

Consolidated accounts 2023/24

This document forms the second part of the [Consolidated NHS provider accounts 2023/24](https://www.england.nhs.uk/long-read/consolidated-nhs-provider-accounts-2023-24/)

###### Consolidated statement of comprehensive income for the year ended 31 March 2024

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Before revaluations, impairments  and transfers | Revaluations, impairments and transfers | After revaluations, impairments  and transfers |  | Before revaluations, impairments  and transfers | Revaluations, impairments and transfers | After revaluations, impairments  and transfers |
| **Note** | **£m** | **£m** | **£m** |  | **£m** | **£m** | **£m** |
| Operating income from patient care activities | 3 | 119,657 | - | 119,657 |  | 112,094 | - | 112,094 |
| Other operating income | 4 | 9,254 | - | 9,254 |  | 9,108 | - | 9,108 |
| **Total operating income** |  | **128,911** | **-** | **128,911** |  | **121,202** | **-** | **121,202** |
| Operating expenses | 7, 8 | (128,375) | (2,188) | (130,563) |  | (119,942) | (1,054) | (120,996) |

**2023/24 2022/23**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Operating surplus/(deficit)** |  | **536** | **(2,188)** | **(1,652)** |  | **1,260** | **(1,054)** | **206** |
| Finance income |  | 674 | - | 674 |  | 312 | - | 312 |
| Finance expenses | 11 | (2,459) | - | (2,459) |  | (1,028) | - | (1,028) |
| PDC dividends payable |  | (1,027) | - | (1,027) |  | (1,041) | - | (1,041) |
| **Net finance costs** |  | **(2,812)** | **-** | **(2,812)** |  | **(1,757)** | **-** | **(1,757)** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Other gains / (losses) | 12 | (39) | - | (39) |  | 16 | - | 16 |
| Share of profits / (losses) of joint ventures / associates |  | 19 | - | 19 |  | 35 | - | 35 |
| Gains arising from transfers by absorption | 31 | - | 27 | 27 |  | 1 | - | 1 |
| Losses arising from transfers by absorption | 31 | - | (4) | (4) |  | (1) | (4) | (5) |
| Corporation tax expense |  | (16) | - | (16) |  | (11) | - | (11) |
| **Surplus/(deficit) for the year** |  | **(2,312)** | **(2,165)** | **(4,477)** |  | **(457)** | **(1,058)** | **(1,515)** |

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| --- | --- | --- | --- | --- | --- | --- | --- |
| **Other comprehensive income / (expenditure) (OCI)** |  |  |  |  | | | |
| **Will not be reclassified to income and expenditure:** |  |  |  |  | | | |
| Net impairments charged to the revaluation reserve | 10 | - | (1,451) | (1,451) | - | (518) | (518) |
| Revaluations | 10 | - | 1,197 | 1,197 | - | 2,431 | 2,431 |
| Fair value gains/(losses) on equity instruments designated at fair value  through OCI |  | 2 | - | 2 | (1) | - | (1) |
| Gains arising from transfers by modified absorption | 31 | - | - | - | - | 23 | 23 |
| Other OCI movements |  | (11) | - | (11) | 51 | - | 51 |
| **May be reclassified to income and expenditure when certain conditions are met:** | | | | | | | |
| Fair value gains / (losses) on financial assets mandated at fair value  through OCI |  | 3 | - | 3 | (3) | - | (3) |
| **Other comprehensive income / (expenditure)** |  | **(6)** | **(254)** | **(260)** | **47** | **1,936** | **1,983** |
|  |  |  |  |  | | | |
| **Total comprehensive income / (expenditure) for the period** |  | **(2,318)** | **(2,419)** | **(4,737)** | **(410)** | **878** | **468** |

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| **Consolidated statement of financial position as at 31 March 2024** | | | |
| **31 March**  **2024** | | | **31 March**  **2023** |
|  | **Note** | **£m** | **£m** |
| **Non-current assets** |  |  | |
| Intangible assets | 13 | 2,215 | 2,116 |
| Property, plant and equipment | 14 | 60,464 | 58,753 |
| Right of use assets | 15 | 5,589 | 5,896 |
| Investment property |  | 254 | 213 |
| Investments in joint ventures and associates |  | 167 | 182 |
| Other financial assets |  | 205 | 207 |
| Receivables | 17 | 684 | 659 |
| Other assets |  | 27 | 22 |
| **Total non-current assets** |  | **69,605** | **68,048** |
| **Current assets** |  |  | |
| Inventories | 16 | 1,459 | 1,374 |
| Receivables | 17 | 5,572 | 6,874 |
| Other financial assets |  | 128 | 25 |
| Non-current assets held for sale and assets in disposal groups |  | 56 | 44 |
| Cash and cash equivalents | 18.1 | 10,802 | 12,846 |
| **Total current assets** |  | **18,017** | **21,163** |
| **Current liabilities** |  |  | |
| Trade and other payables | 19 | (15,528) | (17,669) |
| Borrowings | 21 | (1,719) | (1,380) |
| Other financial liabilities |  | (1) | (1) |
| Provisions | 22 | (815) | (760) |
| Other liabilities | 20 | (1,698) | (1,861) |
| **Total current liabilities** |  | **(19,761)** | **(21,671)** |
| **Total assets less current liabilities** |  | **67,861** | **67,540** |
| **Non-current liabilities** |  |  | |
| Trade and other payables | 19 | (79) | (32) |
| Borrowings | 21 | (20,417) | (14,759) |
| Other financial liabilities |  | (1) | (1) |
| Provisions | 22 | (699) | (791) |
| Other liabilities | 20 | (245) | (217) |
| **Total non-current liabilities** |  | **(21,441)** | **(15,800)** |
| **Total assets employed** |  | **46,420** | **51,740** |

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| **Financed by** |
| Public dividend capital |
| Revaluation reserve |
| Other reserves |
| Income and expenditure reserve |
| NHS charitable fund reserves |
| **Total taxpayers' equity** |

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| --- | --- | --- |
| 56,040 |  | 51,441 |
| 11,722 |  | 12,098 |
| 170 |  | 154 |
| (21,776) |  | (12,301) |
| 264 |  | 348 |
| **46,420** |  | **51,740** |

The accompanying notes are an integral part of these accounts. They are presented on pages 55 to 112.

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| Amanda Pritchard |
| Accounting Officer |
| 15 November 2024 |

###### Consolidated statement of changes in equity for the year ended 31 March 2024

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| **Taxpayers' and others' equity at 1 April 2023 - brought forward** |
| Application of IFRS 16 measurement principles to PFI liabilities on 1 April  2023 |
| **Taxpayers' and others' equity at 1 April 2023 - after application of IFRS 16**  **measurement principles to PFI liabilities** |
| Surplus / (deficit) for the year |
| Transfers by absorption: transfers between reserves |
| Adjustments to prior period accounted for in-year\* |
| Transfer from revaluation reserve to income and expenditure reserve for  impairments arising from consumption of economic benefits |
| Other transfers between reserves |
| Impairments |
| Revaluations |
| Transfer to income and expenditure reserve on disposal of assets |
| Fair value gains / (losses) on financial assets mandated at fair value through Other Comprehensive Income (OCI) |
| Fair value gains / (losses) on equity instruments designated at fair value through OCI |
| Other recognised gains and losses |
| Remeasurements of the defined net benefit pension scheme liability/asset |
| Public dividend capital received |
| Public dividend capital repaid |
| Public dividend capital written off |
| Other reserve movements\*\* |
| **Taxpayers' and others' equity at 31 March 2024** |

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| **Note** |
| 25.4 |
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| 10 |
| 10 |

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| --- | --- | --- | --- | --- | --- |
| **Public dividend capital** | **Revaluation**  **reserve** | **Other reserves** | **Income and expenditure**  **reserve** | **NHS**  **charitable**  **fund reserves** | **Total** |
| **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **51,441** | **12,098** | **154** | **(12,301)** | **348** | **51,740** |
|  |  |  | (5,345) |  | **(5,345)** |
| **51,441** | **12,098** | **154** | **(17,646)** | **348** | **46,395** |
| - | - | 1 | (4,422) | (56) | **(4,477)** |
| - | 6 | - | (3) | (3) | **-** |
| - | 36 | (3) | (96) | (2) | **(65)** |
| - | (23) | - | 23 | 1 | **1** |
| - | (106) | 13 | 93 | - | **-** |
| - | (1,451) | - | - | - | **(1,451)** |
| - | 1,197 | - | - | - | **1,197** |
| - | (34) | - | 34 | - | **-** |
| - | - | - | - | 3 | **3** |
| - | - | 2 | - | - | **2** |
| - | - | - | 7 | - | **7** |
| - | - | 3 | (9) | - | **(6)** |
| 4,880 | - | - | - | - | **4,880** |
| (54) | - | - | - | - | **(54)** |
| (227) | - | - | 227 | - | **-** |
| - | (1) | - | 16 | (27) | **(12)** |
| **56,040** | **11,722** | **170** | **(21,776)** | **264** | **46,420** |

\* These adjustments reflect local NHS providers' adjustments to prior year reserves. The aggregated adjustments are not considered material to the consolidated provider accounts and so prior year balances have not been restated.

\*\* Other reserve movements includes a transfer between charitable funds and NHS provider income and expenditure reserves representing a transfer of resources eliminated from income and expenditure on consolidation.

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| **Consolidated statement of changes in equity for the year ended 31 March 2023** | | | | | | | |
|  |  | **Public dividend capital** | **Revaluation**  **reserve** | **Other reserves** | **Income and expenditure**  **reserve** | **NHS**  **charitable**  **fund reserves** | **Total** |
|  | **Note** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Taxpayers' and others' equity at 1 April 2022** |  | **47,969** | **10,340** | **122** | **(11,279)** | **352** | **47,504** |
| Implementation of IFRS 16 on 1 April 2022 |  | **-** | **-** | **-** | **244** | **-** | **244** |
| **Taxpayers' and others' equity at 1 April 2022 - after implementation of**  **IFRS 16** |  | **47,969** | **10,340** | **122** | **(11,035)** | **352** | **47,748** |
| Surplus / (deficit) for the year |  | - | - | - | (1,538) | 23 | **(1,515)** |
| Gain / (loss) arising from transfers by modified absorption | 31 | - | - | - | 23 | - | **23** |
| Transfers by absorption: transfers between reserves | 31 | - | 9 | - | (9) | - | **-** |
| Adjustments to prior period accounted for in-year\* |  | - | 25 | - | 26 | 1 | **52** |
| Transfer from revaluation reserve to income and expenditure reserve for impairments arising from consumption of economic benefits |  | - | (17) | - | 17 | - | **-** |
| Other transfers between reserves |  | - | (111) | 12 | 99 | - | **-** |
| Impairments | 10 | - | (518) | - | - | - | **(518)** |
| Revaluations | 10 | - | 2,431 | - | - | - | **2,431** |
| Transfer to income and expenditure reserve on disposal of assets |  | - | (54) | - | 54 | - | **-** |
| Fair value gains / (losses) on financial assets mandated at fair value through  Other Comprehensive Income (OCI) |  | - | - | - | - | (3) | **(3)** |
| Fair value gains / (losses) on equity instruments designated at fair value through OCI |  | - | - | (1) | - | - | **(1)** |
| Other recognised gains and losses |  | - | (1) | - | (18) | - | **(19)** |
| Remeasurements of the defined net benefit pension scheme liability / asset |  | - | - | 21 | 50 | - | **71** |
| Public dividend capital received |  | 3,497 | - | - | - | - | **3,497** |
| Public dividend capital repaid |  | (25) | - | - | - | - | **(25)** |
| Other reserve movements\*\* |  | - | (6) | - | 30 | (25) | **(1)** |
| **Taxpayers' and others' equity at 31 March 2023** |  | **51,441** | **12,098** | **154** | **(12,301)** | **348** | **51,740** |

\* These adjustments reflect local NHS providers' adjustments to prior year reserves. The aggregated adjustments were not considered material to the consolidated provider accounts in 2022/23 and so prior year balances were not restated.

\*\* Other reserve movements includes a transfers between charitable funds and NHS provider income and expenditure reserves representing a transfer of resources eliminated from income and expenditure on consolidation.

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| **Information on reserves**  **Public dividend capital**  Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of an NHS trust, or predecessor NHS trust where PDC is recognised by a foundation trust. Additional PDC may also be issued to NHS providers by the Department of Health and Social Care to fund capital investment or support operating cash flows. A charge, reflecting the cost of capital utilised by an NHS provider, is payable to the Department of Health and Social Care as the PDC dividend. |
| **Revaluation reserve**  Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse impairments previously recognised in operating expenses, in which case they are reversed in operating expenses. Subsequent downward movements in asset valuations are charged to the revaluation reserve to the extent that a previous gain was recognised unless the downward movement represents a clear consumption of economic benefit or a reduction in service potential. |
| **Other reserves**  This reserve reflects balances formed on the creation of predecessor NHS bodies, and in some historic mergers before the use of transfer by absorption. Other reserves also include non-controlling interests. Non- controlling interests represent the equity in a subsidiary of an NHS provider which is not attributable, directly or indirectly, to the NHS provider. |
| **Income and expenditure reserve**  The balance of this reserve represents the accumulated surpluses and deficits of NHS providers. |
| **NHS charitable funds reserves** |
| This balance represents the ring-fenced funds held by the NHS charitable funds consolidated within these financial statements. These reserves are classified as restricted or unrestricted and a breakdown is provided  in note 28. |

###### Consolidated statement of cash flows for the year ended 31 March 2024

**2023/24 2022/23**

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| **Cash flows from operating activities** |
| **Operating surplus / (deficit)** |
| Non-cash income and expense: |
| Depreciation and amortisation |
| Net impairments |
| Donations / grants credited to income |
| Non-cash movements in on-SoFP pension liability |
| (Increase) / decrease in receivables and other assets |
| (Increase) in inventories |
| Increase / (decrease) in payables and other liabilities |
| Increase / (decrease) in provisions |
| Corporation tax (paid) |
| Other movements in operating cash flows |
| **Net cash generated from operating activities** |
| **Cash flows from investing activities** |
| Interest received |
| Purchase of financial assets/investments |
| Sale of financial assets/investments |
| Purchase of intangible assets |
| Sales of intangible assets |
| Purchase of property, plant, equipment and investment property |
| Sales of property, plant, equipment and investment property |
| Initial direct costs or up front payments for right of use assets |
| Receipt of cash donations to purchase capital assets |
| Other movements in investing cash flows |
| **Net cash generated from / (used in) investing activities** |
| **Cash flows from financing activities** |
| Public dividend capital received |
| Public dividend capital repaid |
| Receipt of loans from the Department of Health and Social Care |
| Repayment of loans from the Department of Health and Social Care |
| Receipt of other loans |
| Repayment of other loans |
| Capital element of lease liability repayments |
| Capital element of PFI and other service concession payments |
| Interest element of lease liability repayments |
| Interest paid on PFI and other service concession obligations |
| Other interest paid |
| PDC dividend (paid) |
| Other movements in financing cash flow |
| **Net cash generated from financing activities** |
| **Increase / (decrease) in cash and cash equivalents** |
| **Cash and cash equivalents at 1 April** |
| Cash and cash equivalents transferred under absorption accounting |
| Adjustments to prior period accounted for in year |
| **Cash and cash equivalents at 31 March** |

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| --- | --- |
| **Note** | **£m £m** |
|  | (1,652) 206 |
| 7.1 | 4,323 4,024 |
| 10 | 2,188 1,054 |
| 4 | (354) (407) |
|  | (1) 5 |
|  | 1,384 (2,808) |
| 16 | (85) (138) |
|  | (2,364) 2,258 |
|  | (70) (276) |
|  | (9) (9) |
|  | (57) 5 |
|  | **3,303 3,914** |
|  | 661 291 |
|  | (27) (28) |
|  | 57 5 |
|  | (523) (527) |
|  | 4 - |
|  | (6,959) (7,015) |
|  | 130 128 |
|  | (14) (3) |
|  | 309 359 |
|  | (44) 9 |
|  | **(6,406) (6,781)** |
|  | 4,880 3,497 |
|  | (54) (25) |
| 21.1 | 41 85 |
| 21.1 | (208) (252) |
| 21.1 | 16 38 |
| 21.1 | (43) (46) |
| 21.1 | (813) (791) |
| 21.1 | (621) (338) |
| 21.1 | (93) (72) |
|  | (756) (876) |
|  | (67) (70) |
|  | (1,132) (1,017) |
|  | 6 - |
|  | **1,156 133** |
|  | **(1,947) (2,734)** |
|  | 12,846 15,579 |
| 31 | (3) - |
| 18.1 | (94) 1 |
| 18.1 | **10,802 12,846** |

Total cash and cash equivalents is reconciled to the consolidated statement of financial position in note 18.1

###### Notes to the financial statements

**Note 1 Accounting policies and other information**

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| **Basis of preparation** |
| Paragraph 1 of Section 65Z4 of the National Health Service Act 2006 (as inserted by Section 14 of the Health and Care Act 2022) requires NHS England to prepare a set of accounts that consolidates the annual accounts of all NHS trusts and NHS foundation trusts for each financial year. This set of accounts is termed the 'consolidated provider accounts' and is prepared in accordance with directions issued by the Secretary of State. In line with those directions, these accounts have been prepared in accordance with the Department of Health and Social Care (DHSC) Group Accounting Manual (GAM) 2023/24 and the HM Treasury Financial Reporting Manual (FReM) in relevant respects. 'NHS providers' is used as a collective term for NHS trusts and NHS foundation trusts. 'Trusts' when not prefixed with 'NHS' is also used to mean providers in general.  NHS England is responsible for issuing an accounts direction to NHS foundation trusts under the NHS Act 2006. NHS England directs that the financial statements of NHS foundation trusts shall meet the accounting requirements of the GAM. The GAM is directly applicable to NHS trusts as a result of directions issued by the Secretary of State.  The accounting policies contained within the GAM are broadly consistent with those specified in the FReM, which itself follows UK-adopted International Financial Reporting Standards (IFRS), to the extent that it is meaningful and appropriate in the public sector context. The GAM’s divergences from the FReM are designed to ensure an appropriate financial reporting framework and have been approved by HM Treasury’s Financial Reporting Advisory Board. NHS providers have confirmed their accounting policies are consistent with the GAM in all material respects. |

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| **Accounting convention** |
| These financial statements have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, right of use assets and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies. |
| **Consolidated Statement of Comprehensive Income (SOCI) policy** |
| The SOCI in these consolidated accounts is presented to separately identify the surplus or deficit before impairments of non-financial assets and absorption transfers as this is how NHS England has reported on the performance of NHS providers during the year. We consider that the notional gain/loss associated with a transfer by absorption is outside of the operational performance management of an NHS provider. Impairments and revaluations of property, plant and equipment and other non-financial assets are usually considered outside of a provider's control. Fair value movements are not included within the 'impairments and transfers' column as providers are held to account for the effects of funds  being invested in this way. |

**Note 1.1 Consolidation and other entities**

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| **Basis of consolidation** |
| These accounts consolidate the accounts of all NHS providers that have been in existence during 2023/24 using the principles of IFRS as adopted by the FReM. They present the consolidated results of the NHS provider sector after the elimination of inter-NHS provider balances and transactions. NHS England is not the parent undertaking for NHS providers and its results are not incorporated within these accounts. As there is no parent entity within this consolidation, only consolidated group statements are presented. |
| The consolidated provider accounts are prepared based on accounts for each NHS provider which have been audited by the provider’s locally appointed auditor. For 2023/24, five providers' audits remain incomplete at the time of finalising these disclosures on 1 November 2024. More information is provided in note 32. We are satisfied that the  residual uncertainty is not material to these consolidated accounts. |

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| **Business combinations and machinery of government changes** |
| Where an NHS provider combines with, transfers a function to, or receives a function from another entity within the  Whole of Government Accounts boundary (including other NHS providers) this represents a ‘machinery of government change’ regardless of the mechanism used to effect the combination. |
| Where functions are transferred to NHS providers from other NHS or local government bodies (or vice versa), the transaction is accounted for as a transfer by absorption. The assets and liabilities transferred are recognised in the accounts as at the date of transfer and prior year comparatives are not restated. The assets and liabilities are not adjusted to fair value prior to recognition. The net gain/loss corresponding to the net assets/liabilities transferred is recognised within non-operating income/expenditure. Under NHS property guidance announced in May 2019, where a provider received assets formerly held by primary care trusts from NHS Property Services or Community Health Partnerships, the corresponding gain was instead recognised in other comprehensive income: this is referred to as 'modified' transfer by absorption. This property transfer scheme was withdrawn on 27 January 2023. |
| In absorption transfers for property, plant and equipment assets and intangible assets, the cost and accumulated depreciation and amortisation balances from the transferring entity’s accounts are preserved on recognition in the NHS provider accounts. Where the transferring body recognised revaluation reserve balances attributable to the assets, the NHS provider makes a transfer from its income and expenditure reserve to its revaluation reserve. Where DHSC transfers Public Dividend Capital (PDC) from the divesting body to the receiving body as part of an absorption transaction, this is treated as a transfer from the income and expenditure reserve to the PDC reserve by the NHS provider. This ensures that the absorption gain/loss is calculated in line with the requirements of the FReM and also that the balance of PDC is preserved where this is transferred by DHSC.  Where functions are transferred to another NHS or local government body, the assets and liabilities transferred are derecognised from the accounts as at the date of transfer and prior year comparatives are not restated. The net loss / gain corresponding to the net assets / liabilities transferred is recognised within non-operating income/expenditure.  Any revaluation reserve balances attributable to assets de-recognised are transferred to the income and expenditure reserve. |
| More details of transfers in 2023/24 and 2022/23 are provided in note 31. |

Where NHS providers acquire businesses from outside of the Whole of Government Accounts boundary, these are accounted for in accordance with *IFRS 3 Business combinations* .

