in June 2008, Julie was Director of Communications for University Hospitals Coventry and Warwickshire NHS Trust.

## Statement on the balance, completeness and appropriateness of the membership of the Board

The Board of Directors' Nomination and Remuneration Committee has carried out an in-year review of the composition of the Board. This has been in the context of current and anticipated issues and challenges impacting the Trust, and the skills and qualities needed on the Board. This exercise is undertaken routinely as part of the process of considering appointments and reappointments to the Board.

As outlined in the above biographies, the Board comprises individuals with senior level experience in the public and private sectors, across a range of disciplines including clinical and patient care, finance, strategic and operational planning, commercial development, governance, risk management, human resources and change management.

The Board is satisfied that its current membership allows it to function effectively.

All Directors on the Board of Directors have, on appointment, confirmed that they met the Fit and Proper Persons Test and complete an annual declaration confirming that they continue to be a fit and proper person in accordance with the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014 Regulation 5: Fit and Proper Persons Requirement.

To strengthen these arrangements the Trust carries out Disclosure and Barring Service checks every three years for members of the Board of Directors and the Council of Governors. In addition, disqualified directors and insolvency checks are repeated annually, along with an annual cross check review of professional registration status (as recorded on the electronic staff record (ESR)). These arrangements were put in place from 2021/22.

## Board members' Register of Interests and Gifts and Hospitality

Company directorships and other declarations including receipt of gifts and hospitality were declared by all Board members. The Trust has in place a Standards of Business Conduct Policy that reflects guidance from NHS England, the full register of interests can be accessed from the following link.

The Board has determined that the current Chair and all Non-Executive Directors are independent in character and judgement. This includes the appointed representatives of The University of Sheffield, Professor Chris Newman, Dean of the Medical School, and of Sheffield Hallam University, Dr Toni Schwarz, Dean of the College of Health Wellbeing and Life Sciences at Sheffield Hallam University, notwithstanding the Trust's relationship during this reporting period with both these organisations.

## Arrangements in place to ensure that the Trust is well-led

Review of the effectiveness of the Board of Directors and the outcomes from assessment of performance is used to inform ongoing development of the Board. This is done both collectively, and of individual Board members, as part of a formal annual appraisal system and the review and agreement of a Board work programme for the year.

The Board undertakes in-year self-assessment of its leadership and governance arrangements against governance best practice, using well-led guidance[1] to inform the continued development of the Trust's governance arrangements.

In September 2022 a best practice developmental review of governance and leadership against the well-led framework was commissioned to identify continuous improvement actions.

Across all eight key lines of enquiry (KLoE), this external review triangulated evidence obtained via one-to-one interviews, focus groups, meeting observations, stakeholder surveys and a review of a range of documents. The review drew upon existing reports and intelligence, paying due regard to the independent Trust-wide healthcare governance review undertaken between December 2021 and April 2022. This earlier review had focused on four of the KLoEs of the well-led framework used by the Care Quality Commission (CQC).

Findings from both these independent governance reviews are being used to strengthen the Trust's leadership and governance arrangements. To adopt an approach to the delivery of improvement actions that is sustainable, an exercise has been undertaken to align the 62 recommendations identified across the two external governance reviews.

## Financial and other public interest disclosures

### Cost allocation and charging requirements

Sheffield Teaching Hospitals NHS Foundation Trust has complied with the cost allocation and charging guidance issued by HM Treasury. There are no additional charges made for material made available to meet the needs of particular groups of people, for example, in Braille or other languages.

Following the introduction of the General Data Protection Regulation and the UK Data Protection Act 2018 in May 2018, fees, as set by the Information Commissioner's Office, are no longer chargeable for subject access requests for personal data, including copies

[1] Development reviews of leadership and governance using the well-led framework: guidance for NHS trusts and NHS foundation trusts (Jun 2017)

of medical records. Similarly, no fees are chargeable for the supply of medical records of deceased patients under the auspice of the Access to Health Records Act 1990.

The Trust does not impose any fees for responding to requests under the Freedom of Information Act unless the amount of information exceeds the appropriate limit as defined in section 12 of the Freedom of Information Act.

### Political donations

There are no political donations to disclose.

### Employee benefits

Accounting policies for pensions and other retirement benefits are set out in note 1.6 of the accounts. Details of senior employee's remuneration can be found in the Remuneration Report section of this Annual Report.

### Non-NHS income

As required by Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), the Directors confirm that the income that the Trust has received from the provision of goods and services for the purposes of the health service in England is greater than its income from the provision of goods and services for any other purposes.

In addition to the above, the Directors confirm that the provision of goods and services for any other purposes, has not materially impacted on our provision of goods and services for the purposes of the health service in England. Further details of the income sources to the Trust can be found in note 3.2 of the accounts.

### Payment of creditors

The Trust aims to comply with the Better Payment Practice Code. Performance for the financial year is set out in note 6 of the accounts.

## Countering fraud and corruption

The Trust does not tolerate any form of fraud, bribery or corruption by, or of, its employees, associates or any person or body acting on its behalf. Maintaining fraud levels at an absolute minimum ensures that more funds are available for patient care and services.

The Trust engages 360 Assurance as its Local Counter Fraud Specialist (LCFS) to support the Board of Directors' commitment to maintaining an honest and open culture, ensuring that all concerns involving potential fraud have been identified and rigorously

investigated. In all cases appropriate civil, disciplinary and / or criminal sanctions have been applied, where guilt has been proven. This supports the embedding of deterrence and prevention measures across the organisation.

The Trust's Audit Committee agrees the annual work plan for the LCFS and receives routine reports on progress against its delivery. The Committee has agreed the Trust's policy for dealing with suspected fraud, bribery and corruption and the Trust's Standards of Business Conduct Policy.

Effective from 1 April 2021 the NHS Counter Fraud Authority (NHSCFA) implemented the Government Functional Standard 013: Counter Fraud ('the Functional Standard') within the NHS. During 2021/22, the NHSCFA have developed their requirements in relation to the Functional Standard.

All NHS funded services are required to comply with the Functional Standard. Progress against the requirements of the Functional Standard is overseen by the Trust's Chief Finance Officer and the Audit Committee.

The Trust is required to self-assess against the requirements of the Functional Standard annually by completing and submitting the Trust's Counter Fraud Functional Standard Return (CFFSR). This requires prior sign off by the Trust's Chief Finance Officer and the Audit Committee Chair.

# Remuneration Report

## The Remuneration Report outlines appointments and payments made in-year to Trust Executive Directors, Non-Executive Directors and the Trust's most senior employees, and includes the senior managers' remuneration policy.

## Annual statement on remuneration

I am pleased to present the Remuneration Report for the financial year 2022/23 on behalf of the Board of Directors' Nomination and Remuneration Committee.

The Committee is responsible for making decisions on matters relating to the nomination, appointment, remuneration and terms and conditions of office of the Trust's Executive Directors and other individuals on locally determined pay, including salary, pensions, termination and / or severance payments and allowances.

In discharging its responsibility for setting the remuneration and conditions of service for the Trust's most senior managers, its key objective is to ensure that the remuneration packages are sufficient to recruit and retain individuals of the calibre required for the successful operation of the Trust, while avoiding paying excessively for this purpose.

There have been no changes made to the Trust's remuneration policy for senior managers in 2022/23.

Decisions made in line with this policy during the past year or impacting on this reporting period include:

- A 2022/23 pay award for very senior managers, staff on ad hoc spot salaries, and for application to management responsibilities, consistent with that made to staff on Agenda for Change terms and conditions of service;
- An equivalent consolidated 2022/23 pay award for Executive Directors;
- The salary ranges for appointments to a number of new senior management positions or to reflect changes made to existing roles / job descriptions at this level of the organisation;
- Incentive payment arrangements (short term) for specific staffing groups in response to staffing pressures / for additional sessions to increase planned care activity;
- A temporary increase to mileage rates to reflect rising fuel costs;
- Non-consolidated payment for the Deputy Chief Operating Office to cover a four-month secondment to the position of Interim Chief Operating Office; and

- The implementation of an Employer Superannuation Contribution Recycling Scheme.

Annette Laban

Chair of the Board of Directors' Nomination and Remuneration Committee

## Senior managers' remuneration policy

The remuneration of the Chief Executive and Executive Directors is determined by the Board of Directors' Nomination and Remuneration Committee taking into account market levels, key skills, performance and responsibilities.

The Trust's overarching approach is to ensure that senior managers' remuneration supports delivery of our vision to be recognised as a brilliant place to work, a provider of inclusive and high-quality health care, clinical research and education in the UK and a strong contributor to the aspiration of Sheffield to be a vibrant, healthy and sustainable City region. As such, the principle underpinning the Trust's remuneration policy is that rewards to senior managers should enable the Trust to recruit, motivate and retain individuals with the necessary skills, experience and ability, to support delivery of the Trust's strategic aims.

## Future policy table senior managers (other than Non-Executive Directors)

Executive Director remuneration for 2022/23 was set at an appropriate level to recognise the significant responsibilities of directors in foundation trusts of similar size and complexity, and to attract and retain individuals with the necessary skills, experience and ability. The future policy table overleaf provides detail on each element of Executive Directors' remuneration packages for 2022/23, how the level of pay is determined, how change is enacted and how Executive Directors' performance is managed.

## Directors with remuneration (total) greater than £150,000

The Trust takes steps to assure itself that remuneration is set at a competitive rate in relation to other similar NHS foundation trusts, and that this rate enables the Trust to attract and retain senior managers with the necessary abilities to lead and develop the Trust's activities fully for the benefit of patients. In making decisions about whether to pay any individual Executive Director more than £150,000[2] per annum, as outlined in guidance issued by the Cabinet Office, regard is paid to remuneration benchmarking data, market conditions, and the individual director's level of experience and development of the role.

[2] *The threshold set out in NHSI guidance above which NHS foundation trusts should make a disclosure.*

Fig: Future policy table

| How the component supports the strategic aims of the Trust | How the component operates | Maximum potential value of the component | Description of framework used to access performance |
|---|---|---|---|
| Base pay | | | |
| Base pay is determined using benchmarked data (reviewed annually) in order to attract, reward and retain individuals of the right calibre to lead the delivery of the Trust's aims and priorities. | Salaries are reviewed annually and any changes are normally effective from 1 April each year. Such changes are proposed and made via the Board's Nomination and Remuneration Committee.<br>In exceptional circumstances, reviews of salary may be made outside of this cycle but are made by the Nomination and Remuneration Committee. | Change to basic salary is usually enacted as a percentage increase in line with national Agenda for Change pay arrangements, to ensure parity across the Trust (senior managers are proportionally not treated more favourably than other staff). | The Chief Executive and Executive Directors participate in annual performance reviews undertaken by the Trust Chair or Chief Executive respectively. The individual's agreed objectives are linked to the Trust's corporate objectives. The Trust does not operate a system of performance related pay. Failure to meet objectives is managed via Trust policies and performance frameworks. |
| Pension-related benefits | | | |
| Pension benefits (which may be opted out of) are part of the total remuneration of directors to attract high-calibre staff to enable the Trust to meet its strategic objectives. | Pension is available as a benefit to directors and follows national NHS Pension Scheme contribution rules (or alternative pension provider). | Pension is available as a benefit to directors and follows national NHS Pension Scheme contribution rules (or alternative pension provider). Pension entitlements are determined in accordance with the HMRC method. | Not applicable. |
| On-call payment | | | |
| Senior managers are entitled to receive on-call payment in line with on-call responsibilities. | | | |
| Learning account funds | | | |
| Senior managers at Directorate Triumvirate level (Nurse Directors, Operations Director and substantive Clinical Directors) receive learning account funds as part of their remuneration package. | | | |
| Benefits | | | |
| The Trust operates a number of salary sacrifice schemes including childcare vouchers, white goods scheme and a lease car scheme. These are open to all members of staff. | | | |
| Travel expenses | | | |
| Appropriate travel expenses are paid for business mileage. | | | |

## Payments for loss of office*

There is no entitlement to any additional remuneration in the event of early termination. During 2022/23 no senior manager (or past senior manager) received payments for loss of office.

* subject to audit

## Statement of consideration of employment conditions elsewhere in the Trust

In determining the pay and conditions of employment for Executive Directors and senior managers, the Board of Directors' Nomination and Remuneration Committee takes account of national pay awards given to medical and non-medical staff groups subject to national Agenda for Change, or national Medical and Dental Terms and Conditions.

The Trust did not consult with employees when preparing the senior managers' remuneration policy, however annual benchmarked data from comparative teaching hospitals provided by NHS Providers, was used to determine the appropriate remuneration for Executive and Non-Executive Directors during the year.

## Policy on diversity and inclusion used by the Nomination and Remuneration Committee

The Board is committed to ensuring that its composition comprises an appropriate balance of skills, knowledge and experience. Diversity is a vital part of the continued assessment and enhancement of board composition, and the Board recognises the benefits of diversity amongst its members.

Appointments to the Board of Directors are subject to a formal, rigorous and transparent procedure. While new appointments are always based on merit, careful consideration is given to the benefits of improving and complementing the diversity, skills, experience and knowledge of the Board. Under the Trust's equality, diversity and inclusion (EDI) work programme, representative recruitment panels ensure ethnicity and gender representation throughout recruitment processes.

Before any appointment is made to the Executive team an evaluation of the composition of skills, knowledge, experience and diversity on the Board of Directors informs the description of the role and capabilities required for a particular appointment. The appointment process is designed to attract the best candidates, through the use of a range of open advertising or the services of external advisers to facilitate the search.

Likewise, at the outset of each Non-Executive Director recruitment and selection process, a review is undertaken of the composition of the Board of Directors for balance of diversity, skills and experience to inform its search. The output of which informs recommendations from the Board of Directors' Nomination and Remuneration Committee to the Council of Governor's Nomination and Remuneration Committee responsible for undertaking the recruitment and selection processes.

# Annual report on remuneration 2022/23

## Service contract obligations

None of the current substantive Executive Directors are subject to an employment contract that stipulates a length of appointment. The appointment of the Chief Executive is made by the Non-Executive Directors and approved by the Council of Governors.

In order to attract Executive Directors of sufficient calibre, the Chief Executive and Executive Directors have permanent employment contracts with appropriate notice periods in line with employment law, rather than a fixed term. This is in line with similar contracts in the sector. The process to recruit to Executive Director positions involves the Chair, Chief Executive and Non-Executive Directors.

The following table contains details of the service contracts in place during 2022/23 for Executive Directors.

Fig: Service contracts

| Name | Date of service contract | Unexpired term | Notice period |
|---|---|---|---|
| David Black | February 2022 | Open ended | 6 months |
| Mark Gwilliam | May 2009 | Open ended | 3 months |
| Michael Harper | June 2019 | Open ended | 6 months |
| Jennifer Hill | December 2020 | Open ended | 6 months |
| Kirsten Major | March 2019 | Open ended | 6 months |
| Chris Morley | October 2018 | Open ended | 6 months |
| Neil Priestley | February 2001 | Open ended | 3 months |
| Mark Tuckett | April 2022 | Open ended | 6 months |

## The Board of Directors' Nomination and Remuneration Committee

The Board of Directors' Nomination and Remuneration Committee is chaired by the Trust Chair and its membership includes all Non-Executive Directors.

The role of the Committee is outlined in its terms of reference which are annually reviewed and approved by the Board of Directors. Its responsibilities in relation to remuneration are to:

- Decide upon and review the terms and conditions of the office of the Trust's Executive Directors and most senior employees, in accordance with all relevant Trust policies, including:
  - Salary, including any performance-related pay or bonus
  - Provision for other benefits, including pensions
  - Allowances;
- Monitor and evaluate the performance of individual Executive Directors;
- Adhere to all relevant laws, regulations and Trust policy in all respects, including (but not limited to) determining levels of remuneration that are sufficient to attract, retain and motivate Executive Directors whilst remaining cost effective;
- Advise upon and oversee contractual arrangements for Executive Directors, including (but not limited to) termination payments and agreements. This also relates to any matter that requires Treasury approval, or any matter that may give rise to public concern; and
- Determine arrangements for annual salary review for all staff on Trust contracts.

The Committee met a total of 12 times during 2022/23, attendance at which was recorded.

Fig: Board of Directors' Nomination and Remuneration Committee membership and attendance

| Name | Attendance (actual / possible) |
|---|---|
| Annette Laban, Chair | 12 from 12 |
| Tony Buckham | 9 from 12 |
| Gul Naz Hussain (held office July 2022 – February 2023)[i] | 0 from 6 |
| Chris Newman | 5 from 12 |
| John O'Kane | 5 from 12 |
| Maggie Porteous | 10 from 12 |
| Rosamond Roughton | 10 from 12 |
| Toni Schwarz | 4 from 12 |
| Martin Temple (end of term of office June 2022) | 1 from 3 |
| Shiella Wright | 8 from 12 |

[i] Gul Nawaz Hussain's attendance at Board of Directors' Nomination and Remuneration Committee meetings was impacted by increasing professional commitments which precluded full engagement in Trust business, leading to his decision to step down from the Board of Directors in February 2023.

At the invitation of the Committee, meetings are attended by the Chief Executive, the Director of Human Resources and Staff Development, and the Assistant Chief Executive, who acts as Committee secretary. Executive Directors are not involved in any decisions or discussions regarding their own remuneration or in decisions where there may be a conflict of interest.

The remuneration of Non-Executive Directors is the responsibility of the Council of Governors' own Nomination and Remuneration Committee. The work of this Committee is outlined within the Governance Section of this Annual Report.

# Disclosures required by the Health and Social Care Act

## Expenses for Executive and Non-Executive Directors and Governors

The expenses for Executive and Non-Executive Directors and Governors are reimbursed on a receipts basis, evidencing the business mileage or actual travel / subsistence costs incurred. Reimbursement rates for mileage are those applied to all Trust employees and do not exceed national guidelines.

Total expenses for 2022/23 are detailed in the table below:

Fig: Expenses for Executive and Non-Executive Directors and Governors

| | 2022/23 | 2021/22 |
|---|---|---|
| Executive and Non-Executive Directors | | |
| Number who claimed expenses during the year | 6 | 3 |
| Number of Executives / Non-Executives who held office during the year | 18 | 18 |
| **Amount claimed in total** | **£1,810.24** | **£897.43** |
| Governors | | |
| Number who claimed expenses during the year | 2 | 0 |
| Number of Governors who held office during the year | 40 | 32 |
| **Amount claimed in total** | **£268.00** | **£0.00** |

## Remuneration of Executive and Non-Executive Directors

In reporting on remuneration within the tables provided on the next pages, the Trust has applied the definition of senior managers, as proposed within the NHS Foundation Trust Annual Reporting Manual and included senior managers who influence the decisions of the Trust, rather than the decisions of individual directorates or sections of the Trust. As well as referring to Executive and Non-Executive Directors, this extends to the Assistant Chief Executive, and the Communications and Marketing Director. In addition, for 2022/23 this included the post of Interim Chief Operating Officer and for 2021/22, moving into 2022/23, the post of Interim Director of Strategy and Planning

## Table 1 - Single total remuneration for senior managers*

| | Single total remuneration 2022/23 | | | | | | Single total remuneration 2021/22 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Salary<br>Bands of £5,000 | Taxable benefits<br>to the nearest £00 | Annual Performance Related Bonuses<br>Bands of £5,000 | Long-term Related Bonuses<br>Bands of £5,000 | All pension related benefits<br>Bands of £2,500 | Single Total Remuneration<br>Bands of £5,000 | Salary<br>Bands of £5,000 | Taxable benefits<br>to the nearest £00 | Annual Performance Related Bonuses<br>Bands of £5,000 | Long-term Related Bonuses<br>Bands of £5,000 | All pension related benefits<br>Bands of £2,500 | Single Total Remuneration<br>Bands of £5,000 |
| David Black, Medical Director (Development) (from 01 Feb 2022) | 205 - 210 | 0 | 0 | 0 | | 205 - 210 | 25 - 30 | 0 | 0 | 0 | | 25 - 30 |
| Tony Buckham, Non-Executive Director | 15 - 20 | 0 | 0 | 0 | | 15 - 20 | 15 - 20 | 0 | 0 | 0 | | 15 - 20 |
| [1] Paul Buckley, Interim Director of Strategy and Planning (03 Sept 2020 to 17 Apr 2022) | 0 - 5 | 0 | 0 | 0 | 0 - 2.5 | 5 - 10 | 110 - 115 | 0 | 0 | 0 | 42.5 - 45 | 155 - 160 |
| Sandi Carman, Assistant Chief Executive | 120 - 125 | 0 | 0 | 0 | 35 - 37.5 | 155 - 160 | 115 - 120 | 0 | 0 | 0 | 47.5 - 50 | 160 - 165 |
| Anne Gibbs, Director of Strategy and Planning (to 13 Dec 2021) | - | 0 | 0 | 0 | | | 105 - 110 | 0 | 0 | 0 | 17.5 - 20 | 125 - 130 |
| Mark Gwilliam, Director of Human Resources and Staff Development | 185 - 190 | 0 | 0 | 0 | 52.5 - 55 | 240 - 245 | 180 - 185 | 0 | 0 | 0 | 67.5 - 70 | 245 - 250 |
| Michael Harper, Chief Operating Officer | 165 - 170 | 0 | 0 | 0 | | 165 - 170 | 145 - 150 | 0 | 0 | 0 | 52.5 - 55 | 200 - 205 |
| Jennifer Hill, Medical Director (Operations) | 195 - 200 | 0 | 0 | 0 | 60 - 62.5 | 255 - 260 | 190 - 195 | 0 | 0 | 0 | 422.5 - 425 | 610 - 615 |
| David Hughes, Medical Director (Development) (to 31 Jan 2022) | - | 0 | 0 | 0 | | | 150 - 155 | 0 | 0 | 0 | | 150 - 155 |
| Gul Nawaz Hussain, Non-Executive Director (01 Jul 2022 to 13 Feb 2023) | 5 - 10 | 0 | 0 | 0 | | 5 - 10 | | 0 | 0 | 0 | | |
| Annette Laban, Chair | 55 - 60 | 0 | 0 | 0 | | 55 - 60 | 55 - 60 | 0 | 0 | 0 | | 55 - 60 |
| [2] Vicki Leckie, Interim Chief Operating Officer (01 Jun 2022 to 30 Sep 2022) | 45 - 50 | 0 | 0 | 0 | 10 - 12.5 | 55 - 60 | | 0 | 0 | 0 | | |
| Kirsten Major, Chief Executive | 240 - 245 | 0 | 0 | 0 | 77.5 - 80 | 320 - 325 | 235 - 240 | 0 | 0 | 0 | 75 - 77.5 | 310 - 315 |
| Chris Morley, Chief Nurse | 160 - 165 | 0 | 0 | 0 | 45 - 47.5 | 205 - 210 | 155 - 160 | 0 | 0 | 0 | 70 - 72.5 | 225 - 230 |
| Chris Newman, Non-Executive Director | 15 - 20 | 0 | 0 | 0 | | 15 - 20 | 15 - 20 | 0 | 0 | 0 | | 15 - 20 |
| John O'Kane, Non-Executive Director | 15 - 20 | 0 | 0 | 0 | | 15 - 20 | 15 - 20 | 0 | 0 | 0 | | 15 - 20 |
| Julie Phelan, Comm Marketing Director | 125 - 130 | 0 | 0 | 0 | 35 - 37.5 | 160 - 165 | 120 - 125 | 0 | 0 | 0 | 47.5 - 50 | 170 - 175 |
| Maggie Porteous, Non-Executive Director (from 01 May 2021) | 15 - 20 | 0 | 0 | 0 | | 15 - 20 | 10 - 15 | 0 | 0 | 0 | | 10 - 15 |
| Neil Priestley, Chief Finance Officer | 225 - 230 | 0 | 0 | 0 | | 225 - 230 | 195 - 200 | 0 | 0 | 0 | | 195 - 200 |
| [3] Rosamond Roughton, Non-Executive Director | 15 - 20 | 0 | 0 | 0 | | 15 - 20 | 10 - 15 | 0 | 0 | 0 | | 10 - 15 |
| Toni Schwarz, Non-Executive Director (from 01 May 2021) | 15 - 20 | 0 | 0 | 0 | | 15 - 20 | 10 - 15 | 0 | 0 | 0 | | 10 - 15 |
| Martin Temple, Non-Executive Director (to 30 Jun 2022) | 0 - 5 | 0 | 0 | 0 | | 0 - 5 | 15 - 20 | 0 | 0 | 0 | | 15 - 20 |
| Mark Tuckett, Director of Strategy and Planning (from 18 April 2022) | 125 - 130 | 0 | 0 | 0 | 25 - 27.5 | 150 - 155 | | 0 | 0 | 0 | | |
| Shiella Wright, Non-Executive Director | 15 - 20 | 0 | 0 | 0 | | 15 - 20 | 15 - 20 | 0 | 0 | 0 | | 15 - 20 |

Notes on Table 1

1 Paul Buckley's total salary (£0k - £5k) and Single Total Remuneration in 22/23 reflects the amount that relates to his role of Interim Director of Strategy and Planning only (until 17 April 2022)

2 Vicki Leckie's total salary (£45k - £50k) and Single Total Remuneration in 22/23 reflects the amount that relates to her role of Interim Chief Operating Officer only (1 June 2022 to 30 September 2022)

3 Rosamond Roughton chose not to receive remuneration for her Non-Executive role while being employed as a senior civil servant. From 1 June 2021 Rosamond has received remuneration for her Non-Executive role at the Trust.

Pension related benefits have been calculated using the HRMC method advised by NHSI in the Annual Reporting Manual.

Table 1 subject to audit.

## Table 2: Total pension benefits*

| | Real increase in pension at pension age (£' 000) | Real increase in pension lump sum at pension age (£' 000) | Total Accrued pension at pension age @ 31.03.23 (£' 000) | Lump sum at pension age related to accrued pension at 31.03.23 (£' 000) | CETV @ 31.03.22 (£' 000) | Real Change in CETV (£' 000) | CETV @ 31.03.23 (£' 000) |
|---|---|---|---|---|---|---|---|
| | Bands of £2,500 | Bands of £2,500 | Bands of £5,000 | Bands of £5,000 | (£,000) | (£,000) | (£,000) |
| Paul Buckley, Interim Director of Strategy and Planning (03 September 2020 – 17 April 2022) | 0 – 2.5 | 0 – 2.5 | 45 - 50 | 85 - 90 | 743 | 1 | 811 |
| Sandi Carman, Assistant Chief Executive | 2.5 - 5 | 0 - 2.5 | 50 - 55 | 95 - 100 | 853 | 39 | 935 |
| Mark Gwilliam, Director of Human Resources and Staff Development | 2.5 - 5 | 0 - 2.5 | 50 - 55 | 95 - 100 | 962 | 54 | 1,072 |
| Jennifer Hill, Medical Director (Operations) | 2.5 - 5 | 2.5 - 5 | 95 - 100 | 225 - 230 | 1,944 | 84 | 2,127 |
| Vickie Leckie, Interim Chief Operating Officer (01 June 2023 – 30 September 2023) | 0 – 2.5 | 0 – 2.5 | 40 - 45 | 80 - 85 | 709 | 10 | 778 |
| Kirsten Major, Chief Executive | 5 – 7.5 | 0 - 2.5 | 80 - 85 | 150 - 155 | 1,325 | 65 | 1,465 |
| Chris Morley, Chief Nurse | 2.5 - 5 | 0 - 2.5 | 75 - 80 | 185 - 190 | 1,408 | 57 | 1,532 |
| Julie Phelan, Communications and Marketing Director | 2.5 - 5 | 0 - 2.5 | 50 - 55 | 100 - 105 | 932 | 41 | 1,020 |
| Mark Tuckett, Director of Strategy and Planning (from 18 April 2022) | 0 - 2.5 | 0 - 2.5 | 5 - 10 | 0 | 45 | 7 | 72 |

Notes on Table 2

The Trust is a member of the NHS Pension Scheme which is a defined benefit Scheme, though accounted for locally as a defined contribution scheme. The Trust does not operate nor contribute to a stakeholders pension scheme. Non-Executive Directors are not members of the Trust pension scheme. Disclosure is made in respect of pension benefits for those Directors who were active members of the NHS Pension Scheme during 2022/23 and whose membership was active at 31 March 2023. CETV (Cash Equivalent Transfer Value) is the value of a member's pension fund at 31 March if he/she were to transfer that pension fund on that date. Benefits and related CETVs do not allow for a potential future adjustment arising from the McCloud Judgement and the Guaranteed Minimum Pension (GMP) Judgement.

Cash equivalent transfer value (CETV) figures are calculated using the guidance on discount rates for calculating unfunded public service contribution rates that was extant on 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023/24 CETV figures.

Table 2 subject to audit.

## Hutton Report disclosure

NHS foundation trusts are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. For 2022/23, (and for 2021/22) these ratios are set out in the tables below.

Prior year comparatives (2020/21 and 2019/20) are set out in respect of median pay only and are expressed as a multiple of basic pay only, in line with mandated reporting requirements for those years.

The banded remuneration of the highest-paid director in the organisation in the financial year 2022-23 was £242.5k (2021-22, £237.5k). This is a change between years of 3.5 per cent.

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

For employees of the Trust as a whole, the range of remuneration (comprising basic pay and additional elements of pay) in 2022-23 was from £0[3] to £382k (2021-22 £0 to £396k).

The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is 2.85 per cent (2021/22, 2.35 per cent). The percentage change in respect of the highest paid director is 3.5 per cent (2021/22, 3 per cent). No remuneration is made in respect of performance pay and bonuses.

The average pay calculation above is performed with reference to elements of pay in addition to basic salary and is reflective of work undertaken and paid in 2022/23 and in 2021/22. Basic salary increases are applied on a consistent percentage basis to employees and to executive directors alike and are therefore not differential; The remuneration of the highest paid director has increased by an amount that was proportionate with the annual pay award made to staff on Agenda for Change terms and conditions of service.

[3] Employees on zero-hour contracts or whose tenure of employment with the Trust ended soon after the start of the financial year and on an Agenda for Change (AfC) Band 2 pay scale will be included in this lowest remuneration banding. The annual remuneration of a member of staff paid at the bottom of the AfC Band 2 pay scale working 37.5 hours a week is equivalent to £20,270.

Four employees received remuneration in excess of the highest-paid director in 2022-23 (one in 2021/22). This is in part representative of 'Pension Recycling' in 2022/23. This is an initiative through which employees who are not in the Pension Scheme can opt to receive the pension contribution their employer would have made on their behalf as part of their salary instead, i.e., any unused employer pension contributions are paid as 'additional salary'.

## Fair pay multiple 2022/23 and 2021/22

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. This reporting metric was introduced in 2021/22. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

Previous years' published ratios based on the now superseded reporting requirements are however set out for wider context in the table entitled Fair Pay Multiple Prior Years (2020/21 and 2019/20).

### Table 3a - Fair pay multiple 2022/23*

| 2022/2023 | 25th percentile | Median | 75th percentile |
|---|---|---|---|
| Salary component of pay (Basic pay) | £21,506 | £29,094 | £40,588 |
| Total pay and benefits excluding pension benefits | £23,382 | £32,211 | £43,806 |
| Total pay and benefits excluding pension benefits; pay ratio to highest paid director (based on mid-point banded remuneration, £242.5k) | 10.37 | 7.53 | 5.54 |

### Table 3b - Fair pay multiple 2021/22*

| 2021/2022 | 25th percentile | Median | 75th percentile |
|---|---|---|---|
| Salary component of pay (Basic pay) | £19,918 | £27,780 | £39,027 |
| Total pay and benefits excluding pension benefits | £21,976 | £31,262 | £42,515 |
| Total pay and benefits excluding pension benefits; pay ratio to highest paid director (based on mid-point banded remuneration, £237.5k) | 10.81 | 7.60 | 5.59 |

## Fair pay multiple prior years

Information for prior years (based on the Median Salary component of basic pay only) is set out below.

### Table 4 - Fair pay multiple prior years (2020/21 and 2019/20)*

| | 2020/21 | 2019/20 |
|---|---|---|
| Band of highest paid director's total remuneration (midpoint banded remuneration in multiples of £5k) | £227.5k | £222.5k |
| Median Total Remuneration | £28,346 | £25,512 |
| Pay and benefits excluding pension; pay ratio for highest paid director | 8.03 | 8.72 |

Notes on tables: The figures quoted upon which calculations are based are not reflective of the 2022/23 non-consolidated pay award which was announced by HM Treasury in March 2023, and which is scheduled to be paid to employees shortly into the 2023/24 Financial Year.

There are no significant changes in the ratios between the current and prior financial years which is reflective of the Trust's equitable pay / remuneration policy. As mentioned, the remuneration of the highest paid director has increased by an amount that is consistent and proportionate with the annual pay award made to staff on Agenda for Change terms and conditions of service.

*Tables subject to audit

Remuneration report signed by the Chief Executive
in capacity as Accounting Officer

Kirsten Major
27 June 2023

# Staff Report

The colleagues and volunteers of Sheffield Teaching Hospitals NHS Foundation Trust are the reason for our continued success and have been vital to the delivery of our services and the care and support we provide to our patients as well as the ongoing response to recovery of our services following the Covid-19 pandemic.

Our 18,500 plus workforce is vital to ensuring we continue to deliver high quality care, and over the last year they have shown immense flexibility, dedication, and commitment to work above and beyond the requirements of their individual roles to care for and support our patients. Without them we would not be able to deliver the standard of care, or offer the range of clinical services, that we do.

This year has been the final year of our People Strategy which was launched in 2017. As well as reviewing the achievements delivered through this five-year strategy we have been working to build on this to introduce a new People Strategy to be launched throughout 2023. The culmination of some of our achievements are described in the detail of this year's report however key highlights can be summarised as:

- Recruiting more colleagues to our teams to expand our workforce, including an extensive nurse recruitment / internationally educated nurse recruitment programme;
- Introducing our leadership and management development programme (LEAD) to provide development for our managers in support of our teams; and
- Greatly expanding the wellbeing offer for our colleagues.

We have also continued work to embed our PROUD values and behaviours with the introduction of both employee and patient behavioural frameworks.

Our PROUD values and behaviours underpin the way in which we all work and deliver the best service at all times.

- Patient first - ensure that the people we serve are at the heart of all we do;
- Respectful - be kind, respectful to everyone and value diversity;
- Ownership - celebrate our successes, learn continuously and ensure we improve;
- Unity - work in partnership and value the roles of others; and
- Deliver - be efficient, effective and accountable for our actions.

Through our work this year on our current People Strategy workstreams extensive work has continued in the arenas of equality, diversity and inclusion, leadership, team development and education, reward and recognition and health and wellbeing. We continue to recognise the great work that individuals and teams carry out via our annual Thank You Awards, our Long Service Awards (which we were pleased to see return to face to face events this year) and at local department level.

This year we have recognised the impact of the current financial and economic climate is having for our colleagues, and in response we have increased business mileage rates, introduced and promoted a range of financial education tools, promoted a wide range of staff benefits and discounts available to colleagues, provided a one-off scheme to allow colleagues to sell leave back to the Trust, introduced affordable meals through our Inflation Buster deals, supported access to discounted travel and introduced Wagestream which allows colleagues to access financial saving schemes and salary advances.

We have also connected our work to support our colleagues to the Trust's Getting Back on Track Programme supporting service recovery.

# Working with our staff

## Statement on approach to staff experience and engagement

We recognise that in order to deliver consistently high-quality clinical services it is important to have colleagues who feel engaged, valued and cared for and who are supported to give their best.  This year we were pleased to be chosen as a national People Promise Exemplar site to receive support with the implementing the seven People Promises to deliver good staff experience and retention:

- We are compassionate and inclusive
- We are recognised and rewarded
- Every voice counts
- We are safe and healthy
- We are always learning
- We work flexibly
- We are a team

Through our work to review our People Strategy we have incorporated the national People promises into how we improve staff experience.

We use a range of well-established communications channels to ensure that staff feel informed - these include a regular briefing from the Chief Executive, a weekly

email bulletin to all colleagues, a monthly staff engagement and wellbeing newsletter as well as using our social media feeds. This year we have introduced a network of 160 trained wellbeing champions who are also helping us communicate all the wellbeing support available for colleagues.

Our intranet pages provide access for colleagues to Trust policies, guidance and online resources. In addition, we have the external Vivup portal which holds wellbeing information and information on the full range of staff benefits and discounts which staff can access from anywhere.

We seek feedback from staff via the annual NHS staff survey, the quarterly Pulse survey, four staff networks, other local focus groups supporting retention work and trade union colleagues.

The Trust has continued to work collaboratively via the well-established Partnership Forum where management and union representatives meet to discuss Trust-wide workforce issues.

The Trust's Freedom to speak up (FTSU) Guardian model has been reviewed and a Lead Guardian and eight additional voluntary Guardians have been appointed from across the Trust to support the two existing Guardians who are also Staff Governors. We have renamed our FTSU Advocates to Champions and are onboarding more staff from across the Trust into this role. This will increase our capacity to promote the FTSU agenda and embed this into our culture. The contact details on the Trust intranet and posters displayed across the organisation are being updated to reflect the new model and additional roles. We continue to use a dedicated email address for staff to use to raise concerns as well as through direct contact with our Guardians and Champions.

The membership of our FTSU Steering Group has been expanded to include an Operations Director, Nurse Director, Deputy Medical Director representatives and the Associate Director of Equality Diversity and Inclusion to help promote the learning and agenda more broadly within the Trust.

We have continued to support staff raising concerns which have been managed in line with the new Freedom to speak up policy issued in February 2022. Work is currently underway to review our policy against the new national policy template issued in June 2022.

We continue to promote the three national FTSU e-learning modules across the Trust and include FTSU articles in regular communication bulletins and LEAD manager updates.

# National Staff Survey

Each year the Trust undertakes a census survey as part of the National Staff Survey. This annual survey provides an opportunity to give feedback and provides a valuable measure of staff experience.

The Trust is benchmarked in the acute and acute and community trusts group.

Fig: Response rate to the NHS Staff Survey: Staff involvement

| 2022 | | 2021 | |
|---|---|---|---|
| Trust | National Average | Trust | National Average |
| 39% | 44% | 38% | 48% |

The survey questions align to the seven elements of the NHS 'People Promise' and retains the two previous themes of engagement and morale. All indicators are based on a score out of 10 for specific questions. Scores for each indicator, together with that of the survey benchmarking group (acute and acute and community trusts group) are presented below:

Fig: 2022 Staff survey results

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Trust | Benchmarking group | Trust | Benchmarking group |
| We are compassionate and inclusive | 7.2 | 7.2 | 7.2 | 7.2 |
| We are recognised and rewarded | 5.7 | 5.7 | 5.8 | 5.8 |
| We each have a voice that counts | 6.6 | 6.6 | 6.7 | 6.7 |
| We are safe and healthy | 5.9 | 5.9 | 5.9 | 5.9 |
| We are always learning | 5.3 | 5.4 | 5.2 | 5.2 |
| We work flexibly | 5.8 | 6.0 | 5.8 | 6.0 |
| We are a team | 6.5 | 6.6 | 6.5 | 6.6 |
| Staff engagement | 6.7 | 6.8 | 6.7 | 6.8 |
| Morale | 5.7 | 5.7 | 5.8 | 5.7 |

For the 2022 NHS Staff Survey the Trust score was average when compared to the Trust's benchmarking group of acute and acute and community trusts for five themes and below average on four themes, as detailed below:

Average for five themes:

- We are compassionate and inclusive
- We are recognised and rewarded
- We each have a voice that counts
- We are safe and healthy
- Morale

Below average for four themes

- We are always learning
- We work flexibly
- We are a team
- Staff engagement

The highest score overall achieved was for the theme 'We are compassionate and inclusive' (7.2) and the lowest was for the theme 'We are always learning' (5.3).

The Staff Survey results will be used to update directorate action plans and, at a Trust level, the People Strategy workstreams and the People Promise retention work.

Our key corporate priorities from the 2022 Staff Survey in the coming year are:

- Continue to promote a proactive culture of wellbeing through the implementation of wellbeing conversations, wellbeing champions and Professional Nurse and Midwifery Advocates. This includes keeping staff safe through violence reduction;
- To particularly address 'We work flexibly' through the revision of the flexible working policy;
- To implement the extended offer to teams to support 'We are a team'; and
- To further support 'We each have a voice that counts' through the development of a Listening Strategy

A Trust-level staff survey action plan will be developed which will be supported by directorate staff survey action plans monitored through directorate performance reviews.

## Equality, diversity and inclusion

The Trust's aspiration is to be an inclusive organisation. We want to attract and retain a diverse workforce that is valued and represents the communities we serve. We want to provide high quality services that are individualised and meet patient needs. We are focussed on achieving a culture of inclusion where we are accessible, welcoming, fair and kind in all that we do.

This year we have focused on bringing to life the Equality, Diversity and Inclusion (EDI) Strategy by working on its implementation plan and embedding good EDI practice across all functions of the organisation. We have also worked hard to make progress with the Workforce Race Equality Standard and Workplace Disability Equality Standard action plans and on increasing colleagues' knowledge and understanding of EDI.

We are achieving our aspiration by:

- Developing robust ways to manage performance and ensuring that all areas embed equality, diversity and inclusion (EDI) best practice;
- Ensuring there is visible leadership of EDI, that people are leading by example and that we achieve what we say we will within the deadlines agreed;
- Building strong community connections and networks so that our activity is informed by conversations with local people and partners;
- Embedding a zero-tolerance approach to any form of discrimination, bullying, harassment and victimisation and bringing people together to create a social movement for change;
- Building the EDI capability of every member of staff so that we are all confident to challenge when we witness language or behaviour that doesn't fit with the Trust's PROUD values and behaviours;
- Using positive action to build a diverse workforce, ensuring access to opportunities for current colleagues, supporting our staff network groups and ensuring that we support our disabled colleagues with reasonable adjustments; and
- Embedding an effective way of measuring and evaluating what we are achieving and what impact we are having across the organisation; benchmarking against other similar organisations.

We have strengthened further our governance of EDI through the Equality, Diversity and Inclusion (EDI) Board. The EDI Board provides oversight to, and governance of, the Trust's strategic approach to meeting its legislative, moral and social duties, including those within the Equality Act 2010, the Human Rights Act 1998, the NHS Equality Delivery System and the national NHS Workplace Race and Disability Equality Standards.

With a diverse and broad membership, including senior leaders, the EDI Board reports to the Trust Executive Group, and both the Quality Committee for overseeing work carried out in relation to patients and service design and delivery, and to the People Committee for work carried out in respect of our colleagues.

Over the past 12 months, we have made significant progress on EDI through a collaborative approach working across the whole Trust and in partnership with our stakeholders and communities. Some of our achievements over the past year include:

- Our Accessible Information Standard (AIS) Action Plan has been reviewed and updated to ensure we better understand, record and meet our patients' communication needs;
- Deaf Awareness and British Sign Language (BSL) training has been procured and delivered to reception and patient-facing colleagues;
- Established our Dyslexia Workplace Assessors Network and service which has helped over 100 colleagues with adjustments to improve their working lives;
- Continued to embed our Race Equality Charter to improve the experience, representation and progression of our Black, Asian and ethnic minority colleagues;
- Our health and wellbeing offers have been promoted and made more accessible to all colleagues by our dedicated EDI Leads for Health and Wellbeing;
- Positively evaluated our in-house Reciprocal Mentoring Programme and decided to continue to run three cohorts a year for the next three years;
- Supported our four Staff Network Groups - LGBTQ+ PROUDER, Women's Race Equality & Inclusion, STH Ability - to go from strength to strength by securing greater organisational support for activities and increased funding;
- Rolled out our 'Becoming an Inclusive Leader' training programme for managers across the Trust which has received positive feedback;
- Designed, created and delivered a number of bespoke EDI training sessions tackling specific issues or challenges, including one around understanding microaggressions;
- Produced the first version of our EDI Dashboard which provides easy access to workforce and patient data across all of the protected characteristics to help inform and improve our decision making;
- Implemented our Inclusion Calendar and marked a wide range of key dates and events across the Trust;

- Made diversity in our recruitment process a mandatory requirement, with all Band 8a+ and Consultant roles requiring ethnic and gender diversity from the start;
- Procured an EDI Development Programme for our Board and Governors;
- Undertaken a range of community engagement and involvement activities, including one focussed on the experiences of Black, Asian and ethnic minority patients of our Accident and Emergency services;
- Improved and increased the provision of facilities for colleagues to practice their faith and beliefs;
- Agreed a proposal to establish a network of EDI Champions across the Trust; and
- Produced our Annual EDI Report that highlights the work of the Trust over the past year and what the focus of the next 12 months will be.

Further information about the Trust's EDI objectives can be found on our website via this link.

## Staff health and wellbeing

The Trust had a well-established Employee Assistance Programme provided by Vivup, prior to the pandemic which has continued to be available 24 hours a day, seven days a week to provide colleagues with support whenever they need it. Vivup also provides a range of self-help Cognitive Behavioural Therapy (CBT) guides, an app to help manage stress and podcasts to support colleagues with their wellbeing.

We continued to provide Covid-19 testing for all colleagues throughout the year and to utilise the Covid-19 Absence Reporting System which provided a daily picture of Covid-19 absence and the impact on service and allowed the Trust to support colleagues to return to work quickly and safely following either a negative test or the end of their isolation period.

Many of our colleagues continued to work from home during this year in line with our Homeworking Policy which provides guidance for managers and colleagues and incorporates a risk assessment of the homeworking environment.

We have now also undertaken a programme of Covid-19 vaccinations for all front-line colleagues as well as the annual flu vaccinations programme.

In recognition of the importance of staff wellbeing and the need to support staff recovery, we have trained 160 Wellbeing Champions across the Trust to support more regular conversations and enable them to signpost colleagues appropriately.

We have continued to promote the NHS people wellbeing offer, for example Access to Headspace / Unmind, and developed our own offer including expansion of Schwartz rounds accessible to all colleagues, ongoing provision of our Carers Forum for staff, and supporting colleagues through the Menopause by signing up through the ICB to become a Menopause Friendly Employer, training a cohort of Menopause advocates and delivering a programme of the Summer of Menopause support. In recognition of the importance of the health and wellbeing of our families we now have as standard access to telephone counselling for family household members over 16 years of age.

Thanks to the continued support of Sheffield Hospitals Charity, we have been able to increase the wellbeing support during the last year to include:

- Creating and maintaining over 60 calm rooms across the Trust to provide a quiet space for staff to rest and reflect;
- Increased psychological support for teams; and
- More training in Mental Health First Aid.

During 2022 there has also been more training on wellbeing topics available for staff via the South Yorkshire Integrated Care System (ICS) and support for staff with long Covid provided as well as additional trauma treatment.

We have also continued to provide access to the staff physiotherapy service and encouraged colleagues to keep active through the introduction of a second online fitness platform which is particularly important for colleagues working at home.

## Staff health and safety and incident management

The Trust is committed to protecting the health, safety and welfare of staff, patients, visitors and others. To achieve this, we have an embedded health and safety management system to ensure that risks to health and safety are identified, evaluated and controlled to minimise harm.

This system is driven by the Trust's Management of Health and Safety at Work Policy which has been reviewed and updated this year following consultation across the organisation and with our Staff Partners. The policy is supported by an implementation plan which has been approved by the Trust Executive Group. This identified six key themes for development during the three years of the policy - engagement and co-operation, health and safety risk management, capability and training, health as well as safety, investigating incidents and reviewing our performance.

The safe management of hazardous substances in the clinical environment has been a key focus this year. Guidance on how to complete a Control of Substances Hazardous to Health (COSHH) assessment and how to safely store chemicals has

been shared across the Trust. All inpatient areas have been visited to support staff with implementing this guidance and to ensure that secure safe storage is provided.

During 2022/23 Executive oversight of staff health and safety has been via the Safety and Risk Committee chaired by the Medical Director (Operations) with bimonthly highlight reports and an annual report for assurance to the Quality Committee. Health and safety performance is also monitored at the directorate level via formal governance management processes.

The table below shows a summary of the incidents reported over the last three years involving staff (including bank / agency), members of the public, students and contractors.

Fig: Incidents involving staff, members of the public, students and contractors

| Total number of incidents by work group | | | |
|---|---|---|---|
| | 2020/2021 | 2021/2022 | 2022/2023 |
| Accident/incident involving member of staff | 1901 | 2005 | 2288 |
| Accident/incident involving member of agency staff | 14 | 25 | 29 |
| Accident/incident involving contractor | 42 | 43 | 56 |
| Accident/incident affecting member of public | 194 | 313 | 266 |

# Staff analysis

## Staff numbers

Fig: Average number of persons employed (contracted whole time equivalent basis)*

| | 2022/23 | | | 2021/22 | | |
|---|---|---|---|---|---|---|
| | Permanent | Other | Total | Permanent | Other | Total |
| Medical and Dental staff | 2,076 | 48 | 2,124 | 2,014 | 34 | 2,048 |
| Administration and Estates staff | 3,251 | 226 | 3,477 | 3,206 | 165 | 3,371 |
| Healthcare Assistants and other Support staff | 1,566 | 237 | 1,803 | 1,621 | 208 | 1,829 |
| Nursing, Midwifery and Health Visiting staff | 6,101 | 124 | 6,225 | 5,946 | 103 | 6,049 |
| Scientific, Therapeutic and Technical staff | 2,780 | 11 | 2,791 | 2,741 | 24 | 2,765 |
| Healthcare Science staff | 156 | - | 156 | 157 | - | 157 |
| **Total average numbers** | **15,930** | **646** | **16,576** | **15,685** | **534** | **16,219** |

*Figures subject to audit

## Staff turnover

Data for staff turnover at the Trust is published by NHS Digital within NHS Workforce Statistics and can be accessed via the following link.

## Gender of staff

On 31 March 2023, the Trust Board of Directors had 15 voting members, eight male and seven female. Women represent 66.6 per cent of senior staff at band eight and above.

The current Trust headcount at 31 March 2023 was 18,601. Female employees comprised 76.3 per cent of the workforce and 23.7 per cent were male.

It became mandatory for public sector organisations with over 250 employees to report annually on their Gender Pay Gap. Analysis for 2022 indicates that for our Trust there is an average hourly pay gap in favour of men of 20.58 per cent, which is an improvement on data for 2021 (21.45 per cent). This pay gap is largely accounted for by a combination of a higher proportion of female colleagues in Agenda for Chance (AfC) pay bands one to four, and higher numbers of male colleagues in senior medical (consultant) posts. High level actions in place to address this gap are detailed below.

## Removing the Gender Pay Gap

The Trust is committed to ensuring an equitable workforce and we continue to work towards achieving the following actions:

- During 2022 our Organisational Development and HR colleagues have continued to prioritise equality, diversity and inclusion including review and refresh of our Equality, Diversity and Inclusion (EDI) Policy alongside review and refresh of our Recruitment and Selection Policy. We are continuing work on the introduction of new Recruitment and Selection training for our recruiting managers prior to implementation during 2023 and have supported ongoing development of the Trust Women's Network Group.
- Work on attracting and recruiting a more gender balanced workforce into the organisation. Examples of this are through the work the HR team are continuing to do with the Department of Work and Pensions / Job Centre plus to identify unemployed applicants with access to employment opportunities and diverse panels which require a gender and ethnicity balance for all posts at 8a and above and Consultant roles.
- Promotion of the wide breadth of career opportunities available across all roles and professions, within the Trust / NHS through our role as an anchor institution working with schools.

- Raise awareness of shared parental leave entitlements and flexible working opportunities for all, including establishment of our Homeworking Policy and review and refresh of our Flexible Working Policy.
- Continue to provide career development opportunities for all colleagues, including mentoring and coaching and continued development of our LEAD leadership development offer.
- Ongoing work on diverse recruitment panels (including the gender make up of panels), and the Reciprocal Mentoring programme should also have a positive impact although these programmes have a broader EDI focus.
- In addition to the above ongoing actions we intend to review the last three years Gender Pay Gap data with our Women's Network Group including 2023 data which will be run during Quarter 1 this year.

Finally, following review of the Trusts Gender Pay Gap data, further analysis is being undertaken to show the female / male split by job band and to consider the Gender Pay Gap specifically for Clinical Excellence Awards separate from all other bonus payments.

Information on the Trust's gender pay gap can be found on the Cabinet Office website.

## Staff sickness absence data

Data for average sick days per full time equivalent (FTE) provided by the Department of Health and Social Care is published by NHS Digital can be accessed here.

The Trust's data can be found on the table below.

Fig: Staff sickness absence data

| Average FTE 2022 | Adjusted FTE days lost | Average sick days per FTE | FTE – days available | FTE – days lost to sickness absence |
|---|---|---|---|---|
| 15,837 | 213,253 | 13.5 | 5,780,660 | 345,944 |

## Staff costs

### Fig: Analysis of staff costs*

| | 2022/23 | | | 2021/22 |
|---|---|---|---|---|
| | Permanent | Other | Total | Total |
| | £000 | £000 | £000 | £000 |
| Salaries and wages | 707,925 | 22,102 | 730,027 | 642,746 |
| Social security costs | 64,773 | 0 | 64,773 | 57,427 |
| Apprenticeship levy | 3,209 | 0 | 3,209 | 3,029 |
| Employer's contributions to NHS Pensions Scheme | 110,952 | 0 | 110,952 | 105,150 |
| Pension cost – others | 521 | 0 | 521 | 424 |
| Agency / contract staff | 0 | 5,897 | 5,897 | 7,137 |
| **Total** | **887,380** | **27,999** | **915,379** | **815,913** |

*Figure subject to audit

Notes: The above figure of £915,379k is net of the amount of £1,009k (2021/22 £1,107k) in respect of capitalised salary costs included in fixed asset additions in the Accounts (notes 8.1 and 9.1).

## Exit packages

The table below outlines the total number of exit packages agreed during the year.

### Fig: Compensation scheme - exit packages

| Staff exit packages | | | | | | |
|---|---|---|---|---|---|---|
| | 2022/23 | | | 2021/22 | | |
| Exit package cost band (including any special payment element) | Number of Compulsory redundancies | Number of other departures agreed (non-compulsory) | Total number of exit packages by cost band | Number of Compulsory redundancies | Number of Other departures agreed (non-compulsory) | Total number of exit packages by cost band |
| < £10,000 | 0 | 0 | 0 | 0 | 1 | 1 |
| £10,001 - £25,000 | 0 | 1 | 1 | 0 | 0 | 0 |
| £25,001 - £50,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| £50,001 - £100,000 | 0 | 0 | 0 | 1 | 0 | 1 |
| £100,001 - £150,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total number by type** | 0 | 1 | 1 | 1 | 1 | 2 |
| **Total resource cost (£000)** | 0 | 25 | 25 | 60 | 6 | 66 |

Notes: Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Pension Scheme. Exit costs in this table are the full costs of departures agreed in the year. Where Sheffield Teaching Hospitals NHS Foundation Trust has agreed early retirements, the additional costs are met by the Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.

The non-compulsory departure payment relates to one case and was settled in the sum of £25k. The payment represents a special severance payment, for which HM Treasury approval was sought and received.

## Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. These regulations require public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of trade union facility time within their organisation.

Fig: Relevant union officials

| Number of employees who were relevant union officials during the relevant period | Full-time equivalent employee number |
|---|---|
| 58 | 44.8 |

Fig: Percentage of time spent on facility time

| Percentage of time | Number of employees |
|---|---|
| 0 | 44 |
| 1 – 50 | 12 |
| 51 – 99 | 0 |
| 100 | 2 |

Fig: Percentage of total pay bill spent on facility time

| Percentage of total pay bill spent on paying employees who were relevant union officials for facility time during the relevant period. | Figures |
|---|---|
| Total cost of facility time | £74539.00 |
| Total pay bill | £915,379,000 |
| Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100 | 0.0082% |

Fig: Paid trade union activities

| Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: 808.22 hours / 6444.98 hours | Per cent |
|---|---|
| Total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours x 100 | 5.96% |

## Off payroll engagements

The Trust has identified 38 off-payroll engagements remunerated at more than £245 per day during 2022/23. Of these 38 engagements, 19 of these were in post at 31 March 2023.