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| **Subsidiaries** |
| Under *IFRS 10 Consolidated financial statements,* an NHS provider controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power over the investee occurs where the provider has existing rights that give it the current ability to direct the relevant activities. The income, expenses, assets, liabilities, equity and reserves of subsidiaries are consolidated, in full, into the appropriate financial statement lines. The capital and reserves attributable to non-  controlling interests are included within Other Reserves in the Consolidated Statement of Financial Position. |

The amounts consolidated are drawn from the financial results of the subsidiaries for the year, except where a subsidiary’s financial year end is before 1 January or after 1 July. In these cases the actual amounts for each month of the year to 31 March are obtained from the subsidiary and consolidated.

Where a subsidiary’s accounting policies are not aligned with those of the NHS provider (including where they report under UK GAAP) amounts are adjusted during local consolidation where the differences are material. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation. Subsidiaries classified as ‘held for sale’ are measured at the lower of their carrying value and ‘fair value less costs to sell’.

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| *NHS charitable funds* |
| NHS providers are the corporate trustees to various NHS charitable funds. NHS providers have individually assessed their relationships to the respective charitable funds to determine whether they meet the definition of subsidiaries under IFRS 10. Some NHS providers consolidate their linked NHS charity as a result. Other providers may also have charities meeting the definition of local control that are not locally consolidated on the grounds of materiality. These  consolidated accounts only include charities locally consolidated by providers. |

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| The charitable fund’s statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Generally Accepted Accounting Principles (UK GAAP). On consolidation, necessary adjustments are made to the charity’s assets, liabilities and transactions to: |
| * recognise and measure them in accordance with the NHS provider’s accounting policies; and |
| * eliminate intra-group transactions, balances, gains and losses. |

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| **Associates** |
| Associate entities are those over which an NHS provider has the power to exercise a significant influence. Associate entities are recognised in these financial statements using the equity method. The investment is initially recognised at cost. It is increased or decreased subsequently to reflect the NHS provider’s share of the entity’s profit or loss or other comprehensive gains and losses (e.g. revaluation gains on the entity’s property, plant and equipment) following acquisition. It is also reduced when any distribution (e.g. share dividends) are received by the NHS provider from the associate. |
| Associates which are classified as ‘held for sale’ are measured at the lower of their carrying value and ‘fair value less costs to sell’. |
| **Joint ventures** |
| Joint ventures are arrangements in which the NHS provider has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement.  Joint ventures are accounted for using the equity method. |

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| **Joint operations** |
| Joint operations are arrangements in which the NHS provider has joint control with one or more other parties and has the rights to the assets, and obligations for the liabilities, relating to the arrangement. The NHS provider includes within its financial statements its share of the assets, liabilities, income and expenditure. |

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| **Note 1.2 Contract income** |
| Where income is derived from contracts with customers, it is accounted for under *IFRS 15 Revenue from contracts with customers* . The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).  Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, each NHS provider accrues income relating to performance obligations satisfied in that year. Where the provider’s entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability. |
| **Revenue from NHS contracts** |
| The main source of income for NHS providers is contracts with commissioners for healthcare services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of providers' NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to trusts for NHS-funded secondary healthcare. |
| Aligned payment and incentive (API) contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with ‘fixed’ in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below. |
| High costs drugs and devices excluded from the calculation of national prices are reimbursed by NHS England based on actual usage or at a fixed baseline in addition to the price of the related service. |

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| In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts. For some providers, these payments were accompanied by a variable element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differed from the agreed level set in the fixed payments, the variable element either increased or reduced the income earned by providers at a rate of 75% of the tariff price. |
| Providers also receive income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BPT on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed. |
| Where the relationship with a particular integrated care board is expected to be a low volume of activity (annual value below £0.5m), an annual fixed payment is received by the provider as determined in the NHSPS documentation. Such income is classified as ‘other clinical income’ in these accounts. |
| Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the trust contributes to system performance and therefore the availability of funding to the trust’s commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts. |
| **Mental health provider collaboratives** |
| NHS led provider collaboratives for specialised mental health, learning disability and autism services involve a lead NHS provider taking responsibility for managing services, care pathways and specialised commissioning budgets for a population. Lead providers are accountable to NHS England and as such recognise the income and expenditure associated with the commissioning of services from other NHS and non NHS providers. Transactions for commissioning of services between NHS providers are eliminated within these accounts. |
| **Revenue from research contracts** |
| Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, NHS providers assess that the research project constitutes one performance obligation over the course of the multi-year contract. In many cases it is assessed that the provider’s interim performance does not create an asset with alternative use for the provider, and the provider has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the provider recognises revenue each year over the course of the contract. Some research income alternatively falls within the provisions of *IAS 20 Accounting for Government grants* . |
| **NHS injury cost recovery scheme** |
| NHS providers receive 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. Providers recognise the income when performance obligations are satisfied. In practical terms this means that treatment has been given, they receive notification from the Department of Work and Pensions' Compensation Recovery Unit, have completed the NHS2 form and have 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 Financial instruments* requirements of measuring expected credit losses over the lifetime of the asset. |
| **Note 1.3 Other forms of income** |

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| **Grants and donations** |
| Government grants are grants from Government bodies other than income from commissioners for the provision of services. Where a grant is used to fund revenue expenditure it is credited to operating income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the Consolidated Statement of Comprehensive Income once conditions attached to the grant have been met. Donations are treated in the same way as government grants. |

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

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| **Note 1.4 Expenditure on employee benefits** |
| **Short-term employee benefits** |
| Salaries, wages and employment-related payments, such as social security costs and the apprenticeship levy, are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that  employees are permitted to carry-forward leave into the following period. |

**NHS pension scheme**

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at [www.nhsbsa.nhs.uk/pensions.](http://www.nhsbsa.nhs.uk/pensions) Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded, defined benefit schemes that cover NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. The scheme is 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, the scheme is accounted for as a defined contribution scheme: the cost to the NHS body is taken as equal to the employers' pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as they become due.

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

In order that the defined benefit obligations recognised in the financial statements of the NHS Pension Schemes 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:

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| *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 scheme liability as at 31 March 2024 is based on valuation data as 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used. |
| The latest assessment of the liabilities of the scheme is contained in the scheme actuary report, which forms part of the annual NHS Pension Scheme (England and Wales) 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 for the benefits due under the schemes (taking into account their recent demographic experience), and to recommend contribution rates payable by employees and employers.  The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming an employer contribution rate increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates. |

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| **Other pension schemes** |
| *Local Government Pension Scheme* |
| Some NHS providers employ staff who are members of the Local Government Pension Scheme (‘LGPS’) which is a defined benefit pension scheme, administered locally through local pension funds. Where an NHS provider is able to identify its share of the underlying scheme assets and liabilities these are recognised as a defined benefit pension scheme (‘on Statement of Financial Position’) by the provider and are consolidated here. As provider interests in such pension funds are not material to this consolidation, detailed disclosures on movements in scheme assets and liabilities are not disclosed in these accounts but can be found in the accounts of individual NHS providers.  The assets are measured at fair value and the liabilities at the present value of future obligations. The increase in the liability arising from pensionable service earned during the year is recognised within operating expenses. The expected gain during the year from scheme assets is recognised within finance income. The net interest cost during the year arising from the unwinding of the discount on the net scheme liabilities is recognised within finance costs.  Remeasurements of the defined benefit plan are recognised as ‘other comprehensive income’ in the Consolidated Statement of Comprehensive Income.  Where an NHS provider is unable to identify its share of the underlying scheme liabilities these are accounted for as defined contribution pension schemes (‘off Statement of Financial Position’) and employer contributions are charged to expenditure as they fall due. Seven NHS providers recognise LGPS schemes in this way. |
| *Other pension schemes* |
| Some NHS providers have employees who are members of defined benefit pension schemes other than the NHS Pension Scheme and the Local Government Pension Scheme. Where an NHS provider is able to identify its share of the underlying scheme liabilities these are recognised as a defined benefit pension scheme (‘on Statement of Financial Position’). Otherwise, these are recognised as defined contribution pension schemes (‘off Statement of Financial Position’).  There are currently no defined benefit pension arrangements accounted for ‘on Statement of Financial Position’ by NHS providers apart from LGPS schemes. |

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| *Defined contribution pension schemes* |
| Some NHS providers have employees who are members of defined contribution pension schemes. In accounting for these schemes trusts recognise expenditure for employer contributions as they fall due. The National Employment Savings Trust (NEST) is a common example of such a scheme. |

**Note 1.5 Expenditure on other goods and services**

Expenditure on goods and services is recognised when, and to the extent that they have been received and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

**Note 1.6 Discontinued operations**

Discontinued operations occur where activities either cease without transfer to another entity, or transfer to an entity outside of the boundary of Whole of Government Accounts, such as private or voluntary sectors. Such activities are accounted for in accordance with *IFRS 5 Non-current assets held for sale and discontinued operations* . Activities that are transferred to other bodies within the boundary of Whole of Government Accounts are ‘machinery of government changes’ and treated as continuing operations.

**Note 1.7 Property, plant and equipment**

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| **Recognition** | |
| Property, plant and equipment is capitalised where: | |
| • | it is held for use in delivering services or for administrative purposes; |
| • | it is probable that future economic benefits will flow to, or service potential be provided to, a trust; |
| • | it is expected to be used for more than one financial year; |
| • | the cost of the item can be measured reliably; and |
| • | the item has cost of at least £5,000; or |
| • | collectively, a number of items have a cost of at least £5,000 and individually have cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control. |
| Where a large asset, for example a building, includes a number of components with significantly different asset lives, eg plant and equipment, then these components are treated as separate assets and depreciated over their own useful economic lives. | |

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| *Subsequent expenditure* | |
| Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to a trust and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance, is charged to the Consolidated Statement of Comprehensive Income in the period in which it is incurred. | |
| **Measurement** | |
| *Valuation* | |
| All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.  Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.  Current values in existing use are determined as follows: | |
| • | Land and non-specialised buildings – market value in existing use |
| • | Specialised buildings – depreciated replacement cost on a modern equivalent asset basis. |

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| For specialised assets, current value in existing use is interpreted as the present value of the asset’s remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. In line with the GAM, specialised assets are therefore valued as their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. This valuation method therefore applies to the majority of NHS providers' property asset base. The MEA method assumes that the existing asset would be replaced with a modern asset of equivalent capacity and function. This asset need not be restricted to the current location and thus, where it would meet the contractual location requirements of the service being provided, an alternative site may instead be used as the basis of valuation. It is for individual NHS providers to determine whether the alternative site approach is appropriate when undertaking an MEA based valuation.  Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. |
| Note 1.24 explains some estimation uncertainties relating to property valuations and explores the impact of these on these consolidated accounts. |

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| Valuation guidance issued by the Royal Institution of Chartered Surveyors (RICS) states that valuations are performed net of VAT where the VAT is recoverable by the entity. This commonly applies to schemes procured under a Private Finance Initiative (PFI), where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for a trust.  Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with *IAS 23,* borrowing costs. Assets are revalued and depreciation commences when the assets are brought into use.  IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use. |
| *Depreciation* |
| Items of property, plant and equipment are depreciated over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits. Land is considered to have an infinite life and is not depreciated.  Property, plant and equipment which has been reclassified as ‘held for sale’ ceases to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position Private Finance Initiative (PFI) contract assets are not depreciated until the asset is brought into use or reverts to the trust, respectively. |

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| *Revaluation gains and losses* |
| Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they directly relate to a revaluation decrease that has previously been recognised in operating expenses, in which case they are reversed in operating expenditure. Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.  Gains and losses recognised in the revaluation reserve are reported in the Consolidated Statement of Comprehensive Income as an item of ‘other comprehensive income’. |
| *Impairments* |
| In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.  An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.  Other impairments are treated as revaluation losses. Reversals of ‘other impairments’ are treated as revaluation gains. |
| **De-recognition** |
| Assets intended for disposal are reclassified as ‘held for sale’ once the criteria in *IFRS 5 Non-current assets held for sale and discontinued operations* are met. The sale must be highly probable and the asset available for immediate sale in its present condition.  Following reclassification, the assets are measured at the lower of their existing carrying amount and their ‘fair value less costs to sell’. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met. |
| Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as ‘held for sale’ and instead is retained as an operational asset and the asset’s economic life is adjusted. The asset is de-recognised when scrapping or demolition occurs. |

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| **Donated, government grant and other grant funded assets** |
| Donated and grant funded property, plant and equipment assets are capitalised at their current valuation on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.  The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.  This includes assets donated to providers by the Department of Health and Social Care and NHS England as part of the response to the coronavirus pandemic. As defined in the GAM, providers apply the principle of donated asset accounting to assets that the providers control and are obtaining economic benefits from at the year end. |

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| **Private finance initiative (PFI) and Local Improvement Finance Trust (LIFT) transactions** |
| PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury’s *FReM* , are accounted for as ‘on-Statement of Financial Position’ by NHS providers. Annual contract payments to the operator (the unitary charge) are apportioned between the repayment of the liability including the finance cost, charges for services and lifecycle replacement of components of the asset. |
| *Initial recognition* |
| In accordance with the FReM, the underlying assets are initially recognised as property, plant and equipment, together with an equivalent liability. Initial measurement of the asset and liability are in accordance with the initial measurement principles of IFRS 16 (see leases accounting policy). |
| *Subsequent measurement* |
| Assets are subsequently accounted for as property, plant and equipment and/or intangible assets as appropriate. |
| The liability is subsequently reduced by the portion of the unitary charge allocated as payment for the asset and increased by the annual finance cost. The finance cost is calculated by applying the implicit interest rate to the opening liability and is charged to finance costs in the Statement of Comprehensive Income. The element of the unitary charge allocated as payment for the asset is split between payment of the finance cost and repayment of the net liability. |
| From 1 April 2023, where there are changes in future payments for the asset resulting from indexation of the unitary charge, the Trust remeasures the PFI liability by determining the revised payments for the remainder of the contract once the change in cash flows takes effect. The remeasurement adjustment is charged to finance costs in the Statement of Comprehensive Income. The accounting policy that applied to comparatives is detailed below. |
| The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Consolidated Statement of Comprehensive Income. Lifecycle maintenance spend is charged to operating expenses or capitalised as property, plant and equipment depending upon the nature of the expenditure. |

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| *Initial application of IFRS 16 liability measurement principles to PFI and LIFT liabilities* |
| IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities in these financial statements from 1 April 2023. The change in measurement basis has been applied using a modified retrospective approach with the cumulative impact of remeasuring the liability on 1 April 2023 recognised in the income and expenditure reserve. |
| Comparatives for PFI, LIFT and other service concession arrangement liabilities have not been restated on an IFRS 16 basis. Under IAS 17 measurement principles which applied in 2022/23 and earlier, movements in the liability were limited to repayments of the liability and the annual finance cost arising from application of the implicit interest rate.  The cumulative impact of indexation on payments for the asset was charged to finance costs as contingent rent as  incurred. |

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| **Useful lives of property, plant and equipment** |
| Useful lives assigned to categories of property, plant and equipment vary between NHS providers according to specific local circumstances. The ranges of useful lives across the sector are: |

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| Buildings, excluding dwellings |
| Dwellings |
| Plant & machinery |
| Transport equipment |
| Information technology |
| Furniture & fittings |

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| --- | --- |
| **Min life** | **Max life** |
| **Years** | **Years** |
| 1 | 169 |
| 1 | 100 |
| 1 | 36 |
| 1 | 20 |
| 1 | 30 |
| 1 | 45 |

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| Land is not depreciated by NHS providers and so is not included in the above table. |
| Useful lives reflect the total life of an asset and not the remaining life of an asset. The figures disclosed here are the minimum and maximum used across the provider sector for each category of asset. |
| Note 1.24 provides further information on the sensitivity of these estimated useful lives. |

**Note 1.8 Intangible assets**

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| **Recognition** |
| Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of a trust’s business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the trust and where the cost of  the asset can be measured reliably. |

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| *Internally generated intangible assets* |
| Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.  Expenditure on research is not capitalised. Expenditure on development is capitalised when it meets the requirements set out in *IAS 38 Intangible assets* . |

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

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| **Measurement** |
| Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.  Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definition of an asset held for sale.  Intangible assets 'held for sale' are measured at the lower of their carrying amount or 'fair value less costs to sell'. |
| *Amortisation* |
| Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of expected economic or service delivery benefits. |

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| **Useful lives of intangible assets** |
| Useful lives assigned to categories of intangible asset vary between NHS providers according to specific local circumstances. The range of useful lives across the sector is: |

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| 1 | 20 |
| 1 | 12 |
| 1 | 10 |

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| --- | --- |
| **Min life** | **Max life** |
| **Years** | **Years** |

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| Useful lives reflect the total life of an asset and not the remaining life of an asset. The figures disclosed here are the minimum and maximums used across the provider sector for each category of asset. |
| **Note 1.9 Investment properties** |

Investment properties are measured at fair value. Changes in fair value are recognised as gains or losses in income/expenditure.

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| **Intangible assets - internally generated** |
| Information technology |
| Development expenditure |
| Websites |
| **Intangible assets - purchased** |
| Software |
| Licences & trademarks |
| Other |

|  |  |
| --- | --- |
| 1 | 20 |
| 1 | 20 |
| 1 | 21 |

Only those assets which are held solely to generate a commercial return are considered to be investment properties. Where an asset is held, in part, for support service delivery objectives, then it is considered to be an item of property, plant and equipment. Properties occupied by employees, whether or not they pay rent at market rates, are not classified as investment properties.

**Note 1.10 Leases**

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

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

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| **NHS providers as lessees** |
| *Initial recognition and measurement* |
| At the commencement date of the lease, being when the asset is made available for use, providers recognise a right of use asset and a lease liability. |
| The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term. |
| The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised. |
| Where an implicit rate cannot be readily determined, a provider's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024. |
| Providers do not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight line or other systematic basis over the lease term.  Irrecoverable VAT on lease payments is expensed as it falls due. |

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| *Subsequent measurement* |
| As required by a HM Treasury interpretation of the accounting standard for the public sector, the providers employ a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset. |
| Providers subsequently measure the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the  remaining lease payments. |

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| **NHS providers as lessors** |
| Providers assess each of their leases and classify them as either finance leases or operating leases. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.  Where a provider is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease. |
| *Finance leases* |
| Amounts due from lessees under finance leases are recorded as receivables at the amount of the provider’s net investment in the leases. Finance lease interest income is allocated to accounting periods to reflect a constant periodic rate of return on the provider’s net investment. |
| *Operating leases* |
| Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. |

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| **Initial application of IFRS 16 in 2022/23** |
| *IFRS 16 Leases* as adapted and interpreted for the public sector by HM Treasury has been applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaces *IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations. |
| The standard was applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited. |
| *NHS providers as lessees* |
| For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the HM Treasury incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application.  Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination. |
| No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases. |
| *NHS providers as lessors* |
| Leases of owned assets where a trust was lessor were unaffected by initial application of IFRS 16. For existing arrangements where a provider was an intermediate lessor, classification of all continuing sublease arrangements was reassessed with reference to the right of use asset. |

**Note 1.11 Inventories**

Inventories are valued at the lower of cost and net realisable value. NHS providers measure the cost of inventories using either a first in first out (FIFO) method or the weighted average cost method.

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| **Note 1.12 Financial assets and financial liabilities** |
| **Recognition** |
| Financial assets and financial liabilities arise where providers are party to the contractual provisions of a financial instrument, and as a result have a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.  This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the provider’s normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made. |
| **Classification and measurement** |
| Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques. |
| Financial assets or financial liabilities in respect of assets acquired or disposed of through leasing arrangements are recognised and measured in accordance with the accounting policy for leases described in note 1.10. |
| Financial assets are subsequently measured at amortised cost, fair value through income and expenditure or fair value through other comprehensive income.  Financial liabilities are subsequently measured at amortised cost or fair value through income and expenditure. |
| **Financial assets and financial liabilities at amortised cost** |
| Financial assets at amortised cost are those where cash flows are solely payments of principal and interest. Financial assets and liabilities subsequently measured at amortised cost include cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.  After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.  Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Consolidated Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan. |
| **Financial assets measured at fair value through other comprehensive income** |
| Financial assets that are debt instruments are measured at fair value through other comprehensive income where business model objectives are met by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest. Movements in the fair value of financial assets in this category are recognised as gains or losses in other comprehensive income except for impairment losses. On derecognition, cumulative gains and losses previously recognised in other comprehensive income are reclassified from equity to income and expenditure.  In some cases providers have irrevocably elected to measure some equity instruments at fair value through other comprehensive income. This is not material to these consolidated accounts. |

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| **Financial assets and financial liabilities at fair value through income and expenditure** |
| Financial assets measured at fair value through income and expenditure are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses within surplus / (deficit) for the year.  In some cases providers have irrevocably elected to measure some financial assets at fair value through income and expenditure. This is not material to these consolidated accounts. |
| **Impairment of financial assets** |
| For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, providers recognise an allowance for expected credit losses.  Providers adopt the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2). |
| For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset’s gross carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. |
| Expected losses are charged to operating expenditure within the Consolidated Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Consolidated Statement of Financial Position. |
| **De-recognition** |
| Financial assets are de-recognised when contractual cash flows have been received or the provider has transferred substantially all the risks and rewards of ownership. A financial asset may also be written off when there is deemed no realistic prospect of recovery, at which point any loss in excess of credit loss allowances already recognised will be charged to operating expenditure.  Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires. |

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| **Note 1.13 Cash and cash equivalents** |
| Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value and usually mature within 3 months or less from the date of acquisition. |
| 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 a trust's cash management. Cash, bank and overdraft balances are recorded at current values. |

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| **Note 1.14 Third party assets** |
| Assets belonging to third parties in which a NHS provider has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts since an NHS provider has no beneficial interest in them. They are disclosed in a separate note to the accounts in accordance with the requirements of the FReM (see note 18.2 to the accounts). |

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| **Note 1.15 Provisions** |
| An NHS provider recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Consolidated Statement of Financial Position is the best estimate of the resources required to settle the obligation. |

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the HM Treasury’s discount rates effective for 31 March 2024.

|  |  |
| --- | --- |
| Short-term | Up to 5 years |
| Medium-term | After 5 years up to 10 years |
| Long-term | After 10 years up to 40 years |
| Very long-term | Exceeding 40 years |

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| --- | --- |
| Nominal rate | Prior year rate |
| 4.26% | 3.27% |
| 4.03% | 3.20% |
| 4.72% | 3.51% |
| 4.40% | 3.00% |

HM Treasury provides discount rates for general provision on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2024.

|  |
| --- |
| Year 1 |
| Year 2 |
| Into perpetuity |

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| --- | --- |
| Inflation rate | Prior year rate |
| 3.60% | 7.40% |
| 1.80% | 0.60% |
| 2.00% | 2.00% |

Early retirement provisions and injury benefit provisions both use the HM Treasury’s post employment benefits discount rate of 2.45% in real terms (1.7% at 31 March 2023).

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| *Clinical negligence costs* |
| NHS Resolution operates a risk pooling scheme under which an NHS provider pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with an NHS provider. The total value of clinical negligence provisions carried by NHS Resolution on behalf of NHS providers is disclosed at note 22.3. |

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| *Non-clinical risk pooling* |
| NHS providers can participate in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which an NHS provider pays an annual contribution to NHS Resolution and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any ‘excesses’  payable in respect of particular claims are charged to operating expenses when the liability arises. |

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| **Note 1.16 Contingencies** | |
| Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity’s control) are not recognised as assets, but are disclosed in note 23 where an inflow of economic benefits is probable.  Contingent liabilities are not recognised, but are disclosed in note 23, unless the probability of a transfer of economic benefits is remote. Contingent liabilities are defined as: | |
| • | possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity’s control; or |
| • | present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability. |

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| **Note 1.17 Public dividend capital** |
| Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the NHS trust or predecessor NHS trust in the case for NHS foundation trusts. The Secretary of State can issue new PDC to, and require repayments of PDC from NHS providers. HM Treasury has determined that PDC is not a financial instrument within the meaning of *IAS 32 Financial instruments: presentation* . PDC is recorded at the value received.  A charge, reflecting the cost of capital utilised by the trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at https[://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-](http://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-) and-foundation-trusts.  In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the “pre-audit” version of the annual accounts. The dividend thus calculated is not revised should any adjustment to net assets occur as a result of the audit of the annual accounts. |
| **Note 1.18 Value added tax** |
| Most of the activities of NHS providers are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT. Where an NHS provider consolidates the activities of a subsidiary, these activities may be within the scope of VAT rules. |
| **Note 1.19 Corporation tax** |
| The Finance Act 2004 amended S519A Income and Corporation Taxes Act 1998 to provide power to HM Treasury to make certain non-core activities of NHS providers potentially subject to corporation tax. NHS providers may also incur corporation tax liabilities through subsidiaries which are consolidated into their financial statements.  Corporation tax expense recognised in these financial statements represents the sum of the tax currently payable and deferred tax.  Current tax is the expected tax payable on the taxable surpluses generated during the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustments to tax payable in respect of previous years. |
| **Note 1.20 Climate change levy** |
| Expenditure on the climate change levy is recognised in the Consolidated Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption. |

**Note 1.21 Foreign exchange**

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| The functional and presentation currency of NHS providers is sterling. A transaction which is denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the date of the transaction. | |
| Where an NHS provider has assets or liabilities denominated in a foreign currency at the reporting date: | |
| • | monetary items (other than financial instruments measured at ‘fair value through income and expenditure’) are translated at the spot exchange rate on 31 March; |
| • | non-monetary assets and liabilities measured at historical cost are translated using the spot exchange rate at the date of the transaction; and |
| • | non-monetary assets and liabilities measured at fair value are translated using the spot exchange rate at the date the fair value was determined. |

Exchange gains or losses on monetary items (arising on settlement of the transaction or on re-translation at the reporting date) are recognised as income or expense in the period in which they arise. Exchange gains or losses on non-monetary assets and liabilities are recognised in the same manner as other gains and losses on these items.

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| **Note 1.22 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 would 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.  Losses and special payments notes within individual NHS provider financial statements are compiled directly from each trust’s losses and compensations register which reports on an accruals basis without provisions for future losses. |

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| **Note 1.23 Going concern** |
| HM Treasury’s Financial Reporting Manual (FReM) defines that a public sector body that is not classified as a trading entity will be a going concern where there is the anticipated continuation of the provision of services in the future. The same definition is applied by NHS providers in preparing their financial statements. All NHS provider financial statements have been prepared on a going concern basis in 2023/24. NHS England has prepared these consolidated financial statements on a going concern basis which reflects the basis on which the underlying accounts have been prepared with the sector having no material uncertainty to disclose. This is consistent with the current and future funding confirmed for the NHS by Parliament and the Government. |

**Note 1.24 Critical accounting judgements and key sources of estimation uncertainty**

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| These consolidated NHS provider accounts reflect the following accounting judgements made either by NHS England or individual NHS providers: | |
| • | Intra-group transactions and balances between NHS providers are eliminated upon consolidation. Where differences are identified in the amounts recorded, adjustments are made to these amounts to ensure all intra- group balances eliminate. Any difference between these amounts and the amounts recognised as expenditure and payables are not further adjusted as these net amounts are not material. We are satisfied that the gross mismatches which net together to this immaterial position do not constitute a material error. |
| • | These consolidated accounts are prepared on a going concern basis as detailed within accounting policy 1.23. |
| • | Individual NHS providers apply judgement in their application of the nationally prescribed accounting policies set out in the DHSC GAM. |
| The following are the key sources of estimation uncertainty: | |
| • | Measurement of specialised non-current assets: Property plant and equipment is measured using the revaluation model in IAS 16 Property, plant and equipment as set out in accounting policy 1.7. This measurement basis also applies to right of use assets unless cost is deemed to be an appropriate proxy for valuation as detailed in accounting policy 1.10. In applying RICS guidance to valuing an asset, the valuation used by the NHS provider will depend on the local assumptions and data used, including the floor area for assets. For a specialised asset valued on a depreciated replacement cost (DRC) basis as a modern equivalent asset (MEA), this includes the assumption of whether 'alternative site' or 'no alternative site' is used for the valuation. Further, RICS guidance says that valuations should be stated net of VAT where VAT would be recoverable on the cost of replacing the service potential. Whether this is applicable in each local valuation is a matter of local judgement, with guidance on the parameters for this judgement provided in the DHSC GAM. The accounting policy of DRC:MEA is applied consistently for specialised assets across NHS providers, but local  valuation assumptions may have material effects on each local valuation. |

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| • | Useful lives of PPE: as shown in note 14.1, property plant and equipment (PPE) is material to these consolidated accounts. In note 1.7 we disclose, for each category of PPE, the lowest minimum and the highest maximum in the ranges of useful lives used by providers. Useful lives are the period over which assets are depreciated. We do not collect information from providers on average useful lives, but in taking the median average lowest and median average highest, and the mean average of those, an approximate average can be computed to assess the impact of the accounting estimates.  As shown in note 14.1, buildings and plant & equipment depreciation comprise 47% and 29% of total PPE depreciation charged in-year respectively. Utilising the methodology outlined above, a very approximate average useful life in these categories is 37.5 years and 10 years respectively. In average terms, making all asset lives one year shorter would increase the annual depreciation charge by approximately £39 million for buildings and  £98 million for plant & machinery. This is not material. Based on a materiality of £1.3 billion, nine times this 'one year effect' would be required to lead to a material error based on these approximate averages.  The depreciation charge in these accounts comprises the depreciation charges in each provider's accounts, which in themselves relate to many assets. It is therefore not possible to thoroughly interrogate this accounting estimate upon consolidation, but given the impact locally each provider's accounting estimates in this area are subject to review by each local external auditor. |
| • | Measurement of lease liabilities and right of use assets for lease-like arrangements with public sector entities that do not take the legal form of a contract: In accordance with accounting policy 1.10, where formal documentation does not exist for a lease-like arrangement with a public sector body, providers must calculate lease liabilities and initial right of use asset values with reference to an expected lease term. Providers will estimate expected lease term based on the commercial reality of the arrangement and current plans for estates and service provision. This increases the estimation uncertainty in the measurement of these balances. For example, if a lease term was assessed at 25 years instead of 20 years for a lease commencing in 2023, this would result in a 16% increase in the liability and asset on initial recognition. The bases for such judgements are subject to review by each local external auditor. |
| Critical accounting estimates and judgements made in the preparation of individual NHS provider accounts are disclosed locally by each NHS provider. | |

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| **Note 1.25 Early adoption of standards, amendments and interpretations** |
| The consolidated NHS Provider financial statements have not adopted any IFRSs, amendments or interpretations early. |

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| **Note 1.26 Standards, amendments and interpretations in issue but not yet effective or adopted** |
| *IAS 8 Accounting policies, changes in accounting estimates and errors* , requires disclosure in respect of new IFRSs, amendments and interpretations that are, or will be, applicable after the accounting period. There are a number of IFRSs, amendments and interpretations issued by the International Accounting Standards Board that are effective for  financial statements after this accounting period. |

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| **Standard** | **Description of amendment** | **Effective date** |
| *Standards, amendments or interpretations issued and effective from 2024/25:* | | |
| IAS 1 Presentation of financial statements (amendments) | Amendments regarding the current or non- current classification of liabilities  Amendments relating to non-current liabilities with covenants | Adopted by the FReM from 2024/25. |
| IFRS 16 Leases (amendments) | Amendments relating to the lease liability in sale and leaseback transactions | Adopted by the FReM from 2024/25. |
| IAS 7 / IFRS 7 (amendments) | Quantitative and qualitative disclosures relating to supplier finance arrangements | Adopted by the FReM from 2024/25. |
| IAS 21 (amendments) | Guidance relating to lack of exchangeability of foreign currencies | Not yet endorsed for use in the UK |

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| **Standard** | **Description of amendment** | **Effective date** |
| *Standards, amendments or interpretations issued and effective for later periods:* | | |
| IFRS 17 Insurance contracts | Original issue and subsequent amendments | The Standard applies to annual periods beginning on or after 1 January 2023. Adoption in the UK public sector is expected for the 2025/26 financial year onwards. |
| IFRS 18 Presentation and Disclosures in Financial Statements | Original issue | Not yet endorsed for use in the UK |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | Original issue | Not yet endorsed for use in the UK |

None of the new or amended standards are expected to have a material impact on the consolidated NHS provider accounts in future accounting periods.

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| **Note 2 Operating segments** |
| The NHS provider sector is formed of five types of NHS provider, supplying different services: acute, ambulance, community, mental health and specialist. This classification is based on the majority of the provider's income: i.e. each provider is allocated to a single segment. Each NHS provider also belongs to one of seven regions. |
| These are two alternative segmental analyses. NHS England is not the parent of NHS providers and as such does not have a function that meets the definition of the chief operating decision maker in *IFRS 8 Operating segments* . |
| Net assets are not split between segments in our internal reporting and so are not split by segment here.  The figures reported below include inter-NHS provider trust income and expenditure and these are removed in reconciling to the Consolidated Statement of Comprehensive Income overleaf. The figures below exclude amounts relating to NHS charitable funds which are excluded for our regulatory analysis. The impact of consolidating charitable funds is added in to the reconciliation to the Consolidated Statement of Comprehensive Income overleaf. |

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| ***Analysis by type of trust*** |  |  |  |  |  |  |
| **2023/24 excluding charities** | **Community** | **Ambulance** | **Specialist** | **Mental**  **Health** | **Acute** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Income | 4,204 | 4,067 | 5,375 | 19,221 | 99,624 | **132,491** |
| Expenditure before depreciation and  impairments | (3,999) | (3,888) | (5,083) | (18,539) | (96,023) | **(127,532)** |
| Depreciation and amortisation | (177) | (196) | (220) | (575) | (3,224) | **(4,392)** |
| Net finance costs | (19) | 3 | (30) | (171) | (2,608) | **(2,825)** |
| Other | - | 2 | 7 | - | 17 | **26** |
| **Surplus / (deficit) before I&T** | **9** | **(12)** | **49** | **(64)** | **(2,214)** | **(2,232)** |
| Impairments (net of reversals) | (43) | (29) | (50) | (419) | (1,654) | **(2,195)** |
| Transfers by absorption | 12 | - | - | (15) | 26 | **23** |
| **Surplus / (deficit) for the year 1** | **(22)** | **(41)** | **(1)** | **(498)** | **(3,842)** | **(4,404)** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2022/23 excluding charities** | **Community** | **Ambulance** | **Specialist** | **Mental**  **Health** | **Acute** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Income | 4,056 | 3,906 | 4,967 | 18,055 | 93,428 | **124,412** |
| Expenditure before depreciation and  impairments | (3,853) | (3,700) | (4,681) | (17,287) | (89,526) | **(119,047)** |
| Depreciation and amortisation | (170) | (186) | (195) | (545) | (2,996) | **(4,092)** |
| Net finance costs | (24) | (8) | (47) | (185) | (1,505) | **(1,769)** |
| Other | - | (1) | 4 | 35 | 10 | **48** |
| **Surplus / (deficit) before I&T** | **9** | **11** | **48** | **73** | **(589)** | **(448)** |
| Impairments (net of reversals) | (24) | (24) | (6) | (126) | (884) | **(1,064)** |
| Transfers by absorption | - | - | 1 | 12 | (17) | **(4)** |
| **Surplus / (deficit) for the year 1** | **(15)** | **(13)** | **43** | **(41)** | **(1,490)** | **(1,516)** |

1 These totals are after impairments and transfers but exclude consolidated charitable funds.

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ***Analysis by region*** |  |  |  |  |  |  |  |  |
| **2023/24 excluding charities** | **North West** | **North East**  **and Yorkshire** | **Midlands** | **East of England** | **South East** | **South West** | **London** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Income | 18,226 | 19,637 | 23,593 | 12,619 | 17,857 | 12,314 | 28,245 | **132,491** |
| Expenditure before depreciation and impairments | (17,739) | (18,944) | (22,852) | (12,067) | (17,274) | (11,790) | (26,866) | **(127,532)** |
| Depreciation and amortisation | (617) | (529) | (723) | (441) | (621) | (422) | (1,039) | **(4,392)** |
| Net finance costs | (346) | (343) | (639) | (253) | (281) | (248) | (715) | **(2,825)** |
| Other | (1) | (3) | (4) | (5) | 21 | (4) | 22 | **26** |
| **Surplus / (deficit) before I&T** | **(477)** | **(182)** | **(625)** | **(147)** | **(298)** | **(150)** | **(353)** | **(2,232)** |
| Impairments (net of reversals) | (362) | (292) | (207) | (237) | (421) | (164) | (512) | **(2,195)** |
| Gains/(losses) from transfers by absorption | 5 | 6 | 2 | - | 13 | (3) | - | **23** |
| **Surplus / (deficit) for the year 1** | **(834)** | **(468)** | **(830)** | **(384)** | **(706)** | **(317)** | **(865)** | **(4,404)** |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **2022/23 excluding charities** | **North west** | **North East**  **and Yorkshire** | **Midlands** | **East of England** | **South East** | **South West** | **London** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Income | 17,399 | 18,655 | 22,040 | 11,787 | 16,796 | 11,424 | 26,311 | **124,412** |
| Expenditure before depreciation and impairments | (16,773) | (17,870) | (21,095) | (11,313) | (16,147) | (10,886) | (24,963) | **(119,047)** |
| Depreciation and amortisation | (575) | (499) | (680) | (401) | (580) | (392) | (965) | **(4,092)** |
| Net finance costs | (197) | (217) | (329) | (175) | (240) | (170) | (441) | **(1,769)** |
| Other | 4 | 1 | 21 | (7) | 20 | - | 9 | **48** |
| **Surplus / (deficit) before I&T** | **(142)** | **70** | **(43)** | **(109)** | **(151)** | **(24)** | **(49)** | **(448)** |
| Impairments (net of reversals) | (353) | (133) | (58) | (95) | (123) | (175) | (127) | **(1,064)** |
| Gains/(losses) from transfers by absorption | (5) | - | - | - | 1 | - | - | **(4)** |
| **(Deficit) for the year1** | **(500)** | **(63)** | **(101)** | **(204)** | **(273)** | **(199)** | **(176)** | **(1,516)** |

1 These totals are after impairments and transfers but before the consolidation of charitable funds and the elimination of inter-provider leases.