During the year there were 26 engagements identified which were new for 2022/23. Of these new engagements, all were assessed as within the scope of IR35. In all cases, assurances/appropriate actions have been taken to ensure the appropriate declaration of income tax and national insurance are made to HMRC.

A total of 22 individuals have been deemed Board members and / or senior officials with significant financial responsibility during 2022/23, all of which were on-payroll engagements.

Fig: Highly paid off-payroll engagements as of 31 March 2023, for more than £245 per day or greater

| Number of existing engagements as of 31 March 2023 | 19 |
|---|---|
| Of which | |
| Number that have existed for less than one year at time of reporting | 9 |
| Number that have existed for between one year and two years at time of reporting | 4 |
| Number that have existed for between two years and three years at time of reporting | 6 |
| Number that have existed for between three years and four years at time of reporting | 0 |
| Number that have existed for between for four or more years at time of reporting | 0 |

Fig: All highly paid off-payroll workers engaged at any point during the year ended 31 March 2023 earning £245 per day or greater

| Number of off-payroll workers engaged during the year ended 31 March 2022 | 38 |
|---|---|
| Of which | |
| Not subject to off-payroll legislation * | 0 |
| Subject to off-payroll legislation and determined as in-scope of IR35 * | 38 |
| Subject to off-payroll legislation and determined as out-of-scope of IR35 * | 0 |
| Number of engagements reassessed for compliance or assurance purposes during the year | 0 |
| Of which: number of engagements that saw a change to IR35 status following review | 0 |

* A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Trust must undertake an assessment to determine whether that worker is in scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes

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

| | |
|---|---|
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year | 0 |
| Number of individuals that have been deemed board members and/or senior officials with significant financial responsibility during the financial year. This figure must include both off-payroll and on-payroll engagements | 22 |

# Code of Governance Report

## Council of Governors

### The Council of Governors advises the Trust on how best to meet the needs of patients and the wider community we serve. It has a number of statutory duties, including holding the Non-Executive Directors to account for the performance of the Board of Directors and representing the interests of Trust Members and members of the public.

The Council of Governors works with the Board of Directors to shape the Trust's future strategy and is responsible for providing feedback from the Membership and stakeholders on proposed strategic developments. The Trust keeps the Council of Governors fully informed on all aspects of the Trust's performance through formal council meetings.

Comprised of elected and nominated Governors, as detailed below, the Council of Governors has decision-making powers defined by statute. These powers are outlined in the Trust's constitution and principally refer to the appointment, removal and remuneration of the Trust Chair and Non-Executive Directors; the appointment and removal of the Trust's external auditors; the approval of the appointment of the Chief Executive; and receiving the Trust's annual accounts, any report of the auditor on the accounts and the Annual Report.

While the Council of Governors is responsible for holding the Board, and in particular, the Non-Executive Directors, to account and ensuring that it is acting in a way that means that the Trust will meet its obligations, it continues to remain the responsibility of the Board of Directors to oversee the running of the Trust.

The Council of Governors discharges its statutory responsibilities through a combination of formal Council meetings, standing committees and working groups.

During 2022/23 arrangements were in place to ensure that members of the Council of Governors remained informed and engaged in Trust business during Covid-19 social distancing restrictions, and in line with provisions within the Standing Orders of the Council of Governors, the Council was able to conduct all its business by video conferencing prior to resuming face-to face meetings.

A record of attendance by individual Governors at formal meetings of the Council of Governors is presented in the following tables. These tables outline membership of the Council of Governors during 2022/23.

## Composition of the Council of Governors 2022/23

At 31 March 2023 there were 33 seats on the Council of Governors - 13 to represent public Members, seven to represent patients, six to represent staff Members and seven seats for Governors nominated by partner organisations. There are five vacant seats on the Council of Governors for nominated partner governors.

Fig: Council of Governors membership and attendance 2022/23

| | Elected / Re-elected from | Attendance (actual / possible) |
|---|---|---|
| **Patient Governors** | | |
| George Chia | 1 July 2021 | 5 from 7 |
| Michelle Cook | 1 July 2021 | 4 from 7 |
| Martin Hodgson | 1 July 2022 | 6 from 7 |
| Steve Jones | 1 November 2020 | 1 from 7 |
| Harold Sharpe | 1 December 2022 | 7 from 7 |
| Shirley Sherwood | 1 November 2020 | 3 from 7 |
| Jim Steinke | 1 July 2022 | 4 from 5 |
| Fiona Tatton (to 30 June 2022) | 1 July 2019 | 0 from 2 |
| **Public Governors** | | |
| Mick Ashman (to 30 June 2022) | 1 July 2019 | 1 from 2 |
| Steve Barks | 1 July 2022 | 7 from 7 |
| Steve Bell | 1 July 2022 | 3 from 5 |
| Georgina Bishop | 1 November 2020 | 2 from 7 |
| Paul Dore | 1 July 2021 | 2 from 7 |
| Kaye Meegan | 1 November 2020 | 1 from 7 |
| Ian Merriman | 1 July 2021 | 4 from 7 |
| Lewis Noble | 1 July 2021 | 3 from 7 |
| Jane Pratt | 1 November 2020 | 5 from 7 |
| Sheila Reynolds | 1 November 2020 | 5 from 7 |
| Joe Saverimoutou | 1 July 2021 | 6 from 7 |
| Chris Sterry (to 30 June 2022) | 1 July 2019 | 1 from 2 |
| Sue Taylor (to 30 June 2022) | 1 July 2019 | 2 from 2 |
| Mark Wilcox | 1 July 2021 | 4 from 7 |

| Staff Governors | | |
|---|---|---|
| Paulette Afflick-Anderson | 1 November 2020 | 5 from 7 |
| Irene Mabbott | 1 July 2021 | 5 from 7 |
| Liz Puddy | 1 November 2020 | 2 from 7 |
| Cressida Ridge | 1 November 2020 | 2 from 7 |
| Jess Sheehan | 1 July 2021 | 0 from 7 |
| Emma Warrander | 1 November 2020 | 1 from 7 |
| Appointed Governors | Appointed | |
| Angela Foulkes, Sheffield College | 10 December 2018 | 0 from 7 |
| David Warwicker, Sheffield ICB Representative | 30 March 2020 | 1 from 7 |

Attendance is recorded for four general Council of Governors' meetings and three extraordinary Council of Governors' meetings held by videoconference and face-to-face during 2022/23. The extraordinary meetings were held on 15 June 2022 and 27 February 2023 (to approve recommendations from the Council of Governors' Nomination and Remuneration Committee) and on 16 August 2022 (to receive the report of the External Auditors).

Governors are required to declare interests which are relevant and material to the business of the Trust.

## The Council of Governors' Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Council of Governors makes recommendations to the Council on the appointment and remuneration of the Chair and Non-Executive Directors and considers and contributes to their appraisals.

During the year the Committee has sought and gained approval from the Council of Governors on the following matters.

- Following a recruitment process led by the Committee, sought approval to appoint Gul Nawaz Hussain KC as a Non-Executive Director and later in the year sought similar approval to appoint Ann Harris as a Non-Executive Director from 1 April 2023
- Following careful consideration the Committee sought approval to extended for a final year the tenure of Tony Buckham, which will enable the Board to provide continuity of oversight in the context of significant changes in the NHS financial regime and uncertainty regarding the future financial framework.
- The re-appointment for a second term of Shiella Wright as a Non-Executive Director from 1 April 2023.

- The re-appointment for a second term of Rosamond Roughton as a Non-Executive Director from 1 December 2023.
- The resignation of Gul Nawaz Hussain KC as a Non-Executive Director from 13 February 2023.
- The resignation of Chris Newman as a Non-Executive Director representing The University of Sheffield from 31 March 2023.
- The appointment of Ashely Blom as a Non-Executive Director representing The University of Sheffield from 1 April 2023.

### Remuneration of Non-Executive Directors and the Chair

The Council of Governors did not change the amount of remuneration paid to the Non-Executive Directors or the Chair during 2022/23.

## Governor elections held within the reporting period

Council of Governor elections took place between April and June 2022 with the results declared on 10 June 2022. Nominations were sought for seven seats across five constituencies.

Seven nominations were received from members who wished to stand for election, including three current Governors seeking re-election. The public constituency of South West Sheffield was not contested and remains vacant.

The patient constituency was contested. The election was held in accordance with the election rules set out in our constitution. There was a 19.2 per cent turnout.

Three new Governors and three re-elected Governors started their terms of office on 1 July 2022.

In the event of an elected Governor's seat falling vacant for any reason before the end of a term of office it shall be filled by the second placed candidate in the last election held for that seat.

## Lead Governor

In line with the Foundation Trust Code of Governance, the Council of Governors elects one of the Public / Patient Governors to be Lead Governor. This is to act as the main point of contact for NHS England(NHSE) should the regulator wish to contact the Council of Governors on an issue for which the normal channels of communication are not appropriate.

The position of Lead Governor continues to be held by Patient Governor, Martin Hodgson.

## Strengthening links between the Board and Governors and Members

The Board of Directors is committed to working collaboratively with the Council of Governors. Executive and Non-Executive Directors value the role and contribution of Governors and work openly and transparently with the Council.

Although not members of the Council of Governors, Directors attend Council meetings and listen and respond to Governors' views. The Chair of the Board of Directors also chairs the Council of Governors, providing a link between the two. To strengthen the relationship further, the Chair and Non-Executive Directors are invited to attend the quarterly Governors' Forum meetings.

Governors observe the Board of Directors' meetings held in public and are invited to meet monthly with the Chair and the Chief Executive to review and discuss items debated by the Board in its private session.

Directors are also invited to attend the Annual Members' Meeting which was held virtually on 26 September 2022.

Fig: Attendance by Directors at Council of Governors meetings held in public

| Name | | Attendance (actual / possible) |
|---|---|---|
| Annette Laban | Chair | 4 of 4 |
| David Black | Medical Director (Development) | 3 of 4 |
| Mark Gwilliam | Director of HR and Staff Development | 4 of 4 |
| Michael Harper [a] | Chief Operating Officer | 2 of 3 |
| Jennifer Hill | Medical Director (Operations) | 3 of 4 |
| Gul Nawaz Hussain [b] | Non-Executive Director (held office Jul 2022 – Feb 2023) | 1 of 3 |
| Kirsten Major | Chief Executive | 4 of 4 |
| Chris Morley | Chief Nurse | 4 of 4 |
| Tony Buckham | Non-Executive Director (Vice Chair) | 4 of 4 |
| Chris Newman | Non-Executive Director | 3 of 4 |
| Neil Priestley | Chief Finance Officer | 4 of 4 |
| John O' Kane | Non-Executive Director | 3 of 4 |
| Maggie Porteous | Non-Executive Director | 3 of 4 |
| Rosamond Roughton | Non-Executive Director | 4 of 4 |
| Toni Schwarz | Non-Executive Director | 3 of 4 |
| Martin Temple | Non-Executive Director (end of term of office June 2022) | 0 of 1 |
| Mark Tuckett | Director of Strategy and Planning | 3 of 4 |
| Shiella Wright | Non-Executive Director | 3 of 4 |

[a] From 1 June 2022, Michael Harper commenced the role of Operations Improvement Director for a period of four months until 30 September 2022. During this time he did not attend meetings in an Executive Director capacity.
[b] Gul Nawaz Hussain's attendance at Council of Governors meetings was impacted by increasing professional commitments which precluded full engagement in Trust business, leading to his decision to step down from the Board of Directors in February 2023.

There has also been continued focus on involving the Council of Governors in key developments and issues impacting the Trust. Governors attend monthly Governors' Board Briefing meetings; quarterly finance briefings; bi-annual updates from the Director of Human Resources and Staff Development and annual updates from the Medical Director (Operations); Medical Director (Development); Chief Operating Officer and the Director of Strategy and Planning.

Individual Governors also attend a range of Trust Committees including:

- Patient Experience Committee;
- Mental Health Committee;
- Psychology Board;
- Patient-Led Assessments of the Care Environment (PLACE);
- Clinical Effectiveness Committee;
- Equality, Diversity and Inclusion (EDI) Board;
- End of Life Care Group;
- PROUD Forum;
- Food Management Group;
- Emergency Planning Operational Group;
- Patient First Group;
- Quality Board; and
- Nutrition Steering Group.

## Membership

The Trust considers its Membership to be a valuable asset, which helps guide its work and the decisions it makes, while also holding the organisation to account and ensuring we adhere to NHS values. It is one of the ways the Trust communicates with patients, the public and staff.

The Trust has four Membership categories:

- Patients: anyone aged 12 years or over who has been a patient of the Trust;
- Public: residents of Sheffield 12 years or over;
- Public Outside Sheffield: residents of England and Wales, outside Sheffield, aged 12 years or over; and
- Staff: employees contracted to work for the Trust for at least one year.

As in previous years, all Members were invited to our Annual Members' Meeting. Due to Covid-19 social distancing requirements this was held virtually.

Fig: Membership breakdown at 31 March 2023

| Constituency | Number of members |
|---|---|
| **Patient Membership** | **3,189** |
| **Public Membership by sub-constituency** | |
| North Sheffield | 1,926 |
| Sheffield South East | 2,117 |
| Sheffield South West | 1,820 |
| West Sheffield | 1,966 |
| Outside Sheffield | 517 |
| **Sub-total** | **11,535** |
| **Staff Membership** (sub-divided into sub-constituencies listed): | |
| Medical and Dental | |
| Nursing and Midwifery | |
| Allied Health Professionals, Scientists and Technicians | |
| Administration, Management and Clerical | |
| Ancillary, Works and Maintenance Staff | |
| Primary and Community Services Staff | |
| **Sub-total** | **18,601** |
| **Total membership** | **33,325** |

## Meetings of the Board of Directors and its committees

The Board of Directors is the decision-making body for strategic direction and the overall allocation of resources. It delegates decision making for the operational running of the Trust to the Trust Executive Group. The Board takes decisions consistent with the approved strategy.

The Board's role is to promote the success of the organisation so as to maximise the benefits for the Members of the Trust as a whole and for the public. It does this by:

- Formulating strategy;
- Ensuring accountability by holding the organisation to account for the delivery of that strategy and through seeking assurance that systems of control are robust and reliable;
- Shaping a positive culture for the Board and the organisation; and
- Promoting effective dialogue with the local communities we serve.

The Board of Directors delegates decision-making for the operational running of the Trust to the Trust Executive Group in accordance with the Trust's Standing Orders, Reservation and Delegation of Powers and Standing Financial Instructions.

The Trust's Standing Orders set out matters which are reserved for the Board of Directors to decide. These relate to regulation and control, appointments, strategic and business planning and policy development, direct operational decisions, financial and performance reporting arrangements, audit arrangements and investment decisions.

Meetings of the Board of Directors are held in public, although part of the meeting is held in private to deal with matters of a confidential nature. The agenda and papers for the section of the meeting held in public are published on the Trust's website.

Whilst Covid-19 social distancing requirements were in place during the early part of 2022/23, the Board of Directors held its meetings virtually. To maintain transparency and accountability to the public during this time, the Board invited members of the public and our Council of Governors to observe these virtual meetings via video link or voice only conference. In-person Board of Directors meetings resumed in September 2022.

Following a formal review of the operation of the Board of Directors undertaken in 2021/22, the Board of Directors has changed the frequency of its meeting held in public from monthly to a bi-monthly basis (every two months). Supported by the continued routine monthly focus on performance and assurance through its committee structure, this allows the Board to effectively discharge its duties in the most effective and efficient manner. Since enacting this October 2021, in the months

where no session of the Board is held in public a Board of Directors' Strategy and Board Development session is scheduled.

Membership of the Board of Directors is detailed earlier in this report. The following table presents the attendance records of individuals at Board meetings held during 2022/23.

Fig: Attendance at Board of Directors meetings held in public during 2022/23

| Name | | Attendance (actual / possible) |
|---|---|---|
| Annette Laban | Chair | 6 from 6 |
| David Black | Medical Director | 5 from 6 |
| Tony Buckham | Non-Executive Director (Vice Chair) | 6 from 6 |
| Paul Buckley | Interim Director of Strategy and Planning (to 17 Apr 2022) | 0 from 0 |
| Sandi Carman | Assistant Chief Executive | 6 from 6 |
| Mark Gwilliam | Director of Human Resources and Staff Development | 6 from 6 |
| Michael Harper [a] | Chief Operating Officer | 4 from 4 |
| Jennifer Hill | Medical Director (Operations) | 5 from 6 |
| Gul Nawaz Hussain [b] | Non-Executive Director (between 1 Jul 2022 and 13 Feb 2023) | 1 from 6 |
| Vicki Leckie [c] | Interim Chief Operating Officer (between 1 Jun and 30 Sept 2022) | 2 from 2 |
| Kirsten Major | Chief Executive | 6 from 6 |
| Chris Morley | Chief Nurse | 6 from 6 |
| Chris Newman | Non-Executive Director | 5 from 6 |
| John O'Kane | Non-Executive Director | 4 from 6 |
| Julie Phelan | Communications and Marketing Director | 6 from 6 |
| Maggie Porteous | Non-Executive Director | 6 from 6 |
| Neil Priestley | Chief Finance Officer | 6 from 6 |
| Rosamond Roughton | Non-Executive Director | 5 from 6 |
| Toni Schwarz | Non-Executive Director | 3 from 6 |
| Martin Temple | Non-Executive Director (to 30 Jun 2022) | 1 from 1 |
| Mark Tuckett | Director of Strategy and Planning (from 18 Apr 2022) | 6 from 6 |
| Shiella Wright | Non-Executive Director | 3 from 6 |

[a] From 1 June 2022, Michael Harper commenced the role of Operations Improvement Director for a period of four months until 30 September 2022. During this time he did not attend meetings of the Board of Directors in an Executive Director capacity.

[b] Gul Nawaz Hussain's attendance at Board meetings was impacted by increasing professional commitments which precluded full engagement in Trust business, leading to his decision to step down from the Board of Directors in February 2023.

[c] Vicki Leckie attended meetings of the Board of Directors as a Participating Director while covering the role of Chief Operating Officer on an interim basis between 1 June and 30 September 2022.

The Board has established a committee structure with each of its standing committees chaired by a Non-Executive Director. This Board committee structure includes the statutory committees of Audit, Board of Directors' Nomination and Remuneration and Quality, as well as a Finance and Performance Committee and People Committee.

More detail of the Board's committee structure and the role of its committees is outlined within the Annual Governance Statement.

## Audit Committee

The Audit Committee is appointed by the Board of Directors and its terms of reference state that its membership comprises of four Non-Executive Directors. One of these members is required to have recent and relevant financial experience and this requirement is fulfilled through the Committee Chair, John O'Kane.

Fig: Member attendance at meetings of the Audit Committee 2022/23

| NED membership | Attendances (actual / possible) |
|---|---|
| John O'Kane, Chair | 5 from 5 |
| Rosamond Roughton | 3 from 5 |
| Toni Schwarz | 2 from 5 |
| Shiella Wright | 4 from 5 |

Other Non-Executive Directors, who chair other Board committees, have a standing invitation to attend meetings of the Audit Committee.

Meetings of the Audit Committee are attended by senior representatives of the Trust's internal and external auditors, the local counter fraud specialist, as well as the Chief Finance Officer and Assistant Chief Executive. The Chief Executive and the Trust Chair are invited to attend the meeting at which the annual accounts are presented.

The Committee provides the Board of Directors with an independent and objective review of the effectiveness of the system of internal control (both financial and non-financial). It is authorised by the Board of Directors to investigate any activity within its terms of reference and to seek information it requires from staff to fulfil its functions.

The Audit Committee is responsible for agreeing and reviewing the annual work plans for independent external and internal audit services, counter fraud services and commissioning independent audit work from other bodies as required.

The Trust's internal audit service is provided by 360 Assurance, a consortium principally serving a number of foundation trusts and clinical commissioning groups in the region. Through detailed testing of the Trust's internal control systems, this service fulfils a key role in the Trust's assurance processes.

Local counter fraud provision is commissioned from 360 Assurance. The local counter fraud specialist supports the Trust to create an anti-fraud culture, to deter, prevent and detect fraud, investigating suspicions as they arise and seeking to apply appropriate sanction and redress in respect of any monies obtained through fraud.

The Audit Committee is responsible for making a recommendation to the Council of Governors in respect of the appointment and approval of the Trust's external auditors.

At the meeting of the Council of Governors held in July 2021, the Chief Finance Officer presented a recommendation supported by the Audit Committee that KPMG be appointed as the Trust's external auditors. This followed the end of the previous contract with Mazars LLP, which had been extended in duration as far as contract terms permitted.

In approving the recommendation from the Audit Committee to appoint KPMG as the new external audit provider, the Council of Governors noted the procurement process adopted and the impact on the tender process of the changing public sector audit market, together with fee benchmarking data. This base audit fee had been considered by the Audit Committee.

KPMG were appointed by the Council of Governors for a three-year initial period, commencing with the 2021/22 audit cycle and subject to annual reappointment, with an option to extend for a further two years.

The statutory audit fee for the 2022/23 audit was £207,650 plus VAT.

The Committee routinely receives external audit progress reports, including technical updates on key emerging issues / developments. KPMG provides its services within the Code of Audit Practice. The Audit Committee has delegated authority from the Board of Directors to commission additional investigative and advisory services outside this code.

There has been no provision of non-audit services by the external auditor during the financial year 2022/23.

### *Principal areas of review and significant issues considered by the Audit Committee during 2022/23*

The following section outlines key matters considered by the Committee, reflecting key duties / areas of responsibility set out by its terms of reference.

#### Internal control and risk management

- Considering in June 2022 the development work being undertaken to establish a Board Assurance Framework (BAF) which would replace the Trust's previous Integrated Risk and Assurance Report (IRAR). The proposal was noted in advance of presentation to the Board of Directors (June 2022).
- Overseeing the implementation of the revised Framework for Risk Management including the new Board Assurance Framework and Corporate Risk Register Report to strengthen Board oversight of the management of extreme operational risks (risks scored 15 or more).
- Receiving to note subsequent iterations and ongoing BAF development work.
- Agreeing in January 2023 the frequency of the BAF scheduling and that an annual effectiveness review of the BAF would be undertaken by the Audit Committee.
- Reviewing the annual financial statements, with particular focus given to major areas of judgement and any changes in accounting policies (January 2023) and the Board's determination that the 2022/23 annual accounts be prepared on a 'going concern' basis.
- Receiving the Register of Interests Annual Report (July 2022).
- Requesting and receiving, following the Committee's review of the findings from the Policy Management Framework Internal Audit report, detailed analysis of policy management and oversight arrangements.
- Receiving the annual update on the Trust's insurance arrangements for 2022/23 (July 2022) including noting for update that a tender exercise to appoint a Broker would commence following the expiration of the incumbent Broker contract terms.
- Undertaking a mid-year review of each of the Committee's development objectives that were agreed by the Committee at its March 2022 meeting for the forthcoming financial year. These included additions on the Committee's work plan to oversee workstreams responding to the publication of the new NHS Code of Governance for Provider Trusts (March 2023) and to commission an independent well-led review (July 2022 and January 2023),
- Undertaking a review of areas of self-assessed non-compliance with provisions within the NHS Foundation Trust Code of Governance (March 2023) to inform disclosure statements within the 2022/24 Annual Report.

- Agreeing the key actions outlined in the Trust's financial sustainability self-assessment, 'Are you getting the basics right' and noting the self-assessment scores.
- Informed by its oversight of the Trust's systems of integrated governance, reviewing the adequacy of all risk and control related disclosure statements within the Trust's Annual Report, specifically, the Annual Governance Statement.

### Internal audit

- Agreeing at the start of the year the internal audit plan 2022/23, taking into account risk assessment work undertaken by 360 Assurance and with the Trust Executive Group, and informed by Public Sector Internal Audit Standards.
- Through the course of the year, routinely receiving findings from individual reviews within the internal audit work plan, including reviews focused on patient safety (serious incidents and never events), the general ledger and financial reporting arrangements, maternity standards, data security and protection toolkit, capital planning, the People Plan, NICE guidance, estates maintenance, consultant job planning, the Trust's self-assessment against Improving NHS Financial Sustainability and workforce planning. Monitoring management's responsiveness to internal audit recommendations and providing oversight of follow up completion rates.
- Approving in-year timing changes to the internal audit plan 2022/23.
- Receiving in June 2023 the Internal Audit Annual Report for 2022/23, including the Head of Internal Audit Opinion 2022/23.
- Undertaking an annual review of the effectiveness of the internal audit function against a set of performance measures / standards including benchmarked costs (July 2022).

### Local counter fraud

- Overseeing progress against the 2022/23 annual fraud, bribery and corruption risk assessment and work plan through consideration of routine progress reports from the anti-crime specialist.
- Receiving in June 2023 the Counter Fraud Annual Report 2022/23 and noting the Trust's 2023 Counter Fraud Functional Standard Return.

### External audit

- Agreeing the 2022/23 Audit Plan in January 2023, setting out an analysis of the external auditor's assessment of significant audit risks, the proposed elements of the financial statements audit and its reporting timetable and other matters.
- Approving for ratification by the Board of Directors the Trust's policy for the use of External Auditors for non-audit work (March 2023).

- Receiving technical updates highlighting key developments in the health sector, relevant accounting and auditing developments as well as benchmarking reports.

The Chief Executive, as the Trust's Accounting Officer, is responsible for the preparation of the financial statements prior to them being audited by the external auditors. These responsibilities are detailed within the statement of Accounting Officer's responsibilities and in the Independent Auditor's report.

The Audit Committee gives full consideration to any significant risks and areas of audit focus raised in the external audit plan. In 2022/23 the four areas of audit focus related to management override of controls, risk of fraud in revenue recognition, expenditure recognition and valuation of land and buildings.

In each of these areas, the Committee has been able to place reliance on work undertaken by the external auditors, KPMG, as part of the work that they have undertaken to enable them to develop their audit opinion.

## Compliance with NHS Foundation Trust Code of Governance

### The Trust continues to seek to comply with the NHS Foundation Trust Code of Governance (the Code) which is issued to assist NHS foundation trust boards develop their governance arrangements in line with best practice.

The Code operates on a 'comply or explain' basis and foundation trusts are required to report on how they apply the Code within their Annual Report. While there is a requirement to adhere to main principles of the Code, so long as reasons for any deviation from individual code provisions are explained and that alternative arrangements reflect the main principles of the Code, non-compliance is permitted.

### Compliance with the Code

The Board considers the Trust compliant with main principles of the NHS Foundation Trust Code of Governance.

Details of how the Trust has applied the Code principles and complied with its provisions are set out in relevant sections of this Annual Report. In seeking to continually develop its governance arrangements, where action has been identified to further strengthen compliance against a Code provision this has also been described.

The disclosures required by the Code in relation to the roles and activities of the Board of Directors, its statutory committees and the Council of Governors and Membership are outlined earlier in this Accountability Section.

Required statements of disclosure relating to the functioning of the Board Nomination and Remuneration Committee are contained within the Remuneration Report.

A review of compliance against individual code provisions has been undertaken. Explanations for areas of non-compliance are outlined here:

**B.6.2** *Evaluation of the boards of NHS foundation trusts should be externally facilitated at least every three years.*

While an independent review has not been commissioned to the Code's suggested timeline, planning is currently in place to commission an external review during 2022/23. The scheduling of this review has taken into account work to refresh the Trust's corporate strategy and the publication of '*Making a Difference – the next chapter 2022-27*'.

On an annual basis the Board undertakes an effectiveness review which aligns to the eight key lines of enquiry (KLoE) of the well-led framework and covers the scope of the operation of the Board of Directors and its Committees. This ensures that the Board of Directors is using the well-led framework as a key instrument to critically evaluate its own performance to feed into continuous development of the Trust's leadership and governance arrangements.