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| --- | --- | --- | --- | --- | --- | --- |
| ***Reconciliation to Consolidated Statement of Comprehensive Income*** | | | | | | |
|  | **Figure per segmental analysis** | **Less: Inter- provider**  **adjustment2** | **Add: charities consolidation3** | **Total before impairments & transfers** | **Impairments & transfers4** | **Total per**  **SOCI** |
| **2023/24** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Operating income | 132,491 | (3,606) | 26 | **128,911** | - | **128,911** |
| Operating expenditure excluding  depreciation | (127,532) | 3,538 | (58) | **(124,052)** | (2,188) | **(126,240)** |
| Depreciation and amortisation | (4,392) | 69 | - | **(4,323)** | - | **(4,323)** |
| Operating expenditure total | (131,924) | 3,607 | (58) | **(128,375)** | (2,188) | **(130,563)** |
| **Operating surplus / (deficit)** | **567** | **1** | **(32)** | **536** | **(2,188)** | **(1,652)** |
| Net finance costs | (2,825) | 5 | 8 | **(2,812)** | - | **(2,812)** |
| Other items | 26 | - | (62) | **(36)** | 23 | **(13)** |
| **Surplus / (deficit) for the year** | **(2,232)** | **6** | **(86)** | **(2,312)** | **(2,165)** | **(4,477)** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2022/23** |  |  |  |  |  |  |
| Operating income | 124,412 | (3,257) | 47 | **121,202** | - | **121,202** |
| Operating expenditure excluding  depreciation | (119,047) | 3,177 | (48) | **(115,918)** | (1,054) | **(116,972)** |
| Depreciation and amortisation | (4,092) | 68 | - | **(4,024)** | - | **(4,024)** |
| Operating expenditure total | (123,139) | 3,245 | (48) | **(119,942)** | (1,054) | **(120,996)** |
| **Operating surplus / (deficit)** | **1,273** | **(12)** | **(1)** | **1,260** | **(1,054)** | **206** |
| Net finance costs | (1,769) | 5 | 7 | **(1,757)** | - | **(1,757)** |
| Other items | 48 | - | (8) | **40** | (4) | **36** |
| **Surplus / (deficit) for the year** | **(448)** | **(7)** | **(2)** | **(457)** | **(1,058)** | **(1,515)** |

|  |
| --- |
| 2 These numbers represent the elimination of transactions between NHS providers. The adjustments include the alignment of accounting treatment for lease arrangements between providers which, under the application of *IFRS 16*  *Leases,* is not consistent between the lessee and lessor. |
| 3 These numbers reflect the impact of consolidating NHS charitable funds including local intra-group eliminations. These numbers do not represent total income and expenditure in NHS charitable funds. |
| 4 The net impairments figure in this reconciliation excludes impairments to right of use assets held under inter-provider leases eliminated on consolidation therefore does not match the impairments figure seen in the segmental reporting analysis. |

|  |
| --- |
| **Note 3 Operating income from patient care activities** |
| All income from patient care activities relates to contract income recognised in line with accounting policy 1.2. |

|  |  |  |
| --- | --- | --- |
| **Note 3.1 Income from patient care activities (by nature)** |  | |
|  | **2023/24** | **2022/23** |
|  | **£m** | **£m** |
| **Acute services** |  | |
| Income from commissioners under API contracts (NHSPS variable element)\* | 16,348 | |
| Income from commissioners under API contracts (fixed element)\* | 60,285 | 69,747 |
| Other NHS clinical income (including high cost drugs income) | 9,564 | 7,864 |
| **Mental health services** |  | |
| Income from commissioners under API contracts\* | 11,145 | 10,664 |
| Income for the secondary commissioning of services | 1,529 | 778 |
| Other clinical income | 1,549 | 1,646 |
| **Ambulance services** |  | |
| A & E income | 3,331 | 3,099 |
| Patient transport service income | 260 | 232 |
| Other income | 177 | 190 |
| **Community services** |  | |
| Income from commissioners under API contracts\* | 8,298 | 7,528 |
| Community services income from other sources | 1,624 | 1,506 |
| **All services** |  | |
| Private patient income | 759 | 646 |
| Elective recovery fund\*\* | 1,857 | |
| National pay award central funding\*\*\* | 302 | 2,490 |
| Additional pension contribution central funding\*\*\*\* | 3,183 | 2,889 |
| Other clinical income | 1,303 | 958 |
| **Total income from patient care activities** | **119,657** | **112,094** |

|  |
| --- |
| \*Aligned payment and incentive contracts are the main form of contracting between NHS providers and their commissioners. More information can be found in accounting policy 1.2 and the 2023/25 NHS Payment Scheme documentation.  <https://www.england.nhs.uk/pay-syst/nhs-payment-scheme/> |
| \*\* The application of elective recovery funding in 2023/24 and 2022/23 is explained in accounting policy 1.2 |
| \*\*\*Additional funding was made available directly to providers by NHS England in 2023/24 and 2022/23 for implementing the backdated element of pay awards where government offers were finalised after the end of the financial year. NHS Payment Scheme prices and API contracts are updated for the weighted uplift in in-year pay costs when awards are finalised. |
| \*\*\*\* The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. NHS providers have continued to pay over contributions at the former rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts. |

**Note 3.2 Income from patient care activities (by source)**

|  |
| --- |
| **Income from patient care activities received from:** |
| NHS England |
| Integrated care boards \* |
| Clinical commissioning groups \* |
| Department of Health and Social Care |
| NHS other |
| Local authorities |
| Non-NHS: private patients |
| Non-NHS: overseas patients (chargeable to patient) |
| Injury cost recovery scheme |
| Non NHS: other |
| **Total income from activities** |
| In this note, NHS refers to the NHS in England. |

|  |  |
| --- | --- |
| **2023/24** | **2022/23** |
| **£m** | **£m** |
| 30,103 | 30,481 |
| 85,369 | 59,305 |
|  | 18,464 |
| 2 | 3 |
| 142 | 140 |
| 2,214 | 2,080 |
| 750 | 638 |
| 123 | 100 |
| 195 | 172 |
| 759 | 711 |
| **119,657** | **112,094** |

|  |
| --- |
| \* On 1 July 2022, 42 integrated care boards (ICBs) were established under the Health and Care Act 2022. Functions previously performed by the 106 clinical commissioning groups (CCGs) transferred and the CCGs were dissolved. Further information on ICBs can be found at: |
| <https://www.england.nhs.uk/integratedcare/> |

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 4 Other operating income** |  |  |  |
|  |  | **2023/24** | **2022/23** |
| **Contract income** | | **Non- contract**  **income** | **Non- Contract contract**  **Total income income Total** |
|  | **£m** | **£m** | **£m £m £m £m** |
| Research and development | 1,108 | 141 | **1,249** 1,080 122 **1,202** |
| Education and training | 3,898 | 154 | **4,052** 3,655 133 **3,788** |
| Receipt of capital grants, donations and peppercorn leased assets |  | 354 | **354** 407 **407** |
| Charitable and other contributions to  expenditure |  | 127 | **127** 260 **260** |
| Non-patient care services to other bodies | 990 |  | **990** 834 **834** |
| Reimbursement funding\*\* | - |  | **-** 334 **334** |
| Revenue from finance leases |  | - | **-** 2 **2** |
| Revenue from operating leases |  | 104 | **104** 80 **80** |
| Income in respect of staff costs where accounted on gross basis | 212 |  | **212** 224 **224** |
| Incoming resources excluding investment income, relating to NHS charitable funds |  | 56 | **56** 82 **82** |
| PFI support income | 31 |  | **31** 35 **35** |
| Car parking | 225 |  | **225** 178 **178** |
| Pharmacy sales | 122 |  | **122** 152 **152** |
| Clinical excellence awards | 82 |  | **82** 88 **88** |
| Catering | 143 |  | **143** 114 **114** |
| Other | 1,492 | 15 | **1,507** 1,317 11 **1,328** |
| **Total other operating income** | **8,303** | **951** | **9,254 8,011 1,097 9,108** |

\*\* Additional costs of delivering COVID testing laboratories and vaccinations were reimbursed to NHS providers by NHS England. From August 2022, vaccination funding was transferred into baseline contracts with integrated care boards rather than being reimbursed centrally.

|  |
| --- |
| Income recognised this year (within patient care income) |
| Cash payments received in-year |
| Amounts added to provision for impairment of receivables |
| Amounts written off in-year |

|  |
| --- |
| **2023/24** |
| **£m** |
| 123 |
| 42 |
| 68 |
| 44 |

|  |
| --- |
| **2022/23** |
| **£m** |
| 100 |
| 32 |
| 66 |
| 37 |

**Note 6 Operating leases - NHS providers as lessors**

This note discloses income generated in operating lease agreements where an NHS provider is the lessor.

|  |  |
| --- | --- |
| **Note 6.1 Operating leases income** |  |
|  | **2023/24 2022/23** |
|  | **£m £m** |
| **Lease receipts recognised as income in year:** |  |
| Minimum lease receipts | 99 75 |
| Variable lease receipts / contingent rents | 5 5 |
| **Total in-year operating lease income** | **104 80** |

**Note 6.2 Future lease receipts**

|  |
| --- |
| **Future minimum lease receipts due in:** |
| - not later than one year; |
| - later than one year and not later than two years; |
| - later than two years and not later than three years; |
| - later than three years and not later than four years; |
| - later than four years and not later than five years; |
| - later than five years. |
| **Total** |

**March 2023**

|  |
| --- |
| **31 March 31**  **2024** |
| **£m** |
| 88 |
| 61 |
| 56 |
| 53 |
| 54 |
| 633 |
| **945** |

**£m**

66

52

47

44

38

647

**894**

|  |  |  |
| --- | --- | --- |
| **Note 7.1 Operating expenses** |  | |
|  | **2023/24** | **2022/23** |
|  | **£m** | **£m** |
| Purchase of healthcare from NHS and DHSC bodies | 3 | 13 |
| Purchase of healthcare from non-NHS and non-DHSC bodies | 3,546 | 3,123 |
| Purchase of social care | 240 | 207 |
| Employee expenses - staff (including executive directors)\* | 83,775 | 78,800 |
| Non-executive directors | 34 | 34 |
| Supplies and services - clinical | 8,997 | 8,356 |
| Supplies and services - general | 1,963 | 1,842 |
| Drug costs | 10,777 | 9,931 |
| Inventories written down | 19 | 19 |
| Consultancy costs | 166 | 196 |
| Establishment | 1,303 | 1,243 |
| Premises | 5,152 | 4,635 |
| Transport (including patient travel) | 976 | 907 |
| Depreciation on property, plant and equipment and right of use assets | 3,913 | 3,635 |
| Amortisation on intangible assets | 410 | 389 |
| Net Impairments | 2,188 | 1,054 |
| Movement in credit loss allowance: contract receivables / assets | 99 | 96 |
| Movement in credit loss allowance: all other receivables & financial assets | 8 | 2 |
| Increase / (decrease) in other provisions | 24 | (45) |
| Change in provisions discount rate(s) | (16) | (86) |
| Fees payable to the external auditor\*\* |  | |
| audit fee | 39 | 32 |
| other auditor remuneration (external auditor only) | 1 | 1 |
| Internal audit costs, including local counter fraud services | 22 | 21 |
| Clinical negligence | 2,641 | 2,435 |
| Legal fees | 124 | 112 |
| Insurance | 133 | 100 |
| Research and development | 818 | 804 |
| Education and training | 960 | 905 |
| Expenditure on short term leases | 98 | 94 |
| Expenditure on low value leases | 25 | 25 |
| Variable lease payments not included in the liability | 28 | 31 |
| Early retirements | 1 | 1 |
| Redundancy | 31 | 17 |
| Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT)\*\*\* | 1,199 | 1,131 |
| Charges to operating expenditure for off-SoFP PFI / LIFT schemes | 1 | 1 |
| Car parking & security | 78 | 78 |
| Hospitality | 8 | 6 |
| Losses, ex gratia & special payments | 21 | 19 |
| Grossing up consortium arrangements | 17 | 17 |
| Other services, eg external payroll | 90 | 84 |
| Other | 596 | 678 |
| NHS charitable funds: Other resources expended | 55 | 53 |
| **Total** | **130,563 120,996** | |

|  |
| --- |
| \* Staff costs here and in note 8.1 differ as note 8.1 also includes redundancy and early retirements costs and the costs of staff involved in research & development, education & training and internal audit services. |
| \*\* These are the audit fees disclosed by NHS providers and do not include the audit fee payable to the National Audit Office in respect of these consolidated accounts. This fee is £280,000 (2022/23: £250,000) and is accounted for in the NHS England accounts. |
| \*\*\* This line does not contain all the charges relating to PFI and similar schemes in these accounts. An analysis of payments made to PFI operators can be found in note 25.3. |

|  |
| --- |
| **2023/24** |
| **£m** |

|  |
| --- |
| **2022/23** |
| **£m** |

**Note 8.1 Employee benefits**

|  |
| --- |
| Other remuneration paid to the external auditor is made up as follows: |
| 1. Audit of accounts of any associate of the provider |
| 2. Audit-related assurance services |
| 3. Taxation compliance services |
| 4. All taxation advisory services not falling within item 3 above |
| 5. Internal audit services |
| 6. All assurance services not falling within items 1 to 5 |
| 7. Corporate finance transaction services not falling within items 1 to 6 above |
| 8. Other non-audit services not falling within items 2 to 7 above |
| **Total** |

|  |
| --- |
| 0.4 |
| 0.1 |
| - |
| - |
| - |
| - |
| - |
| 0.1 |
| **0.6** |

0.4

0.1

0.2

-

-

-

-

0.1

**0.8**

|  |
| --- |
| Salaries and wages |
| Social security costs |
| Apprenticeship levy |
| Employers' contributions to NHS pensions |
| Pension cost - other |
| Other employment benefits |
| Termination benefits |
| Temporary staff (including agency) |
| NHS charitable funds staff |
| **Total gross staff costs** |
| Recoveries in respect of seconded staff |
| **Total staff costs** |
| **Included within:** |
| Costs capitalised as part of assets |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2023/24** | | |  | **2022/23** |
| **Permanent** | **Other** | **Total** |  | **Total** |
| **£m** | **£m** | **£m** |  | **£m** |
| 60,333 | 2,471 | **62,804** |  | 59,044 |
| 6,677 | 166 | **6,843** |  | 6,138 |
| 317 | 4 | **321** |  | 283 |
| 10,194 | 177 | **10,371** |  | 9,423 |
| 25 | 2 | **27** |  | 30 |
| 1 | 5 | **6** |  | 5 |
| 27 | - | **27** |  | 10 |
| - | 4,789 | **4,789** |  | 5,140 |
| 4 | - | **4** |  | 4 |
| **77,578** | **7,614** | **85,192** |  | **80,077** |
| (128) | (9) | **(137)** |  | (124) |
| **77,450** | **7,605** | **85,055** |  | **79,953** |
| 273 | 50 | **323** |  | 287 |

Staff costs here and in note 7.1 differ as note 8.1 also includes redundancy and early retirements costs and the costs of staff involved in research & development, education & training and internal audit services.

Individual NHS providers’ accounts and annual reports contain disclosure of senior manager remuneration, fair pay ratio information and off-payroll engagements as required by the HM Treasury FReM.

**Note 8.2 Average number of employees (WTE basis)**

|  |
| --- |
| Medical and dental |
| Ambulance staff |
| Administration and estates |
| Healthcare assistants and other support staff |
| Nursing, midwifery and health visitors |
| Scientific, therapeutic and technical staff |
| Healthcare science staff |
| Social care staff |
| Other |
| **Total average numbers** |
| **Of which:** |
| Number of employees (WTE) engaged on capital projects |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2023/24** | | |  | **2022/23** |
| **Permanent** | **Other** | **Total** |  | **Total** |
| **Number** | **Number** | **Number** |  | **Number** |
| 132,194 | 26,500 | **158,694** |  | 150,742 |
| 32,703 | 441 | **33,144** |  | 32,899 |
| 294,648 | 18,809 | **313,457** |  | 282,756 |
| 260,906 | 39,962 | **300,868** |  | 299,436 |
| 396,375 | 48,115 | **444,490** |  | 429,890 |
| 159,241 | 8,710 | **167,951** |  | 159,581 |
| 30,267 | 1,157 | **31,424** |  | 29,552 |
| 2,935 | 102 | **3,037** |  | 2,898 |
| 3,511 | 253 | **3,764** |  | 3,252 |
| **1,312,780** | **144,049** | **1,456,829** |  | **1,391,006** |
| 3,778 | 432 | **4,210** |  | 3,952 |

**Note 8.3 Early retirements due to ill-health**

|  |
| --- |
| During 2023/24 there were 1,306 early retirements on the grounds of ill-health (2022/23: 858). The estimated additional pension liability borne by the NHS Pension Scheme is £116 million (2022/23: £61 million). |
| **Note 8.4 Reporting of compensation schemes - exit packages** |

|  |  |  |  |
| --- | --- | --- | --- |
| Redundancy and other departure costs have been paid in accordance with the provisions of the NHS terms and conditions of service. Exit costs are accounted for in full in the year of departure. Ill-health retirement costs are met by the pension scheme and are not included in the table.  Further disclosure of exit packages paid to senior managers can be found in the remuneration reports of individual NHS providers. Note 8.5 provides further analysis of the ‘other departures’ disclosed below. | | | |
| **2023/24** | **Number of compulsory redundancies** | **Number of other**  **departures**  **agreed** | **Total number of exit packages** |
|  | **Number** | **Number** | **Number** |
| **Exit package cost band (including any special payment element)** | | | |
| <£10,000 | 113 | 1,863 | **1,976** |
| £10,000 - £25,000 | 131 | 357 | **488** |
| £25,001 - £50,000 | 97 | 169 | **266** |
| £50,001 - £100,000 | 86 | 132 | **218** |
| £100,001 - £150,000 | 42 | 23 | **65** |
| £150,001 - £200,000 | 23 | 4 | **27** |
| >£200,000 | 1 | 2 | **3** |
| **Total number of exit packages by type** | **493** | **2,550** | **3,043** |
| Total resource cost (£m) | 22 | 31 | **53** |

|  |  |
| --- | --- |
| **2022/23** | **Number of compulsory**  **redundancies** |
|  | **Number** |

|  |
| --- |
| **Number of other**  **departures**  **agreed** |
| **Number** |

|  |
| --- |
| **Total number of**  **exit packages** |
| **Number** |

|  |  |  |  |
| --- | --- | --- | --- |
| <£10,000 | 84 | 1,906 | **1,990** |
| £10,000 - £25,000 | 111 | 255 | **366** |
| £25,001 - £50,000 | 74 | 95 | **169** |
| £50,001 - £100,000 | 56 | 49 | **105** |
| £100,001 - £150,000 | 12 | 7 | **19** |
| £150,001 - £200,000 | 15 | 3 | **18** |
| >£200,000 | - | 1 | **1** |
| **Total number of exit packages by type** | **352** | **2,316** | **2,668** |
| Total resource cost (£m) | 13 | 18 | **31** |

Voluntary redundancies including early retirement contractual costs

|  |  |
| --- | --- |
| **2023/24 2022/23** | |
| **Payments**  **agreed** | **Total Total**  **value of Payments value of agreements agreed agreements** |
| **Number** | **£m Number £m** |
| 128 | 6.2 62 2.0 |
| 257 | 8.1 81 2.5 |
| 2 | 0.3 - - |
| 2,116 | 14.4 2,029 10.1 |
| 95 | 1.3 95 1.4 |
| 51 | 0.9 66 1.6 |
| **2,649** | **31.2 2,333 17.6** |

Mutually agreed resignations (MARS) contractual costs Early retirements in the efficiency of the service contractual costs

Contractual payments in lieu of notice

Exit payments following employment tribunals or court orders

Non-contractual payments requiring HM Treasury approval\*

**Total**

\* Includes any non-contractual severance payment made following the judicial mediation, and amounts relating to non-contractual payments in lieu of notice.

In 2023/24 there was one non-contractual payment requiring HM Treasury approval (totalling £0.1 million) that was in excess of the individual's salary (2022/23: 2 payments totalling £0.5 million).

|  |
| --- |
| As a single exit package can be made up of several components, each of which will be counted separately in this note, the total number in note 8.5 does not match the total numbers in note 8.4 which is the number of individuals. |
| Exit packages disclosed in this note differ from the redundancy figure included within note 7.1. The redundancy figure in note 7.1 relates to additional costs which are not exit packages payable directly to the employee. |
| **Note 9 Pension costs** |
| All NHS providers participate in the NHS Pension Scheme. This is a statutory, defined benefit scheme, the regulations of which are laid down in the NHS Pension Scheme Regulations 1995 (SI 1995 No. 300). NHS providers pay contributions at rates specified from time to time by the Secretary of State, as advised by the Government Actuary and with the consent of HM Treasury. |

|  |
| --- |
| For 2023/24, the employer contribution rate was 20.6% (2022/23: 20.6%). It is not possible for the NHS provider sector to identify its share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as a defined contribution scheme in these accounts. |
| Employer pension contributions are charged to operating expenses as and when they become due. |
| As set out in accounting policy 1.4, some NHS providers also have employees who are members of other pension schemes. Membership of these individual schemes is not material to the consolidated NHS provider accounts. |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 10 Impairment of non-current assets** |  |  |  |  |
| Impairments are either charged to operating expenditure or the revaluation reserve. More detail is provided in accounting policy 1.7 and 1.8. Impairments reduce the value of assets. The note below provides detail about the reasons for impairments. | | | | |
|  |  |  | **2023/24** | **2022/23** |
| **Impairments** | | **Reversals** | **Net**  **impairments** | **Net**  **impairments** |
| **Net impairments charged to operating surplus / deficit resulting from:** | **£m** | **£m** | **£m** | **£m** |
| Loss or damage from normal operations | 7 | (2) | **5** | 9 |
| Over specification of assets | 1 | - | **1** | 3 |
| Abandonment of assets in course of construction | 10 | (1) | **9** | 12 |
| Unforeseen obsolescence | 133 | (1) | **132** | 7 |
| Changes in market price | 2,356 | (445) | **1,911** | 962 |
| Other causes | 134 | (4) | **130** | 61 |
| **Total net impairments charged to operating surplus /**  **deficit** | **2,641** | **(453)** | **2,188** | **1,054** |
| Impairments charged to the revaluation reserve | 1,611 | (160) | **1,451** | **518** |
| **Total net impairments** | **4,252** | **(613)** | **3,639** | **1,572** |

|  |
| --- |
| Net impairments taken to operating surplus / deficit relate to property, plant and equipment (£1,894 million, 2022/23:  £839 million), intangible assets (£76 million, 2022/23: £22 million), right of use assets (£199 million, 2022/23: £192 million), and investments in joint ventures and associates (£1 million reversal, 2022/23: nil) and assets held for sale (£20 million, 2022/23: £1 million). Impairments charged to the revaluation reserve relate to property, plant and equipment (£1,443 million, 2022/23: £509 million) right of use assets (£7 million, 2022/23: £9 million) and intangible assets (£1 million, 2022/23:nil). |
| In addition there are revaluation surpluses taken to the revaluation reserve of £1,197 million (2022/23: £2,431 million), as can be seen in the Statement of Changes in Equity. |

|  |  |  |
| --- | --- | --- |
| **Note 11 Finance expenditure** |  |  |
| Finance expenditure represents interest and other charges involved in the borrowing of money. |  |  |
| **2023/24** | | **2022/23** |
|  | **£m** | **£m** |
| Interest on loans from the Department of Health and Social Care | 55 | 59 |
| Interest on other loans | 9 | 9 |
| Interest on lease liabilities | 94 | 75 |
| Interest on late payment of commercial debt | 1 | - |
| Finance costs on PFI, LIFT and other service concession arrangements: |  |  |
| Main finance costs | 713 | 431 |
| Contingent finance costs\* | 2 | 445 |
| Remeasurement of the liability resulting from change in index or rate\* | 1,563 |  |
| Other finance costs | 11 | 7 |
| **Total finance expenditure - financial liabilities** | **2,448** | **1,026** |
| Finance expense - unwinding of discount on provisions | 11 | 2 |
| **Total finance expenditure** | **2,459** | **1,028** |

\* From 1 April 2023, IFRS 16 liability measurement principles are applied to PFI, LIFT and other service concession liabilities. Increases to imputed lease payments arising from inflationary uplifts are now included in the liability, and contingent rent only arises on immaterial schemes where remeasurement has not been applied. More information is provided in Note 25.4.

|  |  |  |
| --- | --- | --- |
| **Note 12 Other gains and losses** |  |  |
|  | **2023/24** | **2022/23** |
| **Gains/(losses) on disposal/derecognition of non-current assets** | **£m** | **£m** |
| Profit on disposal of non-current assets | 34 | 38 |
| Loss on disposal of non-current assets | (34) | (40) |
| **Other gains/(losses)** |  |  |
| Fair value gains/(losses) on investment property and other financial assets | 21 | - |
| Other gains/(losses) | - | 26 |
| Fair value gains/(losses) on charitable fund investment property and other financial  assets | 10 | (8) |
| Loss associated with loss of controlling interest in charitable funds | (70) | - |
| **Total other gains/(losses)** | **(39)** | **16** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 13.1 Intangible assets - 2023/24** |  |  |  |  |  |  |  |
|  | **Software licences** | **Licences & trademarks** | **Information technology** | **Development expenditure** | **Intangible assets under construction** | **Other** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Valuation/gross cost at 1 April 2023 - brought forward** | **2,454** | **36** | **888** | **198** | **473** | **21** | **4,070** |
| Adjustments to prior period accounted for in-year | 1 | - | 1 | - | 19 | - | **21** |
| Additions | 166 | 1 | 53 | 16 | 297 | 2 | **535** |
| Impairments | (24) | - | (41) | (6) | (11) | - | **(82)** |
| Reclassifications | 191 | 1 | 198 | - | (360) | 4 | **34** |
| Revaluations | - | - | - | - | - | (4) | **(4)** |
| Transfers to/ from assets held for sale | (1) | (3) | - | - | (3) | - | **(7)** |
| Disposals / derecognition | (131) | (1) | (64) | (12) | (1) | (1) | **(210)** |
| **Valuation/gross cost at 31 March 2024** | **2,656** | **34** | **1,035** | **196** | **414** | **22** | **4,357** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Amortisation at 1 April 2023 - brought forward** | **1,376** | **22** | **442** | **108** | **1** | **5** | **1,954** |
| Provided during the year | 276 | 5 | 107 | 20 | - | 2 | **410** |
| Impairments | (6) | - | - | (1) | - | 2 | **(5)** |
| Reclassifications | (11) | - | 15 | (11) | - | - | **(7)** |
| Revaluations | - | - | - | - | - | (4) | **(4)** |
| Disposals / derecognition | (131) | (1) | (61) | (12) | (1) | - | **(206)** |
| **Amortisation at 31 March 2024** | **1,504** | **26** | **503** | **104** | **-** | **5** | **2,142** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Net book value at 31 March 2024** | **1,152** | **8** | **532** | **92** | **414** | **17** | **2,215** |
| **Net book value at 1 April 2023** | **1,078** | **14** | **446** | **90** | **472** | **16** | **2,116** |

Of the total net impairment of £77 million shown in this note, £76 million was charged to operating expenses and £1 million to the revaluation reserve.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 13.2 Intangible assets - 2022/23** |  |  |  |  |  |  |  |
|  | **Software licences** | **Licences & trademarks** | **Information technology** | **Development expenditure** | **Intangible assets under construction** | **Other** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Valuation/gross cost at 1 April 2022** | **2,152** | **35** | **879** | **185** | **460** | **19** | **3,730** |
| IFRS 16 implementation: reclassification of existing finance  leased assets to right of use assets | (17) | - | (4) | - | - | (1) | **(22)** |
| Previous prior period adjustments accounted for in 2022/23 | (27) | - | 22 | - | 4 | - | **(1)** |
| Additions | 180 | 3 | 52 | 10 | 267 | 1 | **513** |
| Impairments | (6) | - | (7) | - | (5) | - | **(18)** |
| Reclassifications | 262 | - | 34 | 10 | (252) | 3 | **57** |
| Revaluations | (1) | - | (39) | - | - | - | **(40)** |
| Disposals / derecognition | (89) | (2) | (49) | (7) | (1) | (1) | **(149)** |
| **Valuation/gross cost at 31 March 2023** | **2,454** | **36** | **888** | **198** | **473** | **21** | **4,070** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Amortisation at 1 April 2022** | **1,225** | **19** | **430** | **95** | **1** | **4** | **1,774** |
| IFRS 16 implementation: reclassification of existing finance  leased assets to right of use assets | (14) | - | (4) | - | - | - | **(18)** |
| Previous prior period adjustments accounted for in 2022/23 | (20) | - | 10 | - | - | - | **(10)** |
| Provided during the year | 264 | 5 | 96 | 22 | - | 2 | **389** |
| Impairments | 2 | - | 2 | - | - | - | **4** |
| Reclassifications | 5 | - | (1) | (2) | - | - | **2** |
| Revaluations | (1) | - | (42) | - | - | - | **(43)** |
| Disposals / derecognition | (85) | (2) | (49) | (7) | - | (1) | **(144)** |
| **Amortisation at 31 March 2023** | **1,376** | **22** | **442** | **108** | **1** | **5** | **1,954** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Net book value at 31 March 2023** | **1,078** | **14** | **446** | **90** | **472** | **16** | **2,116** |
| **Net book value at 1 April 2022** | **927** | **16** | **449** | **90** | **459** | **15** | **1,956** |

The total net impairment of £22 million shown in this note was charged to operating expenses.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 14.1 Property, plant and equipment - 2023/24** | |  |  |  |  |  |  |  | **NHS**  **charitable**  **fund assets** |  |
|  | **Land** | **Buildings excluding dwellings** | **Dwellings** | **Assets under construction** | **Plant & machinery** | **Transport equipment** | **Information technology** | **Furniture &**  **fittings** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Valuation / gross cost at 1 April 2023 -**  **brought forward** | **4,671** | **41,013** | **393** | **6,475** | **11,452** | **559** | **5,264** | **647** | **8** | **70,482** |
| Transfers by absorption | 8 | 21 | - | - | - | - | - | - | - | **29** |
| Prior period adjustments recorded in-year | 6 | (144) | (2) | (65) | (10) | - | (6) | (1) | - | **(222)** |
| Additions | 21 | 1,322 | 11 | 4,558 | 800 | 24 | 417 | 29 | - | **7,182** |
| Impairments | (372) | (3,235) | (11) | (45) | (16) | - | (9) | (1) | (1) | **(3,690)** |
| Reversals of impairments | 18 | 439 | 5 | - | 6 | - | 1 | - | - | **469** |
| Reclassifications | 20 | 2,949 | 2 | (3,850) | 395 | 40 | 280 | 33 | - | **(131)** |
| Revaluations | 78 | (329) | 11 | (8) | (14) | - | (3) | (1) | - | **(266)** |
| Transfers to assets held for sale | (9) | (23) | (1) | (14) | (17) | (10) | - | - | (1) | **(75)** |
| Disposals / derecognition | (18) | (51) | (1) | (35) | (995) | (23) | (442) | (64) | (5) | **(1,634)** |
| **Valuation / gross cost at 31 March 2024** | **4,423** | **41,962** | **407** | **7,016** | **11,601** | **590** | **5,502** | **642** | **1** | **72,144** |
| **Accumulated depreciation at 1 April 2023 - brought forward** | **8** | **952** | **18** | **8** | **6,795** | **356** | **3,160** | **432** | **-** | **11,729** |
| Prior period adjustments recorded in-year | - | (144) | (2) | (5) | (7) | - | (4) | (1) | - | **(163)** |
| Provided during the year | - | 1,439 | 12 | - | 879 | 61 | 636 | 41 | - | **3,068** |
| Impairments | 30 | 166 | 4 | 43 | 3 | - | 1 | - | - | **247** |
| Reversals of impairments | (4) | (92) | (1) | (33) | (1) | - | - | - | - | **(131)** |
| Reclassifications | - | (41) | - | (2) | 8 | - | (29) | - | - | **(64)** |
| Revaluations | (25) | (1,367) | (14) | (10) | (19) | - | (4) | (1) | - | **(1,440)** |
| Transfers to assets held for sale | - | (1) | - | - | (12) | (10) | - | - | - | **(23)** |
| Disposals / derecognition | - | (44) | (1) | - | (974) | (22) | (438) | (64) | - | **(1,543)** |
| **Accumulated depreciation at 31 March**  **2024** | **9** | **868** | **16** | **1** | **6,672** | **385** | **3,322** | **407** | **-** | **11,680** |
| **Net book value at 31 March 2024** | **4,414** | **41,094** | **391** | **7,015** | **4,929** | **205** | **2,180** | **235** | **1** | **60,464** |
| **Net book value at 1 April 2023** | **4,663** | **40,061** | **375** | **6,467** | **4,657** | **203** | **2,104** | **215** | **8** | **58,753** |

|  |
| --- |
| Details of donations received during the year including any restrictions or conditions imposed by the donor are disclosed in the accounts of individual NHS providers. |
| Of the total net impairments of £3,337 million shown in this note, £1,894 million was charged to operating expenses and £1,443 million to the revaluation reserve. |
| Note 1.24 explains some estimation uncertainties relating to property valuations and explores the impact of these on these consolidated accounts. |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 14.2 Property, plant and equipment - 2022/23** | |  |  |  |  |  |  |  | **NHS**  **charitable**  **fund assets** |  |
|  | **Land** | **Buildings excluding dwellings** | **Dwellings** | **Assets under construction** | **Plant & machinery** | **Transport equipment** | **Information technology** | **Furniture &**  **fittings** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Valuation / gross cost at 1 April 2022** | **4,808** | **37,551** | **361** | **5,508** | **11,484** | **536** | **5,001** | **629** | **4** | **65,882** |
| IFRS 16 implementation: reclassification to  right of use assets | (44) | (170) | (15) | (1) | (385) | (1) | (82) | (12) | - | **(710)** |
| Transfers by absorption | 8 | 9 | - | - | - | - | - | - | - | **17** |
| Previous prior period adjustments  accounted for in 2022/23 | (1) | (21) | - | (7) | (15) | - | (22) | - | - | **(66)** |
| Additions | 51 | 1,322 | 8 | 4,297 | 795 | 19 | 479 | 31 | 4 | **7,006** |
| Impairments | (284) | (1,768) | (11) | (201) | (11) | - | (37) | (5) | - | **(2,317)** |
| Reversals of impairments | 40 | 736 | 7 | - | 1 | - | - | - | - | **784** |
| Reclassifications | 9 | 2,340 | 17 | (3,127) | 327 | 39 | 272 | 41 | - | **(82)** |
| Revaluations | 112 | 1,176 | 27 | 12 | - | - | (4) | (1) | - | **1,322** |
| Transfers to assets held for sale | (6) | (4) | (1) | - | (4) | (10) | - | - | - | **(25)** |
| Disposals / derecognition | (22) | (158) | - | (6) | (740) | (24) | (343) | (36) | - | **(1,329)** |
| **Valuation / gross cost at 31 March 2023** | **4,671** | **41,013** | **393** | **6,475** | **11,452** | **559** | **5,264** | **647** | **8** | **70,482** |
| **Accumulated depreciation at 1 April 2022** | **-** | **1,030** | **19** | **14** | **6,941** | **328** | **2,965** | **434** | **-** | **11,731** |
| IFRS 16 implementation: reclassification to  right of use assets | - | (8) | - | - | (224) | - | (44) | (3) | - | **(279)** |
| Previous prior period adjustments accounted for in 2022/23 | - | (61) | - | - | (13) | - | (16) | - | - | **(90)** |
| Provided during the year | - | 1,292 | 11 | - | 825 | 60 | 596 | 40 | - | **2,824** |
| Impairments | 29 | 90 | (1) | 18 | 7 | - | (1) | - | - | **142** |
| Reversals of impairments | (2) | (289) | (2) | (35) | 1 | - | - | - | - | **(327)** |
| Reclassifications | - | (23) | - | - | (15) | - | 2 | (3) | - | **(39)** |
| Revaluations | (19) | (1,055) | (9) | 11 | (2) | - | (5) | (1) | - | **(1,080)** |
| Transfers to assets held for sale | - | - | - | - | (3) | (10) | - | - | - | **(13)** |
| Disposals / derecognition | - | (24) | - | - | (722) | (22) | (337) | (35) | - | **(1,140)** |
| **Accumulated depreciation at 31 March**  **2023** | **8** | **952** | **18** | **8** | **6,795** | **356** | **3,160** | **432** | **-** | **11,729** |
| **Net book value at 31 March 2023** | **4,663** | **40,061** | **375** | **6,467** | **4,657** | **203** | **2,104** | **215** | **8** | **58,753** |
| **Net book value at 1 April 2022** | **4,808** | **36,521** | **342** | **5,494** | **4,543** | **208** | **2,036** | **195** | **4** | **54,151** |

|  |
| --- |
| Details of donations received during the year including any restrictions or conditions imposed by the donor are disclosed in the accounts of individual NHS providers. |
| Of the total net impairments of £1,348 million shown in this note, £839 million was charged to operating expenses and £509 million to the revaluation reserve. |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 14.3 Property, plant and equipment financing - 31 March 2024** | | | | | | | | | | |
|  | **Land** | **Buildings excluding dwellings** | **Dwellings** | **Assets under construction** | **Plant & machinery** | **Transport equipment** | **Information technology** | **Furniture &**  **fittings** | **NHS**  **charitable**  **fund assets** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Net book value at 31 March 2024** |  |  |  |  |  |  |  |  |  |  |
| Owned - purchased | 4,295 | 30,220 | 302 | 6,551 | 4,352 | 204 | 2,163 | 218 | 1 | **48,306** |
| Owned - donated/granted | 88 | 1,647 | 17 | 448 | 419 | 1 | 12 | 17 | - | **2,649** |
| On-SoFP PFI contracts and other service concession arrangements | 31 | 9,227 | 69 | 16 | 158 | - | 5 | - | - | **9,506** |
| Off SoFP PFI residual interests | - | - | 3 | - | - | - | - | - | - | **3** |
| **NBV total at 31 March 2024** | **4,414** | **41,094** | **391** | **7,015** | **4,929** | **205** | **2,180** | **235** | **1** | **60,464** |