Additionally, during 2021/22 the Trust commissioned an independent Trust-wide governance review to identify good practice and provide a view on areas for improvement. This followed the Care Quality Commission (CQC) inspection of Maternity Services in March 2021 which suggested that there were some weaknesses in systems to continually monitor and improve the quality and safety of services.

The Good Governance Institute (GGI) undertook assessment work between January and March 2022 which focused on the Trust's quality governance arrangements considering a selection of the CQC well-led key lines of enquiry (KLoEs). Findings from this review will facilitate continuous improvement of our quality governance arrangements to support the delivery of excellent care for patients.

Outcomes from both this and our recent CQC well-led inspection will be used to develop and implement a robust action plan for oversight at Board level focused on the continuous development of leadership and governance arrangements. Undertaking a developmental review against the well-led framework will form part of the CQC action plan.

**B.7.4** *Non-Executive Directors, including the chairman, should be appointed by the Council of Governors for specified terms subject to re-appointment thereafter at intervals of no more than three years and to the 2006 Act provisions relating to the removal of a director.*

The Standing Orders for the practice and procedure of the Board of Directors set out the term of office for the Chair and the Non-Executive Directors. These are reviewed regularly and it has been agreed to maintain the term of office at four years, rather than the three years as recommended in the Code.

Non-Executive Director appointments and reappointments made by the Council of Governors are made with four-year terms of office. The Board of Directors and the Council of Governors agree that this provides the Board with additional stability and continuity without compromising independence.

Arrangements are in place for a review of independence to be undertaken routinely as part of each second term re-appointment and a statement is made within the Annual Report by the Board of Directors with regard to each Non-Executive Director's independence.

Due regard was also given to determining independence in respect of the appointment of Annette Laban as Trust Chair on the basis of length of previous Non-Executive Director tenure. On recommending the appointment to the Council of Governors, its Nomination and Remuneration Committee confirmed that it was satisfied through testing at interview and triangulation with feedback sought from members of the Board of Directors that Annette was independent in character and judgement. As previously agreed by Governors at a Governors' Forum meeting held on 27 February 2020 and noted at the Council of Governors' Nomination and Remuneration Committee held on 18 May 2020 any future appointment of an existing Non-Executive Director will be for one term of office.

**D.2.3** *The Council of Governors should consult external professional advisers to market-test the remuneration levels of the chairperson and other non-executives at least once every three years and when they intend to make a large change to the remuneration of a Non-Executive*.

The Council of Governors has not appointed external professional advisors to market-test the remuneration levels of the Chair and other Non-Executive Directors but the Trust participates in NHS Providers remuneration surveys and other industry benchmarking exercises. This benchmarking data is used by the Council of Governors Nomination and Remuneration Committee when making recommendations to the Council of Governors in relation to the remuneration of the Chair and the Non-Executive Directors. In guiding consideration, reference is also made to NHSE's publication 'Structure for Chair and NED remuneration in NHS Trusts and NHS Foundation Trusts'.

# Regulatory ratings

## NHS Oversight Framework

NHS England's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. NHS organisations are allocated to one of four 'segments'.

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

a) objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care, access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities)

b) additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity.

An NHS foundation trust will be in segment 3 or 4 only where it has been found to be in breach or suspected breach of its licence conditions.

## Segmentation

The Trust has entered into enforcement undertakings as set out a letter signed by the Trust (6 December 2022) and NHS England (13 December 2022). These outline a set of actions the Trust has committed to undertake to secure that suspected breaches of its provider licence that follow from CQC inspection findings do not continue or recur. These are more fully described in the Annual Governance Statement at pages 104 to 127 along with measures that the Trust is implementing to address Care Quality Commission (CQC) findings.

The Trust has been assigned a segmentation rating of 3. This segmentation information is the Trust's position as at 31 March 2023. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website.

Accountability Report signed by the Chief Executive
in capacity as Accounting Officer

Kirsten Major, Chief Executive
27 June 2023

# Statement of Accounting Officer's Responsibilities

## Statement of the Chief Executive's responsibilities as the Accounting Officer of Sheffield Teaching Hospitals NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the Accounting Officer of the NHS Foundation Trust. The relevant responsibilities of the Accounting Officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the NHS Foundation Trust Accounting Officer Memorandum issued by NHS Improvement.

NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require Sheffield Teaching Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Sheffield Teaching Hospitals NHS Foundation Trust and of its income and expenditure, other items of comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the NHS Foundation Trust Annual Reporting Manual (and the Department of Health and Social Care Group Accounting Manual) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- 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 Foundation Trust's performance, business model and strategy; and
- prepare the financial statements on a Going Concern basis and disclose any material uncertainties over going concern.

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS Foundation Trust and to enable them to ensure that the accounts comply with requirements outlined in the above-mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as I am aware, there is no relevant audit information of which the Foundation Trust's auditors are unaware, and I have taken all 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 the NHS Foundation Trust Accounting Officer Memorandum.

Kirsten Major
Chief Executive
27 June 2023

# Annual Governance Statement 2022/23

## Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation 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 Foundation 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 Foundation Trust Accounting Officer Memorandum.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Sheffield Teaching Hospitals NHS Foundation 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 in Sheffield Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the Annual Report and accounts.

## Capacity to handle risk

The Board of Directors is responsible for reviewing the effectiveness of the system of internal control and for ensuring that the Trust has effective systems and structures in place for managing all types of risk that threaten the Trust's ability to meet its aims and objectives, and the achievement of its values.

To support an integrated approach to risk management the Trust's Framework for Risk Management defines the structures and processes in place to identify, manage and eliminate or reduce risks to a tolerable level. It clarifies accountability arrangements for the management of risk within the Trust from Board to Ward, setting out the responsibility of Executive Directors and Senior Managers in respect of leadership in risk management and confirms the role that all staff within the organisation have in relation to responsibility for the identification and reporting of risks and incidents.

Operational responsibility for risk management sits within clinical and corporate directorates. Each directorate is required to have processes in place by which risks are identified, assessed and managed at a local level, and escalated as required in accordance with the Trust's policy framework. A framework for directorate quality governance arrangements describes the local quality governance structures, systems and processes that clinical directorates and corporate departments need to have in place to manage risk, incidents, complaints, claims, inquests, and patient feedback. This underpins delivery of the Trust's Quality Governance Policy and Framework.

The committee structure of the Board of Directors provides assurance on, and challenge to, the Trust's risk management process. Each chaired by a Non-Executive Director to enhance independent scrutiny, these committees are the key structures in ensuring quality, safety and management of risk, and provide the mechanism for managing and monitoring risk throughout the Trust and for assurance reporting to the Trust Board of Directors. Executive Directors provide leadership on the management of key areas of risk commensurate with their roles and are represented across the Board committee structure.

The Trust Executive Group (TEG) is responsible for the implementation of risk management and related assurance mechanisms. Individual Executive Directors are responsible for overseeing a programme of risk management activities in their areas of responsibility and the Trust Executive brings together the corporate, workforce, clinical, information, research, reputational and governance risk agendas.

With delegated authority from the Board of Directors, the Audit Committee has overall responsibility for integrated governance, risk management and internal control. It oversees the system of internal control and governance and overall assurance process associated with managing risk to ensure that risks to the delivery of the Trust's services are identified and addressed.

### Staff training and guidance on the management of risk

Mandatory risk management and health and safety awareness training are incorporated within the Trust's induction programme for all new starters.

A range of policies is in place and available to staff via the Trust's intranet which describe the roles and responsibilities in relation to the identification, management and control of risk. Staff are made aware of these policies and are actively encouraged to access them to ensure that they understand their own roles and responsibilities.

The Patient and Healthcare Governance Department provides additional support, guidance and expert advice to staff on risk management. The department assists risk owners in identifying, assessing and managing and reviewing risks. Specifically, it supports all areas of the Trust in the use of the Datix System as the electronic

Trust-wide Risk Register. In-year a series of Risk Clinics have been held with Care Groups to support the use of the Risk Register as a dynamic tool to manage risks to Care Group objectives.

A programme of risk management training is in place to support staff in fulfilling their roles and responsibilities relating to the management of risk in line with the Trust's Framework for Risk Management described below. This is delivered across the Trust in line with an agreed training needs outline registered on PALMS, the Trust's Personal Achievement and Learning Management System.

The Trust takes all opportunities to learn from good practice and has a breadth of mechanisms in place to support this. These range from clinical supervision, reflective practice, peer review work and clinical audit. Learning from root cause analysis investigations and information such as trends in incidents, complaints and claims are used to enhance and improve standards of patient care by feeding into our quality improvement programme. The Trust's incident management policy and Trust-wide action plan guidelines support robust action planning following incident investigations. Reports from healthcare regulators are routinely used to identify learning from other healthcare organisations.

## The risk and control framework

### Framework for risk management

As referred to above, the Trust's Framework for Risk Management describes the Trust's overall risk management process, within which the operation of a Trust-wide Risk Register and governance structure for the cascade and escalation of risk and assurance ensure that risk management is an integral part of clinical, managerial and financial processes across the Trust.

Refreshed during 2022/23 as part of CQC improvement work, the framework defines the role of all staff in managing risks with associated procedural documents clearly outlining a systematic approach to the identification, evaluation and control of risk, which commences with a structured risk assessment process.

Local risks are reported and entered onto the Trust's Risk Register via directorate governance groups and Trust management committees. The use of a standard assessment tool to identify risks ensures a consistent approach is taken to the evaluation and monitoring of risk across the Trust. Additionally, the use of a grading matrix of likelihood and consequence to produce a risk score enables risks to be prioritised against other risks on the Risk Register.

A target risk score is assigned to each risk to ensure that risks are controlled within a timely manner and to an acceptable level. The Board of Directors has developed a Risk Appetite Statement that clearly articulates what risks it is willing or unwilling to

accept in order to achieve the Trust's strategic aims. This acknowledges that risk is inherent in the provision of healthcare. As a general principle the Trust has a low tolerance for all risks that have the potential to expose patients, staff, visitors and other stakeholders to harm, that compromise the Trust's ability to deliver operational services, that adversely impact the reputation of the Trust, have severe financial consequences or result in non-compliance with law and regulation. The statement then defines tolerances for balancing different elements of risk, including patient safety, reputation, workforce and financial / value for money, based on how much, or little the Trust wishes to commit in terms of risk.

Risk control measures are identified and implemented through action plans to achieve the target level of risk. Oversight of risk management takes place in line with the structure for the cascade and escalation of risk and assurance. These arrangements involve the consideration of all locally approved new and existing risks scored as eight and above by the Trust's Risk Validation Group (RVG). This group reviews each risk to validate the risk score; to scrutinise and challenge the adequacy of the risk description, the controls and the mitigating action plan.

As part of Value for Money Risk Assessment work undertaken by the Trust's external auditors, a significant risk regard to risk assessments overdue for review at directorate level has been noted. Whilst the external auditors confirmed that the Trust has appropriate arrangements in place to ensure risks overdue for review have appropriate risk ratings a recommendation to ensure the backlog of risks awaiting review are addressed has been made.

Risk reporting and oversight arrangements has been supported in-year through the Safety and Risk Committee. Chaired by the Medical Director (Operations) this committee has responsibility for ensuring robust and effective arrangements are in place for the management and monitoring of matters relating to safety and risk across the Trust. The RVG reports to this committee and through senior-level representation from both corporate and clinical directorates, considers risk aggregation and onward reporting to TEG of operational risks with a risk score of 15 or more as part of the standing operating procedure for the operation of the Board Assurance Framework (BAF). In-year this committee has continued to provide oversight of the Trust's Risk Register Improvement Plan.

A well-established Safety and Risk Forum provides a networking, learning and information sharing forum for directorate risk and governance leads.

The Board Assurance Framework (BAF) forms the mechanism for proactively assessing risk and control at the very highest level and providing assurance that there is effective management of key risks to the delivery of the Trust's strategic aims. Structured around a set of key strategic risks, this mechanism has facilitated review by the Board of Directors of the controls in place to mitigate and manage each risk, and the assurances available to indicate that the controls are effective.

Detailed scrutiny of controls and assurances is performed by a relevant Board Committee. The Quality Committee, Finance and Performance Committee, People Committee (formerly Human Resources and Organisational Development Committee) each has oversight responsibility for those strategic risks that align with the remit of their own terms of reference. Via their Non-Executive Chair, each reports formally to the Board of Directors, to confirm delivery of assurance or escalate matters as necessary. A programme of Strategic Risk deep dive reviews takes place through the Board committee structure and on using conclusions drawn from these to further inform and drive the Board's assurance framework.

## Quality governance arrangements

The Trust's quality governance and leadership structure ensures that the quality and safety of care is being routinely monitored across all services. The robust quality performance and risk management processes and associated reporting mechanisms in place to review and challenge performance and variation can be outlined as follows:

- Board oversight of quality issues through the Quality Committee; a formal committee of the Board providing assurance that adequate quality governance structures, processes and controls are in place across the Trust for the continuous monitoring and improvement of safe and effective patient care;
- A clear and embedded framework described within a Quality Governance Framework and Policy which supports consistency of structures, systems and processes for local governance and risk management arrangements across clinical and corporate directorates;
- Strategic principles approved by the Board within which the structure and process for selecting and overseeing the implementation of annual quality priorities with involvement from patients, staff, Governors and other key stakeholders is implemented. Our Quality Strategy has been refreshed in-year to reframe our aspirations and approach to quality improvement for the next five years;
- Well embedded reporting arrangements to the committee structure of the Board via a supporting framework of Executive-led sub committees and management groups. This involves monthly consideration of an Integrated Performance Report (IPR) presenting RAG rated performance and exception narrative for national and local performance standards at a Trust and directorate level. Reporting arrangements include quarterly consideration of an Integrated Quality and Safety Report bringing together incidents, claims, inquests, patient feedback, complaints, risk and clinical audit data;
- A deep dive analysis of performance on an agreed specific topic of interest presented to the Board of Directors meeting held in public;

- A rotation of deep dives of key areas of quality by an individual Care Group presented monthly to the Quality Committee;
- Open and honest culture of reporting of incidents, risks and hazards promoted by the Board of Directors and supported by structured processes including online reporting systems for incident reporting and the investigation of Serious Incidents; and
- There are clear and transparent processes for sharing lessons learned following investigation with reports shared at directorate and Trust-wide level through relevant committees and groups. Learning from incidents, complaints, clinical audits, external visits, inspections and accreditations and from patient feedback is also cascaded from Ward to Board, across clinical and non-clinical areas through the Safety and Risk Forum, the Safety and Risk Committee, Management Board Briefing and the Quality Committee.

## Assurance on Care Quality Commission (CQC) compliance

A range of mechanisms is in place to monitor compliance with the CQC's five domains of safe, effective, caring, responsive and well-led. Through the Quality Committee the Board of Directors reviews a range of metrics on patient experience, clinical effectiveness and patient safety reported within the quarterly Integrated Quality and Safety Report and the CQC Insights Report which reviews outcome and audit data viewed regularly by the CQC. This Committee also receives a monthly report on CQC compliance and reports the publication of findings from external CQC reviews and CQC national surveys.

In-year, the Quality Committee has provided oversight of the Trust's comprehensive CQC action plan via receipt of 'Plans on a Page' with comprehensive monthly updates on progress to address the findings of recent CQC inspection reports.

As noted earlier in the report the CQC required significant improvements to be made following publication of its inspection report in April 2022. The report followed the unannounced inspection of core services between 5 and 7 October 2021 and the well-led review that took place on 9,10 and 11 November 2021 and downgraded the Trust's CQC overall rating as 'requires improvement'. The report rated the effective, responsive, caring, and well-led areas as 'requires improvement' and the safe areas as 'inadequate'. The Trust was previously rated as 'good' overall in the report published in November 2018.

The CQC issued the Trust with one section 29A warning notice and a requirement notice in relation to 85 breaches of legal requirements in five core services and in relation to overall governance.

These quality and governance breaches also followed conditions imposed by the CQC in March 2021 under Section 31 of the Health and Social Care Act 2008, on the registration of the Trust in respect of the regulated activity of Maternity and midwifery

services. As reported in our Annual Report for 2021/22, these conditions relate to the Trust's maternity unit and the final inspection report issued on 9 June 2021 lowered the Trust's rating for maternity services at the Jessop Wing from 'outstanding' to 'inadequate'.

The conditions required the Trust to take action to ensure a safe and effective service and in response the Trust submitted a detailed action plan to the CQC on 12 April 2021 at which point many of the inspection recommendations had already been implemented, including changes to governance and local risk processes and the appointment of additional staff.

A Maternity Improvement Board chaired by the Chief Executive with membership including the Chief Nurse as Maternity Safety Champion was established to provide a forum for joint Executive and Triumvirate oversight and scrutiny of the implementation the Trust's Maternity Services Improvement Plan. This forum reports into the Trust Board of Directors via a monthly Maternity and Neonatal Safety Report.

Following receipt of the April 2022 CQC Inspection Report, the Trust put in place an Improvement Programme focused on 17 Outcomes identified through analysis of the must do requirements of the CQC report, oversight of which has taken place at NHS England Regional Quality Board meetings. The Trust has reported updates in relation to actions and improvements undertaken in Maternity Services and for the 17 Outcomes pertaining to the main CQC inspection (October – November 2021). These matters have also been reported to the Board of Directors through the above referenced Maternity and Neonatal Safety Report and the CQC Action Plan updates.

This and the further progression of the Trust's improvement journey to focus on five improvement workstreams and three areas of intensive support align to the requirements for a 'Recovery Plan' as detailed within a set of enforcement undertakings agreed with NHS England. As such, assessment of progress in delivering and embedding these recovery actions forms a key part of the Trust's agreed NHS Operating Framework 2022/23 exit criteria.

In parallel, the CQC returned to re-inspect five core services (Surgery, Medicine, Urgent and Emergency Care and Maternity) in September 2022 and the report from this reinspection published on 22 December 2022 acknowledged significant progress made. As such, ratings for both the effective and safe domains have improved to Good from a previous rating of Requires Improvement. Notably, Maternity services are no longer rated as Inadequate, and a similar outcome was also achieved for Urgent and Emergency Care core service.

## Well-led framework

The Board of Directors uses the well-led framework (NHSI, June 2017) as a key instrument to evaluate its own performance critically to feed into continuous development of the Trust's leadership and governance arrangements.

In September 2022 a best practice developmental review of governance and leadership against the well-led framework was commissioned to identify continuous improvement actions.

Across all eight key lines of enquiry (KLoE), this external review triangulated evidence obtained via one-to-one interviews, focus groups, meeting observations, stakeholder surveys and a review of a range of documents. The review drew upon existing reports and intelligence, paying due regard to the independent Trust-wide healthcare governance review undertaken between December 2021 and April 2022. This earlier review had focused on four of the KLoEs of the well-led framework used by the Care Quality Commission (CQC).

Findings from both these independent governance reviews are being used to strengthen the Trust's leadership and governance arrangements. To adopt an approach to the delivery of improvement actions that is sustainable, an exercise has been undertaken to align the 62 recommendations identified across the two external governance review and agree priority recommendations for immediate focus.

## Managing risks to data security

The reporting and management of both data and security risks are supported by ensuring that all employees of the Trust are reminded of their data security responsibilities through education and awareness. Information governance / data security training forms part of mandatory training requirements.

Information security risks are actively measured and controlled via the Trust's Cyber Security Group reporting to the Informatics Senior Management Team which is chaired by the Informatics Director / Senior Information Risk Owner (SIRO). These include risk and control measures relating to system patching, access controls, cyber defences, audit logging, backups, incident management, phishing response and third-party access.

The Cyber Security Group also monitors responses to NHS cyber alerts, security incidents and audits.

A comprehensive and continuous assessment of information security is undertaken against the requirements of the Data Security and Protection Toolkit and further assurance is provided annually via independent audit and externally conducted penetration tests.

The effectiveness of these measures is reported to the Information Governance Committee. This includes details of any personal data-related serious incidents, the

Trust's annual Data Security and Protection Toolkit status and reports of other information governance incidents and audit reviews.

## Information governance

There were two serious incidents during this period (2022/23) that required notification to the Information Commissioner's Office (ICO):

- The Trust was affected by a cyber incident involving Advanced Computer Software Group; and
- The Trust received acknowledgement from the ICO on its management of an incident where a series of messages were sent in error to an incorrect email domain.

Subsequently, we have received formal replies from the ICO confirming satisfactory actions were taken by the Trust.

There are robust and effective systems, procedures and practices in place to identify, manage and control information risks. These include how the Trust receives and responds to high severity alerts from NHS Digital Cyber Alert System.

Whilst the Board of Directors is ultimately responsible for information governance, it has delegated authority to the Information Governance Committee which provides assurance to the Quality Committee (formerly Healthcare Governance Committee) and is chaired by the Medical Director (Development), who is also the Trust Caldicott Guardian. The Board appointed Senior Information Risk Owner (SIRO), is the Informatics Director. The Trust's Head of Information Governance, and his team support both the above roles and, as such is also a registered Caldicott Guardian and the Trust's Data Protection Officer (DPO).

The Information Governance Committee terms of reference bring together all the statutory requirements, standards and best practice in conjunction with the Trust's Information Governance Policy and are used to drive continuous improvement in information governance across the organisation. The development of this policy framework is informed by the results from the Data Security and Protection Toolkit (DSPT) annual assessment and by participation in the Information Governance Committee, the IT Security Group and the Cyber Security Team.

The Trust maintains a suite of information security policies which are published on the Trust Controlled Documents system.

In accordance with the UK Data Protection legislation, the Trust's Data Protection Officer (DPO) overviews the use of Data Protection Impact Assessments (DPIA) to ensure that information governance and data protection risks are fully considered. DPIAs are routinely produced to support changes to systems or processing of personal and sensitive data.

There were eight serious incidents relating to information governance classified as level two during 2022/23.

## Risk Reporting

Regulatory and advisory feedback has been used to inform continuous development of the Trust's strategic risk management arrangements to ensure that the Trust has effective systems for Board oversight of the management of risk. In implementing a refreshed assurance framework during 2022/23 and by also extending the scope of operational risk reporting this work has increased Board oversight of higher-level operational risks logged on the Trust Risk Register.

Aligned to a key outcome within the Trust's 2022 CQC Action Plan, the development and adoption of a newly formatted Board Assurance Framework (BAF) and Corporate Risk Register Report has been overseen by the Audit Committee and these new reporting / oversight arrangements reflected within an update of the Trust's Framework for Risk Management.

### Major risks 2022/23

As described above, the Board Assurance Framework (BAF) provides the structure to enable the Board of Directors and its Committees to focus on the key risks to delivery of the Trust's Strategic Aims.

Work to develop the BAF during 2022/23 involved the Board of Directors identifying eight areas of Strategic Risk, each focused on a strategic theme and articulated in terms of the key causes and effects. These are described within the Performance Section of this Annual Report, but can be summarised as:

- Quality of Care - Fail to provide compassionate, effective and safe patient centered care that delivers the best clinical outcomes.
- Partnership and Engagement - Fail to take a proactive role and engage effectively with partners to transform services and improve the health of the communities we serve.
- Workforce - Fail to ensure the Trust can recruit and retain the right people to deliver patient centred services and the best clinical outcomes.
- Finance - Fail to manage our finances effectively and deliver value for money to ensure the long-term sustainability of care provision.
- Infrastructure - Fail to implement appropriate, cost effective and innovative approaches to digital and estate infrastructure that support our aspirations today and for the future.
- Sustainabilty - Fail to identify and maximise sustainable ways to deliver the Trust's strategic aims and objectives.

- Research, Education and Innovation - Fail to ensure the Trust has the ability to deliver excellent research, education and innovation.
- Well-led - Fail to ensure appropriate and effectives governance arrangements are in place that support the achievement of our Corporate Strategy (Making a Difference – the Next Chapter.

## Compliance and validity of the NHS Foundation Trust condition (FT Governance): Corporate Governance Statement

The Board of Directors considers annually the Corporate Governance Statement with a view to confirming compliance with condition FT(4) of the provider licence. To assure validity of this statement, a schedule of evidence of compliance with each element of the declaration is prepared by the Trust Executive Group (TEG) for review by the Board of Directors prior to final approval.

In its review in May 2023 the Board of Directors noted where risks to compliance had been identified though regulatory inspection and the declarations made reflected the fact that at the date of the self-certification assessment the Trust was subject to enforcement undertakings in relation to suspected breaches of its provider licence. As such the statement references the Trust's CQC action plan which sits within a broader Getting Back on Track programme as evidence that the Trust has mitigation in place for identified risks.

## Engagement with public stakeholders in risk management

The Trust engages public stakeholders in identifying and managing risks which may impact on them in a number of ways:

- As a foundation trust the organisation aims to make best use of its Membership and of its Council of Governors. Through relevant working groups, Governors are kept apprised of proposed changes, including how potential risks to patients will be minimised. We also take opportunities to engage the Council of Governors on key issues and risks by providing regular briefing and feedback sessions and consulting them on the development of our annual Operational Plan;
- Through selection and discussion of quality objectives at a bi-annual meeting of the Quality Report Steering Group, reporting into the Quality Committee, which incorporates stakeholder membership including staff, Governors, Healthwatch Sheffield and voluntary and community sector representation; and
- The Trust employs a wide range of methods to capture feedback from patients, their families and carers including national and local surveys, social media, complaints, and the Friends and Family Test, acknowledging the value of this feedback as an early warning mechanism within its risk management processes.

## Assurance that staffing processes are safe, sustainable and effective

Our staffing governance processes have been developed in line with National Quality Board guidance and recommendations within *Developing Workforce Safeguards*, (NHSI 2018). This is to ensure that the Trust deploys sufficient suitably qualified, competent, skilled and experienced staff, that there is a systematic approach to determine staffing levels and that this reflects current legislation and guidance.

Optimal staffing on our wards and departments is critical to providing safe, high quality care to our patients. We keep staffing levels and skill mix under constant review to ensure that each ward area is staffed according to real-time need and with reference to best practice staffing models. The Trust's Nursing and Midwifery Staffing Escalation Policy clearly defines the dynamic systems and processes that function daily to ensure that any shortfalls in staffing are mitigated. These are further supported by senior oversight provided by twice daily nurse staffing meetings to consider plans for staffing over the next 24 hours.

The actual and planned staffing levels on all our wards on a shift-by-shift basis are calculated and published on the Trust's website. In line with national guidance, an exception report is presented through the People Committee to the Board of Directors setting out those wards where staffing capacity and capability fall short of the plan, the reasons for the gap and the impact and actions being taken.

Continuous monitoring of patient outcomes and quality indicators inform establishing nurse staffing levels and we use a range of tools to do this including a nursing and midwifery quality dashboard and ward monitoring systems. Twice a year each inpatient clinical area assesses the care needs of patients in their ward / department, using an evidence-based tool to help determine the nurse / midwifery staffing required to provide safe, compassionate and effective care. In nursing the tool is the Safer Nursing Care Tool (SNCT) and in midwifery it is Birthrate+.

Informed further by professional judgement and evaluation of outcome measures, these establishment reviews are reported through the People Committee to the Board of Directors. Reviews using SNCT and Birthrate+ are currently underway and will be reported to the People Committee during 2023/24.

As part of the Trust's annual business planning cycle, the planning of our workforce identifies staffing pressures, proposed service changes and other factors affecting our workforce provision. In July 2018, the Trust launched its People Strategy; a key element of which is our Workforce Redesign, Innovation and Planning (WRIP) workstream. Through this workstream a suite of workforce planning and redesign tools have been developed and deployed with teams to enable them to identify, plan and address staffing and skill mix issues. These are supported by training and project facilitation. There is a plan to ensure all Directorates undertake workforce

planning with a graded system in place to monitor the quality of workforce planning. Any planned workforce redesign or introduction of new roles is the subject of a full quality impact assessment review. Examples of where impact assessment reviews have taken place have included the development of nursing associate and physician associate roles.

Recognising the value of all clinical staff, the Trust regularly undertakes capacity and demand reviews to ensure the sufficiency of staff and has methods of escalation in place should any concerns regarding staffing levels be raised. All identified risks are assessed and logged onto the Trust's Risk Register with mitigations put in place and closely monitored.

Recruiting sufficient numbers of appropriately qualified clinical staff, to be able to care for our patients safely, has been identified as a potential strategic risk to the delivery of the Trust's strategic aims. The Corporate Risk Register Report provides a mechanism for operational staffing risks to be escalated to the Board of Directors. During 2022/23, the Trust has continued to see a significant number of international registered nurses recruited and deployed and cohorts of nursing associates qualify and deployed to mitigate this risk.

To support assurance processes with regard to the adequacy of staffing across all staff groups, the Trust has recently established a Workforce Systems Group. Directly accountable to the Trust Executive Group, this task and finish group additionally reports progress to the People Strategy Programme Board through the above referenced WRIP workstream. The purpose of the Workforce Systems Group is to identify and understand the capability, utilisation and limitations of current workforce systems within the Trust, scope systems to meet business and strategic need and identify options for expansion or procurement of systems in line with need. The group is also creating systems to support Board-level assurance of the adequacy of staffing across all staff groups in the Trust to a similar level of maturity to that in place for nursing and midwifery staff.

To support this recruitment activity, a Getting Back on Track Workforce Group has recently been established. The purpose of this group is, through Medical and Dental Workforce and General Workforce sub-groups, to develop and oversee a programme of work for 2023/24 which provides the Trust with exemplar candidate attraction and recruitment processes, as well as providing oversight of local workforce challenges in relation to these two themes, The group is accountable to the People Strategy Programme Board.

## Compliance statements

### Care Quality Commission (CQC) compliance

As a provider of care, the Trust is registered and regulated by the Care Quality Commission (CQC). The Trust has an overall rating of requires improvement.

### Register of Interests

The Trust has published on its website an up-to-date Register of Interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past 12 months, as required by the *Managing Conflicts of Interest in the NHS* guidance[4] (NHSE, 2018).

This can be accessed from this link.

### Pension 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.

### Equality, diversity and inclusion and human rights

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Trust has a dedicated team to drive forward the work on equality, diversity and inclusion. An Equality, Diversity and Inclusion (EDI) Strategy is in place and supported by a comprehensive implementation plan that contains actions to improve practice across employment and service design and delivery. The Trust's EDI Board monitors progress and provides assurance to the People Committee, Quality Committee and Trust Board of Directors that the organisation is meeting its obligations under equalities legislation and best practice.

This includes our commitment to meeting our duties under the Equality Act 2010, ensuring compliance with the Accessible Information Standards, implementing the Equality Delivery System 2022 and our active and on-going participation in the Workforce Race Equality Standard (WRES) and Workforce Disability Equality Standard (WDES).

[4] www.england.nhs.uk/publication/managing-conflicts-of-interest-in-the-nhs-guidance-for-staff -and-organisations/

### Assessing the organisation's impact on the environment

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. The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

### Emergency preparedness, resilience and response

The Trust has a key role to play in responding to large scale emergencies as well as ensuring it can continue to deliver high quality patient services if a major and / or business continuity incident occurs. Throughout the year the emergency planning team has helped support the leadership of the continued Covid-19 response and operational recovery, deploying knowledge and experience from previous incidents to ensure that the Trust's response was based on sound emergency planning principles.

In parallel, there were a number of planned and unplanned business continuity events throughout the year. This included planned IT downtime arrangements, periods of significant operational pressure, inclement weather and industrial action. In each instance a debrief was undertaken which helped identify learning for future events.

The team also continued to develop plans and prepare for other events including, but not limited to, mass casualties, utility and IT failure and City-wide public events. In the likelihood of such an event, the Trust is assured that appropriate plans and systems are in place to maintain services for patients.

## Review of economy, efficiency and effectiveness of the use of resources

The following processes are in place to ensure that resources are used economically, efficiently and effectively:

- Development of detailed plans through the annual business planning cycle which reflect service and operational requirements, financial targets in respect of income and expenditure and capital investment and incorporate required efficiency savings;
- Monthly monitoring of delivery of the Board-approved financial plan and at Directorate level by the Finance and Performance Committee and via a performance management framework that incorporates Trust Executive Group led directorate reviews;
- Monthly reporting to the Board of Directors via its committees on key performance indicators including finance, efficiency savings, activity, capacity, quality, performance, human resource management and risk. These reports

are aggregated from detailed directorate level reports which support active management of resources at operational level;

- As noted above, continued delivery of a robust performance management framework which is critical to the early identification of any variance from operational or financial plans and for ensuring effective corrective action is put in place. In giving particular attention to financially challenged directorates, support is provided internally through the performance management framework with external input as required;
- Monitoring of the use of capital resources against a Board-approved capital plan by the Capital Investment Team which reports quarterly to the Board of Directors;
- A Use of Resources Group which seeks, through use of information and benchmarking data, to identify opportunities for, and drive delivery of, improvements in the way the Trust uses all of its resources. In doing so it is hoped to drive improvements to productivity, efficiency and quality of services.
- The Getting Back on Track Programme which is seeking to drive the post-Covid recovery in the areas of 'delivering excellent quality patient care'; 'clinically ambitious and a research and teaching leader'; fulfilled and supported staff: and 'a well-managed and forward-thinking organisation'.
- Launch of a new Patient Care Recovery Programme (PCRP) as part of the broader Getting Back on Track Programme. Replacing the Making it Better Programme (MiB) the PCRP is a transformation and improvement programme which aims to support the Trust's activity recovery with a focus on Elective, Cancer, and Emergency Flow. The Trust continues to use the Model Heath System and Getting it Right First Time (GIRFT) metrics to support improvement activities.
- A planned, systematic approach to improving organisational effectiveness through the alignment of strategy, people and processes. The Trust's Organisational Development function brings together a number of workstreams including equality, diversity and inclusion activities, service improvement, leadership development and workforce redesign. The department provides capacity, expertise, and development as an enabler to help the organisation continuously improve and support the delivery of transformation;
- The Trust continues to work on programmes designed to build quality improvement and leadership skills and deliver improvements, such as the Flow Coaching Academy (FCA) and Microsystems Coaching Academy (MCA). FCA continues to work at a national level with The Health Foundation and other partners, training coaches from the Trust, as well as from other organisations. Within the Trust coaches work on a range of pathways including redesign of the acute take, sepsis and the deteriorating patient, end of life care, frailty care, renal vascular access and community diagnostics. The MCA programme has

focussed on developing staff in quality improvement skills and knowledge through the LEAD Introduction to Quality Improvement course, alongside other courses aimed a junior doctors and other staff groups;

- The wider use of national and peer benchmarking to ensure best value for money in delivery of services by informing and guiding service redesign, leading to improvements in service quality and patient experience, as well as financial performance;
- Development of service line reporting (SLR) and patient level costing systems to better understand income and expenditure, therefore facilitating improved financial and operational performance. By also feeding into performance management and budget setting, SLR informs the development of action plans to address deviation from directorate financial plans; and
- Assessment of efficiency schemes for their impact on quality as part of a formal quality impact assessment process.

All of these arrangements and initiatives are underpinned by the Trust's Reservation of Powers to the Board of Directors and Scheme of Delegation approved by the Board of Directors setting out the decisions, authorities and duties delegated to officers of the Trust, and by the Trust's Standing Financial Instructions detailing the financial responsibilities, policies and procedures adopted by the Trust. These are designed to ensure that the organisation's transactions are carried out in accordance with the law, government policy and good practice in order to achieve probity, accuracy, economy, efficiency and effectiveness.

The Board of Directors has gained assurance from the Audit Committee and the Finance and Performance Committee in respect of financial and budgetary management across the organisation. The Audit Committee receives, as standing items on its agenda, reports regarding losses, special payments and compensations, write-off of bad debts and contingent liabilities.

The Trust also makes use of both internal and external audit functions to support governance arrangements, deliver economic, efficient and effective use of resources and ensure that controls are effective. Internal audit continues to review systems and processes in place during the year and publishes reports detailing specific actions to ensure the economy, efficiency and effectiveness of the use of resources is maintained. The outcome of these reports and the recommendations therein are also graded according to their perceived level of risk to the organisation, therefore assisting prioritisation of management action.

During 2022/23 these have included internal audit reports on NICE guidance processes, maternity standards, workforce planning, health and wellbeing, estates maintenance, HR data quality, consultant job planning, capital planning, EPR procurement processes, directorate risk management and data security and protection. These have all been reported to the Audit Committee.

## Assurance around the accuracy of data

### Quality of performance information

The Trust's Data Quality Steering Group ensures a continued focus on data quality issues. In setting the direction of the Trust's Data Quality Programme and overseeing its delivery, this group receives regular progress reports from the Trust's Performance and Information Team and monitors Trust performance against the national Data Quality Maturity Index (DQMI).

The Group promotes whole organisation engagement in good data quality, receives and approves remedial action plans where lapses in data quality have occurred, and monitors action plan progress and effectiveness. Reporting into TEG, the Group undertakes regular reviews of the issues associated with data quality and escalates these as necessary.

Reviews of data quality and the accuracy, validity and completeness of Trust performance information are also considered by the Audit Committee through in-year review work undertaken by internal audit. During 2022/23 there has been focus within the internal audit plan on specific areas of data quality including a review of the data quality of Human Resources (HR) metrics focused on Trust-wide reporting on appraisals and mandatory training completion.

### Programmes to improve data quality

The Trust has a number of programmes in place to improve data quality. These include:

- A well-established Electronic Patient Record and Data Quality Team to support and drive forward a coordinated data quality agenda across the organisation;
- Reporting dashboards to support improvement to data quality, including the Administrative Patient Safety Dashboard;
- Integration of Trust systems trainers within the performance and information function, to support users in learning from errors, and to further improve training to focus on data quality; and
- Continuation of the Administrative Profession Programme which aims to ensure all those undertaking administrative functions are suitably trained and supported. This includes standardisation of procedures, job roles and availability of standard operating procedures for all tasks.

The Trust has strong governance arrangements in place for the management and oversight of elective waiting time data. A performance report, supported by operational reports, details the activities underway to ensure that elective waiting time data is accurate. Assurance is provided to the Waiting Times Performance and Caseload Group which also meets monthly to ensure performance is in line with plans and to oversee the caseload management process established to ensure that

patients remain safe whilst they are waiting for treatment. Any issues identified are escalated to the Finance and Performance Committee.

## Review of effectiveness

As Accounting 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 Foundation Trust who have responsibility for the development and maintenance of the internal control framework. I have drawn on 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 the Quality Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The system of internal control has been reviewed and modified in the past year. The Trust committee structure provides balance between the three areas of quality, finance and performance management. Internal audit has been routinely used to clarify issues where assurance is required.

In accordance with NHS internal audit standards, the Head of Internal Audit is required to provide an overall annual opinion statement to the Trust, based upon, and limited to the work performed, on the overall adequacy and effectiveness of the Trust's risk management, control and governance processes. This is one component that is taken into account in making this Annual Governance Statement.

The Trust has received a statement from its internal auditors that, based on work undertaken in 2022/23, provides an opinion of significant assurance that there is a generally sound framework of governance, risk management and control designed to meet the organisation's objectives, and controls are generally being applied consistently. The opinion considers three main areas as noted below:

- an opinion of significant assurance for the Board Assurance Framework (BAF), noting the in-year development of the new BAF which meets the key requirements and that there are clear plans for the document to become embedded during 2023/24;
- an opinion of moderate assurance for the outturn of individual audit assignments as four of the ten core reviews completed this year received a limited or partially limited opinion and a range of governance, risk and control issues have been raised by Internal Audit in audit reviews; and

- an opinion of significant assurance for the follow up of actions. The year end position demonstrates a first follow up implementation rate of 81% and an overall implementation rate of 96%.

Focus continues to be placed on tracking actions against recommendations through reports submitted to the Audit Committee and the reporting arrangements in place across the committee structure supports the escalation of matters between committees.

One high risk has been identified from internal audit reports issued in 2022/23 with an associated action agreed to address.

- If the Trust does not have the mechanisms for undertaking the necessary audits in maternity services then there is a risk that the Trust will not be able to collate the required evidence to declare compliance with the Maternity Incentive Scheme.

  A plan to complete the required audits is being produced by the Obstetric, Gynaecology and Neonatology Leadership Team for discussion at the Maternity Improvement Board for implementation during 2023/24.

Two further high risk actions have been closed in year from a revisit review of Tissue Viability: pressure ulcer prevention and management, which formed part of the 2021/22 Internal Audit plan.

- Arrangements have been put in place to support improvement in completion of pressure ulcer risk assessment documentation and to audit consistency across the Trust through use of the Ward compliance audit for clinical indicators.

Additionally the following action has been taken to address a recommendation from a high risk identified during 2021/22 following an internal audit review of Estates Procurement:

- In order to strengthen the arrangements relating to procuring contractors for minor estates works an agreed list of works and associated cost schedule has been produced for implementation.

Internal audit work has been supplemented by the external audit reports which provide assurance on the Trust's arrangements for achieving economy, efficiency and effectiveness in its use of resources as part of the value for money element of its annual audit work.

The Board of Directors also received assurances on the use of resources from outside agencies including NHS England (NHSE) and the CQC.  NHSE require the Trust to self-assess on a monthly basis.

My review is also informed by:

- the Board Assurance Framework (BAF);
- regular executive reporting to the Board of Directors and escalation processes through the Board committees;
- audit reports prepared independently by both the internal and external audit agencies. In particular, the ISA260 Audit Completion Report produced by KPMG, our external auditor;
- the published results of the quarterly performance management processes undertaken by NHSE under the Single Oversight Framework including the Trust's quarterly risk ratings and segmentation;
- self-assessment against the Healthcare Financial Management Association's (HFMA) *Improving NHS financial sustainability: are you getting the basics right*?
- the Trust's compliance with annual performance indicators published by the Department of Health and Social Care;
- CQC reports on its visits and inspections;
- external visits, inspections, accreditations and peer reviews;
- clinical audit reports;
- reports from external governance reviews including a Healthcare Governance Review and the developmental Well-led review;
- investigation reports and action plans following serious incidents, learning events and deep dive reviews;
- user feedback such as monitoring of patient experience, complaints and claims;
- national Patient Survey results including the Friends and Family Test; and
- the results of the NHS Staff Survey.

The above measures also ensure that any internal control issues are identified. During 2022/23 significant internal control issues arose in three key areas, namely: performance against national elective performance targets; the Trust entering into enforcement undertakings that acknowledge that there were reasonable grounds to suspect that the Trust was in breach of its licence conditions; and medical staffing capacity within breast oncology impacting on the Trust's ability to deliver a service that meets national guidelines on the ratio of new patients to whole time equivalent (WTE) consultant, requiring escalation to the Integrated Care Board and NHS England.

## Conclusion

The system of internal control has been in place in Sheffield Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2023 and up to the date of approval of the Annual Report and Accounts. This is designed to manage the key organisational objectives and minimise the NHS Foundation Trust's exposure to risk.

I am satisfied that actions are in place to address recommendations for improvement to this system made within internal audit reports issued with a limited assurance opinion and also to address the findings of CQC inspection work and other independent review work undertaken in year.

The Trust continues to review and update the governance assurance processes to further strengthen arrangements to ensure our services are well-led. The Board of Directors is committed to continuous improvement and enhancement of the system of internal control.

In conclusion I can confirm that there are three significant internal control issues all of which have improvement plans in place to address them as outlined below:

### Significant internal control issues

- *Performance against national elective performance targets*

  As is the case across the NHS, and especially specialist centres, the Trust has continued to see waiting lists grow significantly. We have seen increased demand return for both our emergency and planned services alongside capacity being constrained by regular peaks of Covid-19 and more latterly industrial action disruption.

  As a result of this the Trust's performance against NHS constitutional standards has deteriorated and we have failed to meet several key performance indicators as reported within the Analysis of Operational Performance section of the Annual Report.

  As part of the Trust's Getting Back on Track programme, delivery of a Patient Care Recovery Plan is focused on recovering the activity and waiting times position for planned care in line with nationally described recovery milestones.

  An organisation wide structure ensures improvement and transformation is embedded across patient pathways whilst linking into ongoing work around enablers such as supporting the workforce through improved recruitment and retention and ensuring we have the appropriate estates and inpatient bed infrastructure for this programme.

- *Enforcement undertakings in place*

  The Trust has entered into enforcement undertakings because there were reasonable grounds for NHS England to suspect that the Trust was in breach of

its licence conditions. The undertakings entered into by the Trust are set out a letter signed by the Trust (6 December 2022) and NHS England (13 December 2022) and outline a set of actions the Trust has committed to undertake to secure that the suspected breaches that follow from CQC inspection findings neither continue or recur.

Following receipt of the April 2022 CQC Inspection Report, the Trust put in place an Improvement Programme focused on 17 Outcomes identified through analysis of the must do requirements of the CQC report, oversight of which has taken place at NHS England Regional Quality Board meetings. The Trust has reported updates in relation to actions and improvements undertaken in Maternity Services and for the 17 Outcomes pertaining to the main CQC inspection (October – November 2021). These matters have also been reported to the Board of Directors through the above referenced Maternity and Neonatal Safety Report and the CQC Action Plan updates. Noting that when the CQC returned to re-inspect five core services (Surgery, Medicine, Urgent and Emergency Care and Maternity) in September 2022 it report from this reinspection acknowledged significant progress made.

This and the further progression of the Trust's improvement journey to focus on five improvement workstreams and three areas of intensive support align to the requirements for a 'Recovery Plan' as detailed within the Trust's enforcement undertakings agreed with NHS England. As such, assessment of progress in delivering and embedding these recovery actions forms a key part of the Trust's agreed NHS Operating Framework 2022/23 exit criteria.

The exit criteria, and an assessment of progress being made towards their achievement, has defined the improvements required for the Trust to transition from the Intensive Assurance and Improvement Segment to the Enhanced Assurance and Improvement Segment of the National Quality Board Quality Risk Response and Escalation Guidance. As such, an acknowledgement for the reduced need for NHS England oversight of the Trust with agreement in January 2023 that the Quality Board would, going forward, be led by the South Yorkshire Integrated Care Board (ICB) leadership team.

- *Workforce [Breast Oncology]*

The South Yorkshire and Bassetlaw and North Derbyshire Breast Non-Surgical Oncology service is provided by the Trust at the Weston Park Cancer Centre (WPCC) services. Part of the Trust's delivery is through partner district hospitals in Barnsley, Chesterfield, Doncaster and Rotherham. There has been a longstanding challenge in relation to medical staffing capacity in breast oncology due to national workforce shortages and rising demand for care with patients living longer.

The Trust's substantive consultant workforce has been steadily reducing for the past two years and the impact has been managed though a range of mitigations overseen by a Specialised Cancer Services Improvement Board. The Trust has also received support from NHS England's Elective Care Intensive Support team in terms of reviewing all potential mitigations.

On reaching an unsustainable position in terms the Trust's ability to deliver a service that meets national guidelines on the ratio of new patients to whole time equivalent consultant, escalation to the Integrated Care Board and NHS England (NHSE) at the beginning of March 2023 has led to this being managed as an NSHE-led Business Continuity issue.

Incident management arrangements are in place and the service has managed to continue to receive referrals for new patients across South Yorkshire and North Derbyshire but with a short waiting list for treatment.

With support from NHSE the Trust is working to develop and deliver a medium-term recovery plan, the first phase of which includes securing additional insourced medical capacity. Key to further stabilising and delivery of a future sustainable service is both supporting the existing medical workforce and continuing to develop and grow a non-medical workforce model.

Kirsten Major
Chief Executive
27 June 2023

# Independent auditor's report to the Council of Governors of Sheffield Teaching Hospitals NHS Foundation Trust

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Sheffield Teaching Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Taxpayers Equity and Statement of Cash Flows], and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2023 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the accounting policies directed by NHS England with the consent of the Secretary of State in March 2023 as being relevant to NHS Foundation Trusts and included in the Department of Health and Social Care Group Accounting Manual 2022/23; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006 (as amended).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### Going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to either cease the Trust's services or dissolve the Trust without the transfer of their services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Trust over the going concern period.

Our conclusions based on this work:

- we consider that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the Accounting Officer's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Trust will continue in operation.

### Fraud and breaches of laws and regulations – ability to detect

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Committee and internal audit and inspection of policy documentation as to the Trust's high-level policies and procedures to prevent and detect fraud , including the internal audit function, and the Trust's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Assessing the incentives for management to manipulate reported financial performance because of the need to achieve financial performance targets delegated to the Trust by NHS England
- Reading Board and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet delegated targets and the value of deferred income, we performed procedures to address the risk of management override of controls in particular the risk that Trust management may be in a position to make inappropriate accounting entries. On this audit we did not identify a fraud risk related to revenue recognition due to the block nature of the funding provided to the Trust during the year and the immaterial value of deferred income. We therefore assessed that there was limited opportunity for the Trust to manipulate the income that was reported.

We also identified a fraud risk related to the existence of non-NHS accrued expenditure. We consider there to be an existence risk over non-NHS expenditure as there may be an incentive

to over-accrue expenditure at the year end to relieve pressure on both the Trust and system in future financial years.

We performed procedures including:

- Inspected a sample of invoices of expenditure, in the period around 31 March 2023, to determine whether expenditure has been recognised in the correct accounting period.
- Selected a sample of year end accruals and inspected evidence of the actual amount paid after year end in order to assess whether the accrual exists and has been accurately recorded.
- Inspected journals posted as part of the year end close procedures that increased the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value could be agreed to supporting evidence.
- Performed a retrospective review of prior year accruals in order to assess the existence and accuracy with which accruals had been recorded at 31 March 2022 and consider the impact on our assessment of the accruals at 31 March 2023. We also compared the items that were accrued at 31 March 2022 to those accrued at 31 March 2023 in order to assess whether any items of expenditure accrued for the first time have been done so appropriately.

In determining the audit procedures we took into account the results of our evaluation of some of the Trust-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included journal entries that were considered outside of the normal course of business and other unusual journal characteristics.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

***Identifying and responding to risks of material misstatement related to compliance with laws and regulations***

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Accounting Officer and other management (as required by auditing standards), and from inspection of the Trust's regulatory and legal correspondence and discussed with the Accounting Officer and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Trust is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of NHS legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Trust is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, money laundering regulation and environmental protection law, contract legislation, and drug administration, recognising the nature of the Trust's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Accounting Officer and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## Other information in the Annual Report

The Accounting Officer is responsible for the other information, which comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information; and
- in our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements.

### *Annual Governance Statement*

We are required by the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the "Code of Audit Practice") to report to you if the Annual Governance Statement has not been prepared in accordance with the requirements of the NHS Foundation Trust Annual Reporting Manual 2022/23. We have nothing to report in this respect.

### *Remuneration and Staff Reports*

In our opinion the parts of the Remuneration and Staff Reports subject to audit have been properly prepared in all material respects, in accordance with the NHS Foundation Trust Annual Reporting Manual 2022/23.

### Accounting Officer's responsibilities

As explained more fully in the statement set out on pages 102 and 103, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to either cease the services provided by the Trust or dissolve the Trust without the transfer of their services to another public sector entity.

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

## REPORT ON OTHER LEGAL AND REGULATORY MATTERS

### Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report if we identify any significant weaknesses in the arrangements that have been made by the Trust to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

### Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

As explained more fully in the statement set out on pages 102 and 103, the Accounting Officer is responsible for ensuring that the Trust has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Under Section 62(1) and paragraph 1(d) of Schedule 10 of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have planned our work and undertaken our review in accordance with the Code of Audit Practice and related statutory guidance having regard to whether the Trust had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### Statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice to report to you if any reports to the Regulator have been made under paragraph 6 of Schedule 10 of the National Health Service Act 2006. We have nothing to report in this respect.

## THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

## CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Sheffield Teaching Hospitals NHS Foundation Trust for the year ended 31 March 2023 in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice.

Timothy Cutler

**for and on behalf of KPMG LLP**

*Chartered Accountants*

1 St Peter's Square

Manchester

M2 3AE

30 June 2023

# Financial Accounts 2022-23

## Foreword to the accounts

### Sheffield Teaching Hospitals NHS Foundation Trust

These accounts for the year ended 31 March 2023 have been prepared by the Sheffield Teaching Hospitals NHS Foundation Trust in accordance with paragraphs 24 and 25 of schedule 7 of the National Health Service Act 2006 in the form which Monitor, operating as NHS Improvement, has, with the approval of the Secretary of State for Health, directed, and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of that Act.

After making enquiries, the Directors have a reasonable expectation that the NHS Foundation Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Signed

**Kirsten Major**

Chief Executive

27 June 2023

## Statement of comprehensive income for the year ending 31 March 2023

| | Note | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|---|
| Income from patient care activities | 3.1 | 1,295,043 | 1,166,343 |
| Other operating income | 3.1 | 205,629 | 192,597 |
| Operating expenses from continuing operations | 4.1 | (1,482,563) | (1,354,022) |
| **OPERATING SURPLUS** | | **18,109** | **4,918** |
| **Finance Costs:** | | | |
| Finance income | 7.1 | 5,368 | 231 |
| Finance expense - financial liabilities | 7.2 | (3,397) | (2,705) |
| Finance income - unwinding of discount on provisions | 7.2 & 19 | 43 | 43 |
| Public Dividend Capital dividend expense | 29 | (6,476) | (5,754) |
| **Net Finance Costs** | | **(4,462)** | **(8,185)** |
| Gains / (losses) on disposal of assets | | 396 | (66) |
| **SURPLUS / (DEFICIT) FROM CONTINUING OPERATIONS** | | **14,043** | **(3,333)** |
| **Other comprehensive income:** | | | |
| Impairments | | (9,959) | (2,515) |
| Revaluation | | 8,527 | 5,415 |
| Other reserve movements | | (1) | 0 |
| **TOTAL COMPREHENSIVE INCOME / (EXPENSE) FOR THE YEAR** | | **12,610** | **(433)** |

The notes on pages 140 to 178 form part of these accounts.

All income and expenditure is derived from continuing operations, and the surplus / (deficit) is attributable to the owners of the Trust (the Taxpayer).