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 14.4 Property, plant and equipment financing - 31 March 2023** | | | | | | | | | | |
|  | **Land** | **Buildings excluding dwellings** | **Dwellings** | **Assets under construction** | **Plant & machinery** | **Transport equipment** | **Information technology** | **Furniture &**  **fittings** | **NHS**  **charitable**  **fund assets** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Net book value at 31 March 2023** |  |  |  |  |  |  |  |  |  |  |
| Owned - purchased | 4,537 | 29,210 | 296 | 6,019 | 4,066 | 202 | 2,089 | 205 | 8 | **46,632** |
| Owned - donated/granted | 94 | 1,508 | 14 | 444 | 439 | 1 | 10 | 10 | - | **2,520** |
| On-SoFP PFI contracts and other service concession arrangements | 32 | 9,343 | 62 | 4 | 152 | - | 5 | - | - | **9,598** |
| Off SoFP PFI residual interests | - | - | 3 | - | - | - | - | - | - | **3** |
| **NBV total at 31 March 2023** | **4,663** | **40,061** | **375** | **6,467** | **4,657** | **203** | **2,104** | **215** | **8** | **58,753** |

|  |
| --- |
| **Note 14.5 Property plant and equipment assets subject to an operating lease (Trust as a lessor)** |
| Property, plant and equipment disclosed in this note includes assets which are subject to operating leases where providers grant use of assets to third parties. It is not possible to accurately quantify the total value of such assets due to the impracticability in apportioning whole site valuations to partial assets subject to such leases. In the public sector, specialised assets are valued at the depreciated replacement cost of a modern equivalent asset required to replace the existing service potential of the trusts  assets as set out in accounting policy 1.7. |

**Note 15 Leases - NHS providers as lessees**

The majority of NHS provider lease arrangements are for the use of land and buildings ranging from integrated care units to office accommodation, and used by providers to deliver clinical and non-clinical services. Approximately 43% (2022/23: 45%) of lease arrangements based on the value of lease obligations at the reporting date are with NHS Property Services, a Government-owned property management company maintaining approximately 10% of the total NHS estate. The remaining leases are mainly with private landlords under commercial terms. Across providers there is a wide variety of lease terms on individual leases. More detail on the nature of lease arrangements including any restrictions or covenants imposed can be found in the accounts of individual NHS providers.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 15.1 Right of use assets - 2023/24** | |  |  |  |  |  |  | Of which: leased from DHSC group  bodies |
|  | **Property**  (land and buildings) | **Plant & machinery** | **Transport equipment** | **Information technology** | **Furniture &**  **fittings** | **Intangible**  **assets** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Valuation / gross cost at 1 April 2023 - brought forward** | **5,796** | **945** | **161** | **120** | **12** | **11** | **7,045** | **2,885** |
| Prior period adjustments recorded in-year | (79) | 3 | - | - | - | - | **(76)** | (42) |
| Additions | 402 | 128 | 43 | 24 | - | - | **597** | 74 |
| Remeasurements of the lease liability | 219 | 8 | 1 | 2 | - | - | **230** | 122 |
| Movements in provisions for restoration / removal costs | 22 | - | - | - | - | - | **22** | 4 |
| Impairments | (189) | - | - | (1) | - | - | **(190)** | (146) |
| Reversals of impairments | 4 | - | - | - | - | - | **4** | 1 |
| Reclassifications | (13) | 27 | - | 1 | - | - | **15** | 9 |
| Revaluations | (128) | 1 | - | - | - | - | **(127)** | (115) |
| Disposals / derecognition | (99) | (53) | (9) | (9) | 1 | - | **(169)** | (61) |
| **Valuation / gross cost at 31 March 2024** | **5,935** | **1,059** | **196** | **137** | **13** | **11** | **7,351** | **2,731** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Accumulated depreciation at 1 April 2023 - brought forward** | **665** | **359** | **49** | **64** | **4** | **8** | **1,149 370** |
| Prior period adjustments recorded in-year | (2) | 1 | - | - | - | - | **(1)** - |
| Provided during the year | 601 | 166 | 55 | 21 | 2 | - | **845** 303 |
| Impairments | 28 | - | - | - | - | - | **28** 12 |
| Reversals of impairments | (8) | - | - | - | - | - | **(8)** (3) |
| Reclassifications | (4) | (1) | 1 | (1) | - | - | **(5)** - |
| Revaluations | (150) | - | - | - | - | - | **(150)** (122) |
| Disposals / derecognition | (35) | (45) | (9) | (8) | - | 1 | **(96)**  (15) |
| **Accumulated depreciation at 31 March 2024** | **1,095** | **480** | **96** | **76** | **6** | **9** | **1,762 545** |
| **Net book value at 31 March 2024** | **4,840** | **579** | **100** | **61** | **7** | **2** | **5,589 2,186** |
| **Net book value at 1 April 2023** | **5,131** | **586** | **112** | **56** | **8** | **3** | **5,896 2,515** |
| Of the total net impairments of £206 million shown in this note, £199 million was charged to operating expenses and £7 million to the revaluation reserve. | | | | | | | |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 15.2 Right of use assets - 2022/23** |  |  |  |  |  |  |  |  |  |
| *IFRS 16 Leases* was implemented on 1 April 2022. The standard was applied using a modified retrospective approach without restatement of comparatives. Right of use assets and lease liabilities were created for existing operating leases at the date of initial application. | | | | | | | | | |
|  | **Property**  (land and buildings) | **Plant & machinery** | **Transport equipment** | **Information technology** | **Furniture &**  **fittings** | **Intangible**  **assets** | **Total** |  | Of which: leased from DHSC group  bodies |
| **Valuation / gross cost** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |  | **£m** |
| IFRS 16 implementation: reclassification of existing leased assets from PPE or intangible assets | 230 | 386 | 1 | 83 | 12 | 22 | **734** |  | 7 |
| IFRS 16 implementation: adjustments for existing operating leases / subleases | 5,200 | 435 | 121 | 30 | - | - | **5,786** |  | 2,853 |
| Additions | 395 | 146 | 39 | 15 | - | - | **595** |  | 33 |
| Remeasurements of the lease liability | 75 | 8 | - | - | - | - | **83** |  | 38 |
| Movements in provisions for restoration / removal costs | 20 | - | - | - | - | - | **20** |  | 2 |
| Impairments | (101) | - | - | (3) | - | - | **(104)** |  | (40) |
| Reversals of impairments | 2 | - | - | - | - | - | **2** |  | - |
| Reclassifications | (7) | (3) | - | (4) | - | - | **(14)** |  | - |
| Revaluations | 6 | 1 | - | - | - | - | **7** |  | (2) |
| Disposals / derecognition | (24) | (28) | - | (1) | - | (11) | **(64)** |  | (6) |
| **Valuation / gross cost at 31 March 2023** | **5,796** | **945** | **161** | **120** | **12** | **11** | **7,045** |  | **2,885** |
| **Accumulated depreciation** |  |  |  |  |  |  |  |  |  |
| IFRS 16 implementation: reclassification of existing leased assets from PPE or intangible assets | 8 | 225 | - | 44 | 3 | 18 | **298** |  | - |
| Provided during the year | 580 | 158 | 48 | 23 | 1 | 1 | **811** |  | 306 |
| Impairments | 102 | - | - | (2) | - | - | **100** |  | 68 |
| Reversals of impairments | (1) | - | - | - | - | - | **(1)** |  | (1) |
| Reclassifications | - | (2) | - | (1) | - | - | **(3)** |  | - |
| Revaluations | (20) | 1 | - | - | - | - | **(19)** |  | (3) |
| Disposals / derecognition | (4) | (23) | 1 | - | - | (11) | **(37)** |  | - |
| **Accumulated depreciation at 31 March 2023** | **665** | **359** | **49** | **64** | **4** | **8** | **1,149** |  | **370** |
| **Net book value at 31 March 2023** | **5,131** | **586** | **112** | **56** | **8** | **3** | **5,896** |  | **2,515** |

Of the total net impairments of £201 million shown in this note, £192 million was charged to operating expenses and £9 million to the revaluation reserve.

|  |
| --- |
| **Note 15.3 Reconciliation of the carrying value of lease liabilities** |
| Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 21. |

**2022/23**

|  |
| --- |
| **2023/24** |
| **£m** |
| **5,760** |

**£m 351**

|  |
| --- |
| **Carrying value at 1 April** |
| IFRS 16 implementation: adjustments for existing operating leases |
| Prior period adjustments recorded in-year |
| Lease additions |
| Lease liability remeasurements |
| Interest charge arising in year |
| Early terminations |
| Lease payments (cash outflows) |
| **Carrying value at 31 March** |

5,545

|  |  |  |
| --- | --- | --- |
| - |  | (1) |
| 574 |  | 590 |
| 230 |  | 83 |
| 94 |  | 75 |
| (62) |  | (20) |
| (906) |  | (863) |
| **5,690** |  | **5,760** |

|  |
| --- |
| Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure and disclosed in Note 7.1. |
| Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above. |
| Income generated from subleasing right of use assets in 2023/24 was £1 million (2022/23: £2 million) and is included within revenue from operating leases in note 4. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 15.4 Maturity analysis of future lease payments at 31 March 2024** | | | | | |
|  | **31 March 2024** | | **31 March 2023** | | |
|  | **Total** | Of which leased from DHSC group  bodies: |  | **Total** | Of which leased from DHSC group  bodies: |
| **Undiscounted future lease payments payable in:** | **£m** | **£m** |  |  |  |
| - not later than one year; | 839 | 311 |  | 828 | 314 |
| - later than one year and not later than five years; | 2,452 | 1,106 |  | 2,510 | 1,130 |
| - later than five years. | 3,014 | 1,193 |  | 2,956 | 1,292 |
| **Total gross future lease payments** | **6,305** | **2,610** |  | **6,294** | **2,736** |
| Finance charges allocated to future periods | (615) | (138) |  | (534) | (126) |
| **Net lease liabilities at 31 March** | **5,690** | **2,472** |  | **5,760** | **2,610** |

A description of how liquidity risk is managed in the provider sector to ensure these liabilities can be met as they fall due is disclosed in Note 27.6.

|  |  |  |
| --- | --- | --- |
| **Note 16 Inventories** |  | |
|  | **31 March**  **2024** | **31 March**  **2023** |
|  | **£m** | **£m** |
| Drugs | 538 | 511 |
| Work in progress | 2 | 2 |
| Consumables | 854 | 786 |
| Energy | 18 | 20 |
| Other | 47 | 55 |
| **Total inventories** | **1,459** | **1,374** |

Inventories recognised in expenditure for the year were £14,460 million (2022/23: £13,330 million). Write-downs of inventories recognised in expenditure for the year were £19 million (2022/23: £19 million).

|  |  |  |
| --- | --- | --- |
| **Note 17.1 Receivables** |  | |
|  | **31 March**  **2024** | **31 March**  **2023** |
| **Current** | **£m** | **£m** |
| Contract receivables\* | 4,091 | 5,552 |
| Contract assets | 3 | 3 |
| Capital receivables | 39 | 71 |
| Allowance for impaired contract receivables / assets | (631) | (605) |
| Allowance for other impaired receivables | (31) | (25) |
| Deposits and advances | 4 | 11 |
| Prepayments | 1,221 | 1,115 |
| Interest receivable | 18 | 14 |
| Finance lease receivables | 3 | 2 |
| PDC dividend receivable | 130 | 54 |
| VAT receivable | 470 | 478 |
| Corporation tax receivable | 1 | 1 |
| Other receivables | 247 | 197 |
| NHS charitable funds receivables | 7 | 6 |
| **Total current receivables** | **5,572** | **6,874** |

|  |  |  |
| --- | --- | --- |
| **Non-current** |  | |
| Contract receivables | 217 | 205 |
| Contract assets | 5 | 5 |
| Capital receivables | 25 | 17 |
| Allowance for impaired contract receivables / assets | (40) | (36) |
| Deposits and advances | 7 | 6 |
| Prepayments | 300 | 277 |
| Finance lease receivables | 11 | 10 |
| VAT receivable | 1 | 1 |
| Corporation tax receivable | 1 | 1 |
| Other receivables | 157 | 173 |
| **Total non-current receivables** | **684** | **659** |

|  |  |
| --- | --- |
| **Of which receivable from NHS and DHSC group bodies** | |
| Current | 2,068 |
| Non-current | 127 |

|  |
| --- |
| 3,690 |
| 158 |

|  |
| --- |
| The terms 'contract receivables' and 'contract assets' are defined in accounting policy note 1.2. |
| \*Current contract receivables at 31 March 2023 included £2,490 million of accrued funding for the additional 2022/23 agenda for change pay award detailed in Note 3.1. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 17.2 Allowances for credit losses** |  |  |  |  |  |
| Where there is doubt over the recoverability of receivables, the carrying value of receivables is impaired by recognising an allowance for expected losses. | | | | | |
|  | **2023/24** | | **2022/23** | | |
|  | **Contract receivables**  **and**  **contract assets** | **All other receivables** |  | **Contract receivables**  **and**  **contract assets** | **All other receivables** |
|  | **£m** | **£m** |  | **£m** | **£m** |
| **Allowances as at 1 April** | **641** | **25** |  | **605** | **25** |
| New allowances arising | 234 | 9 |  | 207 | 7 |
| Changes in existing allowances | (4) | 1 |  | 7 | (2) |
| Reversals of allowances | (131) | (2) |  | (118) | (3) |
| Utilisation of allowances (write offs) | (69) | (2) |  | (60) | (2) |
| **Allowances as at 31 March** | **671** | **31** |  | **641** | **25** |

|  |  |  |
| --- | --- | --- |
| **Note 18.1 Cash and cash equivalents movements** |  |  |
| Cash and cash equivalents comprise cash at bank, in hand and cash equivalents. Cash equivalents are readily convertible investments of known value which are subject to an insignificant risk of change in value. | | |
|  | **2023/24** | **2022/23** |
|  | **£m** | **£m** |
| **At 1 April** | **12,846** | **15,579** |
| Adjustments to prior period accounted for in-year \* | (94) | 1 |
| Transfers by absorption | (3) | - |
| Net change in year | (1,947) | (2,734) |
| **At 31 March** | **10,802** | **12,846** |
| **Broken down into:** |  |  |
| Cash at commercial banks and in hand (excluding charitable funds) | 159 | 173 |
| Cash with the Government Banking Service (excluding charitable funds) | 10,183 | 12,265 |
| Deposits with the National Loans Fund (excluding charitable funds) | 371 | 248 |
| Other current investments (excluding charitable funds) | - | 2 |
| NHS charitable funds cash and cash equivalents | 89 | 158 |
| **Total cash and cash equivalents as in Statement of Financial Position** | **10,802** | **12,846** |
| Bank overdrafts | - | - |
| **Total cash and cash equivalents as in Statement of Cash Flows** | **10,802** | **12,846** |

\*\* This adjustment reflects a local NHS provider's reclassification of a prior year NLF deposit as a short term investment rather than a cash equivalent. The adjustment is not considered material to the consolidated provider accounts and so the prior year balance has not been restated.

|  |
| --- |
| **Note 18.2 Third party assets** |
| The balance of third party assets, including patients’ money held within the NHS providers' bank accounts at 31 March 2024 was £37 million (31 March 2023: £37 million). These have been excluded from the Consolidated Statement of Financial Position as it is not assets of the NHS provider sector. Neither NHS providers nor Government more widely has a beneficial interest in these assets. |

|  |  |  |
| --- | --- | --- |
| **Note 19 Trade and other payables** |  | |
|  | **31 March**  **2024** | **31 March**  **2023** |
|  | **£m** | **£m** |
| **Current** |  | |
| Trade payables | 3,004 | 2,755 |
| Capital payables | 2,136 | 1,974 |
| Accruals\* | 6,965 | 9,671 |
| Receipts in advance | 46 | 62 |
| PFI lifecycle replacement received in advance | - | 1 |
| Social security costs | 1,022 | 907 |
| VAT payable | 19 | 17 |
| Other taxes payable | 730 | 607 |
| PDC dividend payable | 12 | 41 |
| Pension contributions payable | 987 | 897 |
| Other payables | 593 | 725 |
| NHS charitable funds trade and other payables | 14 | 12 |
| **Total current trade and other payables** | **15,528** | **17,669** |

|  |  |  |
| --- | --- | --- |
| **Non-current** |  | |
| Trade payables | 2 | - |
| Capital payables | 22 | 8 |
| Accruals | 3 | 1 |
| Receipts in advance | 10 | 9 |
| Other payables | 42 | 14 |
| **Total non-current trade and other payables** | **79** | **32** |

|  |  |
| --- | --- |
| **Of which payable to NHS and DHSC group bodies** |  |
| Current | 424 |
| Non-current | - |

|  |
| --- |
| 459 |
| - |

\* At 31 March 2023, NHS providers accrued the costs of implementing the additional 2022/23 agenda for change pay award. As detailed in Note 3.1, providers also accrued £2,490 million of funding in respect of these costs.

|  |  |  |
| --- | --- | --- |
| **Note 20 Other liabilities** |  | |
|  | **31 March**  **2024** | **31 March**  **2023** |
|  | **£m** | **£m** |
| **Current** |  | |
| Deferred income: contract liability | 1,579 | 1,740 |
| Deferred grants | 75 | 61 |
| Deferred PFI income/credits | 3 | 5 |
| Deferred income: other | 40 | 53 |
| NHS charitable funds other liabilities | 1 | 2 |
| **Total other current liabilities** | **1,698** | **1,861** |

|  |  |  |
| --- | --- | --- |
| **Non-current** |  | |
| Deferred income: contract liability | 170 | 140 |
| Deferred grants | 2 | 2 |
| Deferred PFI income/credits | 55 | 58 |
| Lease incentives | 3 | 3 |
| Deferred income: other | 15 | 14 |
| **Total other non-current liabilities** | **245** | **217** |

|  |  |  |
| --- | --- | --- |
| **Note 21 Borrowings** |  | |
|  | **31 March**  **2024** | **31 March**  **2023** |
|  | **£m** | **£m** |
| **Current** |  | |
| Loans from the Department of Health and Social Care | 283 | 224 |
| Other loans | 47 | 38 |
| Lease liabilities | 783 | 778 |
| Obligations under PFI, LIFT or other service concession contracts\* | 606 | 340 |
| **Total current borrowings** | **1,719** | **1,380** |

|  |  |  |
| --- | --- | --- |
| **Non-current** |  | |
| Loans from the Department of Health and Social Care | 1,934 | 2,160 |
| Other loans | 259 | 296 |
| Lease liabilities | 4,907 | 4,982 |
| Obligations under PFI, LIFT or other service concession contracts\* | 13,317 | 7,321 |
| **Total non-current borrowings** | **20,417** | **14,759** |

\*NHS providers have applied the liability measurement principles of *IFRS 16 Leases* to PFI, LIFT and other service concession liabilities from 1 April 2023 without restatement of comparatives. More information about the impact of this change can be found in Note 25.4.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 21.1 Reconciliation of liabilities arising from financing activities - 2023/24** | | | | | |
|  | **Loans from DHSC** | **Other loans** | **Lease liabilities** | **PFI and**  **LIFT**  **schemes** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Carrying value at 1 April 2023** | **2,384** | **334** | **5,760** | **7,662** | **16,140** |
| **Cash movements:** |  |  |  |  | |
| Financing cash flows - payments and receipts of principal | (167) | (27) | (813) | (621) | **(1,628)** |
| Financing cash flows - payments of interest | (55) | (10) | (93) | (750) | **(908)** |
| **Non-cash movements:** |  |  |  |  | |
| Application of IFRS 16 measurement principles to PFI liabilities on 1 April 2023 | - | - | - | 5,345 | **5,345** |
| Adjustments to prior year accounted for in-year | - | - | (3) | - | **(3)** |
| Transfers by absorption | - | - | - | 3 | **3** |
| Additions | - | - | 574 | 4 | **578** |
| Lease liability remeasurements | - | - | 230 | - | **230** |
| Remeasurement of PFI / other service concession liabilities resulting from change in index or rate | - | - | - | 1,563 | **1,563** |
| Application of effective interest rate | 55 | 9 | 94 | 713 | **871** |
| Early terminations | - | - | (59) | (31) | **(90)** |
| Other changes | - | - | - | 35 | **35** |
| **Carrying value at 31 March 2024** | **2,217** | **306** | **5,690** | **13,923** | **22,136** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Note 21.2 Reconciliation of liabilities arising from financing activities - 2022/23** | | | | | |
|  | **Loans from DHSC** | **Other loans** | **Lease liabilities** | **PFI and**  **LIFT**  **schemes** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** |
| **Carrying value at 1 April 2022** | **2,552** | **428** | **351** | **8,014** | **11,345** |
| **Cash movements:** |  |  |  |  | |
| Financing cash flows - payments and receipts of principal | (167) | (8) | (791) | (338) | **(1,304)** |
| Financing cash flows - payments of interest | (60) | (9) | (72) | (431) | **(572)** |
| **Non-cash movements:** |  |  |  |  | |
| Impact of implementing IFRS 16 on 1 April 2022 | - | - | 5,545 | - | **5,545** |
| Adjustments to prior year accounted for in-year | - | - | (1) | 1 | **-** |
| Transfers by absorption | - | - | - | (2) | **(2)** |
| Additions | - | - | 592 | 15 | **607** |
| Lease liability remeasurements | - | - | 83 | - | **83** |
| Application of effective interest rate | 59 | 9 | 75 | 431 | **574** |
| Early terminations | - | - | (21) | (26) | **(47)** |
| Other changes | - | (86) | (1) | (2) | **(89)** |
| **Carrying value at 31 March 2023** | **2,384** | **334** | **5,760** | **7,662** | **16,140** |