## Statement of financial position

| | Note | 31 March 2023 £'000 | 31 March 2022 £'000 |
|---|---|---|---|
| **Non-current assets:** | | | |
| Intangible assets | 8.1 & 8.2 | 3,697 | 3,794 |
| Property, plant and equipment | 9.2 & 9.4 | 474,405 | 434,876 |
| Right of use assets | 9.5 | 4,353 | 0 |
| Investments | 11 | 0 | 0 |
| Trade and other receivables | 13.2 | 9,200 | 9,141 |
| **Total non-current assets** | | **491,655** | **447,811** |
| **Current assets:** | | | |
| Inventories | 12.1 | 20,502 | 14,447 |
| Trade and other receivables | 13.1 | 61,631 | 29,785 |
| Current asset investments | 14 | 0 | 0 |
| Cash | 21 | 200,774 | 217,984 |
| **Total current assets** | | **282,907** | **262,216** |
| **Current liabilities:** | | | |
| Trade and other payables | 15.1 | (226,309) | (192,344) |
| Borrowings | 16.1 | (3,232) | (2,367) |
| Provisions due within one year | 19 | (19,832) | (6,958) |
| Other liabilities | 17.1 | (19,053) | (27,768) |
| **Total current liabilities** | | **(268,426)** | **(229,437)** |
| **Total assets less current liabilities** | | **506,136** | **480,590** |
| **Non-current liabilities:** | | | |
| Borrowings | 16.2 | (30,088) | (30,267) |
| Provisions due after one year | 19 | (4,417) | (5,666) |
| Other liabilities | 17.2 | (360) | (566) |
| **Total non-current liabilities** | | **(34,865)** | **(36,499)** |
| **TOTAL ASSETS EMPLOYED** | | **471,271** | **444,091** |
| **FINANCED BY:** | | | |
| **Taxpayers' equity** | | | |
| Public Dividend Capital | | 374,493 | 361,290 |
| Revaluation reserve | 20 | 36,735 | 39,204 |
| Income and expenditure reserve | | 60,043 | 43,597 |
| **TOTAL TAXPAYERS' EQUITY** | | **471,271** | **444,091** |

The financial statements on pages 135 to 178 were approved by the Board on 27 June 2023 and were signed on behalf of the Board by:

**Kirsten Major**, Chief Executive

Date: 27 June 2023

## Statement of changes in Taxpayers' Equity

| | Note | Total | Public Dividend Capital | Revaluation Reserve | Income and Expenditure Reserve |
|---|---|---|---|---|---|
| | | £'000 | £'000 | £'000 | £'000 |
| **Taxpayers' Equity at 1 April 2022** | | 444,091 | 361,290 | 39,204 | 43,597 |
| Implementation of IFRS 16 on 1 Apr 2022 | | 1,367 | | | 1,367 |
| Surplus for the year | | 14,043 | | | 14,043 |
| Transfers between reserves | 20 | 0 | | (1,037) | 1,037 |
| Impairments | 20 | (9,959) | | (9,959) | |
| Revaluation gains on property, plant and equipment | 20 | 8,517 | | 8,517 | |
| Revaluation gains on right of use assets | 20 | 10 | | 10 | |
| Public Dividend Capital received | | 13,203 | 13,203 | | |
| Other reserve movements | | (1) | 0 | 0 | (1) |
| **Taxpayers' Equity at 31 March 2023** | | **471,271** | **374,493** | **36,735** | **60,043** |
| | | | | | |
| **Taxpayers' Equity at 1 April 2021** | | 436,886 | 353,652 | 37,439 | 45,795 |
| Deficit for the year | | (3,333) | | | (3,333) |
| Transfers between reserves | 20 | 0 | | (1,135) | 1,135 |
| Impairments | 20 | (2,515) | | (2,515) | |
| Revaluation gains on property, plant and equipment | 20 | 5,415 | | 5,415 | |
| Public Dividend Capital received | | 7,638 | 7,638 | | |
| Other reserve movements | | 0 | 0 | 0 | 0 |
| **Taxpayers' Equity at 31 March 2022** | | **444,091** | **361,290** | **39,204** | **43,597** |

## Statement of Cash Flows

| | Note | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating surplus from continuing operations | | 18,109 | 4,918 |
| **Non-cash income and expenditure:** | | | |
| Depreciation and amortisation | 4.1 | 26,928 | 23,858 |
| Net impairments | 4.1 | (14,580) | 2,974 |
| Income recognised in respect of capital donations (cash and non-cash) | | (372) | (386) |
| Increase in Trade and other Receivables | | (31,582) | (9,989) |
| Increase in Inventories | | (6,055) | (334) |
| Increase in Trade and other Payables | | 30,706 | 42,294 |
| (Decrease) / Increase in Other Liabilities | | (8,921) | 4,837 |
| Increase in Provisions | | 11,668 | 2,937 |
| Other movements in operating cashflows | | (372) | (147) |
| **Net cash generated from operations** | | **25,529** | **70,962** |
| **Cash flows from investing activities:** | | | |
| Interest received | | 4,702 | 120 |
| Purchase of investments | | (130,000) | 0 |
| Proceeds from settlement of investments | | 130,000 | 0 |
| Purchase of intangible assets | | (1,935) | (1,469) |
| Purchase of Property, Plant and Equipment | | (47,400) | (35,340) |
| Sales of Property, Plant and Equipment | | 410 | 24 |
| Receipt of Cash Donations to purchase capital assets | | 372 | 147 |
| **Net cash (used in) investing activities** | | **(43,851)** | **(36,518)** |
| **Cash flows from financing activities:** | | | |
| Public Dividend Capital received | | 13,203 | 7,638 |
| DHSC Loans repaid | | (1,445) | (1,445) |
| Capital element of lease liability repayments | | (841) | (551) |
| Capital element of Private Finance Initiative obligations | | (658) | (463) |
| Interest on DHSC loans | | (727) | (795) |
| Interest element of lease liability repayments | | (29) | (27) |
| Interest element of Private Finance Initiative obligations | | (2,636) | (1,885) |
| Public Dividend Capital Dividend paid | | (5,755) | (5,556) |
| Cash flows from other financing activities | | 0 | 371 |
| **Net cash generated from / (used in) financing activities** | | **1,112** | **(2,713)** |
| **(Decrease) / Increase in cash and cash equivalents** | | **(17,210)** | **31,731** |
| **Cash and Cash equivalents at 1 April** | 21 | 217,984 | 186,253 |
| **Cash and Cash equivalents at 31 March** | 21 | **200,774** | **217,984** |

# Accounting policies for the year ending 31 March 2023

## 1. Accounting policies

The Secretary of State for Health/NHS England, in exercising the statutory functions conferred on NHS England, has directed that the financial statements of NHS foundation trusts shall meet the accounting requirements of the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC GAM 2022/23, issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards (IFRS) and HM Treasury's Financial Reporting Manual (FReM) 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 DHSC GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation 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.

### 1.1 Going Concern

The Trust's annual report and accounts have been prepared on a going concern basis. Non-trading entities in the public sector are assumed to be going concerns where the continued provision of a service in the future is anticipated, as evidenced by inclusion of financial provision for that service in published documents.

### 1.2 Accounting convention

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

### 1.3 Basis of consolidation

With effect from 1 April 2017, Sheffield Hospitals Charity became an independent charity, rather than being an NHS Charity. The Trust has established that it is not a corporate Trustee of any of its supporting or linked Charities and does not have the power to exercise control so as to obtain economic benefits, meaning consolidation is not appropriate. Additionally the transactions and balances are immaterial in the context of the Trust operations.

The Trust has a number of minor interests (<£500k) in the following entities, none of which are material to the Trust's operations, and are thus not consolidated on the grounds of materiality:

| Name | Nature of Relationship |
|---|---|
| Epaq Systems Ltd | Minor share-holding in low net worth company |
| Zilico | Minor share-holding in low net worth company |
| Elaros 24/7 Ltd | Minor share-holding in low net worth company |
| Better Hygiene Ltd (formerly Wetwash) | Minor share-holding in low net worth company |
| Medipex Ltd | No return to the Trust |
| Legacy Park Ltd | No return to the Trust |

Crucible Pharmacy Limited (trading as Crucible Pharmacy) was registered with Companies House on 03 February 2023, a Company in which Sheffield Teaching Hospitals is the sole owner of its issued Share Capital of 100 (one hundred) £1.00 Ordinary Shares. The aims and objectives of the Company are primarily the purchase and wholesale of pharmaceutical supplies.

Whilst the Trust exercises sole influence and control over the activities of Crucible Pharmacy Limited, it is not necessary to consolidate its activities into the 2022/23 accounts of the Trust for the following reasons:

- The Subsidiary has been incorporated for two months only at 31 March 2023;
- The Subsidiary will formally commence trading only part way through 2023/2024; and
- There are pre-trade costs/payments only in the pre-31/3/23 period, however, transactions are for non-material amounts.

### 1.4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Trust's accounting policies, management is required to make various judgements, estimates and assumptions. These are regularly reviewed.

#### 1.4.1 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's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Basis of consolidation/Interests in other entities – see note 1.3. Judged as not having any material impact.

#### 1.4.2 Sources of estimation uncertainty

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

• Plant, property and equipment valuations and useful economic lives

The Trust has used valuations carried out at 31 March 2023 by its expert valuers to determine the value of property. These property valuations and useful lives are based on the Royal Institution of Chartered Surveyors valuation standards insofar as these are consistent with the requirements of HM Treasury, the National Health Service and the Department of Health and Social Care. Within the valuations key areas of risk include obsolescence, build rates and modern equivalent asset site assumptions. Further details are provided in paragraph 1.11 and note 9.6 of the accounts.

Depreciation of equipment is based on asset lives, which have been estimated upon recognition of the assets. Managers have adjusted estimated lives at the end of the accounting period, where their estimate of useful life is significantly different to the original. The estimate of asset lives may differ to the actual period the Trust utilises the asset but any difference would not be material.

• Revenue estimates

Achieving early closure of accounts means that the accounts must be prepared before the normal cycle for contract income is complete. Contract income includes some estimated values and assessment of income risk based on agreements with the main commissioning bodies. Actual amounts may differ from the estimate depending on actual activity levels, but not materially so. Further details are provided in note 1.5.

• Estimation of payments for the PFI and service concession assets, including finance costs

The assets and liabilities relating to the PFI scheme have been brought onto the Statement of Financial Position based on estimations from the Department of Health and Social Care's financial model as required by the Department of Health and Social Care guidance. The models also provide estimates for interest payable and contingent rent as disclosed in note 18 of the accounts.

• Impairment of receivables

The Trust is required to judge when there is sufficient evidence to impair individual receivables; this is undertaken on the aged profile and class of the receivable. The Trust adopts a prudent policy of increasing the expected credit loss, with the increasing ageing of the receivable. The Trust makes every effort to collect the debt, even when it has been impaired, and only writes off the debt as a final course of action after all possible collection efforts have been made. The actual level of debt written off may be different to that which had been judged as impaired, but not materially so. Further details are provided in paragraph 1.24 and note 13.3 of the accounts.

• Provisions

Provisions are a matter of judgement, with a best estimate made based on information available at the time. Once realised, provisions can be different to the original estimate, but not materially so. Further details are provided in paragraph 1.20 and note 19 of the accounts.

### 1.5 Revenue

In the application of IFRS 15 (Revenue from contracts with customers) a number of practical expedients offered in the Standard have been employed. These are as follows:

- The Trust will not disclose information regarding the performance obligations part of a contract that has an original expected duration of one year or less.

- The Trust is not required to disclose information where revenue is recognised in line with the practical expedient offered in the Standard, where the right to consideration corresponds directly with the value of the performance completed to date.
- The FReM has mandated the exercise of the practical expedient offered in the Standard that requires the Trust to reflect the aggregate effect of all contracts modified before the date of initial application.

### Revenue from NHS contracts

The accounting policies for revenue recognition and the application of IFRS 15 are consistently applied. The contracting arrangements in the NHS for 2022/23 and 2021/22 are set out below:

The main source of income for the Trust is contracts with commissioners for health care services. In 2022/23 and 2021/22, the majority of the Trust's income from NHS commissioners was in the form of block contract arrangements. These arrangements were agreed at an Integrated Care System level. 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 has received additional income outside of the block and system envelopes to reimburse specific costs incurred and other income top-ups to support the delivery of services. Reimbursement and top-up income is accounted for as variable consideration.

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 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.

### Revenue from sale of non-current assets

Income from the sale of non-current assets is recognised only when all material conditions of sale have been met, and is measured as the sums due under the sale contract.

## 1.6 Employee benefits

### 1.6.1 Short-term employee benefits

Salaries, wages and employment-related payments, including payments arising from the apprenticeship levy, are recognised in the period in which the service is received from employees, including non-consolidated performance pay earned but not yet paid. The cost of annual leave earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry forward leave into the following period.

### 1.6.2 Retirement benefit costs NHS pensions

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. 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 2023, is based on valuation data as 31 March 2022,

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

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

b) Full actuarial (funding) valuation

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

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

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

### 1.7 Other expenses

Other operating expenses are recognised when, and to the extent that, the goods or services have been received. They are measured at the fair value of the consideration payable.

Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

### 1.8 Grants payable

Where grant funding is not intended to be directly related to activity undertaken by a grant recipient in a specific period, the Trust recognises the expenditure in the period in which the grant is paid. All other grants are accounted for on an accruals basis.

### 1.9 Value Added Tax (VAT)

Most of the activities of the NHS Foundation Trust are outside the scope of VAT.

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.10 Corporation Tax

Foundation Trusts currently have a statutory exemption from Corporation Tax on all their activities.

### 1.11 Property, plant and equipment

#### 1.11.1 Recognition

Property, Plant and Equipment is capitalised if:

- 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 will be supplied to the Trust;
- it is expected to be used for more than one financial year; and
- the cost of the item can be measured reliably, and either
- the item individually has a cost of at least £5,000, or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.

Property, plant and equipment assets are also capitalised where they form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, the components are treated as separate assets and depreciated over their individual useful economic lives.

### 1.11.2 Measurement

All property, plant and equipment is measured initially at cost, representing the cost 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 that are held for their service potential and are in use are measured subsequently 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 it back into use) are measured at fair value where there are no restrictions preventing access to the market at the reporting date.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying amounts 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, modern equivalent asset basis.

Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements of the service being provided.

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, borrowing costs. Assets are revalued and depreciation commences when they 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 economic lives or low values or both, as this is not considered to be materially different from current value in existing use.

An increase arising on revaluation is taken to the revaluation reserve except when it reverses an impairment for the same asset previously recognised in expenditure, in which case it is credited to expenditure to the extent of the decrease previously charged there. A revaluation decrease that does not result from a loss of economic value or service potential is recognised as an impairment charged to the revaluation reserve to the extent that there is a balance on the reserve for the asset, and thereafter to expenditure. Gains and losses recognised in the revaluation reserve are reported as other comprehensive income/net expenditure in the Statement of Comprehensive Income.

### 1.11.3 Subsequent expenditure

Where subsequent expenditure enhances an asset beyond its original specification, the directly attributable cost is capitalised. Where subsequent expenditure restores the asset to its original specification, the expenditure is capitalised and any existing carrying value of the item replaced is written-off and charged to operating expenses.

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.

#### Useful economic lives of property, plant and equipment

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives is set out in note 9.6 to the accounts.

## 1.12 Intangible assets

### 1.12.1 Recognition

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

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

Expenditure on research is not capitalised; it is recognised as an operating expense in the period in which it is incurred. Internally-generated assets are recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use
- the intention to complete the intangible asset and use it
- the ability to sell or use the intangible asset
- how the intangible asset will generate probable future economic benefits or service potential
- the availability of adequate technical, financial and other resources to complete the intangible asset and sell or use it, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

### 1.12.2 Measurement

Intangible assets acquired separately are initially recognised at cost. The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the criteria for recognition are initially met. Where no internally-generated intangible asset can be recognised, the expenditure is recognised in the period in which it is incurred.

Following initial recognition, intangible assets are carried at current value in existing use by reference to an active market, or, where no active market exists, at the lower of amortised replacement cost (modern equivalent assets basis) and value in use where the asset is income generating. Internally-developed software is held at historic cost to reflect the opposing effects of increases in development costs and technological advances.

Revaluations and impairments are treated in the same manner as for Property, Plant and Equipment.

#### Useful economic lives of intangible assets

Useful economic lives reflect the total life of an asset and not the remaining life of an asset. The range of useful economic lives is shown in note 8.4 to the accounts.

### 1.13 Depreciation, amortisation and impairments

Freehold land, assets under construction or development and assets held for sale are not depreciated/amortised.

Otherwise, depreciation or amortisation is charged to write off the costs or valuation of property, plant and equipment and intangible assets, less any residual value, on a straight-line basis over their estimated useful lives. The estimated useful life of an asset is the period over which the Trust expects to obtain economic benefits or service potential from the asset. This is specific to the Trust and may be shorter than the physical life of the asset itself. Estimated useful lives and residual values are reviewed each year end, with the effect of any changes recognised on a prospective basis.

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

At each financial year end, the Trust checks whether there is any indication that its property, plant and equipment or intangible assets have suffered an impairment loss. If there is indication of such an impairment, the recoverable amount of the asset is estimated to determine whether there has been a loss and, if so, its amount. Intangible assets not yet available for use are tested for impairment annually at the financial year end.

Impairment losses that arise from a clear consumption of economic benefit are taken to expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but capped at the amount that would have been determined had there been no initial impairment loss. The reversal of the impairment loss is credited to expenditure..

### 1.14 Donated assets

Donated non-current assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. They are valued, depreciated and impaired as described above for purchased assets. Gains and losses on revaluations, impairments and sales are treated in the same way as for purchased assets. Deferred income is recognised only where conditions attached to the donation preclude immediate recognition of the gain.

### 1.15 Government grant funded assets

Government grant funded assets are capitalised at current value in existing use, if they will be held for their service potential, or otherwise at fair value on receipt, with a matching credit to income. Deferred

income is recognised only where conditions attached to the grant preclude immediate recognition of the gain.

### 1.16 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration.

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

In the transition to IFRS 16 a number of elections and practical expedients offered in the Standard have been employed. These are as follows:

The Trust has applied the practical expedient offered in the Standard per paragraph C3 to apply IFRS 16 to contracts or arrangements previously identified as containing a lease under the previous leasing standards IAS 17 Leases and IFRIC 4 determining whether an arrangement contains a lease and not to those that were identified as not containing a lease under previous leasing standards.

On initial application the Trust has measured the right of use assets for leases previously classified as operating leases per IFRS 16 C8 (b)(ii), at an amount equal to the lease liability adjusted for accrued or prepaid lease payments.

No adjustments have been made for operating leases in which the underlying asset is of low value per paragraph C9 (a) of the Standard.

The transitional provisions have not been applied to operating leases whose terms end within 12 months of the date of initial application has been employed per paragraph C10 (c) of IFRS 16.

Hindsight is used to determine the lease term when contracts or arrangements contain options to extend or terminate the lease in accordance with C10 (e) of IFRS 16.

Due to transitional provisions employed the requirements for identifying a lease within paragraphs 9 to 11 of IFRS 16 are not employed for leases in existence at the initial date of application. Leases entered into on or after the 1st April 2022 will be assessed under the requirements of IFRS 16.

There are further expedients or election that have been employed by The Trust in applying IFRS 16. These include:

- The measurement requirements under IFRS 16 are not applied to leases with a term of 12 months or less under paragraph 5 (a) of IFRS 16.
- The measurement requirements under IFRS 16 are not applied to leases where the underlying asset is of a low value which are identified as those assets of a value of less than £5,000, excluding any irrecoverable VAT, under paragraph 5 (b) of IFRS 16.
- The Trust will not apply IFRS 16 to any new leases of intangible assets applying the treatment described in section 1.12 instead.

HM Treasury have adapted the public sector approach to IFRS 16 which impacts on the identification and measurement of leasing arrangements that will be accounted for under IFRS 16.

The Trust is required to apply IFRS 16 to lease like arrangements entered into with other public sector entities that are in substance akin to an enforceable contract, that in their formal legal form may not be enforceable. Prior to accounting for such arrangements under IFRS 16 the Trust has assessed that in all other respects these arrangements meet the definition of a lease under the Standard.

The Trust is required to apply IFRS 16 to lease like arrangements entered into in which consideration exchanged is nil or nominal, therefore significantly below market value. These arrangements are described as peppercorn leases. Such arrangements are again required to meet the definition of a lease in every other respect prior to inclusion in the scope of IFRS 16. The accounting for peppercorn arrangements aligns to that identified for donated assets. Peppercorn leases are different in substance to arrangements in which consideration is below market value but not significantly below market value.

The nature of the accounting policy change for the lessee is more significant than for the lessor under IFRS 16. IFRS 16 introduces a singular lessee approach to measurement and classification in which lessees recognise a right of use asset.

For the lessor leases remain classified as finance leases when substantially all the risks and rewards incidental to ownership of an underlying asset are transferred to the lessee. When this transfer does not occur, leases are classified as operating leases.

### 1.16.1 The Trust as lessee

At the commencement date for the leasing arrangement a lessee shall recognise a right of use asset and corresponding lease liability. The Trust employs a revaluation model for the subsequent measurement of its right of use assets unless cost is considered to be an appropriate proxy for current value in existing use or fair value in line with the accounting policy for owned assets. Where consideration exchanged is identified as below market value, cost is not considered to be an appropriate proxy to value the right of use asset.

Lease payments are apportioned between finance charges and repayment of the principal. Finance charges are recognised in the Statement of Comprehensive Income.

Irrecoverable VAT is expensed in the period to which it relates and therefore not included in the measurement of the lease liability and consequently the value of the right of use asset.

The incremental borrowing rate of 0.95% for leases commenced during 2022 and 3.51% for leases commenced during 2023 has been applied to the lease liabilities recognised at the date of initial application of IFRS 16.

Where changes in future lease payments result from a change in an index or rate or rent review, the lease liabilities are remeasured using an unchanged discount rate.

Where there is a change in a lease term or an option to purchase the underlying asset the Trust applies a revised rate to the remaining lease liability.

Where existing leases are modified the Trust must determine whether the arrangement constitutes a separate lease and apply the Standard accordingly.

Lease payments are recognised as an expense on a straight-line or another systematic basis over the lease term, where the lease term is in substance 12 months or less, or is elected as a lease containing low value underlying asset by the Trust.

### 1.16.2 The Trust as lessor

A lessor shall classify each of its leases as an operating or finance lease. A lease is classified as a finance lease when the lease substantially transfers all the risks and rewards incidental to ownership of an underlying asset. Where substantially all the risks and rewards are not transferred, a lease is classified as an operating lease.

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.

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

Where The Trust is an intermediate lessor, being a lessor and a lessee regarding the same underlying asset, classification of the sublease is required to be made by the intermediate lessor considering the term of the arrangement and the nature of the right of use asset arising from the head lease.

On transition The Trust has reassessed the classification of all of its continuing subleasing arrangements.

## 1.17 Private Finance Initiative (PFI) transactions

PFI transactions that 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 IAS 17, the underlying assets are recognised as Property, Plant and Equipment at their current value, together with an equivalent PFI finance lease liability.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- payment for the fair value of services received
- repayment of the finance lease liability, including finance costs, and
- payment for the replacement of components of the asset during the contract 'lifecycle replacement'.

### 1.17.1 Services received

The cost of services received in the year is recorded under the relevant expenditure headings within 'operating expenses'.

### 1.17.2 PFI assets, liabilities and finance costs

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.

A PFI liability equal to the capital value of the contract is recognised at the same time as the PFI assets are recognised. This does not include service elements and interest charges within the PFI contract which are expensed in accordance with IFRIC12 as adapted and interpreted by the FReM and as detailed below. The liability 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 contract to the opening PFI liability for the period, and is charged to "finance costs" within the Statement of Comprehensive Income.

An element of the annual unitary payment is therefore allocated as a financing cost when repaying the PFI liability over the life of the contract.

The element of the annual unitary payment increase due to cumulative indexation is firstly apportioned to service charges and life cycle costs and the residual amount is treated as contingent rent and is expensed as incurred.

### 1.17.3 Life cycle replacement

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

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

Where the fair value of the life cycle 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.

## 1.18 Inventories

Inventories are valued at the lower of cost and net realisable value, using the First In, First Out (FIFO) cost formula.

In 2022/23 and 2021/22, the Trust received and consumed 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 and consumption 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.

## 1.19 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.

### 1.20 Provisions

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

Early retirement provisions are discounted using HM Treasury's pension discount rate of 1.70% (2021/22: negative 1.30%) in real terms.

All general provisions are subject to four separate (nominal) discount rates according to the expected timing of cash-flows from the Statement of Financial Position date:

| Period | Period Definition for expected cash flows | 2022/23 Nominal Rate (%) | 2021/22 Nominal Rate (%) |
|---|---|---|---|
| Short term | Up to and including 5 years | +3.27 | +0.47 |
| Medium term | Over 5 years and up to and including 10 years | +3.20 | +0.70 |
| Long term | Over 10 years and up to and including 40 years | +3.51 | +0.95 |
| Very long term | Exceeding 40 years | +3.00 | +0.66 |

### 1.21 Clinical negligence costs

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the Trust pays an annual contribution to the NHS Resolution, which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust.

The total value of clinical negligence provisions carried by NHS Resolution on behalf of the NHS Foundation Trust is disclosed at note 19, but is not recognised in the Trust's accounts.

### 1.22 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 as and when they become due.

### 1.23 Contingent liabilities and contingent assets

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust; or
- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation or the amount of the obligation cannot be measured sufficiently reliably.

A contingent liability is disclosed (in note 24.1), unless the possibility of a payment is remote.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Trust. A contingent asset is disclosed (in note 24.2) where an inflow of economic benefits is probable.

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

### 1.24 Financial assets

#### Recognition and de-recognition, measurement and classification

Financial assets are recognised when the Trust becomes party to the contractual provision of the financial instrument or, in the case of trade receivables, when the goods or services have been delivered. Financial assets are derecognised when the contractual rights have expired or when the asset has been

transferred and the Trust has transferred substantially all of the risks and rewards of ownership or has not retained control of the asset.

Financial assets are initially recognised at fair value plus or minus directly attributable transaction costs for financial assets not measured at fair value through profit or loss. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices where possible, or by valuation techniques.

Financial assets are classified into the following categories: financial assets at amortised cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss. The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in IFRS 9, and is determined at the time of initial recognition.

### 1.24.1 Financial assets at amortised cost

Financial assets measured at amortised cost are those held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable, and other simple debt instruments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset.

### 1.24.2 Financial assets at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are those held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

### 1.24.3 Financial assets at fair value through profit and loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. This includes derivatives and financial assets acquired principally for the purpose of selling in the short term.

### 1.24.4 Impairment

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

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

Invoiced contract receivables and Non-invoiced contract receivables are largely with other public sector bodies where the risk of credit losses are low and where income and receivable balances are subject to nationally agreed processes and timetables as outlined below. Credit losses on other contract assets, which are not material, are assessed on a case by case basis as relevant and appropriate.

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

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

### 1.25 Financial liabilities

#### Recognition and de-recognition, and measurement

Financial liabilities are recognised when the Trust becomes party to the contractual provisions of the financial instrument or, in the case of trade payables, when the goods or services have been received. Financial liabilities are de-recognised when the liability has been extinguished – that is, the obligation has been discharged or cancelled or has expired.

#### 1.25.1 Financial liabilities at fair value through profit and loss

Derivatives that are liabilities are subsequently measured at fair value through profit or loss. Embedded derivatives that are not part of a hybrid contract containing a host that is an asset within the scope of IFRS 9 are separately accounted for as derivatives only if their economic characteristics and risks are not closely related to those of their host contracts, a separate instrument with the same terms would meet the definition of a derivative, and the hybrid contract is not itself measured at fair value through profit or loss.

#### 1.25.2 Other financial liabilities

After initial recognition, all other financial liabilities are measured at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the life of the asset, to the amortised cost of the financial liability. In the case of DHSC loans, that would be the nominal rate charged on the loan.

### 1.26 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the Trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

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

An annual charge, reflecting the cost of capital utilised by the Trust, is payable to the Department of Health and Social Care as PDC dividend. The charge is calculated at the real rate set by the Secretary of State with the consent of HM Treasury (currently 3.5%) on the average relevant net assets of the Trust. Relevant net assets are calculated as the value of all assets less all liabilities, except for:

- donated assets (including lottery funded assets) and grant funded assets.
- average daily cash balances held with the Government Banking Service (GBS) and National Loans Fund (NLF) deposits (excluding cash balances held in GBS accounts that relate to a short term working capital facility)
- any PDC dividend balance receivable or payable.

The average relevant net assets are calculated as a simple average of opening and closing relevant net assets.

In accordance with the requirements laid down by the Department of Health and Social Care, 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 thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts.

### 1.27 Foreign currencies

The Trust's functional currency and presentational currency is pounds sterling, and figures are presented in thousands of pounds unless expressly stated otherwise. Transactions denominated in a foreign currency are translated into sterling (the functional currency) at the spot exchange rate on the date of the transaction.

### 1.28 Third party assets

Assets belonging to third parties (such as money held on behalf of patients) are not recognised in the accounts since the Trust has no beneficial interest in them. Details of third party assets are given in note 27 to the accounts.

### 1.29 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, including losses which would have been made good through insurance cover had the Trust not been bearing its own risks (with insurance premiums then being included as normal revenue expenditure).

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

### 1.30 Early adoption of standards, amendments and interpretations

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

### 1.31 Standards, amendments and interpretations in issue but not yet effective or adopted

The DHSC GAM does not require the following IFRS Standards and Interpretations of existing standards to be applied in 2022/23.

**IFRS 17 Insurance Contracts** – The Standard is effective for accounting periods beginning on or after 1 January 2023. IFRS 17 is yet to be adopted by the FReM, therefore early adoption is not permitted.

An early assessment of IFRS 17 indicates a minimal impact.

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

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

## 2. Segmental analysis

The Trust has determined that the Chief Operating decision maker (as defined by IFRS 8: Operating Segments) is the Board of Directors, on the basis that all strategic decisions are made by the Board.

The Board reviews the operating and financial results of the Trust on a monthly basis and considers the position of the Trust as a whole in its decision making process, rather than as individual components which comprise the total, in terms of allocating resources. Consequently the Board of Directors considers that all the Trust's activities fall under the single segment of provision of healthcare, and no further segmental analysis is therefore required.

## 3. Income

### 3.1 Operating income from activities: Analysis by nature

| | Sub-note | 2022/23 £'000 | 2022/23 £'000 | 2021/22 £'000 | 2021/22 £'000 |
|---|---|---|---|---|---|
| **Operating income from patient care activities** | | | | | |
| Aligned payment and incentive (API) contract income / system block income | | | 888,467 | | 849,659 |
| High Cost Drugs | | | 210,664 | | 180,862 |
| Other NHS Clinical income | | | 23,516 | | 17,632 |
| Income re Community Services | | | 72,348 | | 70,943 |
| Private Patient Income | | | 2,408 | | 2,741 |
| Elective Recovery Fund | | | 33,796 | | 12,520 |
| Agenda for Change pay award central funding | (1) | | 29,906 | | 0 |
| Additional Pension Contribution | (2) | | 33,938 | | 31,986 |
| **Total operating income from patient care activities** | | | **1,295,043** | | **1,166,343** |
| **Other operating income** | | | | | |
| Research and development | | | 45,101 | | 44,538 |
| Education and training | | | 66,881 | | 62,875 |
| Non-patient care services to other bodies | | | 70,250 | | 66,290 |
| COVID-19 reimbursement & top up funding | | 2,322 | | 10,139 | |
| COVID-19 consumables donated by DHSC | | 2,448 | | 2,344 | |
| COVID-19 response: DHSC donated capital equipment | | 0 | | 30 | |
| COVID-19 response: DHSC donated revenue equipment | | 0 | | 97 | |
| | | | 4,770 | | 12,610 |
| Received from other bodies: Cash donations for capital acquisitions | (3) | | 372 | | 0 |
| Received from NHS Charities: Receipt of grants/donations for capital acquisitions | (3) | | 0 | | 147 |
| Received from other bodies: Receipt of grants/donations for capital acquisitions | (3) | | 0 | | 209 |
| Other | (3) & (4) | | 17,060 | | 5,227 |
| Operating lease income | Note 3.4 | | 1,195 | | 701 |
| **Total other operating income** | | | **205,629** | | **192,597** |
| **Total Operating Income** | | | **1,500,672** | | **1,358,940** |

Sub-notes

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

(2) A revaluation of public sector pensions schemes during 2019/20 resulted in a 6.3% increase (14.38% to 20.68% including administration levy) in the employer contribution rate for the NHS Pensions Scheme. A transitional approach was agreed whereby an employer rate of 20.68% applies from 1 April 2019.

However since April 2019, including 2022/23, the NHS Business Service Authority collected only 14.38% from employers. Central payments have been made by NHS England and the Department of Health and Social Care for their respective proportions of the outstanding 6.3% on local employers' behalf and expenditure has been uplifted to show these contributions to Trust expenses.

(3) Other operating income, with the exception of income received from NHS charities and other bodies, and 'Other' is contract revenue as defined under IFRS15.

(4) Other Operating Income 'Other' consists of sundry income from the provision of various facilities to staff, patients and public on STH sites. The largest individual components relate to the provision of car parking, catering and nursery facilities.

## 3.2 Operating income from activities: Analysis by source

| | | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|---|
| Integrated Care Boards | | 519,934 | 0 |
| Clinical Commissioning Groups | (5) | 165,285 | 662,963 |
| NHS England | (5) | 595,969 | 491,286 |
| NHS Foundation Trusts | | 43 | 43 |
| NHS Trusts | | 0 | 0 |
| Department of Health and Social Care (DHSC) | | 0 | 0 |
| Local Authorities | | 4,183 | 4,089 |
| NHS Other | | 0 | 16 |
| Non NHS: Private patients | | 2,408 | 2,174 |
| Non NHS: Overseas patients (non-reciprocal) | | 796 | 564 |
| NHS injury scheme (formerly the Road Traffic Act Scheme) | | 3,090 | 2,440 |
| Non NHS: Other | (6) | 3,335 | 2,768 |
| **Total operating income from activities by source** | | **1,295,043** | **1,166,343** |

(5) Clinical Commissioning Groups (CCGs) transitioned to Integrated Care Boards (ICBs) on 1 July 2023, with income reported against the relevant NHS body in 22/23 to reflect this.
(6) Non-NHS Other income from activities comprises income from prescription charges, and income from other Whole Government Accounting Bodies in Scotland, Wales and Ireland.

## 3.3 Income from Commissioner Related Services

Commissioner Related Services for the year totalled £1,352,747k (2021/22 £1,221,272k).
Non-Commissioner Related Services were £147,925k (2021/22 £137,638k).

## 3.4 Operating lease income

| | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|
| Operating income minimum lease receipts | 1,195 | 701 |
| Contingent rents recognised as income in the period | 0 | 0 |
| | **1,195** | **701** |

| **Future minimum lease payments due** | **2022/23** £'000 | **2021/22** £'000 |
|---|---|---|
| **Re land** | | |
| - not later than one year; | 38 | 37 |
| - later than one year and not later than five years; | 149 | 150 |
| - later than five years. | 596 | 631 |
| **Total** | **783** | **818** |
| **Re buildings** | | |
| - not later than one year; | 534 | 992 |
| - later than one year and not later than five years; | 608 | 2,307 |
| - later than five years. | 870 | 2,883 |
| **Total** | **2,012** | **6,182** |
| **Total - all categories** | | |
| - not later than one year; | 572 | 1,029 |
| - later than one year and not later than five years; | 757 | 2,457 |
| - later than five years. | 1,466 | 3,514 |
| **Total** | **2,795** | **7,000** |

### 3.5 Overseas Visitors (relating to patients charged directly by the Trust)

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Income recognised in year | 796 | 564 |
| Cash payments received in year (relating to invoices raised in current and previous years) | 587 | 210 |
| Amounts added to provision for impairment of receivables (relating to invoices raised in current and previous years) | 754 | 498 |
| Amounts written off in year (relating to invoices raised in current and previous years) | 770 | 125 |

### 3.6 Additional Information in contract Revenue (IRFS 15) recognised for the period

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Revenue recognised in the reporting period that was previously included in the contract liability balance (i.e. release in year of deferred IRFS 15 income) | 22,276 | 18,344 |

## 4. Operating expenses

### 4.1 Operating expenses: Analysis by nature

| | Sub-note | 2022/23 | 2021/22 |
|---|---|---|---|
| | | £'000 | £'000 |
| Purchase of Healthcare from NHS and DHSC Bodies | | 13,027 | 11,568 |
| Purchase of Healthcare from non NHS and DHSC bodies | | 42,362 | 34,213 |
| Staff and Executive Directors' costs | Note 5.1 | 915,379 | 815,913 |
| Non-Executive Directors' costs | | 201 | 197 |
| Drugs costs | | 220,998 | 199,608 |
| Supplies and services – clinical | | 121,206 | 101,299 |
| Supplies and services - general | | 8,701 | 7,706 |
| Establishment | | 10,354 | 11,912 |
| Research and Development | | 29,837 | 30,544 |
| Transport | | 1,319 | 1,154 |
| Premises | | 61,140 | 57,338 |
| Movement in credit loss allowance | | 1,636 | 751 |
| Change in provisions discount rate | | (691) | 95 |
| Depreciation on property, plant and equipment and right of use assets | | 24,612 | 21,807 |
| Amortisation of intangible assets | | 2,316 | 2,051 |
| Net Impairments of property, plant and equipment | Note 7.3 | (14,634) | 2,971 |
| Net Impairments of intangible assets | Note 7.3 | 54 | 3 |
| Operating lease costs | Note 4.3 | 768 | 1,753 |
| Audit services - statutory audit | Note 4.2 | 254 | 228 |
| Clinical negligence | | 26,941 | 27,702 |
| Legal fees | | 2,851 | 2,070 |
| Consultancy costs | | 3,475 | 2,741 |
| Internal audit costs | | 141 | 154 |
| Training, courses and conferences | | 3,332 | 9,015 |
| Redundancy | | 90 | 66 |
| Charges to operating expenditure for on-SoFP for IFRIC 12 Schemes | | 727 | 673 |
| Insurance | | 595 | 684 |
| Other Services | | 2,282 | 6,189 |
| Losses, ex gratia and special payments | | (298) | 106 |
| Other | | 3,588 | 3,511 |
| **Total operating expenses** | | **1,482,563** | **1,354,022** |

| Note 4.2 Auditor's liability | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|
| Limitation on Auditor's liability | 1,000 | 1,000 |

An analysis of the work of the Auditors and the associated fees for the respective work is included above and on page 95 of the Annual Report. Fees and Remuneration above are stated inclusive of VAT.

| 4.3 Arrangements containing an operating lease - current year expenditure | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|
| Minimum lease payments | 768 | 3,098 |
| Contingent rents | 0 | 0 |
| Less sub-lease payments received | 0 | (1,345) |
| **Total** | **768** | **1,753** |

| 4.4 Arrangements containing an operating lease - future years' commitments | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|
| **Future minimum lease payments due:** | | |
| Within 1 year | 561 | 2,976 |
| Between 1 and 5 years | 1,597 | 5,415 |
| After 5 years | 0 | 661 |
| **Total** | **2,158** | **9,052** |

## 5. Staff costs

| 5.1 Employee expenses | Sub-note | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|---|
| Salaries and wages | | 730,027 | 642,746 |
| Social Security Costs | | 64,773 | 57,427 |
| Apprenticeship Levy | | 3,209 | 3,029 |
| Employer contributions to NHSPA | | 77,014 | 73,164 |
| Pension Cost - employer contribution paid by NHSE on providers' behalf | (1) | 33,938 | 31,986 |
| Other pension costs | | 521 | 424 |
| Agency / contract staff | | 5,897 | 7,137 |
| **Total** | (2) | **915,379** | **815,913** |

(1) A revaluation of public sector pensions schemes during 2019/20 resulted in a 6.3% increase (14.38% to 20.68% including administration levy) in the employer contribution rate for the NHS Pensions Scheme. A transitional approach was agreed whereby an employer rate of 20.68% applies from 1 April 2019. However, since April 2019, including 2022/23, the NHS Business Service Authority collected only 14.38% from employers. Central payments have been made by NHS England and the Department of Health and Social Care for their respective proportions of the outstanding 6.3% on local employers' behalf and expenditure has been uplifted to show these contributions to Trust expenses.

(2) The above figure of £915,379k is net of the amount of £1,009k (2021/22 £1,107k) in respect of capitalised salary costs included in fixed asset additions (notes 8.1 and 9.1).

Further details of staff numbers and costs can be found within the Staff Report on pages 70 to 84 of the Annual Report.

## 5.2 Early retirements due to ill health

| | 2022/23 | 2021/22 |
|---|---|---|
| | Number | Number |
| Number of early retirements agreed on the grounds of ill health | 13 | 11 |
| | £'000 | £'000 |
| Cost of early retirements agreed on grounds of ill health | 1,009 | 693 |

These costs were borne by the NHS Pensions Agency.

## 6. Performance on payment of debts

The Better Payment Practice Code requires the Trust 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's performance against this code is set out below:

| | 2022/23 | 2021/22 |
|---|---|---|
| | Number | Number |
| Number of non-NHS invoices paid | 180,407 | 171,582 |
| Number of non-NHS invoices paid within 30 days | 169,708 | 165,710 |
| Percentage of invoices paid within 30 days | 94.07% | 96.58% |
| | £'000 | £'000 |
| Value of non-NHS invoices paid | 607,635 | 480,081 |
| Value of non-NHS invoices paid within 30 days | 560,461 | 460,417 |
| Percentage of invoices paid within 30 days | 92.24% | 95.90% |
| Amounts included within Interest Payable (Note 7.2) arising from claims made under the Late Payment of Debts (Interest) Act 1998 | 0 | 0 |
| Compensation paid to cover debt recovery costs under this legislation | 0 | 0 |

## 7. Financing

### 7.1 Finance income

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Bank account interest | 5,100 | 231 |
| Investment interest | 268 | 0 |
| **Total** | **5,368** | **231** |

### 7.2 Finance costs – interest expense

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Capital loans from the Department of Health and Social Care | 726 | 793 |
| Finance Lease interest | 35 | 27 |
| **Finance Costs in PFI Obligations** | | |
| Main Finance Costs | 995 | 1,026 |
| Contingent Finance Costs | 1,641 | 859 |
| **Total** | **3,397** | **2,705** |

### 7.3 Impairment of assets

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Loss or damage from normal operations | 139 | 59 |
| Abandonment of assets in course of construction | 168 | 99 |
| Changes in market price | 9,477 | 11,331 |
| Reversal of impairments | (24,364) | (8,515) |
| **Net Impairments charged to operating expenses** | **(14,580)** | **2,974** |

## 8. Intangible non-current assets

### 8.1 Intangible non-current assets 2022/23

| | Total | Intangible assets under construction | Software Licenses |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Gross Cost at 1 April 2022** | 22,456 | 0 | 22,456 |
| Reclassification of existing finance leased assets to right of use assets on 1 April 2022 | (573) | 0 | (573) |
| Additions - purchased / internally generated | 2,416 | 2,382 | 34 |
| Additions – donated | 0 | 0 | 0 |
| Impairments charged to operating expenses | (54) | (54) | 0 |
| Reclassifications | 0 | (2,328) | 2,328 |
| Disposals | (25) | 0 | (25) |
| **Gross cost at 31 March 2023** | **24,220** | **0** | **24,220** |
| **Amortisation at 1 April 2022** | 18,662 | 0 | 18,662 |
| Reclassification of existing finance leased assets to right of use assets on 1 April 2022 | (315) | 0 | (315) |
| Provided during the year | 2,201 | | 2,201 |
| Impairments | 0 | | 0 |
| Reversal of Impairments credited to operating expenses | 0 | | 0 |
| Reclassification | 0 | | 0 |
| Disposals | (25) | | (25) |
| **Amortisation at 31 March 2023** | **20,523** | **0** | **20,523** |
| **Net Book Value at 31 March 2023** | **3,697** | **0** | **3,697** |

## 8.2 Intangible non-current assets 2021/22

| | Total | Intangible assets under construction | Software Licenses |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| **Gross cost at 1 April 2021** | 21,097 | 0 | 21,097 |
| Additions - purchased / internally generated | 1,362 | 1,149 | 213 |
| Additions – donated | 0 | 0 | 0 |
| Impairments charged to operating expenses | (3) | (3) | 0 |
| Reclassifications | 0 | (1,146) | 1,146 |
| Disposals | 0 | 0 | 0 |
| **Gross cost at 31 March 2022** | **22,456** | **0** | **22,456** |
| **Amortisation at 1 April 2021** | 16,611 | 0 | 16,611 |
| Provided during the year | 2,051 | | 2,051 |
| Impairments | 0 | | 0 |
| Reversal of Impairments credited to operating expenses | 0 | | 0 |
| Reclassification | 0 | | 0 |
| Disposals | 0 | | 0 |
| **Amortisation at 31 March 2022** | **18,662** | **0** | **18,662** |
| **Net Book Value at 31 March 2022** | **3,794** | **0** | **3,794** |

## 8.3 Analysis of intangible non-current assets

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Net Book Value | | |
| - Purchased | 3,697 | 3,794 |
| - Donated | 0 | 0 |
| **Total 31 March** | **3,697** | **3,794** |

## 8.4 Economic life of intangible non-current assets

| | Min Life Years | Max Life Years |
|---|---|---|
| Software licences | 5 | 8 |

## 9. Property, plant and equipment – Non-current assets

### 9.1 Property, Plant and Equipment 2022/23

| | Total | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant and machinery | Transport equipment | Information Technology | Furniture and fittings |
|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Gross Cost at 1 April 2022** | 570,348 | 11,963 | 339,842 | 2,093 | 25,653 | 151,222 | 1,222 | 28,489 | 9,864 |
| Reclassification of existing finance to right of use assets on 1 April 2022 | (4,424) | 0 | 0 | 0 | 0 | (4,339) | 0 | (85) | |
| Additions - purchased | 49,678 | 0 | (232) | 0 | 46,867 | 2,428 | 41 | 514 | 60 |
| Additions – IFRIC 12 scheme assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - equipment donated from DHSC for COVID-19 response | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions-assets purchased from cash donations | 372 | 0 | 0 | 0 | 372 | 0 | 0 | 0 | 0 |
| Impairments charged to operating expenses | (9,591) | (426) | (9,051) | 0 | (114) | 0 | 0 | 0 | 0 |
| Impairments charged to revaluation reserve | (10,035) | (441) | (9,594) | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments credited to operating expenses | 24,364 | 0 | 24,364 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments credited to revaluation reserve | 76 | 0 | 76 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 19,554 | 0 | (35,362) | 12,267 | 0 | 3,418 | 123 |
| Revaluations | (2,127) | 59 | (2,227) | 41 | 0 | 0 | 0 | 0 | 0 |
| Disposals | (12,481) | 0 | (90) | 0 | 0 | (11,645) | (274) | (172) | (300) |
| **Cost or valuation at 31 March 2023** | **606,180** | **11,155** | **362,642** | **2,134** | **37,416** | **149,933** | **989** | **32,164** | **9,747** |
| **Accumulated Depreciation at 1 April 2022** | 135,472 | 0 | 648 | 45 | 0 | 105,119 | 999 | 22,957 | 5,704 |
| Reclassification of existing finance to right of use assets on 1 April 2022 | (4,215) | 0 | 0 | 0 | 0 | (4,168) | 0 | (47) | 0 |
| Provided during the year | 23,504 | 0 | 11,298 | 81 | 0 | 9,485 | 48 | 1,837 | 755 |
| Impairments charged to operating expenses | 139 | 0 | 0 | 0 | 0 | 137 | 0 | 2 | 0 |
| Reversal of impairments credited to operating expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revaluations | (10,644) | 0 | (10,565) | (79) | 0 | 0 | 0 | 0 | 0 |
| Disposals | (12,481) | 0 | (90) | 0 | 0 | (11,645) | (274) | (172) | (300) |
| **Depreciation at 31 March 2023** | **131,775** | **0** | **1,291** | **47** | **0** | **98,928** | **773** | **24,577** | **6,159** |

## 9.2 Analysis of Property, Plant and Equipment

| | Total | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant and machinery | Transport equipment | Information Technology | Furniture and fittings |
|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Net book value** | | | | | | | | | |
| - Purchased at 31 March 2023 | 433,484 | 10,513 | 324,432 | 1,675 | 37,414 | 48,193 | 216 | 7,584 | 3,457 |
| - PFI at 31 March 2023 | 14,749 | 0 | 14,749 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Gov't. granted/Donated assets at 31 March 2023 | 24,993 | 642 | 22,170 | 412 | 2 | 1,633 | 0 | 3 | 131 |
| - Donated from DHSC re COVID at 31 March 2023 | 1,179 | 0 | 0 | 0 | 0 | 1,179 | 0 | 0 | 0 |
| **Total at 31 March 2023** | **474,405** | **11,155** | **361,351** | **2,087** | **37,416** | **51,005** | **216** | **7,587** | **3,588** |

## 9.3 Property, Plant and Equipment 2021/22

| | Total | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant and machinery | Transport equipment | Information Technology | Furniture and fittings |
|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or valuation at 1 April 2021** | 551,171 | 11,621 | 327,933 | 2,093 | 23,603 | 147,277 | 1,225 | 27,505 | 9,914 |
| Additions - purchased | 45,395 | 0 | 1,839 | 0 | 37,438 | 5,071 | 25 | 695 | 327 |
| Additions - leased assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions - donated | 209 | 0 | 0 | 0 | 0 | 209 | 0 | 0 | 0 |
| Additions - equipment donated from DHSC for COVID-19 response | 30 | 0 | 0 | 0 | 0 | 30 | 0 | 0 | 0 |
| Additions - assets purchased from cash donations | 147 | 0 | 0 | 0 | 98 | 49 | 0 | 0 | 0 |
| Impairments charged to operating expenses | (11,427) | (284) | (11,047) | 0 | (96) | 0 | 0 | 0 | 0 |
| Impairments charged to revaluation reserve | (2,517) | 0 | (2,517) | 0 | 0 | 0 | 0 | 0 | 0 |
| Reversal of impairments credited to operating expenses | 8,515 | 27 | 8,478 | 0 | 10 | 0 | 0 | 0 | 0 |
| Reversal of impairments credited to revaluation reserve | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 28,066 | 0 | (35,400) | 4,376 | 0 | 2,275 | 683 |
| Revaluations | (12,313) | 599 | (12,912) | 0 | 0 | 0 | 0 | 0 | 0 |
| Disposals | (8,864) | 0 | 0 | 0 | 0 | (5,790) | (28) | (1,986) | (1,060) |
| **Cost or valuation at 31 March 2022** | **570,348** | **11,963** | **339,842** | **2,093** | **25,653** | **151,222** | **1,222** | **28,489** | **9,864** |

| | Total | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant and machinery | Transport equipment | Information Technology | Furniture and fittings |
|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Accumulated Depreciation at 1 April 2021** | 140,077 | 0 | 8,531 | 115 | 0 | 100,979 | 970 | 23,482 | 6,000 |
| Provided during the year | 21,807 | 0 | 9,697 | 78 | 0 | 9,769 | 57 | 1,443 | 763 |
| Impairments recognised in operating expenses | 59 | 0 | 0 | 0 | 0 | 59 | 0 | 0 | 0 |
| Reversal of impairments credited to operating expenses | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | (19) | 0 | 18 | 1 |
| Other Revaluations | (17,728) | 0 | (17,580) | (148) | 0 | 0 | 0 | 0 | 0 |
| Disposals | (8,864) | 0 | 0 | 0 | 0 | (5,790) | (28) | (1,986) | (1,060) |
| Derecognition - COVID equipment returned to DHSC | 121 | 0 | 0 | 0 | 0 | 121 | 0 | 0 | 0 |
| **Depreciation at 31 March 2022** | **135,472** | **0** | **648** | **45** | **0** | **105,119** | **999** | **22,957** | **5,704** |

## 9.4 Analysis of Property, Plant and Equipment

| | Total | Land | Buildings excluding dwellings | Dwellings | Assets under construction | Plant and machinery | Transport equipment | Information Technology | Furniture and fittings |
|---|---|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Netbook value | | | | | | | | | |
| - Purchased at 31 March 2022 | 392,512 | 11,276 | 301,832 | 1,632 | 25,653 | 42,415 | 223 | 5,489 | 3,992 |
| - Finance Leases at 31 March 2022 | 209 | 0 | 0 | 0 | 0 | 171 | 0 | 38 | 0 |
| - PFI at 31 March 2022 | 14,426 | 0 | 14,426 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Government granted/Donated assets at 31 March 2022 | 26,382 | 687 | 22,936 | 416 | 0 | 2,170 | 0 | 5 | 168 |
| - Donated from DHSC re COVID at 31 March 2022 | 1,347 | 0 | 0 | 0 | 0 | 1,347 | 0 | 0 | 0 |
| **Total at 31 March 2022** | **434,876** | **11,963** | **339,194** | **2,048** | **25,653** | **46,103** | **223** | **5,532** | **4,160** |

## 9.5 Right of use assets 2022/23

| | Total | Property (land and buildings) | Plant and machinery | Transport equipment | Information Technology | Furniture and fittings | Intangible assets |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| **Cost or valuation at 1 April 2022** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassification of existing finance leased assets to right of use assets on 1 April 2022 | 4,997 | | 4,339 | | 85 | | 573 |
| Recognition of right of use assets for existing operating leases on initial application of IFRS 16 on 1 April 2022 | 4,835 | 4,268 | 265 | 302 | | | |
| Additions - lease liability | 297 | 5 | 51 | 241 | | | |
| Remeasurements of the lease liability | (5) | (5) | | | | | |
| Revaluations | (75) | (75) | | | | | |
| Disposals / derecognition - lease termination | (32) | | | (32) | | | |
| **Cost or valuation at 31 March 2023** | **10,017** | **4,193** | **4,655** | **511** | **85** | **0** | **573** |
| | | | | | | | |
| **Accumulated Depreciation at 1 April 2022** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Reclassification of existing finance leased assets to right of use assets on 1 April 2022 | 4,530 | | 4,168 | | 47 | | 315 |
| Provided during the year - right of use asset | 1,138 | 551 | 280 | 175 | 17 | | 115 |
| Provided during the year - peppercorn leased asset | 85 | 85 | | | | | |
| Revaluations | (85) | (85) | | | | | |
| Disposals/derecognition - lease termination | (4) | | | (4) | | | |
| **Depreciation at 31 March 2023** | **5,664** | **551** | **4,448** | **171** | **64** | **0** | **430** |
| | | | | | | | |
| **Net book value at 31 March 2023** | **4,353** | **3,642** | **207** | **340** | **21** | **0** | **143** |

### 9.6 Economic life of property, plant and equipment

| | Minimum Life (Years) | Maximum Life (Years) |
|---|---|---|
| Land | Infinite | Infinite |
| Buildings excluding dwellings | 16 | 53 |
| Dwellings | 24 | 27 |
| Plant and Machinery | 5 | 15 |
| Transport Equipment | 7 | 7 |
| Information Technology | 5 | 8 |
| Furniture and Fittings | 10 | 10 |

### 9.7 Non-property valuations

Depreciated historical cost is the basis for determining fair value for the Trust's non-property assets. This is not considered to be materially different from fair value.

### 9.8 Property valuations

| Net book value of assets covered by valuation method | Land £'000 | Buildings excluding dwellings £'000 | Dwellings £'000 |
|---|---|---|---|
| Modern Equivalent Asset (no Alternative Site) | 11,155 | 361,351 | 0 |
| Modern Equivalent Asset (Single Site) | 0 | 0 | 0 |
| Market value in existing use | 0 | 0 | 2,087 |
| Fair value (surplus PPE, land and buildings) | 0 | 0 | 0 |
| **Total at 31 March 2023** | **11,155** | **361,351** | **2,087** |

The Trust has undertaken a full physical site revaluation of the land and property estate at 31 March 2023 with its expert valuation advisers, who are members of the Royal Institute of Chartered Surveyors, providing an updated valuation estimation which is compliant with RICS standards.

## 10. Non-current assets for sale and assets in disposal groups 2022/23

There were no non-current assets for sale and assets in disposal groups in either financial year.

## 11. Non-current assets investments

### 11.1 Companies in which the Trust owns shares

The Trust has holdings in the following companies (under 11.1) that are commercially developing intellectual property. The Trust's holdings in these companies carry a minimal value (<£500k) at the Statement of Financial Position date (31 March 2023 and 31 March 2022). None of the entities are material to the Trust's operations, nor classified as subsidiaries, associates or joint ventures under relevant accounting standards.

| **Companies in which the Trust owns shares** | **Shareholding** |
|---|---|
| Epaq Systems Ltd | 43.59% |
| Elaros 24/7 Ltd | 9.80% |
| Better Hygiene Ltd (Formerly Wetwash Ltd) | 5.00% |
| Zilico ltd | 2.79% |
| **Companies limited by guarantee** | |
| Medipex Ltd | Member |
| Olympic Legacy Park Ltd | Member |

### 11.2 Trust wholly owned subsidiary

Crucible Pharmacy Limited (trading as Crucible Pharmacy) was registered with Companies House on 03 February 2023, a Company in which Sheffield Teaching Hospitals is the sole owner of its issued Share Capital of 100 (one hundred) £1.00 Ordinary Shares. The aims and objectives of the Company are primarily the purchase and wholesale of pharmaceutical supplies.

Whilst the Trust exercises sole influence and control over the activities of Crucible Pharmacy Limited, it is not necessary to consolidate its activities into the 2022/23 accounts of the Trust. The reasons for this are set out in Note 1.3, Accounting Policies.