**Note 22.1 Provisions for liabilities and charges**

|  |  |
| --- | --- |
| **31 March 2024 31 March 2023** | |
| **Current** | **Non-current Current Non-current** |
| **£m** | **£m £m £m** |
| 37 | 305 36 327 |
| 74 | 10 86 15 |
| 11 | 5 13 5 |
| 33 | 1 13 4 |
| 41 | 1 35 1 |
| 619 | 377 577 439 |
| **815** | **699 760 791** |

|  |
| --- |
| Pensions |
| Other legal claims |
| Restructurings |
| Equal Pay |
| Redundancy |
| Other |
| **Total** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Note 22.2 Movement in provisions for liabilities and charges** | | | | | | | |
|  | **Pensions** | **Other legal**  **claims** | **Restructuring** | **Equal Pay** | **Redundancy** | **Other** | **Total** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| **At 1 April 2023** | **363** | **101** | **18** | **17** | **36** | **1,016** | **1,551** |
| Change in the discount rate | (16) | - | - | - | - | (24) | **(40)** |
| Arising during the year | 36 | 42 | 9 | 23 | 27 | 340 | **477** |
| Utilised during the year | (37) | (17) | (5) | (1) | (7) | (128) | **(195)** |
| Reversed unused | (11) | (42) | (6) | (5) | (14) | (219) | **(297)** |
| Unwinding of discount | 7 | - | - | - | - | 11 | **18** |
| **At 31 March 2024** | **342** | **84** | **16** | **34** | **42** | **996** | **1,514** |
| **Expected timing of cash flows:** |  |  |  |  |  |  |  |
| - not later than one year; | 37 | 74 | 11 | 33 | 41 | 619 | **815** |
| - later than one year and not later than five years; | 137 | 6 | 5 | - | 1 | 179 | **328** |
| - later than five years. | 168 | 4 | - | 1 | - | 198 | **371** |
| **Total** | **342** | **84** | **16** | **34** | **42** | **996** | **1,514** |

|  |  |
| --- | --- |
| • | Pension provisions relate to staff who have retired early from the NHS Pensions Scheme and are calculated in accordance with DHSC guidance. |
| • | Other legal claims include personal legal claims that have been lodged against NHS providers with NHS Resolution but not yet agreed and therefore not included in provisions held by NHS Resolution. |
| • | Equal pay provisions include provisions for unresolved claims relating to employment contracts. |
| • | Redundancy and restructuring provisions are included by trusts who are undergoing change in their organisational structures. |
| • | Included within other provisions are charges arising from the provision of services, the cost of PFI terminations, dilapidations associated with leases and other contract challenges. |

**Note 22.3 Clinical negligence liabilities**

NHS Resolution manages clinical and some non-clinical claims on behalf of NHS providers. For this to occur, providers pay an annual premium to NHS Resolution, who then assumes responsibility for settling claims on providers' behalf. This is called the Clinical Negligence Scheme for Trusts (CNST) which covers clinical negligence claims for incidents occurring on or after 1 April 1995. The Existing Liabilities Scheme (ELS) is centrally funded by DHSC and covers clinical negligence claims against NHS organisations for incidents occurring before 1 April 1995.

Under these schemes, most liabilities for clinical negligence are not included in providers' statements of financial position. Instead they separately disclose the amounts relating to clinical negligence cases for their trust which are included in the provisions of NHS Resolution.

|  |
| --- |
| As at 31 March 2024, NHS Resolution held provisions for clinical negligence liabilities totalling £31,343 million for CNST (2022/23: £37,155 million) and £635 million for ELS (2022/23: £801 million) on behalf of NHS providers. NHS Resolution's annual report and accounts provides more information on overall liabilities and explanations for  movements between years: |
| <https://resolution.nhs.uk/corporate-reports/> |

|  |
| --- |
| **Note 23 Contingent assets and liabilities** |
| Contingent assets and liabilities are potential assets and liabilities arising from past events, whose existence will only be confirmed by the occurrence of future events that are not entirely within the entity's control. |

|  |
| --- |
| **Value of contingent liabilities** |
| NHS Resolution legal claims |
| Employment tribunal and other employee related litigation |
| Redundancy |
| Other |
| **Gross value of contingent liabilities** |
| Amounts recoverable against liabilities |
| **Net value of contingent liabilities** |
| **Net value of contingent assets** |

|  |  |  |
| --- | --- | --- |
| **31 March**  **2024** |  | **31 March**  **2023** |
| **£m** |  | **£m** |
| (5) |  | (6) |
| (8) |  | (12) |
| (2) |  | (1) |
| (98) |  | (16) |
| **(113)** |  | **(35)** |
| - |  | - |
| **(113)** |  | **(35)** |
| 1 |  | - |

|  |  |
| --- | --- |
| **Note 24.1 Contractual capital commitments** |  |
| At 31 March, contractual capital commitments not otherwise included in these financial statements were: | |
|  | **31 March 31 March**  **2024 2023** |
|  | **£m £m** |
| Property, plant and equipment | 2,409 2,271 |
| Intangible assets | 120 145 |
| **Total** | **2,529 2,416** |

|  |
| --- |
| **Note 24.2 Other financial commitments** |
| NHS providers are committed to making the following payments under non-cancellable contracts (which are not leases, PFI contracts or other service concession arrangements): |

|  |
| --- |
| Payments falling due: |
| - not later than 1 year; |
| - after 1 year and not later than 5 years; |
| - thereafter. |
| **Total** |

|  |  |
| --- | --- |
| **31 March**  **2024** | **31 March**  **2023** |
| **£m** | **£m** |
| 408 | 376 |
| 514 | 367 |
| 126 | 64 |
| **1,048** | **807** |

**Note 25 On-SoFP PFI, LIFT and other service concession arrangements**

|  |  |  |
| --- | --- | --- |
| **Note 25.1 On-SoFP PFI, LIFT and other service concession obligations** |  |  |
| NHS providers recognise the following obligations in respect of assets included in the on-SoFP schemes: | | |
|  | **31 March**  **2024** | **31 March**  **2023**  **restated\*** |
|  | **£m** | **£m** |
| **Gross PFI, LIFT or other service concession liabilities** | **21,289** | **11,938** |
| **Of which liabilities are due** |  |  |
| - not later than one year; | 1,335 | 748 |
| - later than one year and not later than five years; | 5,180 | 2,811 |
| - later than five years. | 14,774 | 8,379 |
| Finance charges allocated to future periods | (7,366) | (4,276) |
| **Net PFI, LIFT or other service concession arrangement obligation** | **13,923** | **7,662** |
| - not later than one year; | 606 | 340 |
| - later than one year and not later than five years; | 2,625 | 1,371 |
| - later than five years. | 10,692 | 5,950 |

\*11 providers have restated the gross liability (undiscounted) at 31 March 2023 to remove contingent rent that was erroneously included in the minimum lease payments prior to the 1 April 2023 accounting policy change. This restatement has reduced the prior year gross liability disclosed by £1,519 million (previously £13,457 million). The contingent rent was included as finance charges allocated to future periods therefore there is no impact on the discounted net liability disclosed on the statement of financial position at 31 March 2023.

**Note 25.2 Total service concession arrangement commitments**

|  |  |  |
| --- | --- | --- |
| NHS providers are committed to making the following total payments in respect of on-Statement of Financial Position  PFI, LIFT and other service concession arrangements: | | |
|  | **31 March**  **2024** | **31 March**  **2023**  **restated\*** |
| **Total future payments due in:** | **£m** | **£m** |
| - not later than one year; | 2,745 | 2,531 |
| - later than one year and not later than five years; | 10,980 | 10,255 |
| - later than five years. | 32,160 | 33,706 |
| **Total** | **45,885** | **46,492** |

|  |
| --- |
| Total number of PFI, LIFT and other service concession schemes accounted for on-  SoFP at 31 March |
| Of which schemes with total future commitment in excess of £500 million |

|  |
| --- |
| **Number** |
| 145 |
| 26 |

|  |
| --- |
| **Number** |
| 149 |
| 25 |

\*31 providers have restated the total commitments at 31 March 2023, removing estimates of future inflation to consistently measure these commitments at contract prices at the reporting date. This restatement is a net reduction of the prior year total commitments disclosed by £3,927 million (previously £50,419 million).

|  |  |  |  |
| --- | --- | --- | --- |
| **Note 25.3 Analysis of amounts paid to service concession operators** |  |  |  |
| This note shows the total amount paid to the service concession operator in the year, on an accruals basis. The constituent parts of the unitary payment are taken to the Consolidated Statement of Comprehensive Income or Consolidated Statement of Financial Position as appropriate. | | | |
|  | **2023/24** |  | **2022/23** |
|  | **£m** |  | **£m** |
| **Unitary payment paid to service concession operator** | **2,740** |  | **2,454** |
| **Consisting of:** |  |  |  |
| - Interest charge | 713 |  | 431 |
| - Repayment of balance sheet obligation | 620 |  | 339 |
| - Service element | 1,156 |  | 1,072 |
| - Capital lifecycle maintenance | 183 |  | 108 |
| - Revenue lifecycle maintenance | 8 |  | 15 |
| - Contingent rent | 2 |  | 445 |
| - Addition to lifecycle prepayment | 58 |  | 44 |

|  |
| --- |
| **Note 25.4 Initial application of IFRS 16 liability measurement principles to on-SoFP PFI, LIFT and other**  **service concession liabilities** |
| IFRS 16 liability measurement principles have been applied to PFI, LIFT and other service concession arrangement liabilities from 1 April 2023. When payments for the asset are uplifted for inflation, the imputed lease liability recognised on the SoFP is remeasured to reflect the increase in future payments to current prices. Such increases were previously recognised as contingent rent as incurred.  The change in measurement basis has been applied retrospectively without restatement of comparatives and with the cumulative impact on 1 April 2023 recognised in the income and expenditure reserve. |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Impact of change in accounting policy on the allocation of unitary payments** | | | | | |
| This table demonstrates the incremental impact of applying the new accounting policy on the allocation of the unitary charges paid to the operator in 2023/24. | | | | | |
|  | **IFRS 16**  **basis (new**  **basis)** |  | **IAS 17 basis (old basis)** |  | **Impact of change** |
|  | **2023/24** |  | **2023/24** |  | **2023/24** |
|  | **£m** |  | **£m** |  | **£m** |
| **Unitary payment payable to service concession operator** | **2,740** |  | **2,740** |  | **-** |
| **Consisting of:** |  |  |  |  |  |
| - Interest charge | 713 |  | 410 |  | 303 |
| - Repayment of balance sheet obligation | 620 |  | 337 |  | 283 |
| - Service element | 1,156 |  | 1,170 |  | (14) |
| - Lifecycle maintenance | 191 |  | 191 |  | - |
| - Contingent rent | 2 |  | 574 |  | (572) |
| - Addition to lifecycle prepayment | 58 |  | 58 |  | - |

|  |  |
| --- | --- |
| **Impact of change in accounting policy on primary statements** |  |
| This table demonstrates the incremental impact of applying the new accounting policy on the primary statements in 2023/24. | |
| **Impact of change on 31 March 2024 Statement of Financial Position:** | **31 March**  **2024** |
|  | **£m** |
| Increase in PFI / LIFT and other service concession liabilities | (6,614) |
| Decrease in PDC dividend payable / increase in PDC dividend receivable | 99 |
| Increase in cash and cash equivalents (impact of PDC dividend only) | 76 |
| **Impact on net assets as at 31 March 2024** | **(6,439)** |

**Impact of change on 2023/24 Statement of Comprehensive Income:**

|  |
| --- |
| **2023/24** |
| **£m** |
| (1,563) |
| (303) |
| 572 |
| 14 |
| 11 |
| 175 |
| **(1,094)** |

|  |
| --- |
| PFI liability remeasurement charged to finance costs |
| Increase in interest arising on PFI liability |
| Reduction in contingent rent |
| Reduction in service charge |
| Impact on gain arising from early termination |
| Reduction in PDC dividend charge |
| **Net impact on surplus / (deficit)** |

**Impact of change on 2023/24 Statement of Changes in Equity:**

|  |
| --- |
| **2023/24** |
| **£m** |
| (5,345) |
| (1,094) |
| **(6,439)** |

|  |
| --- |
| Adjustment to reserves for the cumulative retrospective impact on 1 April 2023 |
| Net impact on 2023/24 surplus / deficit |
| **Impact on equity as at 31 March 2024** |

**Impact of change on 2023/24 Statement of Cash Flows:**

|  |
| --- |
| **2023/24** |
| **£m** |
| 14 |
| (283) |
| 269 |
| 76 |
| **76** |

|  |
| --- |
| Decrease in cash outflows from operating activities |
| Increase in cash outflows for capital element of PFI / LIFT |
| Decrease in cash outflows for financing element of PFI / LIFT |
| Decrease in cash outflows for PDC dividend |
| **Net impact on cash flows** |

**Note 26 Off-SoFP PFI, LIFT and other service concession arrangements**

NHS providers incurred the following charges in respect of off-Statement of Financial Position PFI and LIFT schemes:

|  |  |  |
| --- | --- | --- |
| **31 March**  **2024** |  | **31 March**  **2023** |
| **£m** |  | **£m** |
| 1 |  | 1 |

Charge in respect of the off SoFP PFI, LIFT or other service concession arrangement for the period

|  |
| --- |
| Commitments in respect of off-SoFP PFI, LIFT or other service concession  arrangements payable in: |
| - not later than one year; |
| - later than one year and not later than five years; |
| - later than five years. |
| **Total** |

|  |  |  |
| --- | --- | --- |
| 2 |  | 2 |
| 2 |  | 3 |
| 4 |  | 4 |
| **8** |  | **9** |

|  |  |  |  |
| --- | --- | --- | --- |
| All financial liabilities are held at amortised cost. |  |  |  |
| **Note 27.4 Maturity of financial liabilities** |  |  |  |
| The following maturity profile of financial liabilities is based on the contractual undiscounted future cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value. | | | |
|  | **31 March**  **2024** |  | **31 March**  **2023** |
| **Financial liabilities fall due in:** | **£m** |  | **£m** |
| one year or less; | 15,166 |  | 17,313 |
| more than one year but not more than five years; | 8,699 |  | 6,905 |
| more than five years. | 19,358 |  | 14,182 |
| **Total financial liabilities** | **43,223** |  | **38,400** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 27.1 Financial assets as at 31 March 2024** |  |  |  |  |
|  | **Financial assets at amortised**  **cost** | **Financial assets at fair**  **value**  **through I&E** | **Financial assets at fair**  **value**  **through OCI** | **Total** |
| **Carrying values of financial assets as at 31 March 2024** | **£m** | **£m** | **£m** | **£m** |
| Receivables excluding non-financial assets | 4,049 | - | - | **4,049** |
| Financial assets / investments | 181 | 2 | 5 | **188** |
| Cash and cash equivalents at bank and in hand\* | 10,713 | - | - | **10,713** |
| NHS charitable funds financial assets | 115 | 126 | 40 | **281** |
| **Total at 31 March 2024** | **15,058** | **128** | **45** | **15,231** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Note 27.2 Financial assets as at 31 March 2023** |  |  |  |  |
|  | **Financial assets at amortised**  **cost** | **Financial assets at fair**  **value**  **through I&E** | **Financial assets at fair**  **value**  **through OCI** | **Total** |
| **Carrying values of financial assets as at 31 March 2023** | **£m** | **£m** | **£m** | **£m** |
| Receivables excluding non-financial assets | 5,484 | - | - | **5,484** |
| Financial assets / investments | 89 | 1 | 4 | **94** |
| Cash and cash equivalents at bank and in hand\* | 12,688 | - | - | **12,688** |
| NHS charitable funds financial assets | 182 | 128 | 44 | **354** |
| **Total at 31 March 2023** | **18,443** | **129** | **48** | **18,620** |

|  |  |  |
| --- | --- | --- |
| \* Cash and cash equivalents excludes cash held by NHS charitable funds, which is shown within the final row of the above two tables. | | |
| **Note 27.3 Financial liabilities** |  |  |
|  | **31 March**  **2024** | **31 March**  **2023** |
| **Carrying values of financial liabilities** | **£m** | **£m** |
| Loans from the Department of Health and Social Care | 2,217 | 2,384 |
| Obligations under PFI, LIFT and other service concession contracts | 13,923 | 7,662 |
| Obligations under leases | 5,690 | 5,760 |
| Other borrowings | 306 | 334 |
| Trade and other payables excluding non-financial liabilities | 12,356 | 15,108 |
| Other financial liabilities | 2 | 2 |
| Provisions under contract | 427 | 458 |
| NHS charitable funds financial liabilities | 11 | 8 |
| **Total financial liabilities** | **34,932** | **31,716** |

**Note 27.5 Fair values of financial instruments**

At a consolidated level, the fair values of financial instruments disclosed by individual providers do not differ materially from the book values disclosed above.

**Note 27.6 Financial risk management**

The risks arising from financial instruments and the NHS providers' policies and processes in response to these risks are described below. Individual NHS providers may have their own bespoke policies and processes in place to deal with the risks they face as an entity.

Liquidity risk

The level of income generated by NHS providers is dependent on the contractual arrangements they have with their commissioners, whose resources are voted on annually by Parliament. Contract prices are determined by the NHS Payment System which is based on nationally collected cost data and updated annually for inflation to reflect the efficient cost of providing healthcare.

NHS providers are required by legislation to carry out their functions effectively, efficiently and economically and under their licence conditions they are required to maintain working capital balances sufficient to enable the continued provision of services ensuring they are able to continue as a going concern. NHS England oversees the risk of individual NHS providers breaching these and other licence conditions relating to finance by reviewing a range of financial information and categorising each trust according to our NHS Oversight Framework. It may provide mandated support to providers where required. Where providers have difficulty maintaining necessary cash balances, cash support may be provided by DHSC to cover necessary and essential expenditure. Where support is received, providers must work with NHS England to improve their financial position.