The Trust has committed to provide a loan in the sum of £2.3m (in tranches) in 2023/24 to the Wholly Owned Subsidiary. This is to fund capital expenditure (Robotic Dispensing Units) and enabling works, and will provide a working capital facility prior to the commencement of trading activities.

## 12. Inventories

### 12.1 Inventories by category

| | Sub-note | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|---|
| Drugs | | 7,229 | 6,684 |
| Energy | | 236 | 252 |
| Other (e.g. Medical / Surgical Equipment, 'high-cost' devices, etc.) | | 13,037 | 7,511 |
| **Total Inventories** | (1) | **20,502** | **14,447** |

### 12.2 Inventories recognised in expenses

| | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|
| Inventories recognised in expenses | 416,014 | 342,904 |
| Write down of inventories recognised as an expense | 42 | 191 |
| **Total inventories recognised in expenses** | **416,056** | **343,095** |

(1) Stock counts at 31 March 2023 and 31 March 2022 were either from electronic systems or via a COVID-19 secure physical count in all but one minor area (two at 31 March 2022).

## 13. Receivables

### 13.1 Trade and other receivables falling due within one year

| | | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|---|
| Contract receivables - NHS and Other DHSC Bodies | | 56,439 | 21,784 |
| Contract receivables - Trade and Non DHSC Bodies | | 3,208 | 7,989 |
| Contract assets | | 0 | 0 |
| Allowance for impaired receivables | Note 13.3 | (8,955) | (8,499) |
| Prepayments | | 6,624 | 6,820 |
| Interest receivable | | 777 | 111 |
| Public Dividend Capital dividend receivable | | 0 | 593 |
| VAT receivable | | 3,070 | 899 |
| Clinician Pension Tax Provision reimbursement funding from NHSE | | 54 | 33 |
| Other receivables | | 414 | 55 |
| **Total falling due within one year** | | **61,631** | **29,785** |

### 13.2 Trade and other receivables falling due after more than one year

| | | |
|---|---|---|
| Contract receivables - NHS Injury Scheme | 7,072 | 6,655 |
| Clinician Pension Tax Provision reimbursement funding from NHSE | 2,128 | 2,486 |
| **Total falling due after more than one year** | **9,200** | **9,141** |
| **Total Trade and Other Receivables** | **70,831** | **38,926** |

### 13.3 Allowances for credit losses (doubtful debts)

| | Total<br>£'000 | Contract receivables and Contract assets<br>£'000 | All other receivables<br>£'000 |
|---|---|---|---|
| **At 1 April 2022** | 8,499 | 8,499 | 0 |
| New allowances arising | 2,466 | 2,466 | 0 |
| Reversals of allowances | (830) | (830) | 0 |
| Utilisation of allowances | (1,180) | (1,180) | 0 |
| **Total allowance for credit losses at 31 March 2023** | **8,955** | **8,955** | **0** |
| **Loss recognised in expenditure** | 1,636 | 1,636 | 0 |

### 13.4 Credit losses and impairment of receivable

The Trust has no material category of receivable which requires generic expected credit losses to be recognised.

Receivables are impaired when there is evidence to indicate that the Trust may not recover, in full, sums due. This can be on the basis of legal advice, insolvency of debtors, or other economic factors. Impaired receivables are written off only when all reasonably possible means of recovery have been exhausted. The nature of the Trust's business generally means that no collateral is held against outstanding receivables.

NHS receivables are considered recoverable because the majority of trade is with DHSC or Integrated Care Boards (ICB's) as commissioners for patient care services.

As ICB's are funded by the Government to purchase NHS patient care services, credit scoring is not considered necessary. Similarly, other receivables with related parties are with other Government bodies, so credit scoring is not considered necessary.

Prepayments and accrued income are neither past their due date, nor impaired.

Other trade receivables become due immediately as the Trust does not offer extended credit terms.

## 14. Current asset investments

| | 2022/23<br>£'000 | 2021/22<br>£'000 |
|---|---|---|
| Additions | 130,000 | 0 |
| Disposals | (130,000) | 0 |
| **Cost or valuation at 31 March** | 0 | 0 |

Current asset investments reflect short-term deposits with the National Loan Fund within the Government Banking Service.

## 15. Payables

### 15.1 Trade and other payables

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| **Amounts falling due within one year:** | | |
| NHS payables | 22,822 | 24,323 |
| Trade payables | 46,457 | 40,216 |
| Trade payables – capital | 26,282 | 23,151 |
| Other payables | 525 | 286 |
| Accruals | 102,709 | 76,677 |
| Social Security and other taxes | 17,121 | 17,266 |
| Pension Contributions payable | 10,265 | 10,425 |
| Public Dividend Capital payable | 128 | 0 |
| **Total current trade and other payables** | **226,309** | **192,344** |
| **Amounts falling due after more than one year:** | | |
| Total non-current trade and other payables: | 0 | 0 |
| **Total non-current trade and other payables** | **0** | **0** |
| **Total trade and other payables** | **226,309** | **192,344** |

### 15.2 Early retirements and outstanding pension contributions included in payables above

| | 2022/23 | 2021/22 |
|---|---|---|
| | Number | Number |
| - Number of early retirement cases involved | 0 | 0 |
| | £'000 | £'000 |
| - To buy out the liability for early retirements over 5 years | 0 | 0 |
| Outstanding Pensions Contributions at 31 March | 10,265 | 10,425 |

## 16. Borrowings

### 16.1 Current borrowings

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Capital Loans from the DHSC | 1,462 | 1,463 |
| Lease liabilities | 1,031 | 246 |
| Obligations under Private Finance Initiative contracts | 739 | 658 |
| **Total current borrowings** | **3,232** | **2,367** |
| **16.2 Non-current borrowings** | | |
| Capital Loans from the DHSC | 13,174 | 14,619 |
| Lease liabilities | 2,146 | 141 |
| Obligations under Private Finance Initiative contracts | 14,768 | 15,507 |
| **Total non-current borrowings** | **30,088** | **30,267** |
| **Total borrowings (current and non-current)** | **33,320** | **32,634** |

## 17. Other liabilities

### 17.1 Current other liabilities

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Deferred income | 19,053 | 27,768 |
| **Total current other liabilities** | **19,053** | **27,768** |

### 17.2 Non-current other liabilities

| | | |
|---|---|---|
| Deferred income | 360 | 566 |
| **Total non-current other liabilities** | **360** | **566** |
| **Total other liabilities (current and non-current)** | **19,413** | **28,334** |

## 18. Finance obligations

### 18.1 Finance lease obligations

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| **Gross lease liabilities** | 3,302 | 396 |
| of which liabilities are due | | |
| - not later than one year; | 1,058 | 253 |
| - later than one year and not later than five years; | 1,333 | 143 |
| - later than five years. | 911 | 0 |
| Finance charges allocated to future periods | (125) | (9) |
| **Net lease liabilities** | **3,177** | **387** |
| **Ageing of net lease liabilities** | | |
| - not later than one year; | 1,031 | 246 |
| - later than one year and not later than five years; | 1,269 | 141 |
| - later than five years. | 877 | 0 |
| | **3,177** | **387** |

### 18.2 Liabilities arising from financing activities

| | Total | DHSC Loans | Finance Lease with non-DHSC group counterparty | PFI |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Carrying value at 1 April 2022** | 32,634 | 16,082 | 387 | 16,165 |
| Financing cash flows – principal | (2,944) | (1,445) | (841) | (658) |
| Financing cash flows - interest | (1,751) | (727) | (29) | (995) |
| Impact of implementing IFRS 16 on 1 Apr 2022 | 3,359 | | 3,359 | |
| Additions | 297 | 0 | 297 | 0 |
| Lease liability remeasurements | (5) | | (5) | |
| Interest charge arising in year | 1,756 | 726 | 35 | 995 |
| Early termination | (26) | | (26) | |
| **Carrying value at 31 March 2023** | **33,320** | **14,636** | **3,177** | **15,507** |

## 18.3 Private Finance Initiative (PFI) Obligations (on Statement of Financial Position)

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| **Gross PFI liabilities** | 23,477 | 25,130 |
| of which liabilities are due | | |
| - not later than one year; | 1,689 | 1,653 |
| - later than one year and not later than five years; | 6,444 | 6,473 |
| - later than five years. | 15,344 | 17,004 |
| Finance charges allocated to future periods | (7,970) | (8,965) |
| **Net PFI liabilities** | **15,507** | **16,165** |
| **Ageing of PFI liabilities** | | |
| - not later than one year; | 739 | 658 |
| - later than one year and not later than five years; | 3,101 | 2,946 |
| - later than five years. | 11,667 | 12,561 |
| | **15,507** | **16,165** |

## 18.4 Amounts included in operating expenses payable to service concession operator

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Interest charge | 995 | 1,026 |
| Repayment of finance lease liability | 658 | 463 |
| Service element | 727 | 673 |
| Capital lifecycle maintenance | 248 | 925 |
| Contingent rent | 1,641 | 859 |
| | **4,269** | **3,946** |

## 18.5 Amounts included in operating expenses in respect of PFI transactions deemed to be in the categories listed below

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Service element | 727 | 673 |
| Depreciation | 318 | 243 |
| | **1,045** | **916** |

## 18.6 Finance charges in respect of Private Finance Initiative (PFI) transactions

Finance charges in respect of PFI transactions are shown under note 7.2.

## 18.7 PFI scheme details

| | |
|---|---|
| Estimated capital value of PFI scheme | £14,749K |
| Contract start date | December 2004 |
| Contract handover date | March 2007 |
| Length of project (years) | 32 |
| Number of years to end of project | 13 years, 9 months |
| Contract end date | December 2036 |

18.8 The Trust is committed to make the following payments for the total service element for on-SoFP PFI service concessions for each of the following periods

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Hadfield Block: | | |
| - Within one year | 827 | 727 |
| - 2nd to 5th years (inclusive) | 3,521 | 3,094 |
| - Later than 5 years | 9,014 | 8,941 |
| | **13,362** | **12,762** |

18.9 Total future payments committed in respect of PFI

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| Hadfield Block: | | |
| - Within one year | 4,859 | 4,268 |
| - 2nd to 5th years (inclusive) | 20,683 | 18,166 |
| - Later than 5 years | 52,899 | 52,433 |
| | **78,441** | **74,867** |

The PFI scheme is a scheme to design, build, finance and maintain a medical ward block on the Northern General Hospital site (Sir Robert Hadfield Block). The Trust is entitled to provide healthcare services within the facility for the period of the PFI arrangement.

The unitary charge for the scheme is subject to an annual uplift for future price increases. The operators are responsible for providing a managed maintenance service for the length of the contract, after such time these responsibilities revert to the Trust.

Future unitary charge payments will be uplifted based on actual changes in RPI. In terms of assessing future commitments it is assumed that future indexation will be 2.5% p.a. for all remaining years of the contract.

## 19. Provisions for liabilities and charges

| | Current | | Non-Current | |
|---|---|---|---|---|
| | **2022/23** | **2021/22** | **2022/23** | **2021/22** |
| Pensions relating to former staff | 228 | 222 | 2,289 | 3,097 |
| Legal claims | 417 | 521 | 0 | 83 |
| Agenda For Change | 0 | 0 | 0 | 0 |
| Redundancy | 90 | 60 | 0 | 0 |
| Lease dilapidations | 1,591 | 0 | 0 | 0 |
| 2019/20 Clinicians' Pension Reimbursement | 54 | 33 | 2,128 | 2,486 |
| Other | 17,452 | 6,122 | 0 | 0 |
| | **19,832** | **6,958** | **4,417** | **5,666** |

| | **2022/23** | | | | | | | | **2021/22** |
|---|---|---|---|---|---|---|---|---|---|
| | **Total** £'000 | **Pensions relating to former staff** £'000 | **Legal claims** £'000 | **Agenda for Change** £'000 | **Redundancy** £'000 | **Lease Dilapidations** | **2019/20 Clinicians' Pension Reimbursement** £'000 | **Other** £'000 | **Total** £'000 |
| **At 1 April** | 12,624 | 3,319 | 604 | 0 | 60 | 0 | 2,519 | 6,122 | 9,730 |
| Change in discount rate | (2,611) | (691) | 0 | 0 | 0 | 0 | (1,920) | 0 | 95 |
| Arising during the year | 19,033 | 155 | 385 | 0 | 90 | 1,591 | 1,604 | 15,208 | 6,173 |
| Utilised during the year | (965) | (223) | (165) | 0 | (60) | 0 | (65) | (452) | (435) |
| Reversed unused | (3,833) | 0 | (407) | 0 | 0 | 0 | 0 | (3,426) | (2,896) |
| Unwinding of discount | 1 | (43) | 0 | 0 | 0 | 0 | 44 | 0 | (43) |
| **At 31 March** | **24,249** | **2,517** | **417** | **0** | **90** | **1,591** | **2,182** | **17,452** | 12,624 |
| **Expected timing of cashflows** | | | | | | | | | |
| Within one year | 19,832 | 228 | 417 | 0 | 90 | 1,591 | 54 | 17,452 | 6,958 |
| Between one and five years | 2,470 | 2,289 | 0 | 0 | 0 | 0 | 181 | 0 | 1,150 |
| After five years | 1,947 | 0 | 0 | 0 | 0 | 0 | 1,947 | 0 | 4,516 |
| | **24,249** | **2,517** | **417** | **0** | **90** | **1,591** | **2,182** | **17,452** | 12,624 |

Pensions relating to former staff represents the liability relating to staff retiring before April 95 (£390k) and Injury Benefit Liabilities (£2,127k).

Injury Benefits are payable to current and former members of staff who have suffered injury at work. These cases have been adjudicated by the NHS Pensions Authority.
The value shown is the discounted present value of payments due to the individuals for the term indicated by Government Actuary life expectancy tables, and the actual value of this figure represents the main uncertainty in the amounts shown.

Legal claims relate to:
- Claims brought against the Trust for Employers Liability or Public Liability. These cases are handled by NHS Resolution who provide an estimate of the Trust's probable liability.
- Actual costs incurred are subject to the outcome of legal action. Costs in excess of £10,000 per case are covered by NHS Resolution and not included above. The provision for such cases totals £349k.
- A number of other legal cases, not being handled by the NHS Resolution, are also recorded under this heading. These total £68k.

Lease dilapidations of £1,591k relate to the disclosure of probable charges, and largely represent an immaterial reclassification of the liability previously disclosed at 31 March 2022 within accruals.

Other Provisions
- The Trust has recognised a provision of £457k in respect of potential future pension liabilities which will be charged by the NHS Pensions Agency in respect of final pay controls.
- The Trust has recognised in-year a provision of £14,353k in respect of sundry employment related issues.
- The Trust has recognised a provision of £2,642k in respect of taxation matters which may become payable to HMRC

£420,713k is included in the provisions of NHS Resolution at 31/03/2023 in respect of clinical negligence liabilities of the Trust (31/3/2022 £589,366k).

## 20. Revaluation Reserve

| | **Total Revaluation Reserve** £'000 | **Revaluation Reserve - intangibles** £'000 | **Revaluation Reserve - right of use assets** £'000 | **Revaluation Reserve - property, plant and equipment** £'000 |
|---|---|---|---|---|
| **Revaluation reserve at 1 April 2022** | 39,204 | 0 | 0 | 39,204 |
| Transfer by absorption | 0 | 0 | 0 | 0 |
| Impairments | (9,959) | 0 | 0 | (9,959) |
| Revaluations | 8,527 | 0 | 10 | 8,517 |
| Transfers to other reserves | (1,037) | 0 | 0 | (1,037) |
| Other recognised gains and losses | 0 | 0 | 0 | 0 |
| **Revaluation reserve at 31 March 2023** | **36,735** | **0** | **10** | **36,725** |
| | | | | |
| **Revaluation reserve at 1 April 2021** | 37,439 | 0 | 0 | 37,439 |
| Transfer by absorption | 0 | 0 | 0 | 0 |
| Impairments | (2,515) | 0 | 0 | (2,515) |
| Revaluations | 5,415 | 0 | 0 | 5,415 |
| Transfers to other reserves | (1,135) | 0 | 0 | (1,135) |
| Other recognised gains and losses | 0 | 0 | 0 | 0 |
| **Revaluation reserve at 31 March 2022** | **39,204** | **0** | **0** | **39,204** |

## 21. Cash and cash equivalent

| | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|
| At 1 April | 217,984 | 186,253 |
| Net change in year | (17,210) | 31,731 |
| At 31 March | **200,774** | **217,984** |
| Analysed as cash held: | | |
| - At Commercial Banks and in hand | 137 | 135 |
| - At Government Banking Service | 200,637 | 217,849 |
| **Cash and cash equivalents as in the Statement of Financial Position** | **200,774** | **217,984** |

## 22. Capital commitments

Commitments under capital expenditure contracts at the Statement of Financial Position Date were £32.1m (31 March 2022, £13.8m) .

| The major components of these commitments are as follows: | Property, Plant and Equipment 2022/23 £'000 |
|---|---|
| **Scheme:** | |
| Electronic Patient Record (EPR) | 9,243 |
| Generator Replacement, Royal Hallamshire Hospital | 7,412 |
| Redevelopment/Additional Linear Accelerator Bunkers - Weston Park Hospital | 6,454 |
| Theatre Refurbishments, Chesterman - Northern Campus | 3,573 |
| Theatre Refurbishments, Jessop Wing - Central Campus | 1,547 |
| Gamma Knife, Royal Hallamshire Hospital | 684 |
| Maternity Electronic Patient Record | 465 |
| Other | 2,692 |
| **Total** | **32,070** |

The increase in Capital Commitments of £18.3m between financial year ends is mainly driven by Trust capital planning and business case approval timings.

## 23. Events after the reporting period

There are no other events after the reporting period to highlight.

## 24. Contingencies

### 24.1 Contingent liabilities

| | 2022/23 £'000 | 2021/22 £'000 |
|---|---|---|
| Gross value | (105) | (119) |
| Amounts recoverable | 0 | 0 |
| **Net contingent liability** | (105) | (119) |

Quantified contingencies shown above represent the consequences of losing all current third party legal claim cases currently with NHS Resolution and represent the Trust's excess is relation to such cases, however, the likelihood of losing all cases is considered remote. Note 19 quantifies those cases which have been provided for (£417k) where it is considered more likely that liabilities will crystallize.

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### 24.2 Contingent assets

There were no contingent assets at the Statement of Financial Position dates.

## 25. Related party transactions

Sheffield Teaching Hospitals NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.

During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with Sheffield Teaching Hospitals NHS Foundation Trust. Details of Directors' remuneration and pension benefits can be found in the Remuneration Report in the Annual Report. The Declaration of Directors' interests is to be found on page 54 of the Annual Report.

The Department of Health and Social Care is regarded as a related party. During the year Sheffield Teaching Hospitals NHS Foundation Trust has had a significant number of material transactions with the Department, and with other entities for which the Department is regarded as the parent Department including NHS England, Health Education England and NHS Resolution.

In addition, the Trust has had a number of material transactions with other joint enterprises, government departments and other central and local government bodies. Most of these transactions have been with the Department of Education in respect of The University of Sheffield. Income from the University of Sheffield totalled £6,584k, whilst expenditure on goods and services totalled £16,711k. At 31 March 2023 £6,082k was owed to the Trust by The University of Sheffield, whilst £8,005k was owed by the Trust.

The Trust considers other NHS Foundation Trusts and NHS bodies to be related parties, as they and the Trust are under the common control of NHS England and the Department of Health and Social Care. During the year the Trust contracted with certain other foundation trusts and trusts for the provision of clinical and non-clinical support services. Those organisations where the value exceeded £20m include NHS Derby and Derbyshire ICB, Sheffield CCG (demised 1 July 2022) and NHS South Yorkshire ICB.

The Trust has considered the list of individuals and entities which have been assessed as meeting the IAS 24 definition of Related Parties for the year ending 31 March 2023. This list was published by the Department of Health and Social Care in April 2023 (Updated June 2023). Of the individuals and entities listed, it has traded in-year with the Leeds Teaching Hospitals NHS Trust. Income received in 2022/23 was in the sum of £313k and expenditure was £8,294k. The Trust has dealt extensively with NHS England and its sub-entities. (Income received in 2022/23 £565m).

Some other entities with whom the Trust trades are considered related parties. These entities are to an extent controlled and / or influenced by certain Non-Executive Directors and Executive Directors by the

nature of their engagement with that body. Mr Chris Newman, Non-Executive Director, is Dean of the Medical School, The University of Sheffield. Toni Schwarz, Non-Executive Director is Dean of the College of Health and Wellbeing Lifesciences, Sheffield Hallam University. Chris Morley, Chief Nurse is Visiting Professor in the College of Health, Wellbeing and Life Sciences at Sheffield Hallam University.

As mentioned in the Directors' Report, a full Register of Directors' Interests is maintained by the Assistant Chief Executive.

During the year the Trust purchased healthcare from Thornbury Private Hospital in the sum of £4,792k and from Claremont Hospital in the sum of £6,864k. Certain of the Trust's clinical employees have an interest in these companies. Clinical services were provided to these organisations.

Certain members of the Trust's Council of Governors are appointed from key organisations with which the Trust works closely. These governors represent the views of the staff and of the organisations with and for whom they work. This representation on the Council of Governors gives important perspectives from these key organisations on the running of the Trust, and is not considered to give rise to any potential conflicts of interest.

The Trust's Wholly Owned Subsidiary, Crucible Pharmacy Limited, was incorporated on 3 February 2023. Neil Priestley, Chief Finance Officer, and Mark Tuckett, Director of Strategy and Planning, both serve as Directors. Sandi Carman, Assistant Chief Executive, serves both as Director and Company Secretary.

The Trust is a significant recipient of funds from Sheffield Hospitals Charity of which Chris Morley, Chief Nurse is a trustee. John O'Kane, Non-Executive Director, served too as a trustee in-year. Grants received in the year from this Charity amounted to £1.6m (2021/22 £1.8m).

## 26. Financial instruments

### 26.1 Financial assets

| **Carrying values of financial assets as at 31 March 2023 under IFRS 9** | **Held at amortised cost** £'000 | **Held at fair value through I&E** £'000 | **Held at fair value through OCI** £'000 | **Total** £'000 |
|---|---|---|---|---|
| Receivables excluding non-financial assets | 61,137 | 0 | 0 | 61,137 |
| Other investments / financial assets | 0 | 0 | 0 | 0 |
| Cash and cash equivalents at bank and in hand (at 31 March 2023) | 200,774 | 0 | 0 | 200,774 |
| **Total at 31 March 2023** | **261,911** | **0** | **0** | **261,911** |

| **Carrying values of financial assets as at 31 March 2022 under IFRS 9** | **Held at amortised cost** £'000 | **Held at fair value through I&E** £'000 | **Held at fair value through OCI** £'000 | **Total** £'000 |
|---|---|---|---|---|
| Receivables excluding non-financial assets | 30,584 | 0 | 0 | 30,584 |
| Other investments / financial assets | 0 | 0 | 0 | 0 |
| Cash and cash equivalents at bank and in hand (at 31 March 2022) | 217,984 | 0 | 0 | 217,984 |
| **Total at 31 March 2022** | **248,568** | **0** | **0** | **248,568** |

## 26.2 Financial liabilities by category

| Carrying values of financial liabilities as at 31 March 2023 under IFRS 9 | Held at amortised cost | Liabilities at fair value through the SoCI | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Borrowings excluding Finance lease and PFI liabilities | 14,636 | | 14,636 |
| Obligations under leases | 3,177 | | 3,177 |
| Obligations under Private Finance Initiative contracts | 15,507 | | 15,507 |
| Trade and other payables excluding non-financial assets | 198,270 | | 198,270 |
| Provisions under contract | 0 | | 0 |
| **Total at 31 March 2023** | **231,590** | **0** | **231,590** |

| Carrying values of financial liabilities as at 31 March 2022 under IFRS 9 | Held at amortised cost | Liabilities at fair value through the SoCI | Total |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Borrowings excluding Finance lease and PFI liabilities | 16,082 | | 16,082 |
| Finance lease obligations | 387 | | 387 |
| Obligations under Private Finance Initiative contracts | 16,165 | | 16,165 |
| Trade and other payables excluding non-financial assets | 164,368 | | 164,368 |
| Provisions under contract | 0 | | 0 |
| **Total at 31 March 2022** | **197,002** | **0** | **197,002** |

## 26.3 Maturity of financial liabilities

| | 2022/23 | 2021/22 |
|---|---|---|
| | £'000 | £'000 |
| In one year or less | 203,141 | 168,681 |
| In more than one year but not more than five years | 15,527 | 14,634 |
| In more than five years | 24,700 | 27,286 |
| **Total** | **243,368** | **210,601** |

## 26.4 Fair values of financial assets and liabilities at 31 March 2023

The fair value of the Trust's financial assets at 31 March 2023 equates to book value. The book value of financial assets and liabilities is shown in notes 26.1 and 26.2.

### Financial risk management

Financial reporting standard IFRS7 requires disclosure of the role that financial instruments have had during the period in creating and changing the risks a body faces in undertaking its activities. Due to the continuing service provider relationship that the Trust has with Integrated Care Boards (ICB's), and the way the DHSC/ICB's are financed, the 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 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 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 has borrowings for capital expenditure, but is subject to affordability as confirmed by the FT Financing Facility. The borrowings are for a maximum remaining period of twelve years, in line with the associated assets, and interest is charged at 4.80% and 4.59%, fixed for the life of the respective loans. The Trust also has borrowing in respect of leasing and its PFI contract. The existing finance lease which remains, now as right of use, has a fixed interest rate of 1.94%. Operating leases transitioning to right of use on 1st April 2022 and new leases arising in year have the HM Treasury incremental borrowing rate applied. This increased from 0.95% to 3.51% on 1st January 2023. The PFI contract incurs a fixed rate of interest at 6.32%. The Trust therefore has low overall exposure to interest rate fluctuations.

### Credit risk

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

### Liquidity risk

The Trust's operating costs are largely incurred under contracts with Integrated Care Boards, or the Department of Health and Social Care, which are financed from resources voted annually by Parliament. The Trust funds its capital expenditure from funds obtained within its internally generated resources. The Trust is not, therefore, exposed to significant liquidity risks.

## 27 Third Party Assets

The Trust held £2k at bank and in hand at 31 March 2023 (£49k at 31 March 2022), which related to monies held on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts (see note 21).

## 28. Losses and special payments

| | 2022/23 | | 2021/22 | |
|---|---|---|---|---|
| | Number | Value £'000 | Number | Value £'000 |
| **Losses** | | | | |
| Cash Losses | 4 | 13 | 4 | 0 |
| Fruitless payments and constructive losses | 1 | 24 | 0 | 0 |
| Bad debts and claims abandoned | 1,045 | 847 | 217 | 179 |
| Stores losses (including damage to buildings and property) | 6 | 46 | 5 | 191 |
| | **1,056** | **930** | **226** | **370** |
| **Special payments** | | | | |
| Extra-contractual payments | 0 | 0 | 0 | 0 |
| Extra-statutory and extra-regulatory payments | 0 | 0 | 0 | 0 |
| Compensation payments | 2 | 8 | 1 | 6 |
| Special severance payments | 1 | 25 | 0 | 0 |
| Ex-gratia payments (including nationally agreed overtime corrective payments)* | 69 | 23 | 44 | 166 |
| | **72** | **56** | **45** | **172** |
| **Total losses and special payments** | **1,128** | **986** | **271** | **542** |

No individual items exceeding £300,000 were incurred in either year. These losses are reported on an accruals basis.

## 29. Public Dividend Capital Dividend

The Trust is required to absorb the cost of capital at a rate of 3.5% of average net relevant assets, and to pay a dividend based on this rate to HM Treasury. The rate of 3.5% is applied to the Trust's net relevant assets, which are abated by the value of donated assets, any dividend payable or receivable (where appropriate), and by average daily cleared balances held with the Government Banking Service. This resulted in a dividend of £6,476k (2021/22 £5,754k).

**For more information please contact:**

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