Details of the NHS Oversight Framework used by NHS England for 2023/24 to monitor these risks can be accessed on the NHS England website (https[://www.england.nhs.uk/publication/nhs-oversight-framework-segmentation/).](http://www.england.nhs.uk/publication/nhs-oversight-framework-segmentation/))

|  |
| --- |
| As disclosed within the accounting policies at Note 1.23, these consolidated accounts are prepared on a going concern basis and we do not consider there to be a material uncertainty over going concern. It is deemed that there is not a risk that the consolidated provider sector would fail to meet its liabilities as they fall due. |
| Credit risk  The vast majority of the NHS provider sector's income is generated from public sector bodies and as such is exposed to low credit risk as these bodies are financed through taxation.  NHS providers are permitted to generate income derived from private patients and overseas visitors without reciprocal arrangements, however this income contributes only 0.73% of total income from patient care activities generated in 2023/24 (2022/23: 0.66%). Other sources of income from non-public sector bodies amount to a small proportion of total provider income. Accordingly, the effective credit risk posed by income derived from private and overseas patients or non-public sector entities to the sector is low. Within cash and cash equivalents, £10.6 billion is held with the Government Banking Service and National Loans Fund. Individual providers have confirmed that they do not consider these deposits to be exposed to significant credit risk. The maximum exposures as at 31 March 2024 are in receivables, as disclosed in the receivables note. |
| Currency risk  The NHS provider sector operates principally within England and as such has only negligible amounts of transactions, assets and liabilities which are not in Sterling. Therefore the NHS provider sector has low exposure to currency risk. |
| Interest rate risk |
| NHS providers have the power to enter into loans and working capital facilities with commercial lenders. NHS providers are also able to borrow from DHSC. The term of DHSC loans can range up to 25 years but individual DHSC loan products may be shorter, with the potential for replacement DHSC loans to be at a different interest rate.  However given the total interest paid to DHSC by NHS providers (see note 11) this is not a material risk to the  consolidated NHS provider accounts. |

|  |
| --- |
| **31 March**  **2024** |
| **£m** |

|  |
| --- |
| **31 March**  **2023** |
| **£m** |

|  |
| --- |
| 12 |
| 79 |

|  |
| --- |
| 11 |
| 100 |

172

|  |
| --- |
| **Restricted funds:** |
| Endowment funds |
| Other restricted income funds |
| **Unrestricted funds:** |
| Unrestricted income funds |
| Revaluation reserve |
| **Total** |

|  |
| --- |
| 236 |
| 1 |
| **348** |

1

**264**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| NHS charitable funds are consolidated by 41 NHS providers where the trust determines they have control (2022/23: 44) as outlined in accounting policy 1.1. Other providers may also have charities meeting the definition of local control that are not locally consolidated on the grounds of materiality.  Restricted funds are funds that are to be used in accordance with specific restrictions imposed by the donor, for example where the donor has specified that their donation should be spent on a specified ward, patients, nurses or project fund. Endowment funds are funds which the trustees are required to invest or to keep and use for the charity’s purposes.  Unrestricted income funds comprise those funds that the trustees are free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include general funds, where the donor has not specified or restricted the use the charity may make of their donation. General funds additionally generate income from Gift Aid, investment income, interest and donations given specifically to cover running costs. | | | | | |
| **Note 29.1 Losses and special payments** |  |  |  |  |  |
|  | **2023/24** | | **2022/23** | | |
|  | **Number of**  **cases** | **Total value of cases** |  | **Number of**  **cases** | **Total value of cases** |
|  |  | **£m** |  |  | **£m** |
| **Losses** |  |  |  |  |  |
| Cash losses | 2,992 | 2.8 |  | 3,293 | 3.8 |
| Fruitless payments | 544 | 2.1 |  | 669 | 1.2 |
| Bad debts and claims abandoned | 28,765 | 61.3 |  | 30,121 | 51.3 |
| Stores losses and damage to property | 7,334 | 30.9 |  | 8,325 | 26.3 |
| **Total losses** | **39,635** | **97.1** |  | **42,408** | **82.6** |
| **Special payments** |  |  |  |  |  |
| Extra-contractual payments | 12 | 0.1 |  | 37 | - |
| Extra-statutory and extra-regulatory payments | 2 | 1.3 |  | 7 | - |
| Compensation payments under court order or legally binding arbitration award | 401 | 2.6 |  | 412 | 2.6 |
| Special severance payments | 51 | 0.9 |  | 66 | 1.6 |
| Ex-gratia payments | 6,578 | 12.1 |  | 7,385 | 46.9 |
| **Total special payments** | **7,044** | **17.0** |  | **7,907** | **51.1** |
| **Total losses and special payments** | **46,679** | **114.1** |  | **50,315** | **133.7** |

The total losses disclosed here are higher than the amounts included in the line ‘Losses, ex gratia & special payments’ in note 7.1 as NHS providers include some losses in other lines within that note.

|  |  |  |
| --- | --- | --- |
| HM Treasury requires disclosure of losses or special payments in excess of £0.3 million. In 2023/24 15 trusts reported 16 individual losses or special payments in excess of £0.3 million, totalling £13.3 million: | | |
| • | The following 8 trusts recorded a total of £4.3 million of pharmacy losses and obsolete stock write-offs: | |
|  | • | Barking, Havering and Redbridge University Hospitals NHS Trust (£0.4 million) |
|  | • | Guy's and St Thomas' NHS Foundation Trust (£0.6 million) |
|  | • | North Middlesex University Hospital NHS Trust (£0.5 million) |
|  | • | North West Anglia NHS Foundation Trust (£0.8 million) |
|  | • | Northern Care Alliance NHS Foundation Trust (£0.7 million) |
|  | • | Portsmouth Hospitals University NHS Trust (£0.4 million) |
|  | • | Royal Surrey NHS Foundation Trust (£0.6 million) |
|  | • | Worcestershire Acute Hospitals NHS Trust (£0.3 million) |
| • | University Hospitals Sussex NHS Foundation Trust recorded £1.5 million of losses due to fire damage. | |
| • | Nottingham University Hospitals NHS Trust wrote off £0.3 million of outstanding invoices due from an overseas visitor. | |
| • | Sandwell And West Birmingham Hospitals NHS Trust wrote off £1.5 million of outstanding invoices due from Birmingham City Council for delayed transfers of care. | |
| • | Whittington Health NHS Trust recorded a loss of £1.1 million following the abandonment of a capital project. | |
| • | Leeds Teaching Hospitals NHS Trust made ex gratia payments to staff members relating to VAT refunds on lease car payments totalling £1.1 million. The decision to make these payments is considered a single case. | |
| • | East Midlands Ambulance Service NHS Trust paid £1.3 million of incentive payments to staff outside of the national employment contract. The decision to make these payments is considered a single case. Due process was not followed for the approval of these payments resulting in a section 30 referral from the auditor. This  referral is detailed in the Consolidated Annual Governance Statement. | |
| • | South Western Ambulance Service NHS Foundation Trust recorded a loss of £2.2 million due to a supplier entering administration. | |

|  |  |  |
| --- | --- | --- |
| In 2022/23 33 trusts reported 35 individual losses or special payments in excess of £0.3 million, totalling £38.3 million: | | |
| • | Nottingham University Hospitals NHS Trust recorded a loss of £0.8 million relating to a fine for failings in maternity care. | |
| • | South Warwickshire University NHS Foundation Trust recorded a special severance payment of £0.5 million. | |
| • | The Royal Marsden NHS Foundation Trust recorded a fraud case of £0.4 million. | |
| • | Imperial College Healthcare NHS Trust wrote off £0.3 million of outstanding invoices due from an overseas visitor. | |
| • | Sandwell And West Birmingham Hospitals NHS Trust wrote off £1.5 million of outstanding invoices due from a local authority in relation to delayed transfers of care. | |
| • | The following 9 trusts recorded a total of £5.1 million of pharmacy losses and obsolete stock write-offs: | |
|  | • | Buckinghamshire Healthcare NHS Trust (£0.5 million) |
|  | • | London North West University Healthcare NHS Trust (£0.3 million) |
|  | • | North Middlesex University Hospital NHS Trust (£0.4 million) |
|  | • | Northern Care Alliance NHS Foundation Trust (£0.5 million) |
|  | • | Royal National Orthopaedic Hospital NHS Trust (£1.2 million) |
|  | • | Royal Papworth Hospital NHS Foundation Trust (£0.4 million) |
|  | • | Royal Surrey NHS Foundation Trust (£0.6 million) |
|  | • | South Warwickshire University NHS Foundation Trust (£0.4 million) |
|  | • | The Hillingdon Hospitals NHS Foundation Trust (£0.8 million) |
| • | 19 trusts made ex gratia payments to staff members relating to VAT refunds in lease car schemes totalling £14.9 million. Each trust decision (covering all applicable staff) is counted as a single case in the table in note 29.1. | |
| • | In addition, the following 2 trusts made ex gratia payments to their related charities from funds generated by the provider. Prospective approval was not sought by the trusts for these payments and the application for retrospective approval has been declined by HM Treasury. These payments are therefore irregular. | |
|  | • | The Christie NHS Foundation Trust (£5.8 million) |
|  | • | The Royal Marsden NHS Foundation Trust (£9 million) |

DHSC is regarded as a related party of NHS trusts and NHS foundation trusts. Per paragraph 25 of *IAS 24 Related party disclosures,* government-related entities are not required to disclose balances and transactions with entities that have the same government control. The information below was collected from NHS trusts and NHS foundation trusts, who were advised to exclude from the data collection balances and transactions with entities within the whole of government accounts boundary.

Information on related party balances and transactions with charitable funds and group entities below only relates to where the entity has not been consolidated within the local accounts, and thus not consolidated within these consolidated provider accounts.

Details of NHS providers' material related party transactions are shown in the accounts of the individual NHS providers.

|  |
| --- |
| Value of balances with board members and key staff (excluding  salaries) |
| Value of balances with other related parties: |
| Non-consolidated NHS charitable funds |
| Subsidiaries / Associates / Joint ventures |
| Other |
| Value of allowances for expected credit losses held against related party balances |
| **Total** |
| Value of balances with related parties written off in year |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Receivables Payables** | | | | |
| **31 March**  **2024** |  | **31 March**  **2023** | **31 March**  **2024** | **31 March**  **2023** |
| **£m** |  | **£m** | **£m** | **£m** |
| - |  | - | - | - |
| 35 |  | 23 | 6 | 13 |
| 14 |  | 13 | 10 | 11 |
| 66 |  | 53 | 59 | 52 |
| (2) |  | (2) - | | - |
| **113** |  | **87** | **75** | **76** |
| - |  | - | - | - |

|  |
| --- |
| Value of transactions with board members and key staff  (excluding salaries) |
| Value of transactions with other related parties: |
| Non-consolidated NHS charitable funds |
| Subsidiaries / Associates / Joint Ventures |
| Other |
| **Total** |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Income** | | |  | **Expenditure** | |
| **2023/24** |  | **2022/23** | | **2023/24** | **2022/23** |
| **£m** |  | **£m** | | **£m** | **£m** |
| - |  | - | | - | - |
| 99 |  | 112 | | 7 | 16 |
| 41 |  | 31 | | 138 | 202 |
| 129 |  | 128 | | 247 | 248 |
| **269** |  | **271** | | **392** | **466** |

|  |
| --- |
| Most business combinations within the public sector are accounted for using absorption accounting principles. Under this approach, balances are written out by the divesting organisation and recorded by the receiving organisation at their book values at the point in transfer. A gain or loss corresponding to the value of net assets is recognised within income and expenditure. More details are provided in accounting policy 1.1. |
| Transactions accounted for under absorption accounting: 2023/24  Absorption transfers occurring between NHS providers are eliminated within these accounts. The following provider acquisitions were eliminated in 2023/24: |

|  |  |  |
| --- | --- | --- |
| **Receiving body** | **Divesting body** | **Date of transfer** |
| Somerset NHS Foundation Trust | Yeovil District Hospital NHS Foundation Trust | 1 April 2023 |
| Mersey and West Lancashire Teaching Hospitals  NHS Trust | Southport and Ormskirk Hospital NHS Trust | 1 July 2023 |

The following absorption transfers occurred between NHS providers and other government bodies during 2023/24 and so reflect absorption movements in or out of the consolidated NHS provider accounts:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Details** | **Non-**  **current assets** | **Current assets** | **Current liabilities** | **Non-**  **current liabilities** | **Total net assets** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** |
| Transfers from NHS Property Services | 30.0 | - | - | (2.7) | **27.3** |
| Transfer to NHS Property Services | (0.7) | - | - | - | **(0.7)** |
| Transfer to Wirral Metropolitan Borough Council | (0.9) | - | - | - | **(0.9)** |
| Transfer out of Yeovil District Hospital NHS Foundation Trust Charitable Fund | - | (3.0) | - | - | **(3.0)** |
| **Totals** | **28.4** | **(3.0)** | **-** | **(2.7)** | **22.7** |

|  |
| --- |
| Transfers from NHS Property Services relate to the transfer of: |
| - The Ellesmere Port Hospital to Countess of Chester Hospital NHS Foundation Trust |
| - The Arundel Hospital, Bognor War Memorial Hospital and Zachary Merton Hospital to Sussex Community NHS Foundation Trust |
| - The Washington Primary Care Centre to South Tyneside and Sunderland NHS Foundation Trust |
| - North West corner of the Princess Royal Hospital, small car park and grassland to The Shrewsbury And Telford Hospital NHS Trust |
| The transfer to NHS Property Services relates to the transfer of land at Gill Rise from Lancashire and South Cumbria NHS Foundation Trust. |
| Wirral Community Health and Care NHS Foundation Trust transferred Adult Social Care Services to Wirral Metropolitan Borough Council. The assets transferring represent the net defined benefit pension asset in the local government pension scheme relating to these staff. |
| Somerset NHS Foundation Trust acquired Yeovil District Hospital NHS Foundation Trust on 1 April 2023. The acquiring trust does not consolidate the immaterial NHS charitable funds, therefore the charitable funds previously consolidated by Yeovil District Hospital NHS Foundation Trust transferred outside of the NHS provider consolidated group on 1 April 2023. |
| The sum of the absorption gains and losses rows in the other notes to the accounts do not equal the balances presented in this note, as not all notes (for example payables and receivables) contain details of the movements in the year. |

Transactions accounted for under absorption accounting: 2022/23

Absorption transfers occurring between NHS providers are eliminated within these accounts. The following provider acquisition was eliminated in 2022/23:

|  |  |  |
| --- | --- | --- |
| **Receiving body** | **Divesting body** | **Date of transfer** |
| Royal Devon University Healthcare NHS  Foundation Trust | Northern Devon Healthcare NHS Trust | 1 April 2022 |

The following transfers by absorption occurred between NHS providers and other government bodies during 2022/23 and so reflect absorption movements in or out of the consolidated NHS provider accounts:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Details** | **Non-**  **current assets** | **Current assets** | **Current liabilities** | **Non-**  **current liabilities** | **Total net assets** |
|  | **£m** | **£m** | **£m** | **£m** | **£m** |
| Transfers from NHS Property Services (modified absorption) | 23.4 | - | - | - | **23.4** |
| Transfer to NHS Property Services | (5.6) | (0.2) | - | 1.8 | **(4.0)** |
| Transfer to Greater Manchester Integrated Care Board | - | (6.1) | 6.1 | - | **-** |
| **Totals** | **17.8** | **(6.3)** | **6.1** | **1.8** | **19.4** |

|  |
| --- |
| Transfers from NHS Property Services under modified absorption accounting related to assets formerly held by primary care trusts received by Kent Community Health NHS Foundation Trust and East Suffolk and North Essex NHS Foundation Trust. See accounting policy 1.1 for details of the 'modified' treatment that applies to gains recognised on these transfers. |
| The transfers to NHS Property Services under normal absorption accounting relate to the transfer of the Richard Hotham Unit from Sussex Partnership NHS Foundation Trust and community services properties from Pennine Care NHS Foundation Trust. |
| Northern Care Alliance NHS Foundation Trust transferred the Greater Manchester Shared Service to NHS Greater Manchester Integrated Care Board under normal absorption accounting. |
| The sum of the absorption gains and losses rows in the other notes to the accounts do not equal the balances presented in this note, as not all notes (for example payables and receivables) contain details of the movements in the year. |

|  |
| --- |
| **Note 32 Consolidation of unaudited local provider accounts** |
| As explained in accounting policy note 1.1, these accounts are prepared based on locally audited provider accounts. To expedite national financial reporting, the disclosures in these consolidated accounts were finalised on 1 November 2024 using unaudited financial information for five providers. |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Further information on each provider is set out in the consolidated annual governance statement. A summary of the financial statements of these five providers is presented  below: | | | | | | | |
|  | **Operating income** | **Employee benefits** | **Other operating**  **expenses** | **Property, plant and**  **equipment** | **All other assets** | **Liabilities** | **Reserves** |
| **NHS provider** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** | **£m** |
| Barking, Havering and Redbridge University Hospitals NHS Trust | 907 | (590) | (328) | 414 | 121 | (552) | (16) |
| Birmingham Women's and Children's NHS Foundation Trust | 706 | (379) | (312) | 226 | 246 | (216) | 256 |
| Croydon Health Services NHS Trust | 480 | (314) | (179) | 232 | 82 | (86) | 228 |
| East London NHS Foundation Trust | 693 | (486) | (212) | 270 | 237 | (186) | 321 |
| Humber Teaching NHS Foundation Trust | 258 | (165) | (102) | 90 | 70 | (78) | 82 |
| **Total in providers** (before considering additional national procedures) | **3,044** | **(1,934)** | **(1,133)** | **1,232** | **756** | **(1,118)** | **871** |

|  |  |
| --- | --- |
| The total of operating income and employee benefits for these five trusts are material so we have performed additional assurance procedures on these, together with procedures on some other balances to reduce overall uncertainties: | |
| • | Operating income: amounts from NHS England group entities have been validated to NHS England's financial ledger |
| • | Employee benefits: within these figures, permanent employee costs have been validated to source evidence for payroll expenditure |
| • | Other operating expenditure: clinical negligence premiums paid to NHS Resolution have been agreed to third party confirmations and analytical procedures have been performed over depreciation charges |
| • | Other assets: cash balances held with the Government Banking Service and the National Loans Fund have been validated against third party confirmations |
| • | Public dividend capital reserve: balances validated against central records from the Department of Health and Social Care |

Following these procedures we are satisfied that the residual balances over which uncertainty remains does not present a material risk to these consolidated accounts.

The consolidated provider accounts for 2022/23 were finalised using unaudited information for two NHS providers. These two providers have now published audited accounts for 2022/23. Any changes in their financial information was not material and such amendments have been presented as 2023/24 items in these consolidated accounts.

**Note 33 Prior period adjustments**

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| Sector-wide changes in accounting policy |
| In 2023/24, there have been no changes in accounting policy requiring sector-wide restatement of comparatives. |
| The measurement principles of IFRS 16 have been applied to PFI, LIFT and other service concession liabilities from 1 April 2023. This change in accounting policy has been applied retrospectively without restatement as described in the accounting policy in Note 1.7. |

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| Other prior period adjustments applied by NHS providers |
| Notes 25.1 and 25.2 relating to the gross (undiscounted) liability for service concession assets and the total commitments to service concession operators have been restated to correct prior period errors. More information in relation to these restatements can be found beneath those notes. |
| Other local prior period adjustments in individual NHS providers are not material to the consolidated accounts, and so their effects are instead disclosed in the current year. |
| **Note 34 Events after the reporting date** |
| As at 31 March 2024 there were 210 NHS providers.  On 1 October 2024 Dudley Integrated Health and Care NHS Trust was dissolved. Services formerly provided by this trust have transferred to Black Country Healthcare NHS Foundation Trust, The Dudley Group NHS Foundation Trust and Black Country Integrated Care Board.  On 1 October 2024 Southern Health NHS Foundation Trust acquired Solent NHS Trust. Community, mental health and learning disability services formerly provided by Isle of Wight NHS Trust also transferred on 1 May 2024.  Following these transactions, the acquiring provider changed its name to Hampshire and Isle of Wight Healthcare NHS Foundation Trust. |
| On 1 July 2024 community services in Hounslow formerly provided by Hounslow and Richmond Community Healthcare NHS Trust transferred to West London NHS Trust. On 1 November 2024 all remaining services transferred to Kingston Hospital NHS Foundation Trust. The acquiring provider changed its name to Kingston and Richmond NHS Foundation Trust.  On 1 November 2024 all services previously provided by Barnet, Enfield and Haringey Mental Health NHS Trust transferred to Camden and Islington NHS Foundation Trust. The acquiring provider changed its name to North London NHS Foundation Trust.  With the exception of services transferred to Black Country Integrated Care Board, the above transactions will eliminate and therefore have minimal impact on the 2024/25 consolidated NHS provider accounts. As at the date of authorisation of these accounts, there are 206 NHS providers. |

In accordance with the requirements of *IAS 10 Events after the reporting period* , events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

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